

<u>KEY DECISION</u> No
<u>DATE FIRST PUBLISHED</u> N/A

PROPOSED CONVERSION OF HELENA PARTNERSHIPS TO A COMMUNITY BENEFIT SOCIETY

WARDS AFFECTED

All

EXEMPT/CONFIDENTIAL ITEM

No

1. PROPOSED DECISION

- 1.1 To note the proposal by Helena Partnerships to convert to a community benefit society; and
- 1.2 To note the changes to the position of the Council in terms of voting rights upon conversion.

2. RATIONALE FOR THE DECISION

- 2.1 The Council has received notification from Torus regarding the proposed conversion of Helena Partnerships (“HP”) to a community benefit society (“CBS”). The proposed change would mean HP converting from a company limited by guarantee to a registered society under the Co-Operative and Community Benefit Societies Act 2014, to be regulated by the Financial Conduct Authority.

3. FACTS SUPPORTING THE PROPOSED DECISION

- 3.1 The HP Board have approved a proposal to convert to a CBS which was formally agreed at a special general meeting of Helena Partnerships on 8 May 2018. It is proposed to also convert Torus and Golden Gates Housing Trust at the same time.
- 3.2 It is the view of Torus that following de-regulation measures that came into force in April 2017, the Charity Commission regulation is more time consuming, costly and impinges on their ability to manage their affairs in a flexible manner.
- 3.3 A CBS is a registered society whose business must be run primarily for the benefit of people who are not members of the society, and must also be in the interests of the community at large. It will usually be charitable or philanthropic in character. Profits must generally be used to further the objects of the society.

- 3.4 As a CBS, HP would still be required to comply with charity law but as an exempt charity rather than a registered charity. The charitable objects to act for the benefit of the community remain in place, and HP will also continue as a registered social housing provider regulated by the Regulator of Social Housing in respect of governance and viability.
- 3.5 The Regulation of Social Housing (Influence of Local Authorities) (England) Regulations 2017, came into force on 15 May 2018. Under these Regulations, local authorities will no longer be allowed voting rights in relation to registered social housing providers. Contractual consent requirements to constitutional matters will no longer apply after 15 May 2018.
- 3.6 A new constitution will be drafted in line with the National Housing Federation model rules for a CBS. There are no provisions in the stock transfer agreement from 2002 that remain in force which would allow the Council to prevent the conversion from proceeding when the Regulations are in force.
- 3.7 The draft constitution contains the following provisions:
- Shareholding and voting rights at general meetings are to be split 66% independents, 33% tenants, 1% Torus
 - There is no provision for a Council nominee to the HP or Torus Boards
- 3.8 Whilst local authority board membership is permitted (subject to a maximum of 24% of Board members being local authority nominees), it is proposed that local authority board membership is removed and no provision for this has been made within the new rules. The existing local authority members would therefore cease to be board members when the conversions take place. This would result in two vacancies on the Common Purpose Board. The Board may wish to decide to retain the local authority nominee as an independent member, subject to confirmation of appropriate skills, on a short term basis until the Annual General Meeting in September 2018. A long term view would be taken by the Board once the position with Liverpool Mutual Homes is more certain in respect of a potential amalgamation. This is a matter for Torus to determine.
- 3.9 The Council will still retain two nominated elected members on the Torus Community Consultative Forum.

4. IMPLICATIONS/RELEVANCE TO MEETING SAVINGS TARGETS/ PLANNING FOR 2020

5. RISKS

5.1 Risks Associated with the Proposed Decision

Conversion will result in reduced regulatory oversight and therefore increase responsibility on the Board to ensure services are delivered in line with legal and regulatory requirements. Formal governance and risk management processes

should be in operation by HP to mitigate against risks of ineffective governance in this area.

It will be even more important for HP to maintain positive relationships with local authorities to ensure there is engagement on priorities and to mitigate against local authorities being wary of losing influence.

5.2 Should this Risk be added to the Corporate Risk Register?

No

6. OTHER IMPLICATIONS

Legal – Conversion will result in changes in bodies exercising regulatory oversight over Torus changing from the Charity Commission and Companies House to the Financial Conduct Authority.

Torus has a legal duty to implement the Regulation of Social Housing (Influence of Local Authorities) (England) Regulations 2017. Once the Regulations are in force from 15 May 2018, the Council will no longer be allowed voting rights in relation to HP in any event.

Financial – None

Human Resources – None

Land and Property (Asset) – None

Anti-Poverty – None

Effects on existing Council Policy – None

Effects on other Council Activities – None

Human Rights – None

Equalities –

An Equality Impact Assessment is attached to this report.

The assessment has raised the following positive or negative impact for staff or service users as outlined below:

- Race (Ethnicity)
- Disability and Carers
- Gender
- Gender Reassignment
- Age
- Sexual Orientation
- Marriage and Civil Partnership

- Pregnancy and Maternity
- Religion

None

Asset Management – None

Health – None

7. PREVIOUS APPROVAL/CONSULTATION

None

8. ALTERNATIVE OPTIONS AND IMPLICATIONS THEREOF

None. The Council will have no voting rights from 15 May 2018 when the new Regulations come into force.

Paul Sanderson
Director of Place Services

The Contact Officer for this report is Jan Bakewell, Head of Legal Services, Town Hall, 01744 673263.

BACKGROUND PAPERS

The following list of documents was used to complete this report and they are available for public inspection for four years from the date of the meeting, from the Contact Officer named above:

None