



**Report for: Cabinet 17 September 2024**

**Title: Approval of revised Members Agreement and Articles of Association for Homes for Haringey (HfH).**

**Report authorised by : David Joyce – Director of Placemaking and Housing**

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**Ward(s) affected: N/A**

**Report for Key/  
Non Key Decision: Non key decision**

**1. Describe the issue under consideration**

- 1.1 The report seeks approval of two key Governance documents in relation to the Councils wholly owned subsidiary company Homes for Haringey (“HfH”). These are a revised Members Agreement and Articles of Association and connected approval of Special Resolution.
- 1.2 Approval is also sought, in accordance with current approved Members Agreement, for the Assistant Director of Partnerships and Communities to act as the Councils representative in accordance with the constitution pending recruitment to the current vacant post of Assistant Director of Housing Demand.
- 1.3 HfH is a company limited by guarantee and the Council is the owner and sole Member of HfH. As such, it is for the Council to authorise entry into a new Members Agreement with HfH and adoption of new Articles of Association. HfH was until 31 May 2022 the Council’s ALMO, but now exists principally to source and manage leases from private sector landlords for approximately 3 years. The Council has 100% nomination rights to the dwellings in which to house residents needing temporary accommodation.
- 1.4 The current Members Agreement and Articles of Association were approved by Leader signing on 31 May 2022 (“the 2022 signing”). Following the insourcing of the Councils own housing stock and assuming direct management from its former ALMO partner, the documents were approved at the HFH Board meeting on 1 June 2022.
- 1.5 The Members Agreement sets out the terms upon which the Council as owner will participate in HfH as its sole shareholder and the terms upon which it will retain decisive influence over both the strategic objectives and the significant decisions of HfH.

- 1.6 The Articles of Association is the constitution of HfH that sets the rules on how HfH will be run and managed. The Companies Act 2006 requires that companies have Articles of Association.

## **2.0 Cabinet Member Introduction**

- 2.1 The Council in common with other boroughs is experiencing increasing numbers of households needing assistance with temporary accommodation and Homes for Haringey is one of the vehicles that allows the Council to assist residents. Last year alone Haringey received more than 4,000 homeless applications.
- 2.2 While the Council brought the management of its council homes through its Arms Length Management Organisation 'Homes for Haringey' in house it still operates as the Council's wholly owned company, assisting residents facing homelessness and needing safe and secure temporary accommodation by sourcing private sector leased properties on its behalf. The company in partnership with the Council assists in discharging its homelessness duties. This is done, by reducing the already pressurised temporary accommodation budget, with the provision of accommodation. This reduces the Councils reliance on nightly paid accommodation and other more expensive temporary accommodation, which place additional pressures on one of the Councils most challenging budget areas. The company lease more than 200 private sector properties which the Council has 100% nominations rights to.
- 2.3 Homelessness is a something no resident should face but when they do it is important the Council can provide quality temporary housing to those in the greatest need and that it has access to affordable and well maintained dwellings to do so.

## **3. Recommendations**

- 3.1 That Cabinet, acting on behalf of the Council in its role as owner and sole Member of HfH:
- i) Approve the revised Members Agreement for Homes for Haringey (set out at Appendix 1 of this report), which shall apply to HfH once adopted by the Directors at a meeting of the HfH Board
  - ii) Approve the revised Articles of Association for Homes for Haringey (set out in Appendix 2 of this report), which shall apply to HfH once adopted by the Directors at a meeting of the HfH Board
  - iii) Approves the Special Resolution (set out in Appendix 3 to this Report) to adopt new Articles of Association, enter the Members Agreement in accordance with Recommendations 3(i) and 3(ii).
  - iv) Notes that, once approved, the Leader will sign the Special Resolution.
  - v) Approve that the Assistant Director of Partnerships and Communities be the Councils nominated representative at HfH Board meetings and delegates authority to the Chief Executive of the Council to approve changes to the nominated representative as may be required from time to time.

