**Agenda**

**Homes for Lambeth: Meetings of the Boards of:**

Lambeth TopCo Ltd  
Lambeth DevCo Ltd  
Lambeth PRSCo Ltd  
Lambeth RPCO Ltd

**Monday, 18th September 2017 (13:00-15:00)**  
Chief Exec's Office, 3rd Floor, Olive Morris House, 18 Brixton Hill, London

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<th>Item</th>
<th>Description</th>
<th>Supplementary Doc. Ref.</th>
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<tr>
<td>1</td>
<td>Apologies for Absence &amp; Declarations of Interest</td>
<td>N/A</td>
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<tr>
<td>2</td>
<td>Minutes of 04th September August 2017 Board Meeting and Matters Arising</td>
<td>Draft HFL TopCo Board Minutes 04 09 2017</td>
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| 3    | Risk Strategy  
An overview of the Risk Strategy and presentation of the Risk Dashboard by JH | Programme Risk Management Process  
Risk Dashboard |
| 4    | HFL Solicitors  
A review of the procurement process undertaken and the recommendation to appoint led by GC | Legal Advisors Proposal |
| 5    | Agreement for housing management and other services (Lollard Street)  
A report and discussion led by GH, Altair.  
The Board is recommended to: 1. Consider whether it wishes to receive a copy of the full draft Agreement for review/comment. 2. Agree the principles of the draft Agreement as set out in the report. | Report: Agreement for housing management and other services (Lollard Street) |
| 6    | Ownership & Stewardship Panel  
A discussion about the draft agenda and materials proposed for the inaugural meeting of the O&SP, led by DP & JH | O&SP Draft Agenda and presentation |
| 7    | Forward Plan  
A review of the Forward Plan of key milestones & board decisions, led by DB. | Board Look Ahead |
| 8    | Governance Documents  
Final drafts of the documents for signature. | Materials to be tabled at the meeting |
| 9    | RPCo HCA Registration  
An update about the completion of Stage One led by DB | 2017.09.11 Lambeth RPCo Prelim confirmation letter |
# HOMES FOR LAMBETH BOARD

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<td>11</td>
<td>Next Meeting of the Board</td>
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**Supplementary Note:**

After the formal close of the Board an informal discussion about programme viability and business planning will follow. This discussion will be commercially sensitive and supporting materials will be provided to attendees on the day.
MINUTES

Homes for Lambeth, Meetings of the Boards of:
Lambeth TopCo Ltd

Monday, 4\textsuperscript{th} September 2017 (11:00-13:00)
Labour Group Meeting Room, 3rd Floor, Olive Morris House, 18
Brixton Hill, London

Present

Board Members
Sue Foster (Chair)
Rachel Sharpe
Gregory Carson
Christina Thompson

In Attendance
Rick O’Farrell, Interim Assistant Director Housing Regeneration (LBL)
Michael Holland, Interim Capital Programme Consultant (LBL)
Krish Agamuthu, Finance Lead, Regeneration & Housing Development (LBL)
Matthew Gaynor, Interim Assistant Director (Finance), Capital Planning and Major Projects
Delia Beddis (Newbridge)
Daniel Partridge, (PRD, notes)

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| 2    | **Declarations of Interest**  
There was produced to the Meeting a notice of declaration of interest by Sue Foster, Rachel Sharpe, Gregory Carson and Christina Thompson, as declared at the meeting of the board on 1\textsuperscript{st} August 2017.

The directors were reminded of their obligation to make a further declaration in the event that any existing declaration made by them proves to be or becomes inaccurate. |
| 2    | **Minutes of Board Meeting 21st August 2017**  
The Draft Minutes for TopCo were reviewed and approved |
| 3    | **Insurances**  
The Board received an update by Delia Beddis about the proposed purchase of insurances.

**IT WAS RESOLVED THAT** subject to the Council’s Insurances Officer approving that one of the options available is fit for purpose, the Board would delegate authority to Christina Thompson to approve the purchase of insurance.

The Board remarked that sufficient consideration should be paid to ensure that the insurance coverage is suitably robust in order to effectively cover the potential liabilities that could potentially be faced. |
4  Governance Documents

The Board noted that further amendments would be required as identified by Greg Carson and further drafting should therefore be undertaken.

5  Next Meeting

Monday, 18th September 2017, 13:00 – 15:00
Chief Executive's Office, 3rd Floor, Olive Morris House, 18 Brixton Hill, London

6  Conclusion

*There being no other business the chairman declared the Meeting closed.*

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CHAIR
The objective of the process will be to implement a ‘risk aware’ culture which encourages the identification and assessment of risks on a programme level, identifying and assigning ownership for mitigation. This process also responds to PWC recent audit recommendations to implement a risk monitoring process. Monthly risk reporting is currently operating across all LBL and consultant teams. Monthly strategic risk review meetings have also been convened aimed at setting out and monitoring the level of exposure on a programme level programme. The risk review meetings will be attended by representatives from LBL Finance, Estate Regeneration & HFL.

Risks will be assessed in accordance with established LBL risk management guidelines for capital projects, including the application of a pre- and post-mitigation risk score.

