

Council – 16 September 2019

WATMOS Community Homes Constitutional Changes

Service: Money Home Job

Wards: All

1. Summary

- 1.1 WATMOS Community Homes ("Watmos") is seeking the Councils consent to amend the Objects, Powers and Tenant Representation within its Constitution (the "Rules") to align it with legal and best practice requirements and update how the board of management (the "Board") is elected.

2. Recommendation

- 2.1 That Council gives its consent for Watmos Community Homes to amend its Rules as requested in its letter dated 7th August, 2019.

3. Report Detail

- 3.1 Under the terms of the Deed of Covenant entered into by Watmos at the point of stock transfer from Walsall Council (the "Council") in 2003, Watmos requires the consent of the Council in relation to changes to its Rules.
- 3.2 Watmos advised in a letter to Walsall Council dated 7th August, 2019 that they wish to amend their Rules in relation to its objects, powers and tenant representation sections. Proposed amendments to the objects and powers are set out below with the changes marked in **bold**:-

Objects

- A2 The association is formed for the benefit of the community. Its **charitable** objects shall be to carry on for the benefit of the community:

A2.1 the business of providing and **managing housing and** including social housing and providing any associated amenities or services for persons in necessitous circumstances upon terms appropriate to their means; and

A2.2 any other charitable object that can be carried out by **an individual and Provident Society** a registered society registered as a provider of social housing with the regulator.

Powers

- B1 The association shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient to achieve its objects, except as expressly prohibited in these rules.
- B2 Without limiting its general powers **under rule B1 and only so far as is necessary or expedient to achieve its objects**, the association shall have power to:
- B2.1 **purchase, acquire or dispose of** ~~take or grant~~ any interest in **land property**, including any mortgage, charge floating charge or other security whatsoever;
 - B2.2 construct** or carry out works to buildings;
 - B2.32 help any tenant management organisation, charity or non-profit making body in relation to housing **and related services**;
 - B2.34 subject to rules F13, F14, and F15 borrow money or issue **bonds, note loan stock or any other debt instrument or enter into any transaction having the effect of borrowing** for the purposes of the association on such terms as the association thinks fit; **and**
 - B2.5 enter into and perform any derivate transaction on such terms as the association thinks fit for the purpose of hedging or otherwise managing and treasury risk or other financial exposure of the association**;
 - B2.46** subject to rule F167 invest the funds of the association;
 - B2.7 lend money on such terms as the association shall think fit**;
 - B2.8 guarantee, enter into any contract of indemnity or suretyship in relation to, or provide security for, the borrowing or performance of the obligations of any other organisation in each case on such terms as the association shall think fit.**
- B3 The association shall not have power to receive money on deposit **in any way which would require authorisation under the Financial Services and Markets Act 2000 or any other authority required by statute unless it has such authorisation.**
- 3.3 In relation to Tenant Representation, Watmos have confirmed that the existing Board, which includes representatives of the Tenant Management Organisation (TMOs) Subsidiaries have approved in principle the proposal to:
- Reduce the Board by three members from fifteen to twelve;
 - Reduce the number of members nominated by the Tenant Management Organisation Subsidiaries from eleven to six;
 - Include two co-opted members (usually tenants).
- 3.4 Watmos advise that the changes outlined above are necessary to reflect Watmos' charitable status; align with the provisions of the National Housing Federation (NHF) Model Rules 2015, and take account of legislative changes brought in 2014, under which "industrial and provident" societies were renamed as "registered" societies.

- 3.5 Watmos have further advised that, should the Council give consent to the proposed changes to the Rules, a report will be submitted to shareholders (the TMOs) at the upcoming Annual General Meeting for approval.

4. Council priorities

- 4.1 Watmos assist the Council in delivering its priority to ensure that communities are prospering and resilient with all housing needs met in safe and healthy places that build a strong sense of belonging and cohesion.

5. Risk management

- 5.1 The Council is not represented on the existing Board and so would not lose any voting rights or powers should the changes be approved. The Council will however, continue to work closely together in partnership with Watmos.
- 5.2 The constitutional changes which are recommended in this report are effectively requested in order to comply with legal and best practice requirements. In addition, the current Board (which includes representatives of the Tenant Management Organisation Subsidiaries) has approved in principle the proposals relating to membership. Were the Council to decline to agree the proposed changes, this would prevent WATMOS bringing its Rules in line with the Model Rules, and making changes to reflect legislative updates. This could risk damage to the working partnership between Watmos and the Council.

6. Financial implications

- 6.1 There are no financial implications associated with this report.

7. Legal implications

- 7.1 The Council's consent is required to any proposed changes to the Rules of Watmos. The requirement for the Council's consent is contained within the Sixth Schedule (Deed of Covenant by Watmos) Clause 2.4, of the Transfer Agreement between Walsall Council and Watmos (2003).

8. Property implications

8. There are no property implications associated with this report.

9. Health and wellbeing implications

- 9.1 There are no health and wellbeing implications associated with this report.

10. Staffing implications

10.1 There are no staffing implications associated with this report.

11. Equality implications

11.1 There are no equality implications associated with this report.

12. Consultation

11.2 There has been no specific consultation exercise in relation to this report.

Background papers

2003 Housing Stock Transfer Agreement

Authors

Neil Hollyhead
Senior Housing Strategy Officer

Tel 655411
Email: hollyheadn@walsall.gov.uk

Neil Picken
Senior Democratic Services Officer

Tel 654369
Email: neil.picken@walsall.gov.uk



James Walsh
Executive Director Resources and Transformation
6 September, 2019