

Report Title: **ALMO 'arms length management organisation' - overview of Bid and Section 27 application**

Forward Plan reference number (if applicable):

Report of: **Director of Housing**

Wards(s) affected: **All**

Report for: **Decision**

1. Purpose

1.1 To update Executive on progress towards establishing the ALMO and to seek further decisions on the design of the ALMO and the various submissions that have to be made to ODPM for approval.

2. Introduction by Executive Member

- The report seeks formal endorsement of whole range of detailed considerations, developed over the last few months through extensive work, negotiations and consultation. The Executive's endorsement is now required to enable the council to proceed within the planned timetable with the various formal submissions to the government.
- There may be a need to still refine minor details on some aspects, but on the whole the overall approach and principles are consistent with earlier Executive Decisions and have been scrutinised through the Executive sub-group, overseeing the transition to the ALMO.
- There are no specific issues that I would consider it necessary to highlight to colleagues at this stage and the few minor details that may need a bit more thinking by the Executive sub-group are primarily of a technical nature and therefore safe, in my opinion, to delegate to that group and myself.

3. Recommendations

The Executive is recommended to:

1. Note the progress made towards establishing a successful ALMO and obtaining the necessary funding to achieve the Decent Homes Standard by 2010;
2. Approve in principle the variations from the ODPM template Management Agreement (Attachment 1) (paras 8.1. and 8.2. of the report refer);
3. Approve in principle the division of functions between the Council and the ALMO (updated version at Attachment 2) (para 8.3. of the report refers);
4. Approve in principle the draft Building Costs Model (latest version at Attachment 3)

indicating a bid of £206.1million, subject to further detailed refinement by Officers (para 8.4. of the report refers);

5. Approve in principle the arrangements being made for the effective financial management of the ALMO and the financial arrangements between the Council and the ALMO as summarised in the draft Schedule 6 to the Management Agreement (Attachment 4) (para 8.4. of the report refers);
6. Note the process for approving the draft first year Delivery Plan for the ALMO (para 8.5 of the report refers);
7. Note the progress made towards the effective transfer of around 700 staff to the ALMO under the TUPE regulations and the proposals being made for the ALMO to adopt the Council's core human resource policies and to enter into a trades union recognition agreement (para 8.7. of the report refers);
8. Approve in principle the draft Memorandum and Articles of Association for the ALMO (Attachments 5 and 6) (para 9.1. of the report refers);
9. Note that the outcome on the consultation for the ALMO resulted in a clear preference for 'Homes For Haringey' (para 9.2. refers);
10. Note that appointments have been made to all but one of the Shadow Board places and that the Shadow Board has been meeting since October 2005 to undertake training and development and to make arrangements for the effective transfer of staff and responsibilities on 1 April 2006 (para 9.3. of the report refers);
11. Note the outline bid for inclusion in the ALMO programme Round 6 (para 11.1. of the report refers) and the outline application for consent to delegate housing management under s.27 Housing Act 1985 (as amended);
12. Agree that the in principle recommendations above in relation to the suite of ALMO documents will be subject to further detailed discussions involving the ALMO Transition Member Working Group and the Shadow Board and that final approval of the relevant documents for submission to the ODPM be delegated to the Director of Finance and the Director of Housing in consultation with the Executive Member for Housing.

Stephen Clarke

Report Authorised by:


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4. Executive Summary

4.1 In January 2005, following an options appraisal, the Council agreed to establish an arms length management company to manage council housing stock. The decision was supported by tenants in a ballot held in the spring.

4.2 Since then the ALMO Transition Member working Group has met frequently to guide and oversee the establishment of the ALMO and the detailed preparatory work to obtain the necessary consents. The Executive made a number of key framework decisions in relation to the arrangements for and design of the ALMO in July and October 2005.

4.3 This report summarises progress made to date and seeks a number of further Executive decisions on setting up the ALMO, especially in relation to:

- the Management Agreement;
- the Memorandum and Articles of Association of the new organisation
- the formal bid to ODPM
- the application for s.27 consent to delegate housing management to the ALMO
- the ALMO's first year Delivery Plan,
- and related matters.

5. Reasons for any change in policy or for new policy development (if applicable)

5.1 The report seeks a number of Executive decisions in pursuance of the Council's decision in January 2005 to establish an ALMO.

6. Local Government (Access to Information) Act 1985

6.1 Guidance on Arms Length Management of Local Authority Housing- ODPM

6.2 Staffing implications of establishing ALMOs- Employers Organisation for Local Government

6.3 Framework for establishing the Haringey ALMO- Report to Council Executive (26 July 2005)

6.4 Framework for establishing the Haringey Arms Length Management Organisation (ALMO) (Approval of Functions) Report to Council Executive (4 October 2005)

7. Background

7.1. Process for approval of an ALMO

'Homes For Haringey' will be a company wholly owned by the Council which will be responsible for the day-to-day operational management of council housing and the delivery of the decent homes programme. It's revenue costs will be funded by a management fee paid by the Council from the Housing Revenue Account. It will have a Board made up of council nominees, residents, and independent experts. The Council will retain ownership of the housing stock and responsibility for *strategy, policy and performance targets*. Tenants will remain tenants of the Council.

It is a central requirement that the ALMO must be operationally *arms-length* from the Council, making its own decisions about how best to deliver the services within the strategies and policies determined by the Council, as set out in an agreed annual Delivery Plan.

Four separate approvals have to be obtained before Homes for Haringey can receive ALMO funding to enable it to achieve the Decent Homes target by 2010. These are:

- a. *'Sign-off' of the Options Appraisal:* The Council's options appraisal was formally approved or 'signed off' by ODPM in August 2005.

- b. *A successful bid to get on the ALMO Programme:* The basis for the bid and the Building Costs Model on which it is based is discussed in section 11.1. of the report.
- c. *A successful 'Section 27' application to delegate functions:* The s.27 application is discussed in section 11.2 of this report.
- d. *A successful Audit Commission inspection:* This is discussed in section 11.3 of this report.

7.2. Progress including consultation undertaken

The structure for delivering the transition to a successful ALMO is shown in the chart below. The ALMO Transition Member Working Group has met frequently throughout 2005 as has a new and extremely successful Resident Consultative Forum, which has had up to 70 tenants in attendance at meetings. The structure has proved extremely effective in commenting on discussion papers and proposals as they have been developed. An Officer Project Board, chaired by the Director of Housing but with representation from all the key corporate and strategic services, has managed and co-ordinated the process.

An ALMO Implementation Team was established with full-time officers to prepare for the ALMO and to manage the consultation processes. Consultancy support and advice has been obtained wherever necessary, including legal, finance, ALMO design and governance, independent tenant advice, procurement, stock condition and capital programme design. The process has worked extremely well from a Project Management point of view and the Council has been able to move considerably faster than most authorities from options appraisal to ALMO 'go live'. The ALMO Implementation Team has worked extremely closely with the 'Achieving Excellence' or '2 stars' team, who both work to a joint ALMO Improvement Plan which aims to achieve the required Audit Commission rating in late 2006.

7.3. Critical Path

Since the Council approved the principle of setting up the ALMO, the aim has been to go through the stages of setting up as rapidly as possible. Some Councils do not start to set up their ALMO until they are accepted on the programme. The Haringey approach is more challenging but the purpose is to obtain the release of ALMO funding as early as possible to allow the maximum amount of time to deliver an effective Decent Homes programme before the Government deadline of 2010.

Setting up an ALMO does involve undertaking preparatory work at risk. The Project Board has managed risk throughout the project but cannot eliminate the possibility that the Government might not allow all applicants onto the Round 6 programme or that the ALMO might not achieve 2 stars in inspection. However it must be stressed that the options appraisal demonstrated that Haringey has only one possible option for delivering Decent Homes by 2010, and achieving the target is of vital importance to the Council in a number of ways.

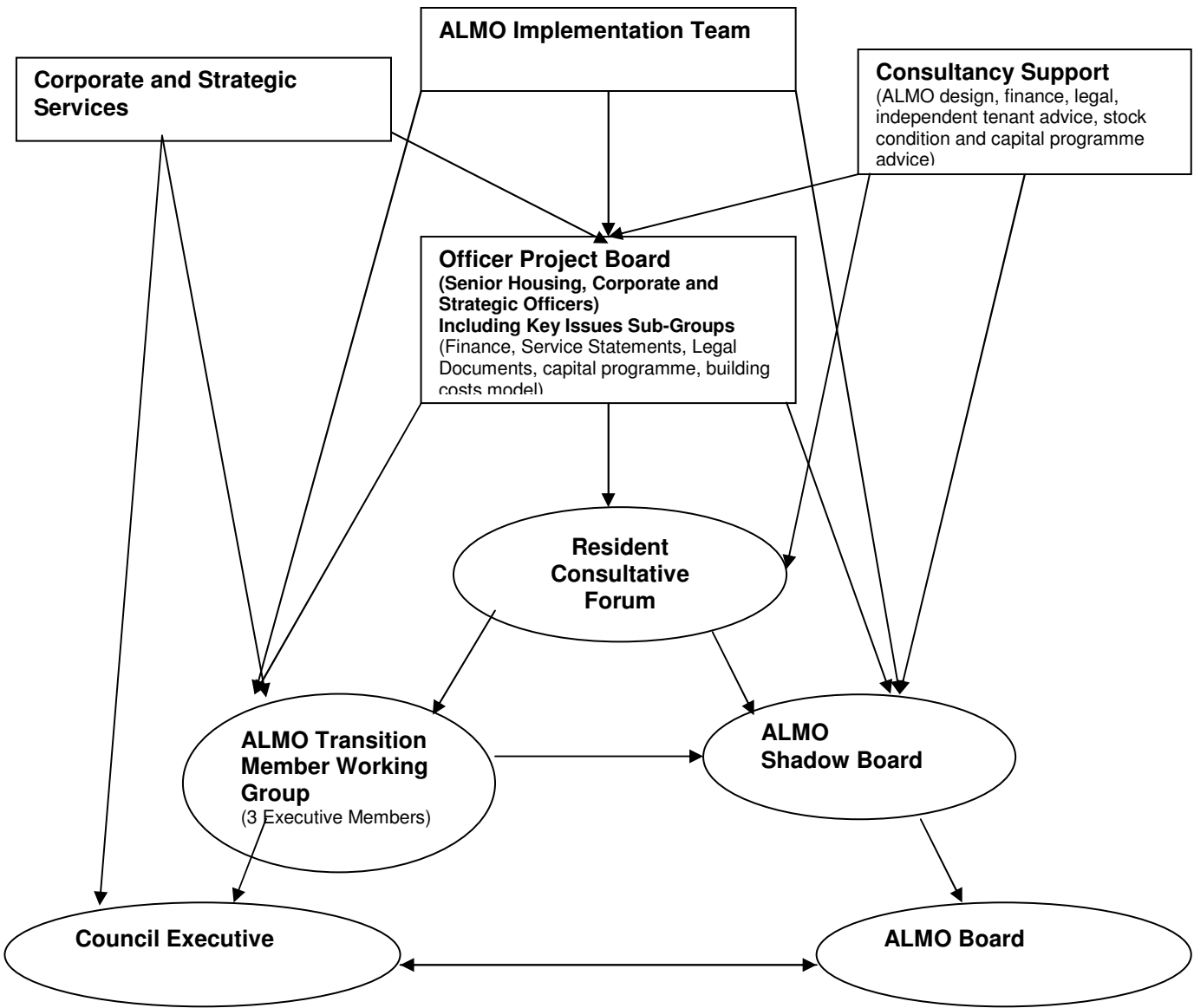
The Project Board has sought to minimise risks by ensuring:

- that Haringey is well prepared for and makes the best possible ALMO bid;
- that the Council has an effective procurement strategy and can demonstrate its ability to spend ALMO funding; and

- that there is a robust and properly resourced Improvement Plan in place to achieve 2 stars.

There has been some considerable frustration that the Government has not yet announced the timetable for Round 6 (as at 25 November). This is much later than for Round 5 last year. Not knowing the timetable has made it difficult to plan all the elements of set up effectively and is a risk factor against the intended ALMO start date of 1 April 2006. Officers have been working to the critical path of submitting both the bid and the application for Section 27 consent in December or January.

**Haringey Council
Structure for delivering ALMO Transition**



8. Management Agreement

8.1. Process for obtaining agreement

ODPM endorse a template Management Agreement, which was drafted by Trowers and Hamblins solicitors, who have also been advising the Council to date and will advise the ALMO Shadow Board during set up. The Management Agreement is a long document resembling a normal contract. It contains many standard clauses but can be varied to suit local circumstances subject to ODPM approval.

There have been detailed discussions at Officer level on the Management Agreement, facilitated by Trowers and Hamblins, with the Assistant Chief Executive and a representative from Legal Services acting on behalf of the Council as client and the Director Housing acting on behalf of the ALMO as putative arms length contractor. These discussions successfully narrowed down to a small number the issues which needed to be resolved at Member and ALMO Shadow Board level. The ALMO Shadow Board itself has raised a number of other queries and issues it would like to discuss further.

Subject to the approval of the Council and the ALMO Shadow Board, the Management Agreement will be formally signed by both parties shortly before the ALMO goes live. As there will be a process of negotiation between the ALMO Transition Member Working Group and the Shadow Board, it is proposed that authority to approve further amendments and to sign off the final version of the Management Agreement on behalf of the Council is delegated to the Director of Housing in consultation with the Executive Member for Housing.

The Council is required to explain and justify to the ODPM where and why it has departed from the template document. Attachment 1 has been prepared by Trowers and Hamblins to meet this requirement and explains the current position reached.

8.2. Term

The Executive agreed in July that the Management Agreement would have a term of 5 years (taking it just beyond the achievement of decent homes) with provision for one or more extensions of a further three to five years, subject to review. This has been included in the draft Management Agreement.

8.3. Functions to be delegated – final scheme

In July the Executive approved the initial list of functions that will be delegated to the ALMO subject to a number of outstanding reviews. Following those reviews, in October Executive agreed proposals for the two main outstanding issues, as follows:

- To separate the Housing Management and the Support functions in Supported Housing prior to the establishment of the ALMO; to transfer the Housing Management functions and appropriate staffing resources to the Housing Service; and to delegate to the Directors of Housing and Social Services in consultation with the Executive Members for Housing and Social Services and Health the detailed staffing structure.
- To retain the Anti-Social Behaviour Team in the Council due to the Council's desire to adopt a cross-tenure and non-tenure comprehensive approach to dealing anti-social behaviour in the borough. The ALMO will deal with low level anti-social behaviour and nuisance involving council tenants and lessees; the ASBAT will

deal with complex and serious cases on referral. A protocol is being developed to ensure effective working arrangements between the ALMO and ASBAT.