- Land Assembly
- Planning
- Technical Pre-Construction
- Procurement
- Financial
- Governance & Resources
- Delivery & Construction
- Legal
- Political
- Reputation & Communication
- Housing Management
- Health & Safety

All risks will be captured and categorised under the following headings:

These risks apply to Wave 1 sites only.

Risks will be scored in accordance with a colour coded risk matrix, showing the likelihood and impact of the risks. Risks will be further assessed on a quantitative basis. A monetary value will be assigned to each high-level risk. We have currently expressed the monetary value as a percentage of the estimated capital costs for the programme being modelled. We will further develop other quantitative measures.

The risk dashboard which is a summary of all programme risks will be included in the HFL Board Pack every month. The number of risks reported each month will be based on the following conditions:

1. Those risks with scores between 24-32 which the collective team agree will be of interest to the board.
2. Risks which will have a significant impact on overall delivery of the programme.
3. Risks which the collective team agree, the mitigation requires escalation to the board.

The diagram below depicts the key elements of the iterative risk process to be implemented, which all work streams will be required to implement, in identifying, assessing and addressing identified risks.
**HFL PROGRAMME RISK MANAGEMENT PROCESS**

![Diagram of the risk management process]

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**Accountability**

**Risk Manager Airey Miller – Strategic Advisor**

Responsible for capturing / assessing risk data based on information supplied by each work stream and maintaining the risk register. The advisor will perform this role liaising closely with leads from each work stream.

**Risk/Mitigation Owners and Managers**

The organisation best placed to ensure that effective mitigation of the risk is undertaken.

Each risk is assessed, qualitatively prioritised and ranked along with mitigation actions assigned to Risk Owners (HFL OR LBL) and Risk Managers (named individuals tasked with ensuring that the mitigations are put in place).

Progress against mitigation actions is subsequently reported at the monthly risk review meetings and updated in the dashboard for Board reporting.

**Escalation of Risks**

The programme risk log allows for risks to be escalated to ERB, HFL Board, AMCAP or other appropriate senior bodies or meetings. Risks identified for escalation will be included in the monthly dashboard for Boards attention and advice in agreeing approach to mitigation.
**Project Title:** Strategic Risk Dashboard Wave 1 sites  

**Last Updated Date:** 11/09/17  

| Estate Regeneration Wave 1 | Liabilities | Impact | Likelihood | Post Mitigation | Project Gateway | Risk Owner | Mitigation | Project Manager | Status | Risk Score | Risk Score | Expected Date Close Out | Project Title | Date (risk created) | Estimated On Cost | Buybacks Costs To Date (incl. VAT) | Actual/Estimated Cost of 2017 vs. 2016 | Project Title | Financial Impact | Project Title | Date (risk created) | Estimated On Cost | Buybacks Costs To Date (incl. VAT) | Actual/Estimated Cost of 2017 vs. 2016 |
|---------------------------|-------------|--------|------------|-----------------|-----------------|-------------|-------------|-----------------|--------|------------|------------|-------------------------------|----------------|-----------------------|-------------------------------|-------------------------------------|----------------------|---------------------------------|-------------------------------------|----------------------|------------------|-------------------------------|-----------------|-------------------------|-------------------------------------|                          |
| Wave 1                    | Risk       |        |            |                 |                 |             |             |                 |        |            |            |                               |                |                       |                               |                                      |                      |                                |                               |                      |                  |                               |                |                       |                                |                          |                      |
| LAMBETH SPV              | NA          | NA     | NA         | NA              | NA              | NA          | NA          | NA              | NA    | NA         | NA         | NA                            |                |                       |                               |                                      |                      |                                |                               |                      |                  |                               |                |                       |                                |                          |                      |
| Project Title | Category | Impact | Likelihood | Post Mitigation | Project Gateway | Risk Owner | Mitigation | Project Manager | Status | Risk Score | Risk Score | Expected Date Close Out | Project Title | Date (risk created) | Estimated On Cost | Buybacks Costs To Date (incl. VAT) | Actual/Estimated Cost of 2017 vs. 2016 | Project Title | Financial Impact | Project Title | Date (risk created) | Estimated On Cost | Buybacks Costs To Date (incl. VAT) | Actual/Estimated Cost of 2017 vs. 2016 |
| Housing Regeneration Wave 1 | Risk       |        |            |                 |                 |             |             |                 |        |            |            |                               |                |                       |                               |                                      |                      |                                |                               |                      |                  |                               |                |                       |                                |                          |                      |
| Level (1) | Category | Impact | Likelihood | Post Mitigation | Project Gateway | Risk Owner | Mitigation | Project Manager | Status | Risk Score | Risk Score | Expected Date Close Out | Project Title | Date (risk created) | Estimated On Cost | Buybacks Costs To Date (incl. VAT) | Actual/Estimated Cost of 2017 vs. 2016 | Project Title | Financial Impact | Project Title | Date (risk created) | Estimated On Cost | Buybacks Costs To Date (incl. VAT) | Actual/Estimated Cost of 2017 vs. 2016 |
| High (H) | 2          | 8      | 12         | 16              | 20              | 24          | 28          | 32              | 36    | 40         | 44         |                               |                |                       |                               |                                      |                      |                                |                               |                      |                  |                               |                |                       |                                |                          |                      |
| Medium (M) | 2          | 8      | 12         | 16              | 20              | 24          | 28          | 32              | 36    | 40         | 44         |                               |                |                       |                               |                                      |                      |                                |                               |                      |                  |                               |                |                       |                                |                          |                      |
| Low (L)   | 2          | 8      | 12         | 16              | 20              | 24          | 28          | 32              | 36    | 40         | 44         |                               |                |                       |                               |                                      |                      |                                |                               |                      |                  |                               |                |                       |                                |                          |                      |
| Very Low (VL) | 2 | 8 | 12 | 16 | 20 | 24 | 28 | 32 | 36 | 40 | 44 |                               |                |                       |                               |                                      |                      |                                |                               |                      |                  |                               |                |                       |                                |                          |                      |

