

# Annual Council – 21st May 2012

## Board Composition and Membership of Walsall Housing Group

### 1. Summary of report

- 1.1 To advise Council of a request made by Walsall Housing Group Limited (“whg”) to proposed changes to reduce local authority and tenant representatives on the WHG Board, and to seek authority from the Council to vote in favour of this resolution.
- 1.2 As detailed in paragraph 3 below and Annex 2 of this report, this proposal does not impact on the Council’s membership of whg as a company and as such does not impact on its voting rights at General Meetings of whg. This proposal only relates to the Council’s representation on the Board. In practice, the Council currently only has one nominated representative on the Board.

### 2. Recommendations

- 2.1 That Council approve whg’s request to change the composition of the Board, reducing the number of Council representatives on the Board from 3 to 1.
- 2.2 That Council nominates a Council member to represent Walsall Council and sit on the Board of whg.
- 2.3 That authority be given to that nominated representative to attend the General Meeting of whg at which the Special Resolution to amend the Memorandum and Articles of Association of whg is proposed and vote in favour of the proposed Special Resolution to amend the Memorandum and Articles of Association of whg.

### 3. Background

- 3.1 The Board has posts for 15 representatives and the existing structure allows for these posts to be made up of:
  - 5 tenant members (one from each local committee)
  - 2 additional tenant members, nominated by the Walsall Tenants and Residents Federation (WTRF) members
  - 3 members nominated by Walsall Council
  - 5 independent members

The National Housing Federation Code of Governance recommends a maximum number of posts on the Board of 12.

A request was received from whg in May 2011 to reduce the number of Council representatives who sit on the Board to enable whg to comply with this Code of Governance. WTRF has already agreed to relinquish its two places on the Board.

- 3.2 whg are proposing to reduce the number of Council representatives on its Board to 1, so that its Board is made up of 12 posts in total as follows:
- 5 tenant members (one from each local committee)
  - 1 member nominated by Walsall Council
  - 6 independent members
- 3.3 whg's current Board and committee structure are set out in the Annex 1 of this report. Details about current Council representatives have been added. The Council currently only has one nominated representative on WHG Board. Annex 2 of this report provides further contextual information about whg's governance arrangements and whg's relationship with the Council.
- 3.4 The proposed changes do not affect the voting rights of the Council at General Meetings of whg. At the present time, the Council's nominated representative has the right in its capacity as a member of the Company to one-third of the votes at a General Meeting of whg if a poll vote is demanded. A poll vote may be demanded by the Council's nominated representative acting alone. The effect of this voting right is that the Council retains control over major decisions relating to housing stock.
- 3.5 In line with the regulatory framework for social housing, whg must ensure effective governance arrangements that deliver its aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner. However, it is keen to ensure that the driver to reduce the size of the Board is not seen as bureaucracy impeding community engagement. Other Council representation (see 3.6 below) and partnership working between whg and the Council at elected member and officer levels is unchanged.
- 3.6 The proposed changes to the Board do not reduce the number of the Council's representatives on the 5 local committees within whg or on the Board of Visionary Investment Enhancing Walsall Ltd. (VIEW).

#### **4. Legal implications**

Under the terms and conditions of the original Stock Transfer Agreements entered into by Walsall Council in March 2003, whg must obtain the consent of Walsall Council to any changes to whg's Memorandum and Articles of Association. This consent is now being sought.