Together with some minor and clarifying amendments, the functional division as currently agreed is shown at Attachment 2. The Executive is asked to endorse this, again subject to any minor amendments arising from discussions between the Shadow Board and the Transition Steering Group. This will be a formal annexe to the Management Agreement.

8.4. Financial arrangements

The Officer Project Board appointed a Finance Sub-Group at an early stage to consider the financial arrangements that would be needed to establish the ALMO. The Sub-Group has involved corporate and housing finance staff together with external consultancy support, notably from Housing Quality Network Services who have considerable experience in this field.

The Group is making a number of detailed financial arrangements to secure the effective management of the ALMO, including:

- Agreeing the financial components of the Building Costs Model (BCM) – the detailed methodology prescribed by ODPM to determine the size of the bid the Council can make. Attachment 3 describes the BCM in more detail. The current bid figure is £206.1million but this may continue to be revised as further detailed work is undertaken on the model. This is larger than the figure estimated during the Options Appraisal (£128 m) but the figures have been reconciled as follows:
 - The earlier figure was based on 2004/05 prices, the BCM is calculated at the relevant updated prices;
 - The earlier figure assumed a higher level of right to buy sales than are currently forecast;
 - The BCM has been calculated on the basis of likely real inflation in construction costs, although this is an area where ODPM have been squeezing resource allocation by only allowing 2.5% inflation.
- The BCM assumes a profile of expenditure over 4 financial years from 1 April 2007, dovetailing with the expected timing of the inspection and the release of funding. The Council needs to demonstrate in its bid that it can spend the money effectively.
- Agreeing arrangements for staff pensions – the ALMO becomes a permitted body to the local government pension scheme – and obtaining legal advice from Trowers that the council had the legal power to guarantee any future ALMO pension deficits. It is likely (subject to the final TUPE list) that the ALMO will need a slightly lower contribution rate than the Council due to the age profile of staff.
- Proposing a mechanism for agreeing the Management Fee. The proposal is included in Schedule 6 to the Management Agreement and the current draft is attached at Attachment 4. The Executive is asked to endorse these arrangements and to authorise the Director of Housing in consultation with the Executive Member for Housing to make any final detailed amendments arising out of discussions with the Shadow Board. Rather than develop a complex formula, and taking account of the declining revenues into the HRA over the next few years, the aim has been to have an iterative process closely linked to the annual Council budget-setting process.

- Proposing a mechanism to deal with unbudgeted in-year surpluses. Each year the ALMO will be required to meet efficiency targets, but it may additionally achieve savings from management action during the year which was not planned at the start. It is important that the ALMO is incentivised to achieve savings wherever possible to release funds which can be reapplied to Delivery Plan priorities or to restore HRA balances. Schedule 6 seeks to reconcile these interests by establishing a mechanism through which there will be regular clear budgetary control reports from the ALMO, with the ALMO able to reapply in-year savings. The application of end-of-year savings will be subject to agreement with the Council.
- Developing a finance training programme for ALMO Board members and staff to enable them to discharge their duties effectively and to meet the expectations of the Audit Commission's KLOE 32 on costs.
- Drafting a range of detailed financial policies and procedures for adoption by the ALMO, including:
 - Accounting and Audit Protocols
 - Standing Orders and a Scheme of Delegation, (based on Council Standing Orders)
 - Contract Standing Orders and a Procurement Code of Practice compatible with Council's scheme
- Developing systems for the financial management of the ALMO: the ALMO will use the Council's SAP system but detailed arrangements are necessary to allow separate budgets and accounts to be prepared, to enable separate VAT and other returns to be made, and to restrict access to appropriate personnel;
- Considering tax issues and getting advice on VAT, Corporation Tax and Construction Industry tax issues.
- Agreeing arrangements for the management of the ALMO's Cash Flow and the establishment of a separate ALMO bank account to hold cash. An estimated cash flow statement is being developed to ensure that payments and charges between the organisations can be properly managed.
- Making arrangements for ALMO insurances on the basis of existing Council policies plus cover for company directors.

The Executive is asked to approve the draft Schedule 6 in principle and to delegate to the Director of Housing in consultation with the Executive Member any minor amendments arising from discussions with the Shadow Board.

8.5. Delivery Plan and Performance Management

During its first year the ALMO will be required to achieve a Delivery Plan set by the Council in consultation with the ALMO Board. The first year Delivery Plan is formally part of the Management Agreement, and it will be renegotiated each year. The Plan sets out the purposes and mission of the ALMO, its business objectives and its performance targets - in many ways it is the critical document within the Management Agreement.

The draft Delivery Plan is under discussion between the ALMO Transition Member Working Group and the Shadow ALMO Board. The document will be revised and updated during February 2006, especially to take account of the latest progress with the ALMO

Improvement Plan, and will be finalised for inclusion with the Management Agreement before it is formally signed. The draft Delivery Plan will be submitted with the Section 27. Approval of the final document will be sought in march 2006 by the Executive and Full Council following discussions between the Shadow Board and the ALMO Transition Member Working Group.

8.6. Service Statements

The ALMO is required to demonstrate that it achieves Best Value in the support services it receives from the Council by carrying out a review of each service during its first year of operation. Progress towards achieving these reviews will be a key feature of the Audit Commission inspection. The Council is also required to include a description of all services provided to the ALMO in a schedule attached to the Management Agreement

This was a serious risk factor for the ALMO project because Haringey has not previously gone down the route of writing and negotiating Service Level Agreements systematically between departments or business units. To overcome this risk it was agreed that a complete set of what were termed Service Statements would be prepared for the ALMO prior to the bid being submitted. Service Statements include both Service Level Agreements (where a financial transaction is involved – for example Legal Services) and Protocols (where the relationship needs to be codified but no payment is made – for example Housing Benefit). This has been a major and complex undertaking between Housing and the various support services.

A template Service Statement was produced as guidance, covering descriptions of the service, performance measures, the basis for payment where applicable, and the procedure for variation and termination where applicable. Each service statement was drafted and subject to negotiation with the Housing Department. As they are completed, each Statement is signed off by Director of Housing and the relevant Chief Officer for the support service involved.

The project is largely complete and provides a sound basis for governing the relationship between the ALMO as a purchaser of services and the Council as supplier. The project has been essential for the ALMO, but it should also be helpful to those business units facing a Best Value review of their services over the next 18 months.

Work is also being undertaken to identify any contracts between the Council and third party suppliers which may need to be novated or assigned to the ALMO. This will not affect major corporate contracts such as the Accord contract or those for purchasing supplies.

8.7. TUPE preparations

The staff responsible for the functions delegated to the ALMO will transfer to the ALMO under the terms of the Transfer of Undertakings (Protection of Employment) (TUPE) regulations. The number of staff transferring will be around 700. The Government and the Council are both committed to safeguarding the interests, terms and conditions of transferring staff, as is the Shadow Board. The contracts of employment of relevant staff and all the Council's rights, powers, duties, and liabilities in relation to them transfer to the ALMO.

Work is well under way in devising an accurate list of staff who will be transferred to the ALMO, but it will not be finalised until a number of current reorganisations are further progressed. These include the revised second and third tier structure, the restructuring of Supported Housing as agreed by the Executive and changes being made in the

organisation as part of the 2 star Improvement Plan. The detailed list will need to take account of the circumstances of all staff, including permanent, supernumerary, fixed term, temporary, agency, casual, and secondees. Advice has been sought on the implications of the new TUPE regulations coming into force on the same day as the ALMO will go live (1 April 2006).

The ALMO Board forward plan includes the adoption of existing Council HR policies and procedures, amending them only to take account of changes in designation. A trade union recognition agreement is also being proposed, based on the Council's. Some posts will need revised job descriptions.

The independent members of the Board include people with significant management experience. HR issues will be an important feature of the training programme for all members of the Board.

A report on revising the housing management structure to make it fit for the purpose of running the ALMO and achieving 2 stars will be presented to General Purposes Committee and the Executive in early 2006.

9. ALMO Design

9.1. Memorandum and Articles of Association

These documents are the formal constitution of the ALMO, complying with company law. They are based on a template document approved by ODPM and drafted by Trowers and Hamlins. They set out the status of the ALMO as a company wholly owned by the Council with a single shareholder. They have been amended by the Officer Project Board to suit Haringey's circumstances, and are being discussed by the ALMO Transition Member Working Group following consultation with the ALMO Shadow Board.

The Council needs to appoint a representative to hold the Council's share and act as the sole shareholder.

In July the Executive approved the basic structure of the ALMO Board, with 6 tenant members (including one leaseholder), 5 council nominees, and 5 independent members.

As there was a strong field of tenant applicants, the Panel (including the Executive Member for Housing) appointed 7 members rather than the agreed 6. The Executive Member has taken the view that it would be preferable to expand the tenant membership in the constitution to 7 to reflect this strength. It is therefore recommended that the tenant membership of the Board be increased to 7 until the first AGM of the Board.

The Council is required to make a statement to the ODPM if there are any significant areas of departure from the model template. Trowers and Hamlins have tracked the changes made and their report on the current variations is attached at Attachment 5, and a full copy of the current draft of the Memorandum and Articles is attached at Attachment 6.

9.2. Name

The ALMO Transition Member Working Group agreed that tenants and staff should be consulted on options for the name for the ALMO. 'Homes For Haringey' was the favourite name and it is recommended that this be formally adopted as the name of the company.

9.3. Appointments to Board

Tenant members: It is common practice for ALMOs to appoint the initial tenant Board members on the basis of skills knowledge and experience and then to move gradually to a fully elected system. The Constitution includes a procedure for moving to fully elected tenant Board members with a proportion of the initial members standing down each year.

The initial tenant Board members were selected following extensive local advertising. A job description, person specification and selection criteria were drawn up and interviews held by a Panel comprising tenant representatives from the Residents Consultative Forum, the Executive Member for Housing and the Director of Housing. There was a strong field and seven people were appointed. The tenant members have been meeting with the Independent Tenant Adviser and undergoing induction and training since August.

Independent Board Members: In September adverts were placed in Inside Housing and the Guardian for voluntary independent Board members. An Information pack was prepared which included a job description, person specification and a description of the types of skills being sought. There was a healthy number of strong applications. A panel comprising 2 tenant Board members, one Council Board nominee and the Executive Member for Housing appointed 4 of the 5 independents in October. Those appointed have a broad range of valuable skills including finance, human resources, capital programming and housing management. To meet the need for the Board to be as representative as possible of the diverse community it serves, the fifth position will be re-advertised.

Council Board Members: The 5 Council nominees to the Board were also made in October, 4 from the majority and 1 from the minority parties on the Council. In addition to their Council experience, the members appointed bring a wide range of skills and knowledge to the Board.

Board meetings: The first full meeting the Shadow Board was held on 31 October 2005. A forward plan and programme of meetings through to March 2006 has been agreed, including an 'away day' on 12 November. A training and induction programme has also been agreed and is being implemented. The Board has a huge work programme but has made an impressive and enthusiastic start.

9.4. Governance issues

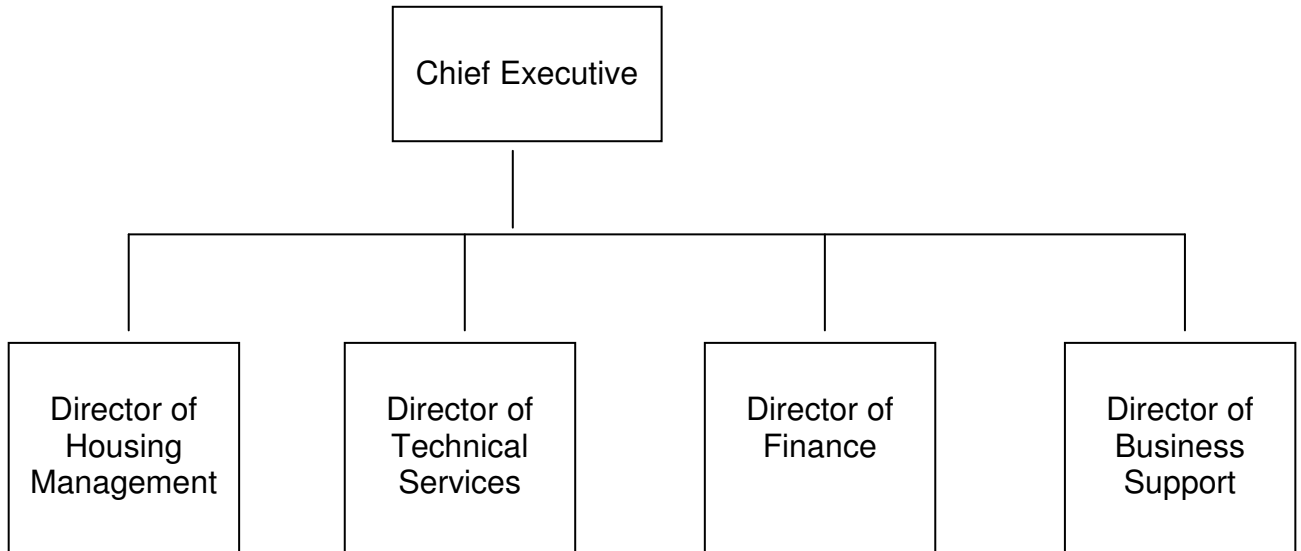
Through the Management Agreement and the Memorandum and Articles of Association the Council sets the framework for the governance of the ALMO and its principal accountabilities. The arrangements proposed clearly separate the roles of the Council – strategic, policy and performance management – and the ALMO – operational management of the service and delivery of decent homes.

In the period of the run up to going live and in the period prior to the Inspection, the ALMO Board will consider and adopt a range of policies and procedures to ensure that its own governance is in line with best practice. These include:

- Making arrangements for effective financial management – audit and accountancy arrangements, standing orders, etc
- Adopting a Code of Practice covering behaviour, conflicts of interest, etc
- Approving a Committee structure to oversee the detailed work of the ALMO, focusing on housing management performance and decent homes and complying with good practice
- Agreeing a risk management strategy.