**Risk Scoring Matrix Key**

**Likelihood**
- **Very Low (VL)**: 2
- **Low (L)**: 4
- **Medium (M)**: 8
- **High (H)**: 12
- **Very High (VH)**: 16

**Impact**
- **Very Low (VL)**: 1
- **Low (L)**: 2
- **Medium (M)**: 3
- **High (H)**: 4
- **Very High (VH)**: 5

**Phase 3:商业机会**

- **Operational Efficiency**: Implement efficiency improvements across the organization to reduce waste and increase productivity.
- **Financial Performance**: Monitor and report on financial performance indicators to identify areas for improvement.

**Phase 4:持续改进**

- **Quality Improvement**: Regularly review and update processes to ensure they remain effective.
- **Customer Satisfaction**: Conduct surveys to assess customer satisfaction levels and identify areas for improvement.

**Phase 5:成果评估**

- **Impact Measurement**: Evaluate the impact of implemented changes to ensure they align with strategic goals.
- **Feedback Loop**: Establish a feedback loop to continuously improve program effectiveness.
ITEM 4 – RECOMMENDATION FOR HFL LEGAL ADVISORS

Item 4 – All HFL Companies

Report: Procurement and Recommendation of HFL Legal Advisors

Author: Bruce McRobie

Please note: The Brief of Requirements is now appended to this paper.

Recommendation

To note the procurement process that has been undertaken and approve the appointment of Ashfords as the preferred legal advisor for Homes for Lambeth (HFL) in relation to the forthcoming transactions.

Context

The HFL group of companies will enter into a number of transactions including land and funding agreements to deliver its business plan objectives. It will be necessary for HFL to receive independent legal advice to inform its position in these agreements. The emphasis is on ensuring that each party’s position is protected with a balanced commercial position between the parties to the contracts.

The Council has undertaken a procurement exercise for solicitors to act on behalf of the HFL group of companies. The following three firms from the London Borough of Lambeth Framework Agreement were invited to consider the brief:

- Ashfords
- Brown Jacobson
- Freeth Cartwright

The three firms selected all forwarded submissions at the end of June; submissions were evaluated by B McRobie, M Holland, and J Hart. All three persons who considered the submissions agreed that the submission from Ashfords was the best of the three and that the firm should be appointed. The rationale supporting this assessment is summarised below.

Ashfords

Ashfords have proposed a team with the experience and skills that are suitable for the list of draft agreements that the brief suggested would be required; including Corporate Law, Finance, Construction, Tax, Property and Planning.

Ashfords have proposed a logical structured approach to implementation. They have listed relevant experience of working for an inner London borough. They are the only one of the three firms to show that they have really understood that they would be acting on behalf of an entity that is separate from the Council.

Brown Jacobson

The experience listed for working with Local Authority housing companies is for out of London. They have proposed a logical structured approach although it is very high level and generic. The proposed team does include the coverage of the areas of expertise required by HFL although the emphasis seems to be on the more traditional development agreement approach to development rather than that proposed for HFL.
Freeth Cartwright

The experience listed is principally out of London and non-Local Authority work. The Local Authority experience is an outer London borough.

They don’t appear to have fully understood the brief as they are proposing to produce draft legal documents rather than the requirement of reviewing draft documents that have already been produced.

As above, it doesn’t show an understanding of the brief; they have proposed a project lead specialising in Public Law. The appointed firm is required to act for HfL where the implications of public law have less relevance. A corporate law lead would be more relevant.

The proposed team doesn’t include anyone covering Finance when finance agreements are a key part of the documentation.

Proposed Course of Action
Subject to Board approval, the Council will appoint Ashfords. Ashfords will be asked to review the draft legal agreements that have been produced by Pinsents to record the proposed legal relationships between the Council and the HFL group of companies and between the various HFL companies. The emphasis is on ensuring that each party’s position is protected with a balanced commercial position between the parties to the contracts.

Timing for Decision
This decision is required now because HFL and the Council need to progress the forms of agreement.

Commercial Considerations
The costs of the legal fees will initially be met by the Council and re-charged to HFL once the Business Plan has been agreed and HFL can draw down funding.
1. Introduction

The London Borough of Lambeth (the Council) is seeking to appoint a suitably experienced Legal Advisory Practice to work with the Council and its advisors in order to support the establishment and mobilisation of the Homes for Lambeth Housing Delivery Vehicle.

This is a key support requirement that will transition from the pre-incorporation period through the first 6 months of activity for the incorporated Homes for Lambeth group of companies.