#### **4. Reasons for decision**

- 4.1 Homes for Haringey is a wholly owned limited company of the Council. As such it is required to have up to date Articles of Association and it is desirable that it have a Members Agreement, setting out between the two documents clearly how the company will be governed and managed.
- 4.2 The existing Members Agreement and Articles of Association were approved in May 2022. These were approved as part of the insourcing of the Councils owned housing stock, closure of the ALMO and change in management structure.
- 4.3 Following the insourcing in June 2022 the documents were reviewed further at a board meeting of HfH on 1 June 2022. It is understood that the Directors of HfH proposed amendments to both documents at their Board meeting on 1 June 2022. The draft Members Agreement and Articles of Association incorporate amendments to meet both the requests of HfH and the Council's requirements. .
- 4.4 The new documents reflect the agreed governance structure for HfH as well as having an up to date framework in relation to its operation.
- 4.5 Failure to approve the recommendations will mean that the Council does not have an up to date set of documents that best reflect the new structure following the insourcing of the Council's housing stock from its ALMO.
- 4.6 As the Owner of the Company the approval of the new documents is a decision for the Council to make via the Leader or Cabinet as set out in the 2022 Signing Report.
- 4.7 There are no direct costs related to this approval. Furthermore the approval of these revised documents does not directly affect residents of HfH. The proposed recommendations relate to the effective governance and operation of the company.
- 4.8 The current approved Members Agreement identifies the Councils representative as the person holding the role of Assistant Director of Housing Demand (or such successor title) from time to time or such other person as nominated by the Owner from time to time to act as its authorised representative which shall be determined by the Owner in accordance with its constitution from time to time and notified to the Company in writing. The post of Assistant Director of Housing Demand is currently vacant and it is therefore necessary to nominate another representative. Once again as the Owner of the Company the approval of the Councils representative is a decision for the Council to make via the Leader or Cabinet. Failure to ensure the Council has a nominated postholder will mean the Council will not have a representative to act on its behalf.

## 5.0 **Alternative options considered**

- 5.1 The Council could choose not to approve the revised documents and retain the existing documents in place. This option was rejected as this would mean they do not reflect the current operating structure and are out of date.
- 5.2 The Council could choose not to nominate a representative on its behalf however this would mean it will not have a named representative to act on its behalf and represent the Council at Board meetings and have oversight of the management of the Company. This option was therefore rejected.

## 6.0 **Background information**

- 6.1 HfH is a separate wholly owned subsidiary limited company of and separate legal entity from the Council. The Council is the sole shareholder. The key purpose and objective of the company is to source and enter into lease agreements with private sector landlords for approximately 3 years. The Council has 100% nominations rights to these dwellings to house residents requiring temporary accommodation.
- 6.2 The aim is to assist the Council in reducing its temporary accommodation costs through reduced use of bed and breakfast or hotel accommodation. As a separate legal entity to the Council, HfH is able to charge rents at local housing allowance rates.
- 6.3 This model was set up while HfH was still the Council's Arms Length Management Organisation (ALMO) and was retained when insourcing and direct management of the Council's own housing stock took place on 1 June 2022.

### Members Agreement

- 6.4 The Members Agreement is the contract between the Council and HfH setting out the rules of engagement and how the Council, as owner, will monitor and manage the Company.
- 6.5 The proposed new Members Agreement is at Appendix 1 of this report.
- 6.6 The changes to this document are at paragraphs 2.1.1, 2.1.2, 2.1.3, 2.1.4, 3.2.3, 4.5.3 and 4.5.4. Schedule 1 of the Members Agreement has also been amended with a new clause 37 relating to Contract Standing Orders. These minor changes reflect the new structural arrangements and changes as a result of the Insourcing of the Council's housing stock.
- 6.7 The previous agreement read at 2.1.1-

*“to provide private sector leases to the Owner for the provision by the Company of short term tenancies”*

It has now been changed at paragraph 2.1.1 to:

***“to enter into private sector leases to enable the grant by the Company of short term tenancies.”***

Paragraph 2.1.2 sets out clearly one of the key purposes of HfH which states:-

***“to provide housing to tenants nominated by the Owner;”***

- 6.8 Amendments in terms of procurement and contract standing orders and the requirement of HfH to comply with the Councils rules and procedures have been enhanced. These explicitly set out the requirement for HfH to follow due process and will ensure the same procedures as for all Council Services to ensure proper market testing and value for money when procuring works or services by HfH.

#### Articles of Association

- 6.9 This document required some minor amendments following the insourcing.
- 6.10 Similar changes as for the Members Agreement, excluding procurement, as set out in paragraph 6.7, have been made in this document, although these are to be found in ***paragraph 3.1.1.***

#### Special resolution

- 6.11 Subject to the approval of the Articles of Association, for these to take effect the special resolution at Appendix 3 requires signing on behalf of the Council. This is in its capacity as sole shareholder of HfH. HfH will need to file the updated Articles and the completed special resolution at Companies House within 15 days of the resolution being passed.
- 6.12 The next scheduled HfH Board meeting is on 20 September 2024 when it is anticipated the Board will agree to enter into the proposed new Members Agreement and adopt the Articles of Association.

