

DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES	ENVIRONMENT, HEALTH AND HOUSING COMMITTEE	10 NOVEMBER 2015	5

NEW FYLDE HOUSING LIMITED GOVERNANCE REVIEW

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

The report sets out proposals of New Fylde Housing to end the practice of having a council representative nominated to their board which is enshrined in the 2000 transfer agreement. The particular catalyst for the proposal is a change in the model rules for housing associations published by the National Housing Federation.

RECOMMENDATIONS

1. That the committee consents to the adoption of the National Housing Federation new model rules (February 2015) by New Fylde Housing and recognises that when these rules are adopted by the company that the council will no longer have the right to nominate a representative to the company's Board of Management and therefore the Transfer Agreement schedule 6 part 2 section 2.8.1 will no longer have effect.

CORPORATE PRIORITIES

To Promote the Enhancement of The Natural & Built Environment (Place)		To Encourage Cohesive Communities (People)	✓
To Promote a Thriving Economy (Prosperity)		To Meet Expectations of our Customers (Performance)	✓

SUMMARY OF PREVIOUS DECISIONS

January 1 2009: Cabinet, having been satisfied on certain points raised by the Policy and Service Review Scrutiny Committee, accepted the recommendations of the committee, including the approval of the partnering proposal between New Fylde Housing and the Progress Housing Group.

REPORT

NEW FYLDE HOUSING

1. New Fylde Housing Association (NFH) was created in 2000 by the large scale voluntary transfer of the housing stock owned and managed by Fylde Council. At the time of transfer 1850 general needs and sheltered properties were transferred. In 2009, NFH, with the consent of the council, became part of the Leyland-based Progress Housing Group.

CURRENT POSITION

2. Under the current rules of NFH, the council is able to nominate a person from the local authority to sit on the association's Board. This is a requirement of the 2000 transfer Agreement, as varied over the years, with the current nominee being Cllr V. Willder.
3. The council also holds a share in the company. Although the share holds no special rights or privileges, it does allow the council one vote at shareholders' meetings of the association.

THE MODEL RULES

4. The National Housing Federation is the umbrella body that represents independent non-profit housing associations in the United Kingdom. It publishes model rules and a code of governance. Housing associations are regulated by the Homes and Communities Agency's Regulation Committee. The governance rating given to a housing association by its regulator is significantly affected by its adoption and observance of the latest model rules and code of governance. NFH and Progress Group have always used the most up to date set of model rules, and have enjoyed the optimum "G1" rating.
5. The latest version of the model rules and code of governance require all appointments to the boards of housing associations to be made via an open recruitment process and based on the skill requirements of the organisation and board at that time. There is no provision in the new model rules for constituency membership of the board: that is, reserving places on the board for local authority or tenant representatives. This does not mean that local authority members or tenants could not be board members, but they would have to go through a recruitment process and meet the skill and competency requirements set by the board regardless of any other factor. The new model rules are appended to this report for information.
6. If NFH and Progress Group are not able to report full compliance, this would be likely to result in a downgrade of NFH's governance rating and the possibility of regulatory intervention. Clearly the Board is keen to retain its G1 governance rating and wishes to make sure that appropriate action is taken to ensure this continued assessment.

PROPOSALS

7. NFH has asked the council to agree to relinquish its right to nominate a member of the NFH board of management, which is given by schedule 6 part 2 section 2.8.1 of the Transfer Agreement entered into in 2000.
8. NFH has stressed that their request is not prompted by any concern about past or present council nominees to the board. The request is driven solely by changing expectations in corporate governance.
9. Despite being nominally a representative of the council, the council's nominee to the board is constrained by the fiduciary duties set out in the Companies Act 2006 to act with independent judgment and in the interests of the company. Officers consider that the council's ability to have a voice in NFH would be protected adequately by the close working relationship between the organisations and by the council continuing to hold a share in NFH. Further, it would not be in the interests of the council or NFH that the reputation of NFH for sound governance be compromised by the continued presence of a council nominee on its board.

10. Senior officers from Progress Group will be in attendance at the meeting to explain the proposed changes and answer any questions.

IMPLICATIONS	
Finance	There are no financial implications arising from this report.
Legal	It is important that the council's partner organisations are recognised as demonstrating good governance. NFH is an important partner organisation in the delivery of affordable housing.
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

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LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
None		

Attached documents

Appendix 1 National Housing Federation Model Rules 2015