9.5. Management structure

In October the Executive agreed the following top tier structure for the ALMO and agreed to delegate the detailed structure including post designations to the Director of Housing in consultation with the Executive Member for Housing. The structure down to third tier will be included in the Management Agreement and the ALMO will be required to seek the Council's approval to any proposed changes in the structure down to that level.



The primary aim in developing the structure is to ensure that the organisation is focused on delivering its primary objectives – achieving decent homes and improving services to a 2 star standard.

The company is required to have a named Company Secretary for the purposes of the Companies Acts. It is intended that this role will be a function of the Director of Business Support.

10. Housing Strategic Function

A new management structure for the Housing Strategy and Needs service was agreed by Executive Members in July 2005. The new structure creates a smaller, more effective senior management team for the Business Unit, with improved weighting for strategic services – replacing a more operationally focused housing needs based management team. The new structure has been designed to ensure that the Council still maintains a robust strategic housing service after the ALMO split has taken place.

The Assistant Director Housing Strategy and Needs is now supported by four senior managers, each having responsibility for one of the following areas of activity:

- Strategic services
 - housing strategy and policy development
 - performance management, including future monitoring of the ALMO
 - partnerships
- Housing Needs
 - homelessness prevention and options
 - housing register and lettings
 - temporary accommodation allocation and management

- Housing Supply
 - new affordable housing development
 - procurement of temporary accommodation
 - private landlord accreditation
- Resources
 - financial management
 - income recovery
 - facilities management

The Council strategic housing function will deliver three main areas of activity:

- Providing a strategic lead across all tenures
- Working with partners to deliver our housing objectives
- Delivering robust client and performance monitoring

Particular attention has been paid to strengthening the resources in the Housing Strategy and Performance Team. The new structure has been developed following extensive benchmarking with successful ALMOs and is considered necessary to deliver the strategic agenda.

The new structure will:

- Include adequate staff resources to deliver a strategy and policy lead across all tenures.
- Deliver a strong evidence base for strategy development enabling us to plan interventions and development that have the maximum impact on the achievement of community strategy objectives
- Strengthen the Partnership role – key role in leading forums, which will enable us to deliver housing strategy objectives but also need to engage with range of forums/partnerships, which require housing input. Work with our RSL partners and on regeneration initiatives is crucial.
- Strengthen the consultation and communication role – the ability of local people and other stakeholders to inform and influence strategy is essential if our strategy work is to be fit for purpose.
- Place much greater emphasis on performance management. The team will need to deliver a robust performance management framework across the Housing Service and monitor ALMO performance.
- Meet cross tenure need on energy efficiency and HECA. HECA work is a statutory requirement and the energy efficiency agenda has increased in importance in the CPA.

The Executive will decide at a future meeting where the Housing Strategy and Needs Service will sit within the Council post the ALMO going live. A final decision on the location of the Housing Strategy and Needs Service will be taken as part in of a wider review of council structures when the new Council Chief Executive takes up post early in 2006.

11. ODPM approvals

11.1. Bid including BCM and capital programme preparation

The Council must submit a detailed bid to ODPM to get a place on Round 6 of the ALMO programme and a conditional allocation of funding. The deadline for bids has yet to be announced.

The bid must demonstrate conformance with Government guidance and it seems likely that there will be competition for available funds in this Round. The bid document will cover prescribed topics and, together with a wide range of supporting documents, will be the evidence basis on which ODPM will decide whether to allow Haringey onto the programme. The draft bid repeats much of the information in other documents already seen by members and so it is not attached to this report.

The bid is based on the following key points:

- The Council has completed a full appraisal of the Options available to achieve decent homes and has had its Option Appraisal approved and signed off by ODPM. The Options Appraisal was tenant-led.
- The Council has completed the Building Costs Model and required by ODPM and is requesting funding of £206.1million to achieve decent homes.
- The Council has a clear set of proposals to achieve decent homes and to spend the allocated funds; it has agreed an outline 5 year capital programme, has reviewed its project management requirements and has almost completed the procurement of the partnership contracts that will deliver it.
- The Council has clear proposals for spending the additional 5% of funds for programmes to deliver sustainability.
- The Council has reviewed all of its housing management functions and has agreed a clear division of functions between itself and the ALMO.
- The Council has a clear Improvement Plan to enable the ALMO to achieve 2 stars in inspection. The Council has already undertaken a trial inspection by HQNS and an indicative inspection by the Audit Commission will take place in February 2006.
- The Council has a programme of Best Value Reviews which the ALMO will be involved in as appropriate. There is also a Best value programme to review all services provided by the Council to the ALMO within the first year of its life.
- The ALMO will begin operation under the Council's current Tenant Compact. However all tenant participation arrangements have been reviewed and a new Tenant Compact, reflecting the revised roles of the Council and the ALMO, will be in operation by Summer 2006. The tenant participation function will be delegated to the ALMO.
- A Board structure has been agreed and the Shadow Board has been meeting since October 2005, six months before going live. The Council is confident that the arrangements ensure the operational independence of the ALMO at arms length from the Council.
- Around 700 staff will be transferred to the ALMO under the TUPE arrangements. A management structure has been agreed which focuses the ALMO on achieving decent homes and improving service delivery.
- The Council has reviewed and reorganised the strategic function into a new Housing Strategy and Needs Division headed by an Assistant Director.

- The draft Delivery Plan establishes a clear framework for performance management and monitoring of the ALMO.

11.2. Section 27 Consent

The Council is required under Section 27 (s.27) Housing Act 1985 (as amended) to obtain the approval of the Secretary of State before it delegates housing management functions to another body, including an ALMO. The guidance makes it clear that approval will depend on the Council complying with – and being likely to continue to comply with - the key principles specified in the ODPM's ALMO Guidance and demonstrating that its proposals will lead to service improvements, better value for money, and the achievement of the decent homes target.

ODPM look closely at the proposal to ensure that the separation will 'enhance' both the strategic function and the day to day operation. This is assessed by ODPM separately to the bid and detailed documentation will again be required to be submitted.

ODPM advise that s.27 consent typically takes 6-8 weeks from the date of submission. It is proposed that this should be submitted in tandem with the bid to enable Homes For Haringey to 'go live' on 1 April 2006.

As the draft s.27 application is a long document with many supporting documents, responding to prescribed questions, much of which is repetitive of previous documents seen by members, it is not attached but is available should any member wish to see the full copy.

The key information it contains is as follows:

- The number and type of dwellings and other buildings to be managed by the ALMO and forecast changes in numbers
- Information about the stock condition survey and its findings, including the level of 'non-decency'.
- the housing management functions to be delegated to the ALMO and any variations from ODPM's ALMO Guidance
- The arrangements that the Council will operate to discharge its strategic housing role, including arrangements to ensure that this role is adequately resourced.
- Council's role in monitoring the ALMO and setting performance targets
- Proposals for HRA Business Planning and accounting
- Any controls that the Council proposes to retain over decisions to be taken by the ALMO.
- The Council's current position on rent restructuring and lettings policy.
- Summary of any Best Value reviews or Inspections of the housing management service that have taken place and/or are planned.

- Details of consultation with tenants and leaseholders about the ALMO proposals and how the Council has established whether the majority of tenants and leaseholders appreciate the implications of these proposals and support them.
- Proposed composition and method of appointment of the ALMO Board in terms of the numbers of Council, tenant and independent members (ODPM expect the Board to be in place before Section 27 approval is given), and proposed training for ALMO Board members.
- Variations from the template Management Agreement and the ALMO's Memorandum and Articles of Association.
- The Delivery Plan (ODPM expect the Plan to focus on outputs and performance targets rather than the means for achieving these).
- Details of staff discussions and consultation together with the numbers of staff to transfer and the TUPE arrangements.
- Latest forecasts of expenditure and expected annual net progress towards the decent homes target.

11.3. Inspection timetable and preparations

ODPM will not release ALMO funding unless the organisation has received a 2 or 3 star rating from the Audit Commission (AC). Inspection cannot take place earlier than 6 months after the ALMO goes live; it is currently programmed for December 2006. The Council has a detailed ALMO Improvement Plan designed to achieve a 2 star rating and meets monthly with the Audit Commission to discuss progress.

12. Recommendations

The Executive is recommended to:

13. Note the progress made towards establishing a successful ALMO and obtaining the necessary funding to achieve the Decent Homes Standard by 2010;
14. Approve in principle the variations from the ODPM template Management Agreement (Attachment 1) (paras 8.1. and 8.2. of the report refer);
15. Approve in principle the division of functions between the Council and the ALMO (updated version at Attachment 2) (para 8.3. of the report refers);
16. Approve in principle the draft Building Costs Model (latest version at Attachment 3) indicating a bid of £206.1million, subject to further detailed refinement by Officers (para 8.4. of the report refers);
17. Approve in principle the arrangements being made for the effective financial management of the ALMO and the financial arrangements between the Council and the ALMO as summarised in the draft Schedule 6 to the Management Agreement (Attachment 4) (para 8.4. of the report refers);
18. Note the process for approving the draft first year Delivery Plan for the ALMO (para 8.5 of the report refers);

19. Note the progress made towards the effective transfer of around 700 staff to the ALMO under the TUPE regulations and the proposals being made for the ALMO to adopt the Council's core human resource policies and to enter into a trades union recognition agreement (para 8.7. of the report refers);
20. Approve in principle the draft Memorandum and Articles of Association for the ALMO (Attachments 5 and 6) (para 9.1. of the report refers);
21. Note that the outcome on the consultation for the ALMO resulted in a clear preference for 'Homes For Haringey' (para 9.2. refers);
22. Note that appointments have been made to all but one of the Shadow Board places and that the Shadow Board has been meeting since October 2005 to undertake training and development and to make arrangements for the effective transfer of staff and responsibilities on 1 April 2006 (para 9.3. of the report refers);
23. Note the outline bid for inclusion in the ALMO programme Round 6 (para 11.1. of the report refers) and the outline application for consent to delegate housing management under s.27 Housing Act 1985 (as amended);
24. Agree that the in principle recommendations above in relation to the suite of ALMO documents will be subject to further detailed discussions involving the ALMO Transition Member Working Group and the Shadow Board and that final approval of the relevant documents for submission to the ODPM be delegated to the Director of Finance and the Director of Housing in consultation with the Executive Member for Housing.

13. Comments of the Director of Finance

- 13.1 The Director of Finance has been considerably involved in the process. In particular on the key elements that will provide a robust framework for the effective financial management of the ALMO and its relationship with the Council through the management agreement, schedule 6 and the finance and audit protocols. These are set out in the report and in particular in paragraph 8.4.
- 13.2 The bid for investment through the ALMO is key to delivering decent homes by 2010 as required by central government. The building cost model will determine the size of the bid and takes into account the resources available to the Council. Currently the bid is projected to be in the region of £206 million with the Council estimating its resources to be £91 million over the five year period giving a total projected spend of nearly £300 million. This is currently based on 2.5% inflation each year and the final bid figure will be uplifted for estimated real inflation. There is a risk that the ODPM will reduce the final sum available to the Council, but I consider that the figures in the bid are both reasonable and robust and can be reconciled to the original stock options appraisal. There is also a risk that no resource at all will be granted if the Council does not achieve at least 2 stars in the Audit Commission inspection next year so it is imperative that all necessary steps are taken to improve the service to secure a favourable result.
- 13.3 The arrangements for transferring staff pensions have been considered and there will be no overall financial impact of the change.

- 13.4 It is noted that the mechanism for dealing with unbudgeted surpluses has not yet been agreed and this will be the subject of further discussion. This will need to cover efficiency savings as well as general and fortuitous underspends. The tax implications of surpluses will need to be considered in arriving at the optimum solution.
- 13.5 It is proposed that the ALMO continue to use the Council's financial systems, which is a sensible way forward. Council officers are currently seeking a cost effective solution to separate the separate arrangements with the managed service provider.

14. Comments of the Head of Legal Services

- 14.1 The Head of Legal Services has been consulted in the preparation of this report, and makes the following comments.
- 14.2 As paragraph 11.2 of this report states, the first of two keys to implementing the ALMO proposal is to obtain the consent of the Secretary of State pursuant to section 27 of the Housing Act 1985. It is that piece of legislation which authorises the Council to enter into management agreements with another party to manage its housing stock.
- 14.3 The first paragraph under paragraph 11.2 of this report is taken from the ODPM guidance, and details how the Secretary of State will seek to exercise the discretion in favour of granting approval. Of paramount importance are the replies made to a pro forma questionnaire which the Council will have to submit as part of the application. Sub paragraph 5 of paragraph 11.2 to this report details the various sub headings under which the questions are grouped.
- 14.4 Members will be aware that in order to ensure that the application has the best possible chance of success, the leading firm of solicitors in this field - Trowers and Hamlin - were appointed as consultants following a competitive selection process. Officers from both Legal Services and Housing have since worked closely with the designated solicitor to ensure that the documentation produced is right for Haringey, and hence the proposed changes to the model form of agreement detailed in attachments 1 and 5 to this report.
- 14.4 The second key to implementing the ALMO, is for the Housing Service to secure either an excellent (3*) or good (2*) rating from the Housing Inspectorate for the services that it provides. As paragraph 11.3 of this report makes clear, the Head of Legal Services understands that plans exist, and are being implemented, to achieve the required status.
- 14.5 Subject to the comments made above, the Head of Legal Services recommends that the Executive approves points 2, 3, 4, 5, 6, and 8 listed under paragraph 3 to the report.

15. Equalities Implications

The ALMO will be required to adopt and operate the Council's equalities and diversity strategies in relation to service delivery and staffing. Its approach to equalities and diversity will be set out in its aims and objectives, the delivery plan, and the other documents.

Community groups that are under represented have been identified and an action plan to ensure inclusion of these groups has been put in place. These will be monitored on a regular basis. The effect of implementing the ALMO on inclusion will also be monitored.

A comprehensive consultation and communication plan for residents and staff has been drafted. This has identified the barriers in communicating with residents and staff in the lead up to implementing the ALMO and following the set up of the ALMO. Training needs will be identified for staff, residents and the Shadow ALMO Board.

