

Cabinet – 16 March 2011

Walsall Housing Regeneration Community Association Ltd

Portfolio: Councillor Andrew, Deputy Leader and Regeneration

Service: Regeneration

Wards: All

Key decision: No

Forward plan: No

1. Summary of report

- 1.1 This report invites Cabinet to approve proposals for the Council to withdraw from membership of the Walsall Housing Regeneration Community Association Ltd (“the company”).
- 1.2 The Council has not significantly contributed to the company for a number of years, and the two Housing Associations members have now invited the Council to withdraw from membership of the company.

2. Recommendations

- 2.1 That Cabinet approve that the Council resigns its membership of the Walsall Housing Regeneration Community Association Ltd.

3. Background information

- 3.1 The company was originally formed as a joint initiative between the Council, Caldmore Housing Association and Accord Housing Association and was set up in 2000. Its primary purpose was the relief of unemployment and poverty by providing assistance to find employment and the provision of training and education. There were other general objectives around the provision of suitable social housing, home energy efficiency and crime reduction.
- 3.2 The council contributed funding from the central government regeneration funding stream known as Single Regeneration Budget (“SRB”), which was distributed by the regional development agencies, following a bidding process. The Council played an active part in the company appointing two members as directors during its earlier years but since approximately 2006 it has not undertaken any activity in the company. The withdrawal from significant contribution in the company by the Council appears to be primarily associated with the cessation of Single Regeneration Budget in or around 2005.

- 3.3 Whilst the Council has made SRB payments into the company, it represents approximately ten percent of the total running costs and expenditure of the company over the last ten years, with the company relying significantly upon financial support from other sources including the two housing associations. The total amount paid into the company by the Council from the SRB funding stream is as set out:

Year	Capital £	Revenue £	TOTAL £
1998/99	11,725.00	117,177.00	128,902.00
1999/00	-	85,000.00	85,000.00
2000/01	20,000.00	80,000.00	100,000.00
2001/02	40,000.00	80,000.00	120,000.00
2002/03	-	99,891.69	99,891.69
2003/04	-	140,000.00	140,000.00
2004/05	17,699.46	78,507.54	96,207.00
TOTAL	89,424.46	680,576.23	770,000.69

- 3.4 Over time and with the cessation of SRB funding the activities and financial position of the company has reduced. Whilst the company continues to perform some activities it has been decided by the board of directors that for the continuance of the company it needs to strike a different direction of travel. This includes opening the objectives of the company up further to more general charitable activities primarily, but not sole focused, upon Walsall. The proposal being that the company becomes a registered charity, and becomes focused upon the wider charitable objects of poverty reduction, with financial support from other means including the two housing associations.
- 3.5 The financial position of the company is such that some investment will be needed in order to guarantee its continued operation, it having operated at a loss over recent years, relying upon the financial support of the two housing associations. A valuation undertaken based upon last financial year establishes that the company has a net value of minus £2,369. The housing associations propose that the company be taken under their complete control and be made a financially secure charity that is an ongoing concern.

4. Resource considerations

4.1 Financial:

None.

4.2 Legal:

The Memorandum of Association of the company, its constitution, provides that upon the winding up of the company any surplus or assets cannot be distributed to its members but to a charitable organisation that has similar objectives. Whilst the company has assets, its limited income and operating loss plus liabilities means that upon break up from the company it would have a negative value.

4.3 Staffing:

None arising from this report.

5. Citizen impact

None arising directly from this report.

6. Community safety

None arising directly from this report.

7. Environmental impact

None arising from this report.

8. Performance and risk management issues

8.1 **Risk:** None arising directly from this report.

8.2 **Performance management:** None arising directly from this report.

9. Equality implications

None arising directly from this report.

10. Consultation

Accord Housing Association
Caldmore Housing Association

Background papers

Annex: Valuation of Walsall Housing Regeneration Community Association dated 25 May 2010 by Bakers.

Author

Stuart Portman
Head of Law (Non Contentious)
☎ 01922 654821
✉ portmans@walsall.gov.uk



Executive Director
Tim Johnson
8 March 2011



Deputy Leader Portfolio holder:
Deputy Adrian Andrew
8 March 2011

