

## ATODLEN 1

(a gyflwynir gan adran 16)

CYFYNGIAD AR AELODAETH AWDURDODAU LLEOL O FWRDD A HAWLIAU  
Yn Rhan 1 o Ddeddf 1996, ar ôl Pennod 1 mewnosoder—

### “CHAPTER 1A

#### BOARD MEMBERSHIP AND VOTING RIGHTS

##### *General*

#### **7A Meaning of key terms used in this Chapter**

- (1) References in this Chapter to the board of a registered social landlord are—
  - (a) in the case of a registered social landlord that is a company (including a company that is a registered charity), references to the company’s board of directors;
  - (b) in the case of a registered social landlord that is a registered charity (but is not a company), references to the charity’s board of trustees;
  - (c) in the case of a registered social landlord that is a registered society, references to the society’s committee.
- (2) References in this Chapter to board members, in relation to a registered social landlord, are to members of the registered social landlord’s board.
- (3) References in this Chapter to local authority appointees, in relation to the board of a registered social landlord, are to persons appointed to the board, or nominated for appointment to the board, by a local authority.

##### *Limit on local authority appointees to board*

#### **7B Limit on local authority appointments to board**

- (1) No appointment within subsection (2) may be made to the board of a registered social landlord on or after the day on which this section comes into force.
- (2) An appointment is within this subsection if its effect, but for this section, would be that more than 24 per cent of the board members of the registered social landlord would be local authority appointees.
- (3) To the extent that any provision in the constitution or rules of a registered social landlord would, but for this subsection, conflict with subsection (1) or (2), that provision is to be treated as having no effect.

#### **7C Removal of local authority appointees to comply with 24 per cent limit**

- (1) This section applies in respect of a registered social landlord if, on the commencement date, more than 24 per cent of the board members of the registered social landlord are local authority appointees.

- (2) The registered social landlord must remove local authority appointees from the board to the extent it is necessary to do so to comply with the 24 per cent limit.
- (3) The registered social landlord must comply with the duty in subsection (2) before the expiry of the 4 month period but, subject to subsection (5), the landlord may not remove an appointee until after the 2 month period expires.
- (4) A local authority may, before the expiry of the 2 month period, give notice to the registered social landlord specifying local authority appointees appointed or nominated by that authority who are to be removed from the board in order to comply with the 24 per cent limit.
- (5) Where notice has been given in accordance with subsection (4) the registered social landlord, in complying with subsection (2), must remove the specified local authority appointees from the board (and may do so before the expiry of the 2 month period).
- (6) Where notice has not been given in accordance with subsection (4) the registered social landlord, in complying with subsection (2), must select the local authority appointees who are to be removed from the board.
- (7) In this section—
  - “commencement date” means the day on which this section comes into force;
  - “2 month period” means the period of 2 months beginning with the commencement date;
  - “4 month period” means the period of 4 months beginning with the commencement date;

references to complying with the 24 per cent limit, in relation to the board of a registered social landlord, are to ensuring that no more than 24 per cent of the members of the board of the registered social landlord are local authority appointees.

#### **7D Procedure for selection by registered social landlord of local authority appointees for removal**

- (1) The selection under section 7C(6) of a local authority appointee for removal from the board of a registered social landlord is to be effected by a majority vote of the votes cast by board members who are not local authority appointees.
- (2) To the extent that any provision in the constitution or rules of the landlord would, but for this subsection, conflict with subsection (1), that provision is to be treated as having no effect for the purposes of section 7C.

#### *Quorum and voting rights of board members*

#### **7E Board quorum: no requirement for local authority appointee**

- (1) To the extent that any provision of the constitution or rules of a registered social landlord is within subsection (2), it is to be treated as having no effect.
- (2) Provision is within this subsection if, but for this section, it would require the presence of one or more local authority appointees in order for a meeting of the board of the registered social landlord to be quorate.

## **7F Board resolutions: 75 per cent threshold**

- (1) To the extent that any provision in the constitution or rules of a registered social landlord is within subsection (2), subsection (3) applies in respect of that provision.
- (2) Provision is within this section if, but for this section, it would permit a resolution of the board of the registered social landlord to be passed only if more than 75 per cent of the votes cast by the board are in favour of the resolution.
- (3) The provision is to be treated as requiring only 75 per cent of the votes cast by the board to be in favour of the resolution.

### *Consent to constitutional change*

## **7G Constitutional changes: no requirement for local authority consent and no power of veto**

- (1) To the extent that any provision of the constitution or rules of a registered social landlord is within subsection (2), it is to be treated as having no effect.
- (2) Provision is within this subsection if, but for this section, it would—
  - (a) require the consent of a local authority, or of a local authority appointee, to a change to the constitution or rules of the registered social landlord, or
  - (b) confer on a local authority, or a local authority appointee, power to veto a change within paragraph (a).

### *Voting rights of members of registered social landlord*

## **7H Voting rights of local authorities**

- (1) This section applies if a local authority is a member of a registered social landlord.
- (2) To the extent that any provision in the constitution or rules of the registered social landlord would confer on the local authority the right, as a member of the registered social landlord, to vote on resolutions of the registered social landlord, that provision is to be treated as having no effect.

## **7I Provision in agreements that is to be treated as having no effect**

To the extent that any provision in an agreement between a registered social landlord and another person would, if it were included in the constitution or rules of the registered social landlord, be treated as having no effect by virtue of this Chapter, that provision of the agreement is to be treated as having no effect.

### *Wholly controlled subsidiaries: power to disapply this Chapter*

## **7J Power to disapply provisions of this Chapter**

- (1) The Welsh Ministers may by order provide that provisions of this Chapter specified in the order are not to apply to registered social landlords that are wholly controlled local authority subsidiaries.
- (2) A registered social landlord is a wholly controlled local authority subsidiary if—

- (a) it is a company or registered society;
  - (b) all of its members are within subsection (3), and
  - (c) one or more of the conditions in subsection (4) (in the case of a company) or in subsection (5) (in the case of a registered society) is met.
- (3) A person is within this subsection if the person is—
- (a) a local authority;
  - (b) a company or registered society that is a subsidiary of a local authority (see subsection (6));
  - (c) a person acting on behalf of a person within paragraph (a) or (b).
- (4) The conditions are—
- (a) a local authority has power to appoint or remove all or a majority of the board of directors;
  - (b) a local authority holds more than half in nominal value of the company’s equity share capital;
  - (c) the company is a subsidiary, within the meaning of the Companies Act 2006 or Part 7 of the Co-operative and Community Benefit Societies Act 2014, of a company or a registered society that is a subsidiary of a local authority by virtue of meeting the condition in paragraph (a) or (b) or in subsection (5)(a).
- (5) The conditions are—
- (a) a local authority has power to appoint or remove all or a majority of the members of the committee of management of the society;
  - (b) the society is a subsidiary, within the meaning of the Companies Act 2006 or Part 7 of the Co-operative and Community Benefit Societies Act 2014, of a company or a registered society that is a subsidiary of a local authority by virtue of meeting the condition in paragraph (a) or in subsection (4)(a) or (b).
- (6) For the purposes of subsection (3)(b), a company or registered society is a subsidiary of a local authority if one or more of the conditions in subsection (4) (in the case of a company) or subsection (5) (in the case of a registered society) is met.
- (7) The Welsh Ministers may by order make provision for a registered social landlord of a description specified in the order to be treated as being a wholly controlled local authority subsidiary for the purposes of this section and any order made under it.
- (8) An order under this section is to be made by statutory instrument subject to annulment in pursuance of a resolution of the National Assembly for Wales.”