
REPORT TO:	Annual Council	AGENDA ITEM: 21.
DATE OF MEETING:	17th May 2012	CATEGORY: DELEGATED
REPORT FROM:	Mark Alflat - Director of Operations	OPEN PARAGRAPH NO: N/A
MEMBERS' CONTACT POINT:	Bob Ledger 5975 bob.ledger@south-derbys.gov.uk	DOC:
SUBJECT:	Association of Retained Council Housing (ARCH)	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HCSO1, FM03

1. Recommendations

- 1.1 The Council becomes a member of the Association of Retained Council Housing (ARCH) Ltd (a company limited by guarantee).
- 1.2 That the Chairman of the Housing and Community Services Committee and the Head of Housing and Environmental Services become Directors of ARCH Ltd.
- 1.3 That in accordance with s.323(1) of the Companies Act 2006 the Council authorises the Chairman of the Housing and Community Services Committee and the Head of Housing and Environmental Services, or their substitutes, to be the Council's representatives at any meeting of ARCH and execute voting rights on behalf of the Council.
- 1.4 Note the recommendation of the Housing and Community Services Committee of the 19th April 2012 and the Finance and Management Committee of the 26th April 2012 in relation to this matter and that the proposals at 1.1, 1.2 and 1.3 above be approved.

2. Purpose of Report

- 2.1 To advise members of the changes which the Association of Retained Council Housing (ARCH) is making to its governance and structural arrangements.
- 2.2 If the Council wishes to retain its ARCH Executive Board status in the new arrangements it must nominate Directors to the Board.

3. Detail

- 3.1 The Association of Retained Council Housing (ARCH) has been in existence since 2006. The idea of local authorities joining together solely from a Housing perspective to represent the interests of tenants in the retained sector originates in Derbyshire. The first meeting was instigated by Bolsover DC and this Council attended. Five

years later ARCH is a national organisation with over 60 member authorities representing over 1 million tenants.

- 3.2 For the last five years ARCH has had a formal constitution and an executive board which met around 6 times a year. South Derbyshire DC have been members of the Executive Board since ARCH's formation in 2006. ARCH charges a £2,000 per authority membership fee. It organises a number of information seminars for its membership, publishes documentation from the retained sector perspective and runs annual conferences for tenants and senior officers. It has become the leading lobbying voice on behalf of the retained council housing sector and has been instrumental in the delivery of an alternative housing finance system to replace the previous discredited national 'subsidy' system.
- 3.3 To some extent ARCH is a victim of its own success. Much of the operational demands of running the organisation are falling on a number of key members of the Executive who already have full-time commitments as Heads or Directors of Service at their own authorities. The growth of ARCH means that it is unsustainable to keep running it on this basis.
- 3.4 In addition as the organisation continues to grow the risk and liabilities of these volunteer executive board members are not clear and potentially are extensive even though the input given is voluntary and without financial recompense.
- 3.5 Consequently for the last few months ARCH has been working on creating a different governance and secretariat structure. The change means that a third party organisation will run the daily secretariat activities of the association, organise the association's finances, be the first line response to government and others, organise meetings and conferences and disseminate information to and seek views from the wider membership. It can meet the costs of such a third party service from the £2,000 membership fee given the fact that the membership has been growing steadily for a number of years and is now at over 60 authorities.
- 3.6 It has also been agreed that ARCH moves from the partnership arrangement to a company limited by guarantee. The Executive Board or Directors of the company would provide the strategic and policy direction, direct and oversee the work of the secretariat, undertake the formal treasury function, etc.
- 3.7 In the last 5 years of operation the Board has rarely undertaken a formal vote. Most decisions are taken by consensus. Membership of the Board has been on an authority basis rather than named individuals. Each authority is represented by a lead councillor and a Council officer. In practice attendance at the Executive Board is mainly by officers although our own Chairman has rarely missed a meeting particularly in the last two years since the HRA self-financing proposals have been developing. The Head of Housing and Environmental Services has been attending meetings of the Executive Board since 2006.
- 3.8 It is proposed in the new arrangements that both the Chairman of Housing and Community Services and the Head of Housing and Environmental Services would become directors of the company. The same arrangements are being mirrored in the other nine current Executive Board member authorities, therefore (with a tenant representative) making up 19 Directors of the Company. The election of Directors would be reviewed at the first AGM of the new company currently scheduled for September 2012.

- 3.9 Becoming a company limited by guarantee enables ARCH to clarify the liabilities of its members and this will be at a maximum of £10 per member. The Directors will be indemnified out of the company's assets for liabilities. Therefore the potential risks of being a member and Director will be much clearer in the new arrangements.
- 3.10 Under legislation the Council must satisfy itself that becoming a member of a company limited by guarantee, is advantageous and benefits the community i.e. South Derbyshire DC can under Section 2 Local Government Act 2000 (the wellbeing powers) do anything which it considers is likely to promote the economic social or environmental well-being of the area.
- 3.11 The experience of the last five years of being members of ARCH has greatly benefited this Council's ability to be informed of and respond to developments in the national housing policy agenda. In turn this has benefited our tenants. ARCH also has a national tenants group on which a South Derbyshire resident sits and ARCH runs an annual tenants' conference which a number of South Derbyshire tenants have attended in recent years. The rationale for ARCH's very existence is to represent the interests of Council housing and it's tenants.

4. Financial Implications

- 4.1 There are no additional financial liabilities, other than £10 per guarantee, in ARCH becoming a company limited by guarantee with SDDC's Chairman of Housing and Community Services and it's Head of Housing and Environmental Services becoming Directors of the company. Overall the financial liability of the Council will be greatly clarified by the new governance and structural arrangements.

5. Corporate Implications

- 5.1 The Council is a founding member of ARCH and for it to continue to play a key part in responding to and leading national policy formulation it will need to agree that SDDC's chairman of Housing and Community Services and it's Head of Housing and Environmental Services become Directors of the ARCH company.

6. Community Implications

- 6.1 The ARCH Board has one tenant representative from the ARCH tenants group. South Derbyshire has one tenant representative on the ARCH tenants group. ARCH's structure is relatively unique in a lobbying organisation in involving tenants directly on it main decision-making board but in this way is directly linked to the people it represents.