The ALMO will be required to prepare its own detailed action plans to deliver the Council's aims. This will also be guided by the Council's Impact assessment process being applied to the ALMO implementation and is comprised of five core 'arrangements'. The Impact assessment is available.

16. Use of Appendices / Tables / Photographs

The following documents are attached to the report:

- Attachment 1 Variations from the template Management Agreement (note by Trowers and Hamblins Solicitors)
- Attachment 2 Functional Division between the Council and the ALMO based on ODPM Guidance
- Attachment 3 Summary of the Building Costs Model and the Haringey bid for ALMO funding
- Attachment 4 Draft Schedule 6 to the Management Agreement – Financial Arrangements including Calculation of the management Fee
- Attachment 5 Variations from the template Memorandum and Articles of Association (note by Trowers and Hamblins Solicitors)
- Attachment 6 Draft Memorandum and Articles of Association for 'Homes For Haringey Ltd'

Attachment 1

Variations from the template Management Agreement

AMENDMENTS TO THE MODEL MANAGEMENT AGREEMENT – ISSUES FOR DECISION

Note: This document has been produced by Trowers and Hamlins who are representing the ALMO and currently reflects the ALMOs position. This is subject to further discussion with the Council including the ALMO Transition Member Working Group, Legal Services and the Assistant Chief Executive.

The main variations to the Model Management Agreement incorporated in the draft Agreement are set out in the table below. The Board is asked to consider each issue of a less important or more technical nature which will be discussed with officers.

Management Agreement	Outstanding Information/Issues	Status/Decision
Clause 6.9 (Delivery Plan Disputes)	There is a key option here as to whether any disputes over agreeing the Delivery Plan should be referred to an Expert or whether the Council should have the final say. It has been suggested by the Council that disputes over the Delivery Plan be referred to a “Partnership Board” which will be made up of 2 senior representatives of both parties. If the Partnership Board is unable to agree then the Council’s will prevails. This has been agreed by the Board.	
Clause 16.2 (Provision of Services)	Clause 16.2 provides that the ALMO will inform the Council promptly of any failure to provide the services. The Board are concerned that too much time and effort could be wasted if this requirement was enforcement to “the letter” by the ALMO having to notify the Council of anything that could be regarded as a failure to comply with the agreement or the Delivery Plan, no matter how minor. Rather than tamper with the contractual clause the Board would like to make sure that the monitoring arrangements are appropriate and useful and correctly address performance issues.	
Clause 20(1) (Personnel)	This clause provides that the Council will approve the ALMO’s representative prior to their appointment. The Board would like this power removed or alternatively that the	

	ALMO should have a reciprocal power in respect of the Council's senior representative.	
Clause 21 (Use of Assets)	This clause deals with the obligation of the ALMO to maintain, and where relevant, replace assets (including vehicles). It is understood that the Council will retain ownership of the assets and thus the obligation to replace them so these clauses and clause 37 will need to be amended to reflect what is happening at a practical level.	
Clause 23.3 (Services to Third Parties)	This clause provides that the ALMO cannot carry out work for, or provide services to, third parties without the Council's prior written consent. The Board would ask that this clause be amended so that the Council's consent should not be unreasonably withheld or delayed. Additionally, to allay any fears the Council might have about potential third party trading, the Board would be happy to link this clause to any particular trading activities identified in the Delivery Plan – which has to be approved by the Council in any event.	
Clause 53 (Right to Use Surpluses)	This clause will need to be amended to bring it into line with what is ultimately agreed. Effectively it has been agreed that "in year" surpluses will be for the ALMO's use but the Council will have a say in relation to the use of "end of year" surpluses.	
Clause 56 (Employees)	A list of the transferring staff and their current terms and conditions will be set out in the fourth schedule. One version of Clause 56.1 provides that the Council "believes" the details relating to these staff to be correct. The alternative is for the Council to warrant or guarantee to the ALMO that the details are correct. In the absence of such an obligation, the ALMO has to be satisfied that the actual TUPE costs are reflected in the Delivery Plan. The ALMO's officers will need to verify that the	

	list provided by the Council gives the correct details of the transferring staff. The Board have requested that the Council warrant the accuracy of the information it is supplying as otherwise it will have no ability to recover the full employment cost as part of the management fee if the information proves to be inaccurate.	
Clause 62 (Duration and Renewal)	The Board are keen to ensure greater clarity over the position of any potential renewal of the agreement after the first 5 years. The Council have indicated that any extension could be for between 3-5 years.	
Clause 65 (Termination)	<p>There are a list of termination events at Clause 65.1 and 65.2. In the event of any of these circumstances the Council has the right to terminate part or the whole of the agreement. There is also an option of unilateral termination in whole or in part.</p> <p>The Council may only terminate the agreement where there has been a 'material breach' or a breach which is incapable of being remedied. The suggested new drafting removes the Council's right to unilaterally terminate the agreement and provides for a remediation process to be gone through for breaches which are capable of being remedied.</p>	

Attachment 2 Functional Division between the Council and the ALMO based on ODPM Guidance

HARINGEY COUNCIL / HOMES FOR HARINGEY DIVISION OF FUNCTIONS

Note: for ALL functions the Council retains responsibility for strategy and policy. Where an ALMO function is indicated, the ALMO will be responsible for the delivery of the service and for contributing as a partner to the development of Council strategy and policy. Where the function is shared, a protocol will identify the detailed relationship between the organisations.

No	Description	COUNCIL	ALMO	COMMENT
1.	Housing strategy			
1.1	Strategic work in partnership with RSLs & others	YES		Management Agreement requires participation of ALMO, including practical contributions to development of all Council strategies. ALMO expected to act in line with Council's strategic approaches and to be an active partner in the Local Strategic Partnership.
1.2	Tenant involvement in strategy	YES	YES	Management Agreement requires ALMO to make arrangements, on behalf of Council, for involvement of council tenants and lessees in consultations on Council strategic issues.
1.3	Market analysis	YES		Management Agreement requires participation of ALMO as required.
1.4	Enabling & resource planning	YES		Management Agreement requires participation of ALMO as required.
1.5	Contribution to corporate planning	YES		Management Agreement requires participation of ALMO, including practical contributions to development of relevant Council corporate plans.
2.	Stock condition (incl surveys)	YES	YES	Distinguish between council-owned and other stock. Council to set framework.
3.	Housing Needs			
3.1	Assessments	YES		Stays with Housing Strategy and Needs Division.
3.2	Surveys	YES		Stays with Housing Strategy and Needs Division.
4.	Home Energy Conservation act			
4.1	Strategy, private sector grants	YES		Stays with Housing Strategy and Needs Division.

4.2	Carrying out works, meeting targets in managed properties		YES	Incorporated in decent homes programme.
5.	Housing land and other assets	YES		Council retains responsibility for decisions on use of land and assets, but ALMO should be required to be pro-active as a partner, especially where there are opportunities to provide additional social housing or generate income.
6.	Homelessness/ Assessments	YES		Relationship between the homelessness service and the ALMO over a number of operational matters, for example emergency homelessness of council tenants, covered by a protocol.
7.	Housing advice			
7.1	Other than related to an individual's council tenancy	YES		
7.2	Relating to an individual's council tenancy		YES	Management Agreement sets out expectations of service and requirements for liaison with other agencies (eg Social Services and CABx). Housing Funds additional services from the CAB for Welfare Benefits and Debt Counselling Advice
7.3	Debt counselling for council tenancies		YES	Management Agreement sets out expectations of service and requirements for liaison with other agencies (eg Social Services and CABx). The ALMO would be expected to co-operate fully in the development of the Council's anti-poverty strategy.
8.	Private sector housing			
8.1	Renewal and development	YES		Stays with Housing Strategy and Needs Division.
8.2	Renovation grants	YES		Stays with Housing Strategy and Needs Division.
8.3	Disabled facilities grants	YES		Stays with Housing Strategy and Needs Division.
8.4	Area renewal activity and clearance	YES		ALMO required to engage and co-operate with plans and to organise liaison with tenants if any scattered council homes were affected by a proposal.
8.5	Work in relation to HMO's	YES		
8.6	House condition surveys	YES	YES	The Council will set the framework for surveys and may conduct private sector surveys itself. ALMO will undertake council sector condition surveys. Council could commission ALMO to undertake work for private sector housing if it was seen to have the necessary skills.
8.7	Home improvement agencies	YES		Stays with Housing Strategy and Needs Division.
8.8	Enforcement activity re unfitness & unsatisfactory housing conditions	YES		Stays with Council enforcement services.
8.9	Empty property (private sector)	YES		Housing Strategy and Needs Division responsible for overall policy on empty homes and for strategy to reduce numbers in private sector. Targets for council housing will be set through management agreement and performance plan with ALMO responsible for delivering the targets.

8.10	Energy efficiency (private sector)	YES		Council responsible for overall strategy and private sector issues. ALMO responsible for achieving targets for council properties.
8.11	Owner occupation strategies	YES		Housing Strategy and Needs Division responsible for overall policy towards owner occupation. ALMO management responsibilities shown below section 17.
9.	Co-ordination with corporate policy			ALMO will be required to co-operate with development and implementation of all relevant Council strategies and initiatives as a willing partner. Expectations will be set out in Management Agreement/Delivery Plan.
9.1	Care services	YES		Management Agreement to require participation of ALMO in development and implementation of policy.
9.2	Community safety	YES	YES	See note in next section. Council will retain responsibility for corporate strategies (eg Crime Reduction) and will manage Anti-Social Behaviour Team. ALMO will undertake casework on estates and refer complex cases to ASBAT. Relationship ASBAT/ALMO covered by Service Level Agreement
9.3	Neighbourhood renewal	YES		Council retains responsibility for neighbourhood renewal. As Council estates are a major focus for renewal activity, the Management Agreement requires participation of ALMO in development of policy and in the implementation of proposals affecting council estates and surrounding areas.
9.4	Regeneration	YES	YES	Council estates are a major focus for regeneration activity. The ALMO will be responsible for delivery of physical regeneration objectives on Council estates. Management Agreement requires participation of ALMO in development and implementation of policy.
9.5	Housing & health	YES		Management Agreement requires participation of ALMO in development of policy and projects.
9.6	Sustainable development	YES	YES	Management Agreement requires participation of ALMO and to set standards for the ALMO to work within. Sustainability will be an important factor in delivering the decent homes programme, which will be led by the ALMO. The ALMO will co-operate with or lead on proposals to add to housing stock on Council land under its management.
9.7	Social exclusion	YES	YES	Council will be responsible for strategies and the Management Agreement requires the ALMO's participation in corporate strategy.
9.8	Equalities	YES	YES	Management Agreement highlights ALMO responsibilities for equality and diversity. ALMO will act in line with Council's framework but will adopt its own strategy and action plan to ensure delivery of objectives within its activities.
10.	New tenancies			
10.1	Housing register /policy for allocations scheme	YES		Housing registration and lettings policies stay with Housing Strategy and Needs Division due to the development of choice-based lettings across social housing landlords and the need to

				maintain a close relationship between allocations policy and the homelessness function. The ALMO would support the Council's lettings plan and its role, for example in relation to management transfers, will be covered in a protocol.
10.2	Making best use of council stock	YES	YES	Council responsible for decisions about use of its assets. ALMO may make proposals, provide advice and undertake implementation.
10.3	Lettings policy	YES		See 10.1. above
10.4	Bringing back LA properties into use		YES	Management Agreement will set targets for ALMO to meet.
10.5	Selection of tenants for vacant properties except sheltered housing	YES		See 10.1. above
10.6	Sheltered housing assessments & selections	YES		Being integrated with general allocations processes.
10.7	Notification to and signing new tenants		YES	ALMO operating within policy set by Council.
10.8	Transfer waiting list management	YES		ALMO operating within policy set by Council.
10.9	Granting of new tenancies		YES	ALMO operating within allocations policy set by Council.
10.10	Successions		YES	ALMO operating within policy set by Council.
10.11	Policy	YES		
10.12	Investigation & determination of applications to succeed to tenancies		YES	ALMO operating within policy set by Council.
10.13	Mutual exchange management		YES	ALMO operating within policy set by Council.
10.14	National, regional and local housing mobility schemes	YES	YES	ALMO operating within policy set by Council.
10.15	Statutory and council policy compensation schemes (home loss, disturbance out of pocket expenses etc)		YES	ALMO to administer these schemes within statutory and policy framework.
10.16	Decoration allowances Policy (for empty properties)		YES	Delegated to ALMO as part of void management process and to implement policy of bringing voids up to decent homes standard. Council determines broad policy.
10.17	Decorations allowances administration		YES	
11	Repairs and maintenance			See also the procurement section below.
11.1	Stock condition survey LA housing		YES	Within framework set by Council.

