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Our ref: Your ref: 11 July 2019

Dear Sirs,

Memorandum of understanding between Valleys to Coast Housing Limited (Valleys to Coast) and Bridgend County Borough Council (the Council).

Valleys to Coast is amending its rules to adopt Community Housing Cymru's ("CHC") model rules 2017 ("Model Rules"). CHC is the national representative body of housing associations in Wales. The 2017 Model Rules have been approved by the Regulator ("Welsh Government") and the Financial Conduct Authority ("FCA") as suitable for RSLs.

These Model Rules are adopted by most housing associations in Wales and are updated regularly to reflect legislative and regulatory changes as well as best practice.

Valleys to Coast's current Rules are based on the National Housing Federation ("**NHF**") Model Rules (as at 2005), which was normal practice for stock transfer organisations prior to Model Rules being more recently developed specifically for the Welsh housing sector. These changes are therefore important to make sure that Valleys to Coast's governing document is up to date in line with changes to the law and best practice.

As far as possible Valleys to Coast has adopted the standard provisions in the Model Rules. The charitable provisions in the rules have been retained, as Valley to Coast has charitable objectives.

Adoption of the CHC 2017 Model Rules will streamline the governance arrangements of Valleys to Coast by reducing the size of the Board from 15 to a maximum of 12 and removing the requirement for constituent groups. Whilst the proposed new rules will set an upper limit of 12 Board Members it is intended that there will be a maximum of 9 Board Members at any one time. Instead of shareholders and Board Members being categorised into local authority, tenant and independent groups the appointment of Board Members will more specifically focus on the relevance of their skills, knowledge and experience and all shareholders will fall within two categories `tenant or independent shareholder'.

All Board Members will be recruited in accordance with Board Member recruitment policies that contain certain skills matrices to assess a prospective Board Member's suitability for the role.

The stock transfer Transfer Agreement dated 12th September 2003 between the Council and Valleys to Coast (the '**Transfer Agreement**') contained a Deed of Covenant (the "**Deed of Covenant**") whereby Valleys to Coast promised certain things to the Council.

The Deed of Covenant contained a covenant that Valleys to Coast would reserve/designate a certain number of places on Valleys to Coast's Board for Tenants (up to a third). As Valleys to Coast is seeking to move away from a constituency based Board and towards a skills based Board (in line with other "stock transfer" RSLs in Wales (and "stock transfer" RPs in England)) this covenant will need to be varied by a Deed of Variation.

There is no intention to and this variation would not preclude tenants and residents from becoming Board Members, but any candidate's suitability would be subject to complying with the skills matrices in the Board's Board Member recruitment policies. The Board determines what skills criteria are required from their Board Members. The Board skills matrix has specifically been developed to give weight to skills and experiences that residents and elected members would be likely to hold and lived experience and local knowledge are part of and will continue to be part of the skills scoring criteria.

Valleys to Coast is keen to keep strengthening and developing its relationship with the Council going forward. As part of this approach, Valleys to Coast will work with the Council to recognise and understand the Council's main priorities and ambitions. The key priorities will help to inform and shape Valleys to Coast's future plans. This has already been commenced with the two organisations working together on things like developing social housing and regenerating the town centre.

Valleys to Coast agrees that, subject to the Council agreeing to enter in a deed of variation to make the amendments to the Deed of Covenant described above, it will liaise with the Council as follows:

- It will deliver an annual presentation to the full Council which sets out its work;
- It will engage in an annual discussion with the Council's scrutiny panel;
- It will attend quarterly strategic meetings with the Council; and
- That, subject to Valleys to Coast's Board approval, it will include the following in its skills matrix for Board Membership (as part of its Board Membership policies):
 - Customer service
 - Lived experience
 - Local knowledge
 - Community activity

Your Sincerely	
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