2. Context

2.1 Homes for Lambeth

The Council has an ambition to deliver significant volumes of new housing that meets the current and future need of Lambeth’s residents (and which will add significantly to the availability of new homes at council rent levels). These ambitions cannot be effectively realised through conventional approaches alone.

The Council is therefore undertaking more direct delivery routes of new housing within the Borough. As part of this strategy, Cabinet (12 October 2015) approved a process to form and mobilise a new special purpose vehicle (to be called Homes for Lambeth), which will be a company wholly owned by the Council with a remit to deliver new homes in Lambeth, primarily on land owned by the Council. In parallel with this decision, the Council has commenced an estate regeneration programme (including six estates) and a small sites housing delivery programme. The entire programme will see some 3,000 to 4,000 new homes constructed in Lambeth over the next 10 years.

It is essential that Homes for Lambeth work closely with the Council and its advisers; but Homes for Lambeth must also operate with a level of independence and must pursue actions that support the aims of Homes for Lambeth in its own right. As such, the Council proposes to undertake the initial procurement of this support contract and reserves the right to novate the contract to Homes for Lambeth at its discretion. This is in-line with its intention to recommend the novation of the contract to Homes for Lambeth at the appropriate time.

Information can be found on the Council’s ambition to establish Homes for Lambeth under Agenda Item 4 of the May 2017 Cabinet Paper accessible via the following link:

https://moderngov.lambeth.gov.uk/ieListDocuments.aspx?MId=9759&x=1

Further information will be provided post appointment, together with an Inception & Briefing session.

2.2 Working With the Council, HFL & Advisors

The Council has appointed a number of advisors to support its Officers to progress the development of HFL. Moving forwards, whilst HFL may ultimately establish its own dedicated executive resources, services will continue to be provided to HFL in a similar fashion for the foreseeable future.

The Council has retained the legal services of Pinsent Masons LLP to assist its Officers and consultants with the following key work streams, which are of particular relevance to the service requirement detailed herein:;
HOMES FOR LAMBETH BOARD

• Governance structure and drafting key governance documents:
• Incorporating the companies, appointing company Directors and managing the adoption of the bespoke governance documents to replace the model agreements and articles
• Providing secretariat support to the companies for an initial period and inputting into training for Board Members
• Drafting an initial suite of key documents that will be proposed by Lambeth and will be entered into by Lambeth and HF (considered in more detail later in this brief)

In addition, the Council has appointed:
• Grant Thornton, to assist with Tax and financial modelling
• Altair, to assist with Estate & Tenant Management services
• Newbridge Associates and PRD to assist with the mobilisation of the HFL.

3. Scope of Services

Whilst the Council is the sole shareholder of HFL and is firmly committed to working closely with HFL, it recognises the need for a separation of interests, which is particularly important for any agreements entered into by and between these parties.

As such, the Council intends to procure the services of a further suitably qualified, external legal practice in order to support the HFL group of companies throughout the process of finalising key agreements that will be entered into with the Council. In addition the HFL group of companies will need legal assistance to draft contracts that it is intended that the HFL group of companies will enter into with third parties.

The scope of services to be performed by the appointed legal practice shall include:

i. Review background information about HFL in order to ensure that the appointed legal practice is fully cognisant of the Council’s objectives, HFL’s objectives and the delivery model for HFL. An inception and briefing session will also be provided to support this.

ii. Review drafts of the key documents (to include at least those as identified below) in order to highlight any major issues for HFL.

iii. Advise HFL on possible amendments to the drafting of key documents that may benefit HFL’s legal or commercial position:
   a. undertaking mark up of documents for the above; and
   b. liaising with the Council’s legal advisors, Pinsent Masons, tax advisors and other advisors (where applicable), on the above.

iv. Provide additional advice, which will be agreed on a peripatetic basis as required against a pre-agreed schedule of suitably qualified individuals and fees.

As outlined above, the Council is procuring these services on behalf of HFL and reserves the right to novate this services contract to HFL at a future point.
4. Key Documents for Review

The key documents that are expected to be included in this exercise are:

4.1 Form of Agreement for Lease

Advice is required on the form of the agreement and specific adaptations required prior to entering into the Agreement for Lease for each site. In the period to the end of the first financial year (31/03/18) we envisage Agreement’s for Lease will be required for each of the three leading estates, three Sec. 106 sites, and three sites from the Council’s small sites programme.

4.2 Form of Lease and associated agreements such as Warranties, Wayleave Agreements etc.

As above.

4.3 Funding Agreements and associated agreements such as debentures, charges over the leases etc.

As above in relation to the following funding agreements:

- Council to DevCo for development finance
- Council to RPCo and PRSCo for the purchase of units from DevCo
- Working capital loans provided by the Council to HFL

4.4 Lease Agreements and associated agreements such as warranties

As above (see 4.1) for the sale of the properties between DevCo and PRSCo, and DevCo and RPCo

4.5 Service Level Agreement (SLA)

To be proposed by the Council with input from its advisors The SLA to be entered into between the Council and HFL will address services provided to and for HFL group of companies by the Council, performance obligations, expectations and indicators and a payment mechanism.