11.2	Response repairs Commissioning		YES	The in-house maintenance service will transfer to the ALMO. The ALMO will make internal arrangements for the management and clienting of the service. Future repairs contracts will be Council contracts but management of the contracts will be fully delegated to the ALMO. Repairs ordering will be undertaken by the ALMO with some services bought back from the Council's call centre and customer service centres through a service level agreement.
11.3	Planned maintenance		YES	Principles of programme agreed by Council as part of Delivery Plan; delivery of programme against KPIs is a key function of the ALMO.
11.4	Modernisation & improvements		YES	Principles of programme agreed by Council as part of Delivery Plan; delivery of programme against KPIs is a key function of the ALMO.
11.5	Redevelopment & renewal using ALMO funds		YES	Principles of programme agreed by Council as part of Delivery Plan; delivery of programme against KPIs is a key function of the ALMO.
11.6	Energy efficiency (refer to section 4)		YES	Principles of programme agreed by Council as part of Delivery Plan; delivery of programme against KPIs is a key function of the ALMO.
11.7	Post inspection teams		YES	
11.8	Gas servicing and repairs	YES	YES	Statutory responsibility lies with both the Council and ALMO but function delegated to ALMO as a key task against a KPI.
11.9	Health and safety (i.e. play equipment, water tanks, fire equipment, smoke alarms etc		YES	ALMO manages external contract.
11.10	Administering minor estate improvement bids		YES	Also part of strategy for using additional ALMO funds for environmental works and sustainability.
11.11	Disabled adaptations in council stock		YES	
11.12	Policy for OAP internal decs and other discretionary schemes	YES		
11.13	Adminstration of OAP decs and other discretionary schemes		YES	
11.14	Lifts, district heating entryphone repairs		YES	See general points on procurement and contract management.
12	Void & empty property management			Empty homes management is core ALMO business to meet targets set by Council.
12.1	Terminations		YES	
12.2	Inspection and repairs		YES	
12.3	Major repairs		YES	
13	Tenancy management			Tenancy management is core ALMO business within policy framework set by Council

13.1	Estate management		YES	
13.2	Enforcement of conditions of tenancy including nuisance management		YES	
13.3	Evictions and court action to support enforcement		YES	
13.4	Alterations to conditions of tenancy	YES		ALMO to advise on and administer statutory consultations.
13.5	Illegal occupation		YES	
13.6	Formal consultation with other agencies in respect of ASBO's and formal decision to apply	YES		Undertaken by Anti-Social Behaviour Team within Council.
13.7	Requests for permission to apply for an ASBO and all steps following formal approval by the council	YES		Undertaken by Anti-Social Behaviour Team within Council.
13.8	Estate wardens and ASB team	YES		Neighbourhood Wardens remain within Environmental Services. Anti-Social Behaviour Team remains with Council.
13.9	Concierge		YES	
13.10	Authorisation for covert surveillance (RIPA).	YES	YES	Formal consent may be needed from Council.
14	Estates management			
14.1	Caretaking		YES	
14.2	Environmental services (refuse Environmental protection Act, Environmental health etc)	YES	YES	ALMO will become a user of the corporate ACCORD contract. Housing funds additional services through HRA which the ALMO will monitor. Arrangements subject to Service Level Agreement between ALMO and Environmental Services.
14.3	Grass cutting/grounds maintenance		YES	Managed budget.
14.4	Cleaning		YES	
14.5	Specialist services and domestics			This template category does not relate to specific activities not covered elsewhere
14.6	Rest centre management		YES	In liaison with councils emergency planning officer.
15	Supported housing			
15.1	Sheltered housing schemes	YES	YES	ALMO undertakes housing management function in Sheltered Housing schemes, support

				functions provided by Social Services. Recent reorganisation to reflect creation of ALMO.
15.2	Call centres (emergency out of hours service for repairs & accommodation)	YES		Service Statement between ALMO and service.
15.3	Supported housing schemes			See 15.1 in relation to sheltered housing.
15.4	Refuges	YES		
15.5	Homeless accommodation	YES		
15.6	Temporary accommodation allocation and management	YES	YES	Strong arguments for transferring management of temporary accommodation to the ALMO but this is not considered advisable until ALMO is well established. See note in next section below.
15.6	Management of temporary occupation of council accommodation		YES	Part of housing stock.
15.7	Specialist service teams (mental health, elders HIV etc)	YES		
15.8	Community alarm service	YES		Part of Emergency Response Service
16	Right to Buy			
16.1	Valuations	YES		Service Level Agreement between ALMO and Property Services.
16.2	Administration & calculations of discount		YES	
16.3	Approvals	YES	YES	Delegated function. Conveyancing undertaken by the Legal Service under Service Level Agreement. Formal approval of RTBs a Council function.
17	Leasehold management		YES	Responsible for managing leasehold properties under council freehold, including collection of charges and delivery of services to right to buy and any other leaseholders. Home Ownership Team will transfer to ALMO.
18	Finance			
18.1	Rent setting and policy	YES		Council decision within rent convergence policy. ALMO will support and advise as necessary.
18.2	Rent collection		YES	Core ALMO function. Will include any other charges collected with rent (eg Water Charges).
18.3	Recovery of arrears		YES	Within policy agreed by Council.
18.4	Recovery of other charges (including service charges)		YES	Within policy agreed by Council.

18.5	Housing benefit, council tax & rent rebates (council stock)	YES		Protocol on working arrangements between Council services and ALMO. ALMO will provide support to applicants and encourage applications (eg at sign up of new tenancies).
18.5	Housing benefit and council tax benefit (RSL and private)	YES		
18.6	Financial returns	YES	YES	Division to be agreed between Council/ALMO within Finance Services Service Level Agreement.
18.7	Financial management	YES	YES	Council retains responsibility for HRA strategy and management. ALMO responsible for own budgets/finances and for managed budgets (together more than 90% of HRA expenditure). Financial Services Service Level Agreement, Schedule 6, and Audit protocol define responsibilities of HRA finance management and ALMO finance management.
18.8	Insurance claims	YES	YES	Council to provide insurance cover for ALMO through existing policies with additional cover for ALMO directors. Defined through Service Level Agreement.
18.9	Bidding for capital resources	YES	YES	Council receives permissions to borrow and subsidy. ALMO may prepare and submit bids on behalf of Council and account for expenditure.
18.10	Policy for Write off of current and former arrears	YES		ALMO will advise on policy and operational implications.
18.10	Administration of write off policies		YES	
18.11	Home content insurance – policy	YES		
18.11	Home contents insurance – administration		YES	
19.	Procurement			
19.1	Policy	YES	YES	Decent homes partnership contract procurement will be almost complete by the time the ALMO goes live, following corporate strategic review. Repairs and maintenance contract procurement may be underway by go live date. Major decent homes and repairs contracts will be with the Council but management fully delegated to ALMO. Future procurement of contracts delegated to the ALMO would be within Council policy and guidelines (eg tender procedures, approved contractors), which ALMO will adopt. The ALMO will be a user of contracts procured and managed by the Council (eg ACCORD) and will participate as necessary on the client side. ALMO will be responsible for managing all delegated procurements.
19.2	Letting of contracts in relation to delegated activities		YES	Within corporate framework. Major contracts formally let by the Council. Smaller contracts will be novated/assigned to ALMO case by case.
20	Tenant involvement			
20.1	Tenant compact	YES	YES	As owner and landlord, the council will be formally responsible for the tenant compact, but the ALMO will be jointly part of a triangular agreement. Compact will need to spell out the

				roles and responsibilities of both the Council and the ALMO and will be implemented by both parties.
20.2	Tenant association development		YES	For council estates. Joint working with Council supporting residents groups for predominantly private areas containing scattered council properties.
20.3	Information to tenants	YES	YES	Council may wish to communicate directly with tenants on issues it is responsible for – e.g. terms and conditions of tenancies. ALMO will wish to communicate around a range of operational issues, especially decent homes contracted works. Protocols will be needed to avoid duplication and to avoid confusing tenants. ALMO will undertake practical tasks of printing and distribution.
20.4	Funding for TRAs		YES	From a budget within the management fee.
20.5	Customer satisfaction and exit surveys		YES	Council's requirements will be defined within Management Agreement. Results will be shared with Council.
20.4	Reports to tenants	YES	YES	Could be jointly from the Council as landlord and the ALMO as managing agent.
21	Other assets (incl lettings, management & clearance)			
21.1	Garages		YES	Management function of the ALMO.
21.2	Shops & buildings on housing estates	YES	YES	HRA shops are currently managed through Property Services. ALMO will take over Council client role. Service will be subject to a BV review like all other Service Statements. Management of aerial installations on Council blocks also undertaken by Property Services, arrangement to be unchanged at this time.
21.3	Housing offices		YES	Review of leases underway, will create licence between Council and ALMO (form of licence attached to Management Agreement).
21.4	Tenant halls/offices		YES	Part of estates management role.
21.5	Meeting rooms		YES	Part of estates management role.
21.6	Unadopted roads, footpaths, playgrounds, gardens and amenity areas associated with the councils estates charged to the HRA		YES	ALMO responsible for managing land within estates. Asset Audit being undertaken.
21.7	Parking spaces		YES	ALMO responsible for parking arrangements on HRA land.
22	Clearance & disposal of dwellings			
22.1	Sale of dwellings	YES		Council decision on ownership. ALMO will review stock and may make proposals for sale or

				clearance.
22.2	Clearance (demolition - other than garages)	YES		Council decision on ownership. ALMO will review stock and may make proposals for sale or clearance.
22.3	Consultation		YES	Undertaken on behalf of the Council.
22.4	Decanting tenants		YES	Within policies set by the Council.
23	Service tenancies			
23.1.	Policy, granting & possession action of service tenancies for caretakers accommodation and sheltered housing schemes	YES		Council decisions, practical arrangements administered by ALMO.
24	Litigation	YES	YES	In relation to respective responsibilities. Joint and reciprocal liabilities may also be identified.
24.1	Bringing & responding to claims arising out of the functions that are the responsibility of the council	YES		See above
24.2	Bringing & responding to claims arising out of the functions that are the responsibility of the ALMO		YES	See above
25	TMOs			
25.1	Determining applications under housing right to manage regulations	YES		ALMO will undertake development work with potential TMOs or Co-ops and will advise Council on response to applications.
25.2	Supporting and monitoring the performance of TMOs		YES	ALMO responsible for decent homes work on any TMO or Co-op estates. ALMO has overall responsibility for managing all Council stock including where there is a further agent.
26	Best Value Reviews	YES	YES	ALMO to participate in relevant Council BV reviews. ALMO will have own programme of BV reviews for its own services and for support services provided to it by the Council.
27	Travellers			
27.1	Management of permanent travellers sites	YES		
27.2	Removal of illegal encampments	YES	YES	Depending on responsibility for the land.

28	Information and complaints etc			
28.1.	Complaints and members enquiries	YES	YES	ALMO will provide response within set timescales set out in Management Agreement. Members' and MPs' enquiries procedure to be attached to Management Agreement.
28.2	Ombudsman	YES	YES	Ombudsman complaint normally referred to council. ALMO will provide report and response back to Council in accordance with council procedures. ALMO will be required to implement any recommendations in the Ombudsman report.
28.3	Payment of ex –gratia payments in response to complaints and in respect of ombudsman cases.	YES	YES	Depending on nature of complaint.
28.4	Petitions	YES	YES	Dependant on where received. Protocol to be agreed.
28.5	Production of performance information	YES	YES	Council to monitor at high level to ensure conformance with Management Agreement and delivery plan. Suite of KPIs will be set in delivery plan. ALMO to have Primary responsibility for collection and analysis of data. General requirement in Management Agreement on ALMO to produce information at council's request.
28.6	Scrutiny & Monitoring of ALMO	YES	YES	ALMO subject to Council's normal scrutiny processes.

Attachment 3

Summary of the Building Costs Model and the Haringey bid for ALMO funding

The Building Cost Model

The Building Cost Model is an ODPM spreadsheet that is to be used by Council's when applying for ALMO investment funding.

The investment requirement is calculated by inputting the stock investment requirement identified by the Saville's Stock Condition Survey updated for inflation to 2006/07 prices. These figures are input by property type and element of work for each financial year. The figures are reduced for stock loss through Right to Buy Sales. In addition the decent homes investment requirement is identified. It should be noted that the figures input are those identified as the minimum standard in the stock option appraisal – all decent homes failures, statutory landlord and health & safety requirements.

The level of anticipated resources are also input to the model. This represents the estimated resources from the Major Repairs Allowance and the Supported Capital Expenditure allocations agreed with Government Office for London.

All figures quoted at this moment of time are updated from 2006/07 for inflation at the RPI of 2.5%. When the bid is submitted real inflation will be added but ODPM have made clear in guidance to previous rounds that this will be removed and only RPI increases will be funded.

The ALMO Bid

	2006/07 £000s	2007/08 £000s	2008/09 £000s	2009/10 £000s	2010/11 £000s	Total £000s
Investment Requirement	54,923	55,887	57,001	57,735	59,053	284,600
Of Which is Decent Homes	52,404	53,347	54,443	55,632	56,982	272,719
Resources Available	17,951	18,034	18,169	18,354	18,578	91,086
Investment Gap	36,972	37,853	38,832	39,381	40,475	193,513
ALMO Bid		48,641	48,861	49,070	49,198	195,770

Note figures from BCM therefore could be rounding errors

The difference between the investment requirement and resources available to 2010/11 is the investment gap of £193.5m. This figure represents the initial £123m identified in the stock option appraisal at 2004/05 prices updated for stock loss and inflation. The actual bid will be £195.8m as the resources will not be payable until 2007/08 and therefore need to be further inflated. In addition to this amount a further 5% is added for sustainability making a total bid of £206.1m. As stated earlier this figure will be higher when real inflation is added to the BCM.

Recommendations

Members are requested to approve an ALMO bid of £206.1m excluding any uplift for real inflation from that assumed for RPI.

Author: Tony Huff Housing Quality Network

Attachment 4

Draft Schedule 6 to the Management Agreement

Sixth Schedule

Management Fee and Budgets

Note: This is a draft schedule that will be attached to the Section 27 on submission. This is subject to further discussion with the Shadow ALMO Board, the director of Finance and the ALMO Transition Members Working Group.

The Initial Delivery Plan, the Management Agreement and the Accountancy Protocol set out the financial framework for the relationship between Homes For Haringey and the Council. This schedule sets out the arrangements for the calculation of the Management Fee payable by the Council to Homes For Haringey for the services undertaken, and the transfer of monies from the Council to Homes For Haringey. It also sets out the financial management responsibilities of the Organisation.

1. Calculation of Homes For Haringey's Management Fee & Budget Setting

- 1.1. In alignment with the Council's annual financial planning cycle, Homes For Haringey will prepare a Pre Business Plan Review setting out planned growth and savings in the Management Fee and Managed Budgets. This process will be managed by Homes For Haringey's Director of Finance, and approved by Homes For Haringey's Board.

- 1.2. The Council and Homes For Haringey will then jointly agree a Medium Term Financial Strategy which shall cover, as a minimum, the next five years for the Housing Revenue Account, separately identifying elements for the Management Fee, the Managed Budgets, and the Retained Budgets. This process will be managed by Homes For Haringey's Director of Finance and the Council's Director of Finance, and recommended by Homes For Haringey's Board to the Council's Executive.

