

Appendices: 1



**NORTHAMPTON**  
BOROUGH COUNCIL

## CABINET REPORT

<b>Report Title</b>	<b>Articles of Association of Northampton Partnership Homes Limited</b>
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**AGENDA STATUS:**                      **Public**

<b>Cabinet Meeting Date:</b>	12 <sup>th</sup> November 2014
<b>Key Decision:</b>	No
<b>Within Policy:</b>	Yes
<b>Policy Document:</b>	No
<b>Directorate:</b>	Housing
<b>Accountable Cabinet Member:</b>	Councillor Mary Markham
<b>Ward(s)</b>	All Wards

### **1. Purpose**

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- 1.1 The purpose of this report is for Cabinet to approve the revised Articles of Association of Northampton Partnership Homes Limited

### **2. Recommendations**

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- 2.1 To approve the Articles of Association of Northampton Partnership Homes Limited (appendix 1)

### 3. Issues and Choices

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#### 3.1 Report Background

- 3.1.1 In 2012, the Council commenced a comprehensive review of potential options for the future ownership, funding and management of its Housing Stock, to examine which option would best deliver long term improvements needed to both homes and estates as well as improve the quality of services provided to its tenants.
- 3.1.2 On 9<sup>th</sup> December 2013, after considering the findings of the review, the Council agreed to create an Arms Length Management Organisation with the intention that it would be operational from 5<sup>th</sup> January 2015 and would be initially set up for a period of 15 years.
- 3.1.3 Cabinet agreed that the implementation phase should continue to include a comprehensive programme of consultation and engagement with key stakeholders to ensure that they were well informed and remained at the heart of the process.
- 3.1.4 On 9<sup>th</sup> April 2014, following consideration of feedback from consultation with key stakeholders, Cabinet agreed that the delivery vehicle for the legal incorporation of the ALMO would be a Company Limited by Guarantee. The ALMO was registered in the name of Northampton Partnership Homes, with the Council's Chief Executive and Monitoring Officer registered as holding directors. A Shadow Board structure was agreed and implemented in June 2014 to enable a smooth transition for the management of the service.
- 3.1.5 The ALMO Shadow Board structure was set up with the following membership;
- 5 Tenants
  - 5 Council Nominees
  - 4 Independents
  - 2 Employees
- 3.1.6 A chair and vice-chair has been appointed and six committees created to support the working of the Shadow Board.
- 3.1.7 Independent external advisors were appointed by the Council to provide the new Shadow Board members with training and support to assist them in their new roles.
- 3.1.8 There is a requirement to register the revised Articles of Association to enable the Shadow Board members to legally become the directors of the company prior to the operational date of 5<sup>th</sup> January 2015.

## **3.2 Issues**

- 3.2.1 A company limited by guarantee is a limited company that has members who, rather than purchase shares, provide a nominal guarantee in the eventuality that the company is wound up. It is established under and subject to company law in the same way as companies limited by shares with the exception of law relating to shares. A company limited by guarantee would typically have restricted objects (purpose) and be prevented from distributing profits.
- 3.2.2 A company limited by guarantee has its own legal personality meaning that it may enter into contracts in its own name and be sued by and sue third parties in its own name. This means that the directors and members of the company benefit from limited liability and can only be pursued personally for their actions where they have acted in breach of their legal duties.
- 3.2.3 There is a legal requirement under the Companies Act 2006 and other relevant legislation for a limited company to have Articles of Association. The Articles are in essence the constitution of the company and govern the way the company operates. The Directors of the company have a legal obligation to conduct the company's business in compliance with the Articles. NPH was set up with model Articles, which is a standard set of Articles. However given the nature of the ALMO, bespoke Articles needed to be drafted that reflect the needs to both the Council and NPH. The attached Articles have been jointly negotiated by both NPH and NBC and contain various important and agreed provisions. Key provisions include:

Number of Board Members and the constituency they are drawn from; Terms of office and appointment of the Board; Powers for the removal of Board Members; Disqualification provisions; Powers of borrowing etc

- 3.4 Articles of Association can only be changed with the agreement of the members of the Company, in this case the Council is the sole member of the Company. Once Cabinet agrees the articles, NPH will the need to formally adopt these Articles at their next available meeting but certainly before the inception date on 5<sup>th</sup> following which the company will be legally obliged to comply with them.