#### Councils nominated representative

- 6.13 The current approved Members Agreement identifies the person holding the role of Assistant Director of Housing Demand as the Councils representative (or such successor title) from time to time or such other person as nominated by the Owner from time to time to act as its authorised representative which shall be determined by the Owner in accordance with its constitution from time to time and notified to the Company in writing.
- 6.14 The previous post holder of Assistant Director of Housing Demand has recently retired and the post is vacant, pending a decision on recruitment. Interim arrangements have been made for management of the Housing Demand Directorate to be assigned to the Assistant Director of Partnerships and Communities. It is therefore proposed that this post also be the Councils nominated representative and that the Members Agreement be amended accordingly to reflect the proposed change. This will ensure there continues to

be a nominated person to act on the Councils behalf at Board meetings and have strategic oversight of the operation of the Company.

## **7.0 Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes’?**

- 7.1 This model assists the Council specifically in relation to theme 5 of the current Corporate Plan – Homes for the future - by assisting those residents facing homelessness and providing temporary accommodation, which is safe, secure and well maintained.
- 7.2 The model also aims to support the Haringey Deal by supporting residents through the cost of living crisis and making sure everyone can live a secure, healthy and fulfilling life.

## **8.0 Carbon and Climate Change**

- 8.1 The proposal to approve the revised Members Agreement and Articles of Association does not have a direct impact on Carbon or Climate change.

## **9.0 Statutory Officers comments**

### **Finance**

- 9.1 Finance notes the content of this report. The approval of the article of association and members agreement does not have any direct financial implication on the Council.
- 9.2 Responsibility for HfH operations sits with the board of directors. Any decision that will impact the council will follow the governance process and financial implication will be assessed before such decisions are approved.

### **Procurement**

- 9.3 Strategic Procurement note the contents of this report and have been consulted on matters relating to Procurement compliance within the Members Agreement. Strategic Procurement confirm there are no procurement related matters preventing the cabinet member approving the recommendations stated in paragraph 3 of this report.

### **Assistant Director of Legal & Governance**

- 9.4 The Assistant Director of Legal and Governance (Monitoring Officer) has been consulted in the preparation of the report.
- 9.5 The report recommends that Cabinet approve a new Member’s Agreement and Articles of Association and a Special Resolution authorising HfH to adopt the Articles and enter into the Member’s Agreement. The rationale for those decisions is set out in the body of the report. The Council has specific power under the Articles to direct the Directors of HfH to take specific steps. However, as it is not

considered necessary, it is not proposed that that power be relied upon in this case.

9.6 The reason that decisions in relation to the adoption of a Member's Agreement and Articles of Association are to be taken by the Council in its capacity as owner of HfH, is that such matters are "reserved matters" under the Member's Agreement, which means that such decisions are required to be taken by the Council. Further, it should be noted that the proposed decisions are not unilateral decisions for the Council. Accordingly, at the next meeting of the Board of HfH, it is anticipated that the Directors of HfH will agree to adopt the proposed new Articles of Association and the Member's Agreement.

9.7 The Council owns HfH and is its sole Member. The exercise of functions as owner of HfH is an Executive function. There is no legal reason why Cabinet should not adopt the recommendations of this report.

## **10.0 Equality**

10.1 The council has a Public Sector Equality Duty (PSED) under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not

10.2 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

10.3 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

10.4 The decision in this report relates to the approval of a revised Members Agreement and Articles of Association for Homes for Haringey. This decision is not expected to have any positive or negative impacts on those with protected characteristics and as such will have a neutral impact on equalities in the borough.

10.5 As an organisation carrying out a public function on behalf of a public body, the auditors appointed will be obliged to have due regard for the need to achieve the three aims of the Public Sector Equality Duty as stated above.

## **11.0 Appendices**



Appendix 1 – Proposed Members Agreement  
Appendix 2 – Proposed Articles of Association  
Appendix 3 – Proposed Special Resolution

## **12.0 Background papers**

- a) Current Members Agreement approved 31 May 2022
- b) Current Articles of Association approved 31 May 2022
- c) Current signed Special Resolution approved 31 May 2022
- d) Leader signing report 31 May 2022