4.6 Lease and Tenancy Agreements

To be granted to the occupiers of the homes and commercial units that will be built. Please note that a significant amount of consultation work with residents has been undertaken on the residential documents. At this point no work has been done on any commercial leases although it is expected that these will be fairly standard contracted out FRI leases.

This will also include a form of agreement(s) that includes for the purchase of an existing home, and the sale of a new home (with the possibility of temporary housing in-between) to formalise the Council’s offer to existing home owners (freeholders and leaseholders).

4.7 Form of Service Contract

For HFL to use for day to day advisors and service providers. This is expected to follow the Council’s existing form insofar as is practicable and desirable. HFL’s strategy for heat provision on the redeveloped estates is still to be finalised; however there is a possibility that this strategy may involve either the engagement of an energy service company (ESCo) or the setting-up of an ESCo.
4.8 **Construction Contracts and associated contracts such as warranties, parent company guarantees, bonds etc.**

Advice on any specific contract issues arising from the procurement and negotiation of construction contracts and/or novation of contracts agreed by to HFL. It is proposed that standard form JCT contracts will be used; advice will be required on proposing contract amendments and considering contract amendments proposed by contractors tendering for the works.

4.9 **Estates & Tenant Management Services Contract**

Advice on any specific contract issues arising from work undertaken by officers (with support from Altair) to procure an Estates & Tenant Management Service Provider for HFL’s first schemes. Input into this element may be limited. Altair have received legal advice from Browne Jacobson to assist with this work stream to date.

4.10 **Planning Agreements including Sec. 106 Agreements, Sec. 278 Agreements etc.**

Advice, drafting where required, and negotiation with the solicitors engaged by the Planning Authority, the Highways Authority etc. for the sites forming the HFL development programme.

4.11 **Development Agreement and associated agreements**

For a proposed off-site Sec. 106 development of affordable housing on land that it is proposed is held under lease by HFL (RPCo).

4.12 **Financial Regulations & Policies**

Where legal input is required in relation to the development of HFL policies e.g. Financial regulations or procurement policy, advice may be required on draw-down basis.

5. **Other Requirements of the Service Provider**

The proposal of services should clearly set out:

i. Proposed approach to the brief

ii. Proposed team, relevant experience and fees

iii. Approach to effective client management (the Council wishes to understand who will be the lead for this project with overall oversight and what arrangements will be put in place to ensure that all requests are dealt with in a timely fashion).

iv. Proposals for fee agreement and payment

v. Acceptance of the Council’s proposal that the services procured may be novated to HFL at a future point and any conditions placed upon this course of action.

vi. Two references for similar commissions.

6. **Process & Timetabl**

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<tr>
<td>Publicise Request for Quotation</td>
<td>19.06.17</td>
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<tr>
<td>Deadline for Returns</td>
<td>28.06.17</td>
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Recommendation
That the Board:

1. Consider whether it wishes to receive a copy of the full draft Agreement for review/comment.
2. Agree the principles of the draft Agreement, as summarised below.

Context
The first Homes for Lambeth (HfL) units under management will be the Lollard Street (SW11 6PX) scheme in Kennington, which comprises 70 newly built affordable (social rent) homes. HfL is seeking to procure a provider of housing management and associated services (see report on procurement) for those homes. The services will be procured by LB Lambeth on behalf of HfL.

The draft Agreement – summary

The contractual parties to the Agreement will be HfL’s Lambeth RPCO Limited (RPCO) and the successful provider. The draft Agreement has been prepared by Browne Jacobson LLP (on instruction from LB Lambeth officers and appointed consultants) and has been designed to suitably protect the interests of both HfL and LB Lambeth. The contractual drafting is largely in keeping with market standard management arrangements for residential portfolios (similar to those previously utilised by local authorities when contracting directly with Arms Length Management Organisations for example).

The terms of the draft Agreement have been configured to cater for specific instructions from LB Lambeth officers and the consultant team; the Provider will be required to pay its employees involved in the services the London Living Wage (clause 13); there is a mechanism included under which the number of dwellings governed by the Agreement can be altered by written agreement with the Provider (clause 44); and the contractual term (clause 2) comprises an initial 4 years with two further possible 1 year extensions exercisable at RPCO’s discretion (taking account of the Provider’s contractual performance to date).

HfL’s preference for a comprehensive agreement that can nonetheless be managed via a limited client structure has also been accommodated. Day-to-day contractual matters will be led by appointed representatives from RPCO and the Provider respectively (clauses 10, 11 & 12). The primary forum/mechanism for performance monitoring (clause 5) will be via a monthly performance report and review procedure involving both RPCO and the Provider. There are also further contractual protections available to RPCO, the majority of which are exercisable at RPCO’s discretion rather than by obligation and so they will not prove onerous on the client function. In any event, clause 42 reserves RPCO’s rights to exercise its powers as a landlord notwithstanding the other provisions of the Agreement.