- 1.3. The HRA Medium Term Financial Strategy will be based upon current costs adjusted to take account of inflation and changes in the number of tenanted and leasehold stock under management, and growth and savings (including efficiency savings) identified through Homes For Haringey's Pre Business Plan Review and the Council's Pre-Business Plan Review for non-ALMO HRA services. They will be further adjusted, by negotiation, for a range of factors such as:-
 - Extra costs outside the control of Homes For Haringey.
 - Variations in services being required by the Council
 - Efficiency improvements in the delivery of agreed services
 - The following year's subsidy determination, and particularly Management and Maintenance Allowance

- 1.4. Homes For Haringey will prepare operational budgets for its services within the control totals for Management Fee and Managed Budgets identified in the HRA Medium Term Financial Strategy. This process will be managed by Homes For Haringey's Director of Finance, and recommended by Homes For Haringey's Board to the Council's Executive.
- 1.5. Homes For Haringey's budgeting process will include zero-based budgeting and activity/unit cost-based budgets. Homes For Haringey will in setting its budgets take account of the availability of resources over at least the planning period of the HRA Medium Term Financial Strategy. These processes will also inform the Medium Term Financial Strategies for Homes For Haringey and the HRA.
- 1.6. During the financial year Homes for Haringey may seek the Council's agreement to amendments to the Management Fee. This process would be triggered by events such as :
 - Unforeseen extra costs and variations not taken into account within the annual budgets and outside the control of Homes For Haringey.
 - Variation in services being required by the Council
 - Additional Efficiency improvements in the delivery of services

2. Banking Arrangements & Treasury Management

- 2.1. Homes For Haringey will be responsible for managing its own financial affairs.
- 2.2. The Council will operate a bank account within the Council's suite of accounts for the sole use of Homes For Haringey for the operational activities included within the Management Fee. Balances attributable to Homes For Haringey will be held in this designated bank account and attract interest at the rate then prevailing.
- 2.3. Homes For Haringey will prepare a separate cash flow statement annually as part of the budget process prior to each financial year setting out the forecast cash flows for costs to be met by Homes For Haringey in respect of separately the operational budgets and the Managed budgets. The cash flow statements will be maintained and updated during the year. Appropriate transfer of sums to Homes For Haringey bank account may be made based upon this statement in consultation with the Finance Director of Homes For Haringey and the Council's Head of Corporate Finance.

3. Transactions between the Council and Homes For Haringey

- 3.1. Transactions between the Council and Homes For Haringey will be accounted for generally at each month-end. This can be varied dependant on agreement with the Council.

4. Management of Capital Programme

- 4.1. Nominated officers for Homes For Haringey and the Council will liaise annually to prepare the capital programme in accordance with an agreed timetable. The

programme will include a specified amount for fees and charges related to the project, this amount can be reviewed by the agreement of both parties.

- 4.2. Homes For Haringey will prepare a cash flow forecast of capital expenditure for the financial year. This will be submitted for approval of the nominated officers and the Council's Executive within the Council annually preceding the start of each financial year.
- 4.3. Homes For Haringey will manage contracts to undertake the capital programme as appropriate, acting on behalf of the Council, and will be responsible for authorising capital payments against the managed Capital budget and the Council's bank account in accordance with the agreed Capital Programme.

5. Financial Reporting

- 5.1. Homes For Haringey will produce Limited Company Annual Accounts and Returns in accordance with the relevant company laws, GAAP and Statements of Accounting Practices. It will also produce a statement in the statutory HRA format to be amalgamated with the council's statutory HRA Accounts. These are to be prepared in accordance with timetable agreed with the council's Director of Finance reflecting the statutory deadline for producing the council's accounts.

6. Budgetary Control

- 6.1. Homes For Haringey will have operational freedom to vire budgets in line with the agreed Financial Regulations of Homes For Haringey. For the avoidance of doubt, Homes for Haringey may not transfer budgets between the Management Fee budget and the Managed Budgets without the consent of Council.

7. Financial Control and Accounting Standards

- 7.1 Homes For Haringey's Director of Finance will agree a Finance staffing structure for Homes For Haringey with the Council's Director of Finance that provides adequate financial and accountancy skills to effectively manage the business in a professional manner.
- 7.2 Homes For Haringey will fully co-operate with the Council to demonstrate appropriate financial controls through audit and analysis of financial performance indicators, as set out in the Audit Protocol and elsewhere.
- 7.3 Homes For Haringey's Director of Finance will ensure that all appropriate accounting standards, regulations, and statutory requirements are observed.
- 7.4 Homes For Haringey's Director of Finance will arrange for reasonable liaison with the Council's internal and external audit providers. This may involve the preparation of information, unfettered access to information and all other reasonable tasks.
- 7.5 It will be the responsibility of Homes For Haringey to appoint external and internal auditors in a reasonable period of time to allow the audit functions to be carried out subject only to a five day notice period within which the Council may reasonably object to the said appointments. An annual programme of internal audit must be set and followed.

8. Financial Year

- 8.1. Homes For Haringey's financial year shall be from 1st April to 31st March.

9. Tax Registration

- 9.1. Homes For Haringey will be separately registered for VAT, Corporation Tax, PAYE, and Construction Industry Tax. Homes For Haringey will be responsible for its own financial affairs and for its own tax arrangements, although these arrangements may be made through the Council under a Service Level Agreement.

10. Advances to Homes For Haringey

- 10.1. The Council may (subject to its legal powers to do so and subject to obtaining any necessary consent) grant advances to Homes For Haringey to overcome any short-term cashflow difficulties.
- 10.2. The decision whether or not to grant an advance shall be at the sole discretion of the Council. In exercising its discretion to grant an advance, the Council shall give reasonable consideration to any request from Homes For Haringey.

11. Use of HRA Balances and Homes for Haringey Surpluses

- 11.1. Any use of HRA balances and HFH surpluses whether in year or otherwise shall be proposed by HFH for the Council's consent and agreed between the Council and Homes For Haringey as part of the financial planning process or otherwise and reflected in the budgets and Medium Term Financial Strategy for the year(s) in question.

12. Dispute resolution

- 12.1 Disputes pertaining to this schedule shall be resolved as set out in Section 67 of the management agreement.

13. Contracts Novation and Assignment

- 13.1 Schedule 1 of the management agreement will deal with this matter.

14. Managed budgets payment

- 14.1 Homes For Haringey will ensure that its staff comply with all the Council's relevant Financial and Contract Standing Orders in the procurement of and payment for all goods and services necessary for service delivery from Managed Budgets.
- 14.2 All transactions will be against the Council's codes on SAP, and will be identified as the Council's transactions for VAT purposes. Payments will be made in accordance with the Council's procedures and systems and, in any case, through the Council's accounts payable function.

15. Issues still under negotiation

- 15.1 Treatment of surpluses

Attachment 5

Variations from the template Memorandum and Articles of Association

(note by Trowers and Hamlins Solicitors)

**Amendments to the MODEL Memorandum and Articles of Association –
ISSUES FOR DECISION**

Note: This document has been produced by Trowers and Hamlins who are representing the ALMO and currently reflects the ALMOs position. This is subject to further discussion with the Council including the ALMO Transition Member Working Group, Legal Services and the Assistant Chief Executive.

Set out below is a table identifying a number of provisions in the Memorandum and Articles of Association which are recommended variations to ODPM’s Model Documentation.

Article	Change Made
Memorandum of Association	
3(1), 3(7)	<p>The word “primarily” has been inserted in the objects clause to provide that the ALMO shall carry out its objects “primarily” in the areas where the London Borough of Haringey owns or manages housing stock.</p> <p>This would enable the ALMO to carry out work, for example, on a consultancy basis for other Councils or housing providers outside the Borough’s boundaries if the housing department presently does so. See also 3(7) which allows the Company to provide services to third parties subject to the Council’s consent.</p> <p>[The Board have asked officers to produce a policy statement to confirm the current position of out-of-borough activities.]</p>
3(11)	New object allowing the Company to promote tenant participation and community empowerment.
6	<p>The Local Government Act 2003 has repealed sections 61, 63(4) and 51(1) of the Local Government and Housing Act 1989 and sub-paragraphs (2), (3) and (5) are redundant.</p> <p>We would, therefore, recommend the following additional sub-clauses in relation to State Aid and to deal with Prudential Borrowing respectively:</p> <p>(8) <i>“receive any financial or other assistance which is regarded as State Aid (as that term is defined within Article 87(1) of the European Community Treaty).”</i></p> <p>(9) <i>“Cause the same or similar effect under the provision of the Local Government Act 2003 and regulations thereunder to the extent that the said Act replaces the provisions rehearsed in sub-clauses (1)-</i></p>

	<i>(7) above and in particular the Organisation shall not do any act or thing which does or might cause the Council to be in breach of the CIPFA Prudential Code for Capital Finance in Local Authorities”.</i>
7(3), 7(7)	Additional wording allows for the (future) payment of Board Members in line with Government guidance.
Articles of Association	
1	A definition for ‘leaseholder’ has been inserted (with the definition of tenant being amended to remove leaseholders and other Articles affected by the splitting out of leaseholders are also amended). The definition for ‘local authority person’ has also been narrowed.
13(1)-(7)	The number and rotation of Board Members has been adapted to allow for the drop from seven to six Resident Board Members after the first AGM and for the setting aside of Board places for leaseholders and sheltered housing tenants.
13(10)	An amendment has been added to the effect that Board Members shall hold office for not more than three consecutive terms.
15(1), 15(3), 15(5)	<p>The retirement provisions for Resident Board Members have been changed.</p> <p>The template Articles provide for all tenant members to retire at the 1st AGM with subsequent staggered retirements/elections happening annually. It is preferable however to retain continuity and experience on the Board whilst at the same time allowing new Board Members to be appointed at appropriate intervals. A retirement by rotation provision has therefore been added to take effect at the third AGM so that over the following period of three years all Resident Board Members stand for re-election on a 2/2/2 basis.</p> <p>In addition, a cap on re-elections has been set at three consecutive terms.</p>
16(1)-(2), 16(9)	The provisions in respect of the Independent Board Member retirement have also been changed so that the rotational retirement begins at the second AGM and is 1/2/2. A cap on re-elections has been set at three consecutive terms.
18(4), 18(7)	<p>The circumstances under which a Board Member can be removed where they suffer from a mental disorder have been narrowed to where a court order is made either for their detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to their property or affairs.</p> <p>In addition, Board Members can be removed where they fail to attend four consecutive Board Meetings, rather than six as stated in the Model</p>

	<p>Documentation.</p> <p>The Board have confirmed that it will be developing a policy on dealing with Board Member disqualifications.</p>
22	<p>Voting rights on committees of the Board are limited to Board Members. In addition there is a suggested new Article which allows for dedicated supervision of the remuneration levels and performance of the Chief Executive and the first tier of management of the Company:</p> <p><i>(22.2) “<u>In addition to any other committee that the organisation may establish the Organisation shall establish a committee with responsibility for audit functions and a committee with responsibility for the remuneration of the Chief Executive and the first tier of management of the Organisation and for the appraisal of the Organisation’s Chief Executive [both committees must be chaired by an independent Board Member.]”</u></i></p> <p>The Board would like the square bracketed words removed so as not to interfere with the ability of the committee to identify itself who should be the Chair of particular committees.</p>
24	<p>Following the changes in policy with regard to Board Member remuneration, this Article has been amended to limit payments to Board Members to those permitted by Government guidance.</p>
27(1)	<p>It has been agreed that the quorum for Board Meetings should comprise at least one member from each Board Member group. The original wording required two members from each group. This Article has been amended accordingly.</p>
31(1)	<p>It has been agreed that there should be a maximum period of service of three years for the chair. This Article has been amended accordingly.</p>
31(3)	<p>To allow for extra flexibility this Article has been extended to allow for a second vice chair to be appointed by the Board.</p>

Trowers & Hamlins
November 2005

Attachment 6

Draft Memorandum and Articles of Association for

'Homes for Haringey Ltd'

THE COMPANIES ACT 1985

**COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL**

MEMORANDUM OF ASSOCIATION

-of-

[] LIMITED

1. **NAME**

The name of the company is [] Limited ("the Organisation").

2. **REGISTERED OFFICE**

The Organisation's registered office is to be located in England.

3. **OBJECTS**

The objects and purposes of the Organisation shall be primarily in the areas where Haringey London Borough Council ("the Council") own or manage housing stock to:

- (1) provide, manage, maintain, improve, demolish or convert the housing stock owned or managed by the Council from time to time together with any other amenities or facilities for the benefit of residents of such housing stock either exclusively or together with persons who are not residents of such housing stock;
- (2) provide amenities and services of any description for residents of housing stock owned or managed by the Council from time to time either exclusively or together with persons who are not residents of such housing stock;
- (3) provide advice and assistance to all tenants, leaseholders, and licensees, of the Council and applicants for housing and applicants for housing advice in respect of local authority housing;

- (4) carry out any activity which contributes to the regeneration or development in the area of the Council (within the meaning of Section 126 of the Housing Grants Construction and Regeneration Act 1996) including but not limited to:-
 - (a) securing that land and buildings are brought into effective use;
 - (b) contributing to or encouraging economic development;
 - (c) creating an attractive and safe environment;
 - (d) preventing crime or reducing the fear of crime;
 - (e) providing or improving housing or social and recreational facilities for the purpose of encouraging people to live or work in the said area or for the purpose of benefiting people who live there;
 - (f) providing employment for local people;
 - (g) providing or improving training, educational facilities or health services for local people;
 - (h) assisting local people to make use of opportunities for education, training or employment;
 - (i) meeting the special needs of local people which arise because of disability or because of their sex or the racial group to which they belong.
- (5) provide, construct, improve or manage housing to be kept available for letting or hostels;
- (6) provide, manage, maintain or improve accommodation required from time to time for the benefit of persons who require temporary accommodation;
- (7) provide services of any description for the Council or any other person, subject to the Council's consent pursuant to the terms of the Management Agreement to be entered into between the Organisation and the Council;
- (8) assess applicants for housing assistance;
- (9) assess applications by residents of housing stock owned or managed by the Council to exercise the right to buy under Part V of the Housing Act 1985;
- (10) enabling or assisting any residents of the housing stock owned or managed by either the Council or the Organisation to acquire, or to acquire and enter into occupation of, dwellings;
- (11) promote tenant participation in housing and estate management and to encourage tenant and community engagement and empowerment.

