

ADRIAN WAITE

4th June 2018

Mr. Mark Costello,
Chairman,
Impact Housing Association,
Nook Street,
Workington,
Cumbria.
CA14 4EH.

Sent by email to: markc@impacthousing.org.uk

Dear Mark,

Shareholding Membership of Impact Housing Association

I would like to resign as a shareholding member of Impact Housing Association with immediate effect.

As you know, I attended the Annual General Meeting earlier today at which I expressed my disagreement with the strategic direction recommended by the present board.

In particular:

- The annual report and financial accounts for 2017 demonstrate a very poor financial out-turn for 2017. During the year the association recorded a loss of £3million (the worst financial result in the association's 43-year history) and was downgraded by the regulator from the top V1 rating for financial viability to an unacceptable V3 rating. Furthermore, financial management, financial monitoring and risk management appear to have been so poor that neither the Board nor the management team were aware of the mounting difficulties when the last annual general meeting was held half way through the year. There are numerous specific examples of apparently poor management that I could refer to, including the failure of the association to implement the board decision to dispose of the Brewery halls of residence. Unlike the Board and the majority at the Annual General Meeting, I do not consider that this is an acceptable approach to financial management.
- The changes that have been agreed to the rules will place Impact under the total control of the Riverside Group, will reduce the role of the shareholding members and will marginalise tenants and other residents by removing all but one of the tenant and resident places on the Board. There are no guarantees that the values of Impact will be protected.
- The Annual General Meeting was provided with very little specific information about the process that was followed to identify the Riverside Group, or any more about what was being offered by the Riverside Group other than vague generalities. For example, shareholding members have not been shown the Business Case, Heads of Terms or Inter-Group Agreement. I am not convinced that the Board has negotiated the best possible 'deal' with the Riverside Group. In my view, the consultation with tenants and residents was flawed in that some of the information provided was misleading – for example, the statement that the takeover would not result in a change of landlord. I think that the Board should have provided fuller and more accurate information to the tenants, residents and shareholding members; and that the Annual General Meeting should have refused to approve the rule changes until this was done.

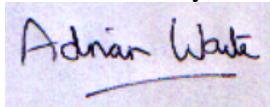
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- The regulator has downgraded Impact's rating for governance from a top G1 rating to an unacceptable G3 rating. The regulator stated that: "*The Homes & Communities Agency lack assurance that the Board is managing its affairs with skill, diligence, effectiveness, prudence and foresight and the foresight is about the strategic direction.*" The Board has not disputed this conclusion and, having considered the activities of the Board during recent years I would agree with the regulator. In view of this, I do not think that the current Board should have continued to take decisions about strategic direction including decisions about potential mergers or takeovers. In my view, the current Board members should have been replaced and no strategic decisions taken until a new Board was in place. However, the Annual General Meeting has approved the rule changes and the takeover at the recommendation of the current Board and has re-elected the current Board members.

I find this a very sad day. I have been involved with Impact since 2009 when I first joined the Board, was Chair from 2011 to 2015, and since 2015 have been a shareholding member.

I originally became involved with Impact because I saw it as a good organisation that I wanted to support. I am afraid that we have now reached a position where I no longer consider Impact to be a good organisation and where I no longer support the strategic direction. Hence my decision to resign as a shareholding member.

Yours sincerely,

A handwritten signature in blue ink that reads "Adrian Waite". The signature is written in a cursive style and is underlined with a single horizontal line.

Adrian Waite