LB Lambeth will not be a party to the Agreement, but as the sole shareholder of HfL has an indirect vested interest in the success of this procured service arrangement. Various contractual provisions have been included in the draft Agreement to protect LB Lambeth’s position. In terms of public law considerations, the draft Agreement acknowledges that all rights, duties and powers which LB Lambeth has as a local authority or which its officers have as local authority officers are reserved (clause 42). Furthermore, the Provider will be required to cooperate fully with LB Lambeth’s housing function and the Homes & Communities Agency (clause 26) both in relation to the operation of this Agreement and LB
Lambeth’s own housing functions. There are also requirements on the Provider to maintain all necessary information to enable LB Lambeth (and HfL) to complete housing statistics and allocate related expenditure. Further safeguards are included to ensure that LB Lambeth is protected where the Provider needs to access/use LB Lambeth computers/software/data. LB Lambeth will be reliant on RPCO (given its contractual privity) to enforce these provisions.

**Commercial Considerations**

The commercial model for the draft Agreement is based upon a Services Payment, payable to the Provider quarterly in arrears (clause 7). The quarterly Services Payment will encompass the aggregate of both (i) the fixed Management Charges (chargeable per unit managed by the Provider) and (ii) the Repairs and Maintenance Charges (calculated based upon a Schedule of Rates) applicable to the previous quarter. The Provider will be required to break down invoices and support them with documentation/evidence. RPCO will have the opportunity to challenge disputed amounts.

The draft Agreement excludes RPCO’s liability to the Provider for any loss, damage or injury pertaining to the service arrangement, except for in cases of deliberate or negligent acts/omissions on the part of RPCO or its employees. RPCO will also not be liable to the Provider for indirect or consequential losses. Liability for death or personal injury cannot be excluded under law (clause 36).

RPCO has wide termination rights available to it under the draft Agreement (clause 45). Those rights relate to Provider insolvency events, breaches of Provider obligations, interruption/prevention of service provision and contraventions of public procurement legislation. Related remedies include step in, termination, partial termination and service of rectification notices on the provider. In any event, RPCO can terminate for convenience on 12 months’ notice.

On termination, all intellectual property (save for that which belongs to a third party) will vest in RPCO and the Provider is obliged to (i) direct all related information and materials to RPCO and (ii) execute all deeds, documents and acts necessary to transfer the intellectual property rights (clause 34).

Finally and importantly, RPCO has contractual rights available to it to require that the Provider submits information or provides assistance in relation to employees, TUPE and/or a retendering of the services (clauses 31 & 38).

**Proposed Course of Action**

- It is HFL’s intention to issue the draft contract soon after issuing the Standard Selection Questionnaire. This is to both (a) help potential bidders decide whether or not to bid (giving HfL a stronger pool of bidders at ITT), and (b) invite comments from potential bidders on the draft contract.
- Any proposed changes to the draft contract will be agreed with LB Lambeth’s Director, Strategy and Commissioning Housing and Communities, in her capacity as HfL Board Member in consultation with HfL’s professional advisors.

**Timing for Decision**

This decision is required now because the draft contract forms an integral part of the pack of procurement documents.
Agenda

Homes for Lambeth: Informal Meeting of the Ownership & Stewardship Panel

[Thursday, 14th September 2017 12:00-14:00]

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<th>Supporting Materials</th>
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<tr>
<td>1</td>
<td>Apologies for absence</td>
<td>N/A</td>
</tr>
</tbody>
</table>
| 2    | Officer-led briefing:  
- Update about Homes for Lambeth  
- Role, responsibilities & remit of the Ownership & Stewardship Panel  
- Receiving the Homes for Lambeth Business Plan | Briefing Presentation, Terms of Reference for the Ownership & Stewardship Panel, Scheme of Delegations from the Memorandum of Understanding |
| 3    | Collective discussion:  
- Appointment of the Tenant Member  
- Training & support for the Ownership & Stewardship Panel  
- Matters raised by Ownership & Stewardship Panel members | N/A |
| 4    | A.O.B. | N/A |
Update about Homes for Lambeth:
- Homes for Lambeth’s Vision & overarching group objectives
- Cabinet decisions from May 2017
- Summary of mobilisation activities underway
- Group structure
- Governance arrangements

Role, responsibilities & remit of the Ownership & Stewardship Panel:
- Responsibilities
- Meetings & administration

Receiving the Homes for Lambeth Business Plan
- Purpose & content of the Business Plan
- Process for adopting the Business Plan

Collective Discussion
Homes for Lambeth’s Vision & Overarching Group Objectives

Homes for Lambeth will work with Lambeth Council and others to provide high quality new housing and regeneration in Lambeth that addresses local housing need and contributes positively to the local area.

The HFL Group will fulfil this vision by:

1. Building more and better homes to help tackle the housing crisis
2. Providing high quality services for residents
3. Investing resources efficiently and to maximise housing and regeneration outcomes
4. Maximising partnerships with public and private sector organisations
5. Being a strategic delivery partner for the London Borough of Lambeth
6. Building and maintaining financial strength and deliver more homes
7. Engaging with local communities and invest for the long term
8. Providing social housing
• To approve the governance arrangements and to delegate authority to the Strategic Director of Neighbourhoods and Growth to take the necessary steps to set in place these arrangements

• To approve the incorporation of the Homes for Lambeth group of companies

• To approve the governance arrangements for a Homes for Lambeth Ownership and Stewardship Committee which will support the Council to scrutinise and manage its interest as a shareholder in Homes for Lambeth