## **3.3 Choices (Options)**

- 3.3.1 The Council has the option to consider whether or not to approve the revised Articles of Association of the company.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

- 4.1.1 The legal/policy implications are contained within the body of the report

## 4.2 Resources and Risk

4.2.1 All resource and risk implications are detailed within the Cabinet Report entitled 'Northampton Partnership Homes' and will be considered at the same meeting as this paper.

## 4.3 Legal

4.3.1 All legal implications are detailed within the Cabinet Report entitled 'Northampton Partnership Homes' and will be considered at the same meeting as this paper.

## 4.4 Equality and Health

4.4.1 A Community Impact Assessment was carried out on the recommended option of an ALMO and for the approach taken by the Options Review process. The implementation phase has continued to adhere to the inclusive approach adopted for the Options Review process and no adverse impacts have been identified.

## 4.5 Consultees (Internal and External)

4.5.1 The Articles of Association have been drafted following extensive negotiations between both parties' legal advisors. The Shadow Board have received training on the purpose of Articles and have been consulted throughout the drafting of them.

4.5.2 As has been the case throughout both the Options Review and Implementation phases of the project, a range of stakeholders including the Tenants' Panel have had sight of the Articles, and have received adequate training to understand their purpose and content.

## 4.6 How the Proposals deliver Priority Outcomes

4.6.1 The Creation of the ALMO will help deliver against the following Corporate Plan priorities and outcomes;

- **Priority 2- Invest in Safer Cleaner Neighbourhoods:** The Options Review process identified additional funding to improve day to day service delivery for housing services, which also included the implementation of a new local investment standard, the Northampton Standard. This standard includes plans for significant investment in improvements to estates and neighbourhoods, including additional security measures.
- **Priority 4- Making every £ go further:** An asset analysis has been carried out identifying properties where investment requirements exceed rental income. This information has been used to create a new Housing Asset Management Strategy which will ensure that value for money considerations will be at the forefront of future investment decisions.

- **Priority 5- Better Homes for the Future:** The focus and mission statement for the Review was to improve homes, neighbourhoods and services for council tenants. The development of the new Northampton Standard includes new standards for improvements to homes and improved service standards.
- **Priority 6- Creating Empowered Communities:** One of the key reasons why the recommended option to create an ALMO was reached, was due to its ability to provide increased opportunities for involvement and decision making for both tenants and employees. The newly created Shadow Board for the ALMO has two employee and five tenant board members.
- **Priority 8- Responding to your needs:** The Options Review and implementation process involved collecting and assessing evidence from a number of sources, including a Tenant Survey which was a key piece of evidence, as it identified tenants' priorities for improvements. This information directly influenced the development of the new Northampton Standard, ensuring that issues relating to the quality of homes and estates were addressed. Tenant Conferences also provided essential feedback from tenants and leaseholders.

## 4.7 Other Implications

4.7.1 N/A

## 5. Background Papers

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- 5.1 Council Report- HOUSING STOCK OPTIONS APPRAISAL FINAL REPORT – 9<sup>th</sup> December 2013
- 5.2 Cabinet Report - Legal set up of ALMO- 9<sup>th</sup> April 2014
- 5.3 Cabinet Report - Services to be Delivered by Northampton Partnership Homes - 9<sup>th</sup> July 2014
- 5.4 Housing Stock Options Appraisal Community Impact Assessment - December 2013
- 5.5 Cabinet Report –‘Northampton Partnership Homes’ – 12<sup>th</sup> November 2014

**Dale Robertson, ALMO Implementation Programme Director, X7110**