

<b>Subject:</b>	Together Housing Group Governance Review	<b>Status:</b>	For Publication
<b>Report to:</b>	Council	<b>Date:</b>	15 <sup>th</sup> July 2015
<b>Report of:</b>	Head of Health, Housing and Regeneration	<b>Portfolio Holder:</b>	Leader / Regeneration and Leisure
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required:	Yes	Attached: Yes
<b>Biodiversity Impact Assessment</b>	Required:	No	Attached: No
<b>Contact Officer:</b>	<b>Steve Jackson</b>	<b>Telephone:</b>	<b>01706 252404</b>
<b>Email:</b>	<b>stephenjackson@rossendalebc.gov.uk</b>		

<b>1.</b>	<b>RECOMMENDATION(S)</b>
1.1	It is recommended that members support the Together Housing Group's governance review and nominate its shareholder representative to vote in favour of the changes at a special general meeting of Green Vale Homes on 7 <sup>th</sup> September.

## 2. PURPOSE OF REPORT

2.1 This report aims to update members on the review of governance at the Together Housing Group, and seek approval to support the changes at Green Vale Homes' special general meeting in September.

## 3. CORPORATE PRIORITIES

3.1 The matters discussed in this report impact directly on the following corporate priorities:

**Priority 1: Regenerating Rossendale:** This priority focuses on regeneration in its broadest sense, so it means supporting communities that get on well together, attracting investment, promoting Rossendale, as well as working as an enabler to promote the physical regeneration of Rossendale.

**Priority 2: Responsive Value for Money Services:** This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.

**Priority 3: Clean Green Rossendale:** This priority focuses on clean streets and town centres and well managed open spaces, whilst recognising that the Council has to work with communities and as a partner to deliver this ambition.

## 4. RISK ASSESSMENT IMPLICATIONS

4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- The current governance structure for the Together Housing Group and Green Vale Homes is seen as complex, high cost and high risk by the group's regulator, the Homes and Communities Agency. Funders and investors in the group also take the same view.
- If Members were not to support the governance review, it's likely that the THG would be downgraded in its assessment by the HCA, meaning it would be harder for the group to obtain HCA grant funding for new homes. In addition, potential investors would be discouraged from investing by any regulatory downgrade, resulting in higher

borrowing costs. This would have implications for THG (and therefore Green Vale Homes) to invest in new homes and neighbourhoods in Rossendale.

## **5. BACKGROUND AND OPTIONS**

- 5.1 Since the Together Housing Group (THG) formed in April 2011, it has operated with a federal governance structure with a parent (or group) board, and 5 charitable subsidiaries, each with its own board, including Green Vale Homes. The current arrangements are seen as complex, costly and high risk by the THG's regulators, the Homes and Communities Agency. The THG's funders and investors also see the same risks associated with the group. Moody's, who carry out the rating exercise which allows the THG to borrow money through the bond market, have also expressed their view that the THG carries unnecessary complication and increased risks.
- 5.2 The THG commissioned a review by an independent consultant, who recommended that the governance arrangements of the group will be amalgamated into one parent board, with one Operating Committee, supported by a local panel and enhanced tenant scrutiny arrangements. This has been agreed by all boards in the THG, including Green Vale Homes.
- 5.3 In addition to regulatory and finance concerns, the THG also faces significant challenges from welfare reform changes (Universal Credit, benefit caps) plus the extension of the Right to Buy legislation. These issues present significant risks for the THG in terms of financial exposure, and the HCA expects board skills to improve accordingly. The will no longer support representative boards, and expect board members to be appointed via interview based on the skills they have.
- 5.4 Currently, a lengthy intra group agreement details whether the parent or local board is responsible for decision making. Whilst the parent board is responsible for overall strategic decision making, what happens in practice is that there is a huge amount of duplication, with the local Green Vale board spending less than 20% of its time on local issues. This is wasteful, expensive, and does not allow sufficient local influence on group affairs.
- 5.5 The proposals are to move towards a governance structure with a parent board providing overall strategic direction and control, with one group wide Operations Committee looking at performance issue. However, local boards want to ensure that tenants, councils and communities have a stronger voice in the new structure, and have influence on how the group operates. This will be done by having Local Panels free from the restrictions of a formal governance structure, focussing on local issues. This will be bolstered by a stronger local scrutiny group, who will challenge our services and make recommendations for improvements to the Local Panel and Operations Committee.
- 5.6 Elected members can still be involved in a number of ways. If the governance changes are implemented, half of the parent board will be standing down and these six vacancies are available for all existing board members across the group, including elected members and tenants, who will be interviewed for positions against a skills matrix. The same applies to eleven of the twelve places on the Operations Committee. This is recommended practice from the HCA. Elected members, tenants and community members will form Local Panels to review local performance, identify growth and partnership opportunities, help form neighbourhood plans, and inform the asset management programme. In THG's view, this will give elected members greater flexibility to influence the group, away from the existing constraints of always having to act in the best interests of the local association.

- 5.7 THG have assured senior council officers and lead members of their continued commitment to Rossendale, and are happy to set out their commitment in a memorandum of understanding.

## **COMMENTS FROM STATUTORY OFFICERS:**

### **6. SECTION 151 OFFICER**

- 6.1 There are no financial implications arising for Council.

### **7. MONITORING OFFICER**

- 7.1 All implications are covered within the body of the report and Statutory Officer comments.

### **8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT**

- 8.1 No HR implications.

- 8.2 A members briefing has been delivered and governance arrangements were discussed at an Overview and Scrutiny Task and Finish Group.