• To approve the principle of a set-up loan facility of £5m to fund the first five years of Homes for Lambeth’s Operations
Mobilisation Activities Underway

- Four companies incorporated in July 2017 (Lambeth TopCo Ltd, Lambeth RPCo Ltd, Lambeth PRSCo Ltd, Lambeth DevCo Ltd)
- Adoption of bespoke Articles of Association for each company and a Memorandum of Understanding with between the Council and each company (and between companies)
- Officer appointments to Non Executive Director posts registered with Companies House
- Shadow Boards have transitioned into formal boards
- Trade Mark protection underway for Homes for Lambeth
- Stage One of the HCA registration process for RPCo has been approved
- Policy framework, ICT, insurances, banking and systems infrastructure being put in place
- Drafting of key disposal and lending agreements underway
- Business planning and financial modelling at the group, company and project level underway
- Preparatory work to scope out key procurements underway (e.g. Tenant management services for Lollard Street)
Group Structure

London Borough of Lambeth

Lambeth TopCo Ltd

Lambeth DevCo Ltd

Lambeth PRSCo Ltd

Lambeth RPCo Ltd

Long lease of sites to HFL Developments (except for existing s106 sites – see opposite)

State aid compliant loan (market terms) to HFL Developments

Lease > 21 years at a premium of private rent homes and commercial units to HFL Property

100% contract to HFL

Lease of social rent and shared ownership units to Lambeth Homes at a premium granted at “golden brick” stage

HFL Developments provides construction services to HFL Homes to build out homes

Third party developer constructs s106 property on Council owned land (for existing s106 schemes)

Long lease of completed section 106 properties

Long term loan to RPCo

Long term loan to HFL Property

Market sales to third party buyers

Contractors

DRAFT
Governance Arrangements

- Made up of Lambeth Elected Members and a Tenant Member:
- Deputy Leader for Investment and Partnerships (Chair)
- Deputy Leader for Finance and Resources
- Cabinet member for Planning, Regeneration and Jobs
- Cabinet Member for Housing and Environment
- Tenant Member
- The Chair of the Panel may attend HfL Board meetings as an observer

Core relationships formalised via:
- Memorandum of Understanding
- Scheme of Delegations
- Articles of Association

- Cabinet Member (to be appointed by the Leader)
- Mainly Officers (Unpaid)
- An External Chair (Paid)
- An External Non-Executive Director (Paid)

- Mainly Lambeth Officers (Unpaid) but some variations to parent company as required by the HCA for RP Status
- An External Chair (Paid)
- An External Non-Executive Director (Paid)
O&SP Responsibilities

- The O&SP is to be a subcommittee of Cabinet. It is to be constituted under Cabinet Procedure Rule 1.3(e) of the Constitution and will operate in accordance with the arrangements as set out in the Constitution, Pt.2, S.2
- O&SP will support the Council in its new capacity as the shareholder of Homes for Lambeth; by making recommendations to the Cabinet
- It will provide internal reporting, scrutiny and monitoring of the companies in the HfL Group on behalf of the Shareholder
- The main responsibilities of O&SP are:
  - to provide to Cabinet with a recommendation as to the O&SP’s recommended course of action; and
  - to act at all times in line with the Council’s stated objectives for HfL and in the best interests of the citizens of Lambeth.
- The O&SP is accountable to Cabinet and operates within the Council’s wider corporate governance framework
- In circumstances where the Scheme of Delegation for Homes for Lambeth provides for a decision to be taken by the Council as a shareholder such decisions may be supported by a recommendation from the O&SP although its recommendation will not be binding.
- Where confidential or commercially sensitive information is shared with the O&SP the confidentiality of this information must be respected.
Key O&SP Responsibilities

Reporting, scrutiny and monitoring activities to be undertaken by the O&SP may include (but are not limited to) the following:

a. Oversight of the formulation and delivery of the Business Plan for the HFL Group comprising:
   - oversight of the HFL Group’s Development Programme of new build and/or transformational improvements for housing and other assets;
   - oversight of financial proposals, forecasts and transaction for the HFL Group’s development and corporate activities;
   - oversight of acquisitions, site assembly and disposals matters;
   - oversight of the Development Pipeline; and
   - oversight of governance, corporate resourcing and delivery strategies for the HFL Group

b. Monitoring of performance against the Business Plan for the HFL Group and any agreed Key Performance Indicators (KPIs) as defined within this plan
   - These indicators will include (but not limited to) KPIs for the development programme and tenant and estates management services.
O&SP Meetings & Administration

Programme of meetings:
• O&SP is to meet at least every six months but additional meetings can be called as required by the Chair
• A special meeting is planned to review and discuss the Draft Business Plan for Homes for Lambeth, prior to Cabinet receiving the Business Plan for recommendation Autumn / Winter 2017.