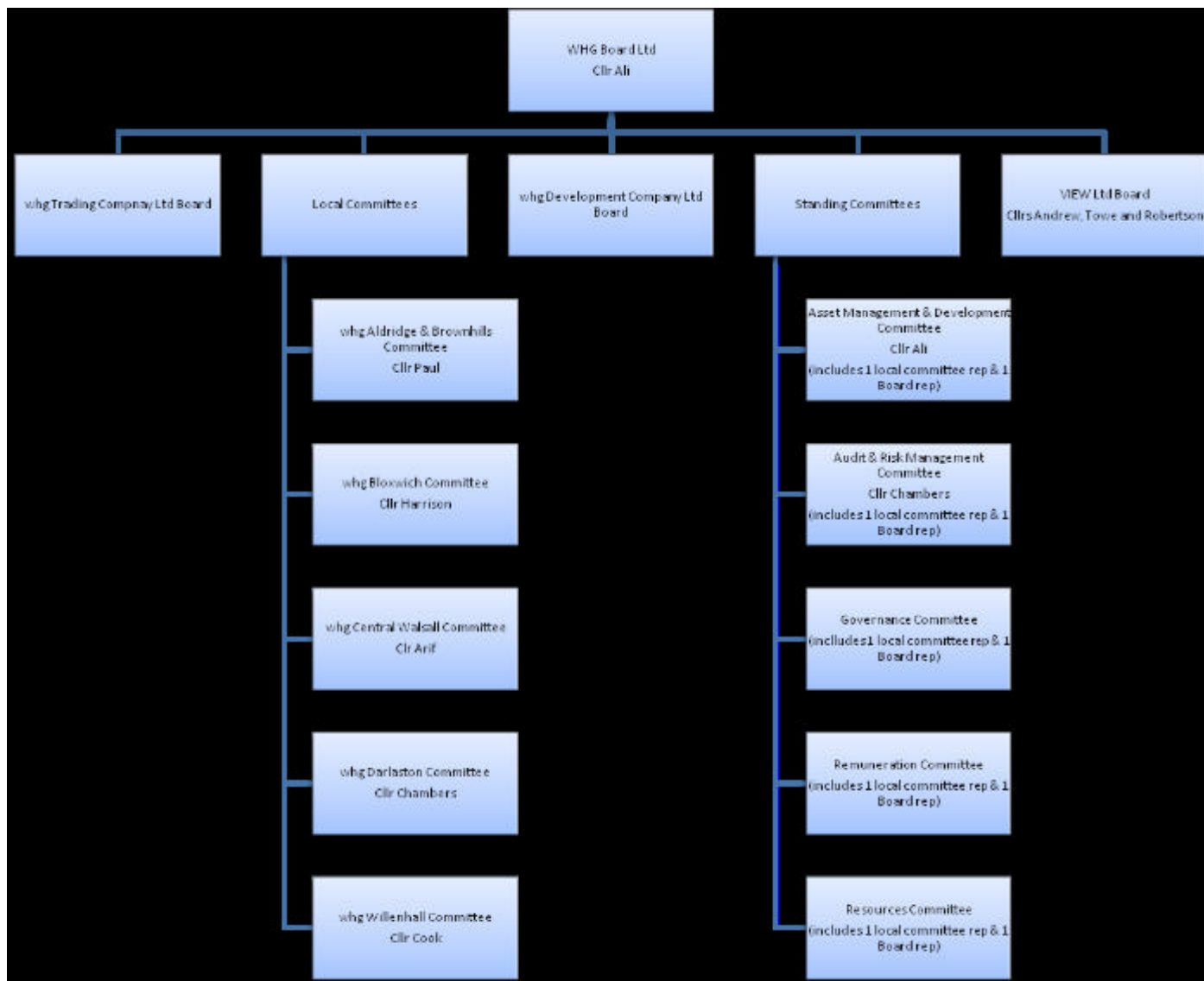
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Annex 1  
Walsall Housing Group  
Board & Committee Structure



Walsall Housing Group Limited

Governance Structure

1. The relationship between the Council and whg is underpinned by the original Transfer Agreement and the Partnership Agreement entered into on 27<sup>th</sup> March 2003.
2. It was a term of this Transfer Agreement that a Partnership Agreement be entered into “to create a lasting partnership and working relationship” between the Council and whg for the benefit of the people of Walsall.
3. whg is a company limited by guarantee which has “members” rather than “shareholders”. It also has a Board of directors who deal with strategic matters and delegate day to day management to the Group Executive team .
4. The Council’s consent is required to any changes to whg’s Memorandum and Articles of Association both in its capacity as a member of the Company in accordance with the Articles of Association of whg and in accordance with the terms and conditions of the Transfer Agreements dated 27<sup>th</sup> March 2003.
5. The types of the decisions made by the Board are:
  - Adoption of revised Standing Orders
  - Approval of key policies
  - Approval of Management Accounts and Business Plans
  - Approval of new developments or acquiring/selling properties
  - Appointment of new members to the board and to all the committees
  - Rent and service charge policy; Affordable rents; Annual rent increase
  - Treasury management policy
  - New initiatives e.g. retrofit/eco friendly projects

Board decisions are made on a majority of votes cast or by consensus.

6. Members of the Company can delegate powers to the directors, approve major transactions and change the constitution of the company.
7. The structure of whg was formed with the Council having representatives on its Board of directors and the Council in its own right being a member of the Company.
8. Since 2003 the number of directors sitting on the Board is 15 with the Council being entitled to nominate 3 directors. The NHF Code of Governance now recommends a maximum number of Board posts of 12. To effect this, whg wish the Council to reduce its number of representatives on the Board to 1.

9. This proposal does not affect the Council as a member of the Company. The proposed changes do not affect the voting rights of the Council at General Meetings. At the present time, the Council has the right as Council Member to one-third of the votes at a General Meeting of whg if a poll vote is demanded. A poll vote may be demanded by the Council Member acting alone, the effect of this being that the Council retains control over major decisions relating to housing stock.