### **9. CONCLUSION**

- 9.1 THG's review of its governance arrangements will reduce costs and complexity, whilst at the same time strengthening local influence through Local Panels and improved and formalised tenant scrutiny groups. It also meets the requirements of its regulator, the Homes and Communities Agency, and its funders. If approved it will mean that the THG is more likely to maintain its good regulatory rating, and therefore continue to access funding at an affordable rate, resulting in continued investment in Rossendale and a firm commitment to the Borough.

- 9.2 It is recommended that members support the review and nominate its shareholder representative to vote in favour of the changes at a special general meeting of Green Vale Homes on 7<sup>th</sup> September.

No background papers

## INITIAL EQUALITY IMPACT ASSESSMENT

<b>Name of Policy, Decision, Strategy, Service or Function, Other: (please indicate)</b>	Green Vale Homes Governance Changes (as part of the Together Housing Group's Governance Strategy and subsequent Review).	
<b>Lead Officer Name(s) &amp; Job Title(s) :</b>	Steve Jackson Head of Health, Housing and Regeneration	
<b>Department/Service Area:</b>	Steve Jackson Head of Health, Housing and Regeneration	
<b>Telephone &amp; E-mail Contact:</b>	01706 252440 stephenjackson@rossendalebc.gov.uk	
<b>Date Assessment:</b>	<b>Commenced:</b> April 2014	<b>Completed:</b> June 2014

**We carry out Equality Impact Assessments (EIAs) to analyse the effects of our decisions, policies or practices. The EIA should be undertaken/started at the beginning of the policy development process – before any decisions are made.**

### 1. Overview

<b>The main aims/objectives of this policy<sup>1</sup> are:</b>
As part of the Governance Strategy action plan, to review and improve the Together Housing Group's governance arrangements such that they: support the group's strategic objectives; lead to the group's resources and assets being used more productively; enable more efficient risk management; are cost effective and as straightforward as possible; and take into account stakeholder requirements.

(Refer to **EIA Guidance** for details)

Is the policy or decision under review (please tick)

New/proposed

Modified/adapted

Existing

### INTERNAL ONLY

#### MANAGEMENT ACTION REQUIRED (to be completed by the relevant Head of Service following review by Management Team / Programme Board)

- Outcome of EIA agreed/approved by Management Team / Programme Board:  
Yes  No
- Is a full EIA required Yes  No
- Referred back to Assessor for amendment :May 2014 (date)
- Published on: June 2014 (date)

Signed:..... (Head of Service / Director) Date:

Date of Review<sup>2</sup>: June 2016

**[To be completed by Lead Officer]**

<sup>1</sup> Policy refers to any policy, strategy, project, procedure, function, decision or delivery of service.

<sup>2</sup> This date will be set on an annual basis as default for review unless otherwise specified by you.

<b>Responsible Section/Team</b>		<b>Version</b>	
<b>Responsible Author</b>		<b>Due for review</b>	
<b>Date last amended</b>		<b>Page 1 of 3</b>	

## 2. Equality Impact

Using the table below please indicate whether the policy/strategy/decision has a positive, negative or no impact **from an equalities perspective** on any of the protected equality groups listed below. **Please also give consideration to wider equality of opportunity and community cohesion impacts within and between the groups identified. If you have identified any negative impact and mitigating actions are not sufficient, you will need to complete a Full Equality Impact Assessment.**

Equality		Positive Impact (It could benefit)	Negative Impact (It could disadvantage)	Reason and any mitigating actions already in place (to reduce any adverse /negative impacts or reasons why it will be of positive benefit or contribution)	No Impact
Age	Older people	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	Younger people and children	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Disability	Physical/learning/mental health	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Gender Reassignment	Transsexual people	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Pregnancy and Maternity		<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Race (Ethnicity or Nationality)	Asian or Asian British people	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	Black or black British people	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	Irish people	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	White British	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	Chinese people	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	Gypsies & Travellers	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	Other minority communities not listed above (please state)	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Belief or Religion		<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Sex	Women	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	Men	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Sexual Orientation	Gay men, gay women / lesbians and bisexual people	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Marriage and Civil Partnership (employment only)		<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Contribution to equality of opportunity		<input checked="" type="checkbox"/>	<input type="checkbox"/>	The primary focus of the governance review concerns improving the systems and processes by which the group is governed; it is not intended to significantly and directly affect customers. However our intention is that the new Local Panels and Local Scrutiny Groups that will accompany the governance changes will allow for a wider and more diverse set of	<input type="checkbox"/>
Contribution to fostering good relations between different groups (people getting on well together – valuing one another, respect and understanding)		<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>

Responsible Section/Team		Version	
Responsible Author		Due for review	
Date last amended		Page 2 of 3	

Equality	Positive Impact (It could benefit)	Negative Impact (It could disadvantage)	Reason and any mitigating actions already in place (to reduce any adverse /negative impacts or reasons why it will be of positive benefit or contribution)	No Impact
			ways in which tenants can become involved. This is because the Local Panels and Local Scrutiny Groups will be outside the formal governance structure and therefore will not be fettered by formal company law. The Local Panels will work to an agreed set of positive principles but will be able to tailor their membership, and recruitment, locally to give the best chance of a diversity of representation in each locality.	
<b>Human Rights</b> <a href="http://intranet/site/scripts/documents_info.php?categoryID=86&amp;documentID=251">http://intranet/site/scripts/documents_info.php?categoryID=86&amp;documentID=251</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>

<b>Responsible Section/Team</b>		<b>Version</b>	
<b>Responsible Author</b>		<b>Due for review</b>	
<b>Date last amended</b>		<b>Page 3 of 3</b>	