Administration:
• The committee and its elected participants will receive administrative support from Council Officers as per other sub-committees
• HFL Directors may be required to attend O&SP meetings by invitation
• The Council’s constitution will be updated to reflect the arrangements for Homes for Lambeth and for the O&SP
• Process for identifying and appointing the Tenant Member to discuss today
Purpose & Content of the Business Plan

Contents:
• Objectives (shared & for each individual company)
• Planned development activities & investments
• Schemes and assets to be delivered (starts on site & completions)
• Financial planning & funding strategy
• Target investment returns & cashflow forecasts
• Sensitivity testing
• Key assumptions
• Key Performance Indicators, targets & milestones
• Risk management

Purpose:
• Establish the framework of intention & deliverables (a key tool in Scheme of Delegations)
• Propose the property development, service delivery & organisational development intentions for the period
• Forecast cashflows, funding required, investment return & deliverables
• Identify & address key risks
Process for Adopting the Business Plan

1. **Draft Business Plan** (group & company-specific extracts) to each respective HFL Board
   - Endorsement to propose plans to the O&SP

2. **O&SP receives & reviews the Business Plan**
   - O&SP recommends the Business Plan to the Shareholder (Via Cabinet)

3. **Business Plan is proposed to Cabinet & subject to the Council’s standard pathway**
   - Cabinet approves the Business Plan on behalf of the Shareholder (the Council)

4. **Business Plan formally adopted by HFL companies**
   - Future updates subject to the business-planning cycle
   - Major amendments or other actions outside of the Business Plan subject to the Scheme of Delegations
Tenant Member

‘Any Tenant Member from time to time shall be appointed by the Council following an application process. Such appointment may be made conditional on the Tenant Member granting undertakings to the Council in relation to matters such as confidentiality and codes of conduct (similar to those which would apply to other members of the Panel, suitably modified for the circumstances) and conflicts of interest. The appointment will be conditional on the Tenant Member being a tenant of Lambeth RPCo Limited and it automatically ceasing upon that no longer being the case. The Tenant Member shall not be entitled to any remuneration for their services, nor any compensation for loss of office’.
<table>
<thead>
<tr>
<th>Board Meeting Date</th>
<th>Items for Agenda (in addition to standing items)</th>
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</thead>
</table>
| **18-Sep-17**      | Decision on Lollard Street housing management contract  
Risks dashboard review  
Preparation for Ownership & Shareholder Panel  
Decision on HFL legal advisor appointment  
Approval and signature of MOU and Articles  
Review of draft Forward Plan  
Confirmation of monthly Board dates  
Board to be followed by informal session on viability |
| **16-Oct-17**      | HFL Business Plan - approval to recommend to Cabinet including Budget proposals  
Briefing on key legal agreements: Agreement for Lease, Lease and Funding Agreements. Focus on first S106 sites  
Update on NED recruitment  
Discussion of resource and ICT proposals  
Update on HFL branding proposals |
| **13-Nov-17**      | LAMBETH CABINET  
Feedback from Cabinet  
Agreement on strategy for developing HFL policies  
Skills analysis & proposals for Board Training  
Decision on Leaseholder Buyback Managing Agent  
Approval of procurement strategy (re-visited from 21 August 2017) - and programme for procurements  
Decision on HFL branding proposals |
| **11-Dec-17**      | Propose to keep this meeting so there is one before Christmas  
Recommended preferred bidder for Lollard Street housing management [due to Christmas, if we don’t use this date, it will move to 8 or 22 Jan 2018]  
Decision on recommended commercial energy strategy (Carbon Trust report)  
More detailed briefing on Westbury and Fenwick S106 legal agreements |
| **08-Jan-18**      | Propose cancelling this as not a practical date |
| **22-Jan-18**      | Update on planning status of first schemes  
Update on procurement processes for first schemes  
Enter into leases and funding agreements (as necessary) for Westbury and Fenwick S106  
Secretariat proposals  
Briefing on Agreements for Lease and Leases for first estates |
| **19-Feb-18**      | Approval of legal agreement(s) for first estates |
Dear Julian

**Lambeth RP Co: application to become a registered provider of social housing**

Thank you for the Preliminary Application for Lambeth RP Co (Lambeth RP) to become a registered provider of social housing.

On the basis of the information you have submitted to us about Lambeth RP provision of social housing as defined in sections 68-70 Housing and Regeneration Act 2008, Lambeth RP has demonstrated that it meets Condition 1 of the eligibility conditions for registration set out in section 112(2) of the Act.

The next stage is to complete the Detailed Application form, providing information that will enable us to determine whether Lambeth RP meets the registration criteria we have established under section 112(3) of the Act. The Detailed Application form, together with Registration Guidance, can be found at [https://www.gov.uk/register-and-de-register-as-a-provider-of-social-housing](https://www.gov.uk/register-and-de-register-as-a-provider-of-social-housing).

Please send the completed Detailed Application form to RNTeam@hca.gsi.gov.uk.

It usually takes at least three months from the time that an applicant submits a complete detailed application for the regulator to conclude the case. The time taken will depend on the nature of the application submitted, especially whether it raises any novel issues for the regulator. It also depends on the responsiveness of the applicant to requests for additional information and the number of other applications under consideration at the same time.

Applicants are advised to bear this timescale in mind when preparing their application, particularly if registration is a pre-condition to accessing grant, receiving the transfer of social housing, or another transaction. Please also note that the application will be cancelled if a Detailed Application form is not received within six months of the date of
this letter, and if you still intend to apply for registration you will need to begin the process again.

Yours sincerely

Althea Houghton
Head of Registrations and Notifications