4. **POWERS**

Subject to Clause 6 the Organisation shall have power to do any thing that a natural or corporate person can lawfully do which is necessary or expedient in furtherance of its objects unless prohibited by this Memorandum

5. Subject to Clause 6 and without limiting the powers described in Clause 4 the Organisation shall have power to:

- (1) carry out works to land, buildings or other property;
- (2) contract with the Council Member in furtherance of its objects;
- (3) subject to the prior written consent of the Council Member and to such consents as may be required by law to borrow money, issue loan stock or raise money in such manner as the Organisation shall think fit and to secure the repayment of any money borrowed raised or owing by such security as the Organisation shall see fit (including by way of floating charge) upon the whole or any part of the Organisation's property or assets (whether present or future) and also by giving similar security to secure and guarantee the performance by the Organisation of any obligation or liability it may undertake or which may become binding on it;
- (4) insure and arrange insurance cover for the Organisation from and against all such risks as the Board may think fit and to pay any premium in respect of such insurance;
- (5) insure and arrange insurance cover for and to indemnify its employees and voluntary workers and the Council Member from and against all such risks incurred in the proper performance of their duties as it shall consider appropriate and to pay any premium in relation to indemnity insurance in respect of liabilities of its Board Members or any of them which would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in respect of the Organisation PROVIDED THAT such insurance shall not extend to any liability in respect of an act or omission which such Board Member or Board Members knew or ought reasonably to have known was a breach of duty or trust or which was committed by such Board Member or Board Members recklessly without due regard as to whether such act or omission might be a breach of duty or trust;
- (6) invest any monies of the Organisation not immediately required for the furtherance of its objects as it determines and as permitted by law;
- (7) subject to such consents as may be required by law and compliance with all formal guidance issued by the Organisation's regulators (if any) to purchase or

otherwise acquire or to encourage or promote and in any way support or aid the establishment and development of any subsidiary, or any other body established for the purposes of carrying on any trade or business either for the purpose of raising funds for the Organisation or for the furtherance of the objects of the Organisation;

- (8) subject to the prior written consent of the Council Member, make donations, grants or loans or provide services or assistance to such persons and Organisations and on such terms as the Organisation shall think fit to further the objects of the Organisation

PROVIDED THAT in case the Organisation shall take or hold any property which may be subject to any trusts, the Organisation shall only deal with or invest the same in such manner as allowed by law, having regard to such trusts.

6. The Organisation shall not, without the prior written consent of the Council Member, have the power to:
 - (1) receive a sum which, if it were a local authority, would be a capital receipt;
 - (2) receive consideration to which, if it were a local authority, Section 61 of the 1989 Act would apply;
 - (3) receive a sum by way of grant from a European Union institution to which, if it were a local authority, Section 63(4) of the 1989 Act would apply;
 - (4) enter into a credit transaction (as defined by Article 12(2) of the Order);
 - (5) with respect to a credit transaction agree to a variation of terms which, if it were a local authority, would be a variation within the meaning of Section 51(1) of the 1989 Act;
 - (6) incur additional liabilities within the meaning of Article 16 of the Order; or
 - (7) reduce its liabilities within the meaning of Article 16 of the Order.
 - (8) receive any financial or other assistance which is regarded as State Aid (as that term is defined within Article 87(1) of the European Community Treaty).
 - (9) cause the same or similar effect under the provisions of the Local Government Act 2003 and regulations thereunder to the extent that the said Act replaces the provisions rehearsed in sub-clause (1) – (7) above and in particular the Organisation shall not do any act or thing which does or might cause the Council to be in breach of the CIPFA Prudential Code for Capital Finance in Local Authorities.

7. **APPLICATION OF INCOME AND PROPERTY**

The income and property of the Organisation shall be applied solely towards the promotion of its objects as set forth in the Memorandum of Association and no portion thereof shall be paid or transferred, directly or indirectly, save as provided below, by way of dividend, bonus or otherwise howsoever by way of profit, to the Council Member and no Board Member shall be appointed to any office of the Organisation paid by salary or fees or receive any remuneration or other benefit or money or money's worth from the Organisation PROVIDED THAT nothing herein shall prevent any payment in good faith by the Organisation:-

- (1) Of reasonable and proper remuneration (including pensions, contributory pension payments, payment of premiums to pension policies and terminal grants and gratuities) to any officer or employee of the Organisation (not being a Board Member) in return for any services rendered to the Organisation;
- (2) Of fees, remuneration or other benefit in money or money's worth to a company of which a Board Member may be a member holding not more than 2% of the share capital of the company;
- (3) To any Board Member of reasonable out-of pocket expenses and such other sums as may be determined by the Council Member PROVIDED THAT no sum shall be paid to a Board Member in excess of that which would be permitted to be paid to a board member pursuant to any guidance issued from time to time by the Office of the Deputy Prime Minister or such other of Her Majesty's Government Departments relating to the payment of Board Members of Arms Length Management Organisations PROVIDED FURTHER THAT no sum shall be paid to a Board Member who is an elected member of the Council Member in excess of that permitted by the Order;
- (4) Of reasonable and proper remuneration to the Council Member or employees thereof (not being Board Members) in return for any services rendered to the Organisation;
- (5) Of reasonable and proper rent for premises demised or let by the Council Member;
- (6) Of reasonable and proper interest on money lent by the Council Member;
- (7) Of such other sums as may reasonably be paid to the Council pursuant to the terms of the management agreement to be entered into between the Organisation and the Council.

PROVIDED FURTHER THAT nothing shall prevent the Organisation from managing a property in accordance with its objects (including the full range of activities it may undertake) notwithstanding the fact that the tenant, lessee or licensee (or prospective tenant, lessee or licensee) of such property may be a Board Member SUBJECT TO the

proviso that any Board Member who is a beneficiary of the Organisation shall not be entitled to speak in any debate or cast his/her vote in respect of any matter relating solely to the property of which he is lessee, tenant or licensee and shall absent himself/herself from such proceedings but such Board Member shall be entitled to speak and vote in respect of matters which relate not only to such property but also to other properties managed by the Organisation.

8. **EQUAL OPPORTUNITIES**

The Organisation shall at all times take into consideration the principles of equality of opportunity irrespective of age, gender, national origin, race, colour nationality, ethnic origin, religious belief, responsibility for dependants, sexual orientation, HIV status, unrelated criminal activity or disability

9. **LIMITED LIABILITY**

The liability of the Council Member is limited.

10. **MEMBERS GUARANTEE**

The Council Member undertakes to contribute to the assets of the Organisation, in the event of the same being wound up while they are a member of the Organisation, or within one year after they cease to be a member of the Organisation, for payment of the debts and liabilities of the Organisation contracted before they cease to be a member of the Organisation, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding one pound.

11. **WINDING UP**

If, upon the winding up or dissolution of the Organisation, there remains, after the satisfaction of all its debts and liabilities any property whatsoever, the same shall be paid or transferred to the Housing Revenue Account (as defined in the 1989 Act) of the Council Member.

12. **DEFINITIONS**

- (a) “Order” shall mean the Local Authorities (Companies) Order 1995 as amended or re-enacted from time to time;
- (b) “the 1989 Act” shall mean the Local Government and Housing Act 1989 as amended or re-enacted from time to time;
- (c) terms defined in the Articles of Association of the Organisation shall have the same meaning in this Memorandum of Association.

The person whose name and address are subscribed is desirous of being formed into a company in pursuance of this Memorandum of Association.

THE COMMON SEAL of THE MAYOR)
and BURGESS OF THE LONDON BOROUGH)
OF HARINGEY COUNCIL was hereunto affixed)
in the presence of: _____)

DATED []

WITNESS to the above:-

NAME
Address

THE COMPANIES ACT 1985

**COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL**

ARTICLES OF ASSOCIATION

OF

[] LIMITED

DEFINITIONS AND INTERPRETATION

1. In the Articles unless the context otherwise requires:

"the Act"	Means the Companies Act 1985 (as amended by the Companies Act 1989) and any statutory modification or re-enactment thereof for the time being in force.
"the Articles"	Means these Articles of Association as originally adopted or as altered from time to time.
"Board"	Means the Board of Directors of the Organisation from time to time.
"Board Members"	Means the directors for the time being of the Organisation.
"Chair"	Means the Chair of the Organisation appointed pursuant to Article 31(1) or in his absence any vice or deputy chairman appointed pursuant to Article 31(3).
"clear days"	In relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.
"Council Board Member"	Means a Board Member appointed by the Council

Member pursuant to Article 14.

"Council Member"	Means The London Borough of Haringey or any successor body thereto which shall be the sole member of the Organisation.
"executed"	Means in relation to any contract, agreement or other document consent thereto and includes any mode of execution.
"Independent Board Member"	Means a Board Member appointed pursuant to Article 16.
"Leaseholder"	Means a person who occupies residential premises as his/her only/or principal home pursuant to a long lease where the Council Member is the freeholder
"Local Authority Person"	Means any person: (i) who is a member of the Council Member; or (ii) who is either an officer of the Council Member whose duties include the provision of housing related functions or any employee occupying a politically restricted position pursuant to the provisions of the Local Government and Housing Act 1989;
"Office"	Means the registered office of the Organisation.
"the seal"	Means the common seal of the Organisation.
"Secretary"	Means the secretary of the Organisation or any other person appointed to perform the duties of the secretary of the Organisation, including a joint, assistant or deputy secretary.
"Tenant"	Means an individual who holds a secure tenancy of a residential property from and occupies a property belonging to the Council Member.
"Resident Board Member"	Means a Board Member appointed pursuant to Article 15.
"the United Kingdom"	Means Great Britain and Northern Ireland.

2. (1) Unless the context otherwise requires, words or expressions contained in these regulations bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these regulations become binding on the Organisation.

- (2) In these Articles words importing individuals shall, unless the context otherwise require, include corporations and words importing the singular number shall include the plural, and vice versa and words importing the masculine gender shall include the feminine gender.

ADMISSION OF MEMBERS

3. No person other than the Council Member shall be admitted to membership of the Organisation.
4. The Council Member shall nominate a person to act as its representative in the manner provided in Section 375 of the Act. Such representative shall have the right on behalf of the Council Member to attend meetings of the Organisation and vote thereat, and generally exercise all rights of membership on behalf of the Council Member. The Council Member may from time to time revoke the nomination of such representative, and nominate another representative in his place. All such nominations and revocations shall be in writing.
5. The rights of the Council Member shall be personal and shall not be transferable.

GENERAL MEETINGS AND RESOLUTIONS

6. All general meetings other than annual general meetings shall be called extraordinary general meetings.
7. The Board Members may call general meetings and, on the requisition of the Council Member pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition. If there are not within the United Kingdom sufficient Board Members to call a general meeting, any Board Member or the Council Member may call a general meeting.
8.
 - (1) An Annual General Meeting and an Extraordinary General Meeting not called on the requisition of the Council Member pursuant to Article 7 shall be called by at least twenty-one clear days' notice or by shorter notice if it is so agreed by the Council Member.
 - (2) The notice shall specify the time and place of the Meeting and, in the case of an Annual General Meeting, shall specify the Meeting as such.
 - (3) The notice shall be given to the Council Member and to the Board Members and auditors.
9. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

10. No business shall be transacted at any general meeting unless a quorum is present. The presence of a duly authorised representative of the Council Member shall be a quorum.
11. If the Council Member makes a decision which is required to be taken in a general meeting or by means of a written resolution, that decision shall be valid and effectual as if agreed by the Company in general meeting. Any decision taken by the Council Member pursuant to this Article 11 shall be recorded in writing and delivered by the Council Member to the Company for entry in the Company's minute book.
12. An entry stating that a resolution has been carried or lost in the minutes of any meeting shall be conclusive evidence of the fact.

NUMBER OF BOARD MEMBERS

13. (1) Until the first annual general meeting of the Organisation the number of Board Members shall be seventeen and thereafter the number of Board Members shall be sixteen.
- (2) Five Board Members shall be Council Board Members.
- (3) Until the first annual general meeting of the Organisation seven Board Members shall be Resident Board Members of which one shall be a Leaseholder and 6 shall be Tenants, of which one shall be a Tenant occupying sheltered housing and thereafter six Board Members shall be Resident Board Members of which one shall be a Leaseholder and five shall be Tenants, of which one shall be a Tenant occupying sheltered housing.
- (4) Five Board Members shall be Independent Board Members.
- (5) No more than eight Board Members shall be Tenants unless there is one Board Member who is a Leaseholder in which case no more than seven Board Members shall be Tenants.
- (6) No more than eight Board Members shall be Local Authority Persons.
- (7) No more than two Board Members shall be Leaseholders.
- (8) In the event that the number of Board Members shall be less than the numbers specified in this Article 13 the remaining Board Members shall use reasonable endeavours to appoint further Board Members and may act notwithstanding this Article.
- (9) The First Board Members shall be those persons named in the statement delivered pursuant to Section 10(2) of the Act who shall be deemed to have been appointed under the Articles. Future Board Members shall be appointed as provided in the Articles.

APPOINTMENT OF COUNCIL BOARD MEMBERS BY THE COUNCIL MEMBER

14. (1) Subject to Article 13 the Council Member shall from time to time appoint five persons as Council Board Members and shall have the power to remove from office any such Board Member.
- (2) Appointment or removal pursuant to Article 14(1) shall be effected by an instrument in writing signed by the Council Member and shall take effect upon lodgement at the registered office of the Organisation or such date later than such lodgement as may be specified in the instrument.
- (3) Notwithstanding any other provisions in these Articles the Council Member shall have power at any time by notice in writing to the Secretary to appoint and remove any Board Member.

RETIREMENT AND ELECTION OF RESIDENT BOARD MEMBERS

15. (1) At the first annual general meeting of the Organisation all the Resident Board Members shall retire from office. At the third annual general meeting of the Organisation two Resident Board Members shall retire from office. At every subsequent annual general meeting two Resident Board Members shall retire from office by rotation.
- (2) The Resident Board Members to retire at any such subsequent annual general meeting shall be those who have been longest in office since they last became Resident Board Members, but as between persons who became Board Members on the same day those to retire shall be chosen by lot PROVIDED THAT where a Resident Board Member is appointed as a consequence of the death or retirement (other than by operation of this sub-paragraph) of another Resident Board Member (“the Predecessor”), the period of time for which the Resident Board Member shall have held office shall, for the purposes only of this Article 15(2) be deemed to include the period since the last election or appointment of the Predecessor.
- (4) Prior to every annual general meeting, direct or indirect elections shall be held among the Tenants or Leaseholders as the case may be for the number of Resident Board Members to be appointed thereat, so that Tenants elect the Tenants who will become Resident Board Members and Leaseholders elect the Leaseholder who will become a Resident Board Member. Only Tenants or Leaseholders shall be eligible to be appointed as Resident Board Members but otherwise the mode and manner of such elections shall be, subject to the approval of the Council Member, as the Board may from time to time agree subject at all times to compliance with Article 13.
- (5) The company secretary shall announce the results of the elections referred to in Article 15(4) at each relevant annual general meeting and the Tenants and/or Leaseholders so elected shall be duly appointed as Resident Board Members.

RETIREMENT AND ELECTION OF INDEPENDENT BOARD MEMBERS

16. (1) At the second annual general meeting of the Organisation one of the Independent Board Members shall retire from office. At each of the next two subsequent annual general meetings two Independent Board Members, shall retire from office.
- (2) At each subsequent annual general meeting Independent Board Members shall retire in a rotation which mirrors the arrangement set out in Article 16(1) above.
- (3) The Independent Board Members to retire at any such subsequent annual general meeting shall be those who have been longest in office since they last became Independent Board Members but as between persons who became Board Members on the same day those to retire shall be chosen by lot PROVIDED THAT where an Independent Board Member is appointed as a consequence of the death or retirement (other than by operation of this sub-paragraph) of another Independent Board Member (“the Predecessor”), the period of time for which the Independent Board Member shall have held office shall, for the purposes only of this Article 16(2) be deemed to include the period since the last election or appointment of the Predecessor.
- (4) If, at the meeting at which a Board Member retires in accordance with Article 16(1), there are no other candidates to fill the post the retiring Board Member shall, if willing to act, be deemed to have been re-appointed unless a resolution not to reappoint the Board Member is passed by the meeting.
- (5) No person other than an Independent Board Member retiring by rotation shall be appointed as an Independent Board Member at any general meeting unless he is recommended by the Board.
- (6) Subject to Articles 16(1) – (5) the Council Member may by Ordinary Resolution in General Meeting appoint any eligible person who is willing to act as an Independent Board Member.
- (7) Subject to Articles 13, 16 and 18 the Organisation may by Ordinary Resolution in general meeting appoint any person who is willing to act as a Board Member to fill a vacancy.
- (8) Subject to Articles 13, 16 and 18 the Board may appoint any person who is willing to act as an Independent Board Member to fill a vacancy until the next Annual General Meeting.
- (9) Not less than seven nor more than twenty-eight clear days before the date appointed for holding a general meeting notice shall be given to the Council Member of any person (other than a Board Member retiring by rotation at the meeting) who is recommended by the Board for appointment or reappointment as an Independent Board Member at the meeting. The notice shall give the

particulars of that person which would, if he were so appointed or re-appointed, be required to be included in the Organisation's register of Board Members.

CASUAL VACANCIES

17. Subject to Article 13 the Board may appoint a person who is willing to act to be a Board Member to fill a vacancy. The Board may only fill vacancies occurring among Council Board Members where the Council Member shall have failed within three months of a written request by the Organisation to make the appropriate appointments pursuant to Article 14(1). A Board Member appointed under this Article 17 shall hold office only until the next following annual general meeting. If not re-appointed at such annual general meeting he shall vacate office at the conclusion thereof.

DISQUALIFICATION AND REMOVAL OF BOARD MEMBERS

18. A person shall be ineligible for appointment to the Board and if already appointed shall immediately cease to be a Board Member if the relevant individual:-
- (1) ceases to be a Board Member by virtue of any provision of the Act or becomes prohibited by law from being a company director; or
 - (2) is or becomes a person disqualified from elected membership of a local authority; or
 - (3) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - (4) is, or may be, suffering from mental disorder and an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his/her detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
 - (5) resigns his office by notice to the Organisation; or
 - (6) is removed from office by a resolution (or written notice signed by) at least three quarters of all the other Board Members from time to time; or
 - (7) shall for more than four consecutive meetings have been absent without permission of the Board from meetings of the Board held during that period and the Board resolves that his office be vacated; or
 - (8) in any period of 12 months, he shall have been absent (without the permission of the Board Members) from at least 60% of the meetings of Board Members held during that period and the Board Members resolve that his office be vacated; or
 - (9) in the case of a Resident Board Member he ceases to be a Tenant or Leaseholder of the Council Member PROVIDED THAT this Article 18(9) shall not apply in

respect of a Resident Board Member temporarily ceasing to be a Tenant as a result of the demolition of or works carried out to that Resident Board Member's home; or

- (10) is a Board Member and is also a Tenant or a Leaseholder and is (in the reasonable opinion of a majority of Board Members) in serious breach of their obligations as a Tenant or Leaseholder; or
- (11) is a Council Board Member and is or becomes a Tenant or Leaseholder leading to a breach of the limit in Article 13(5) or 13(7); or
- (12) is a Resident Board Member and is or becomes a Local Authority Person leading to a breach of the limit in Article 13(6); or
- (13) is an Independent Board Member and is or becomes a Tenant or Leaseholder or a Local Authority Person; or
- (14) is removed by resolution of the Council Member pursuant to Article 14.

POWERS OF THE BOARD

- 19. Subject to the provisions of the Act, directions of the Council Member in general meeting and the Memorandum and the Articles, the business of the Organisation shall be managed by the Board who may exercise all the powers of the Organisation. No alteration of the Memorandum or Articles or directions of the Council Member shall invalidate any prior act of the Board which would have been valid if that alteration had not been made. The powers given by this Article shall not be limited by any special power given to the Board by the Articles and a meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.
- 20. The Board may, by power of attorney or otherwise, appoint any person to be the agent of the Organisation for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

BORROWING POWERS

- 21. Subject to Clause 6 and Clause 5.3 of the Memorandum the Board may exercise all the powers of the Organisation to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and to grant any mortgage, charge or other security over its undertaking and property, or any part thereof, and to issue any debenture, whether outright or as security for any debt, liability or obligation of the Organisation or of any third party.

DELEGATION OF BOARD MEMBERS' POWERS

- 22.1 The Board may delegate any of their powers to any committee consisting of two or more Board Members together with such other persons as the Board sees fit (but so that Board Members shall constitute a majority and provided that only

Board Members shall have the right to vote). They may also delegate to the Chairman/or any vice or deputy Chairman or to any executive officer such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the Articles regulating the proceedings of the Board so far as they are capable of applying.

- 22.2 In addition to any other committee that the organisation may establish the Organisation shall establish a committee with responsibility for audit functions and a committee with responsibility for the remuneration of the Chief Executive and the first tier of management of the Organisation and for the appraisal of the Organisation's Chief Executive both committees must be chaired by an independent Board Member.

ALTERNATE BOARD MEMBERS

23. No Board Member shall be entitled to appoint any person as an alternate Board Member.

BOARD MEMBERS' EXPENSES

24. The Board Members may be paid all travelling, hotel, and other expenses reasonably and properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board or general meetings or otherwise in connection with the discharge of their duties and such other sums as may be determined by the Council Member PROVIDED THAT no sum shall be paid to a Board Member in excess of that which would be permitted to be paid to a board member pursuant to any guidance issued from time to time by the Office of the Deputy Prime Minister or such other of Her Majesty's Government Department relating to the payment of Board Members of Arms Length Management Organisations and PROVIDED FURTHER THAT no sum shall be paid to a Board Member who is an elected member of the Council Member in excess of that permitted by the Order.

BOARD MEMBERS' APPOINTMENTS AND INTERESTS

25. A Board Member may not have any financial interest personally or as a member of a firm or as a director or senior employee (being an employee with managerial status) or in any contract or other transaction of the Organisation unless it is permitted by these Articles and is not prohibited by Clause 6 of the Memorandum.
26. Each Board Member shall ensure that the Secretary has at all times an up to date list of:-
- (1) all bodies trading in which he or she has an interest as:

- (a) a director or senior employee,
 - (b) a member of a firm,
 - (c) the owner or controller of more than 2% of the issued share capital in a company,
- (2) all interests as an official or elected member of any statutory body;
 - (3) all interests as the occupier of any property owned or managed by the Organisation;
 - (4) any other significant or material interest.

PROCEEDINGS OF BOARD MEETINGS

27. (1) Subject to any regulations established from time to time by the Organisation in general meeting and compliance with Section 10(1) of the Local Authorities (Companies Order 1995) the Board may regulate their proceedings as they think fit and the quorum for the transaction of the business of the Board at the time when the meeting proceeds to business shall be six comprising no fewer than two Resident Board Members, two Independent Board Members, and two Council Board Members PROVIDED THAT if the number of Board Members in one or more category of Board Member falls below two then the quorum requirement shall be reduced to one or none (as remain in office) in respect of such category or categories.
- (2) $33\frac{1}{3}$ percent of the total number of Board Members (or such whole number of Board Members nearest to $33\frac{1}{3}$ percent) may call a meeting of the Board. It shall not be necessary to give notice of a meeting to a Board Member who is absent from the United Kingdom.
- (3) If a quorum is not present within half an hour from the time appointed for a Board Meeting the Board Meeting shall, if requested by a majority of those Board Members present, be adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board Members present may determine.
- (4) If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting then notwithstanding Article 27(1) the Board Members present shall constitute a quorum.
27. Questions arising at a Board Meeting shall be decided by a majority of votes and each Board Member present in person shall be entitled to one vote. In the case of an equality of votes, the Chair shall have a second or casting vote. 29.
- (1) Any Board Member having an interest in any arrangement between the Organisation and another person or body shall disclose that interest to the meeting before the matter is discussed by the Board or committee of the Board. Unless the

interest is of the type specified in Articles 29(2) or 29(3) the Board Member concerned shall not remain present during the discussion of that item unless requested to do so by the remaining members of the Board or committee of the Board. Unless permitted by Articles 29(2) or 29(3) the Board Member concerned may not vote on the matter in question, but no decision of the Board or any committee of the Board shall be invalidated by the subsequent discovery of an interest which should have been declared.

(2) Provided the interest has been properly disclosed pursuant to Article 29(1) a Board Member may remain present during the discussion and may vote on the matter under discussion where the interest arises because:

- (a) the Board Member is a Tenant or Leaseholder, so long as the matter in question affects all or a substantial group of Tenants or Leaseholders respectively; or
- (b) the Board Member is a director or other officer of a company or body which is a parent, subsidiary or associate of the Organisation; or
- (c) the Board Member is an official or elected member of any statutory body.

(3) A Board Member shall not be treated as having an interest:

- (a) of which the Board Member has no knowledge and of which it is unreasonable to expect him to have knowledge;
- (b) in the establishment of a policy in respect of Board Member expenses payable pursuant to Article 24.

30. If a question arises at a meeting of the Board or of a committee of the Board as to the right of a Board Member to vote, the question may, before the conclusion of the meeting, be referred to the chair of the meeting and his ruling in relation to any Board Member other than himself shall be final and conclusive.

31. (1) At the first Board Meeting following each annual general meeting the Board Members shall appoint one of their number to be the chair of the Board to hold office until the next annual general meeting and may at any time remove him from that office.

(2) Unless he is unwilling to do so, the Board Member so appointed shall preside at every meeting of the Board at which he is present. But if there is no Board Member holding that office, or if the Board Member holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the Board Members present may appoint one of their number to be chairman of the meeting.

(3) The Board shall appoint a vice or deputy chair to act in the absence of the Chair on such terms as the Board shall think fit and may appoint a 2nd vice or

deputy chair. The vice or deputy chair (and if there are two, then at least one of them) must be from a different constituency of Board Members as the Chair.

32. All acts done by a meeting of the Board, or of a committee of the Board or by a person acting as a Board Member shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Board Member or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Board Member and had been entitled to vote.

WRITTEN RESOLUTION

33. A resolution in writing signed by:

- (1) three quarters of all the Board Members entitled to receive notice of a meeting of the Board or of a committee of the Board; and
- (2) the Chair of the Organisation or of the relevant committee; and

which satisfies the quorum requirements of Article 27(1) shall be as valid and effectual as if it had been passed at a meeting of the Board or (as the case may be) a committee of the Board duly convened and held and may consist of several documents in the like form each signed by one or more Board Members.

SECRETARY

34. Subject to the provisions of the Act, the Secretary and any deputy or alternate Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as they may think fit and any Secretary so appointed may be removed by them.

MINUTES

35. The Board shall cause minutes to be made in books kept for the purpose:-

- (1) of all appointments of officers made by the Board Members; and
- (2) of all proceedings at meetings of the Organisation and of the Board, and of committees of the Board and of the Council Member in its capacity as the sole member of the Organisation, including the names of the Board Members present at each such meeting.

RECORDS ACCOUNTS AND RETURNS

36. The Organisation shall comply with the provisions of Part VII of the Act in respect of:-

- (1) the keeping and auditing of accounting records;
- (2) the provision of accounts and annual reports of the directors; and

- (3) in making an annual return.

THE SEAL

37. (1) If the Organisation has a seal it shall only be used with the specific or general authority of the Board or of a committee of the Board. The Board may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Board Member and by the Secretary or a second Board Member.
- (2) The Organisation may exercise the powers conferred by Section 39 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Board Members.

NOTICES

38. Any notice to be given to or by any person pursuant to the Articles shall be in writing except that a notice calling a meeting of the Board or of a committee of the Board need not be in writing.
39. The Organisation may give any notice to the Council Member either personally or by sending it by post in a prepaid envelope addressed to the Council Member at their registered address or by leaving it at that address.
40. The Council Member present by duly authorised representative at any meeting of the Organisation shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
41. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.

INDEMNITY

42. (1) Every Board Member or other officer of the Organisation shall be indemnified out of the assets of the Organisation against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 727 of the Act in which relief is granted to him and no Board Member or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Organisation in the execution of the duties of his office or in relation thereto PROVIDED THAT this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.
- (2) The Board shall have power to purchase and maintain for any Board Member or officer of the Organisation insurance against any such liability as is referred to in Section 310(1) of the Act.

NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBER

THE COMMON SEAL of **THE MAYOR AND)**
BURGESS OF THE LONDON BOROUGH OF)
HARINGEY was hereunto affixed in the presence of:)

DATED []

WITNESS to the above:-

NAME
Address

MEMORANDUM AND ARTICLES OF ASSOCIATION

OF

[] LIMITED

Date of Incorporation: []

Registration Number: []

CONSTITUTION

TROWERS & HAMLINS

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