

Draft

Reside Initial Business Plan 2019/20

1. Executive Summary

- 1.1 Reside's vision is to be *an exemplar of a social purpose local housing company*.
- 1.2 Reside's aim is to continue to take forward the council's ambitious plans to improve access to affordable housing through providing a range of tenancies for all its residents and to encourage strong and resilient communities. Both existing and new developments are there to widen the housing choice for residents - making sure no one is left behind.
- 1.3 Since its launch in 2012, Reside is now a significant landlord in the borough with almost 900 properties, with over 70 shared ownership properties on its books. Over the next five years there is an opportunity to increase the number of homes by a further 1,606.
- 1.4 Most of the properties are rented at 80 per cent of market rent, with a small number at 65 and 50 per cent. Priority is given to local people who are in employment, with the aim of helping people who can't afford a deposit to get onto the housing ladder but are also not able to qualify for council housing. Some of the homes are also available at 50 per cent of market rent, and these are allocated in the same way as council housing.
- 1.5 The next 12 months are a year of transition for Reside, following the appointment of a new Board and Managing Director. The focus is therefore on setting up the organisation, creating a clear vision and business plan for its delivery that reflects Shareholder requirements, effectively managing the performance of the existing stock and preparing for the new homes that are currently being developed on behalf of the Council by Be First.
- 1.6 One of Reside's key aims over the period of the business plan will be to develop a strong brand identity around its unique qualities, products, services, specific groups of customers served, and the benefits to them. The expression of the council's vision provides Reside with the opportunity to define a related business mission and values, which includes objectives and intentions for the future. Reside aims to be a landlord of choice in the borough, providing great quality homes and services to local people along with a commitment to delivering social value and promoting equality, diversity and inclusion, including through working with the council's charity, Barking and Dagenham Renew.
- 1.7 Engaging tenants and understanding their needs and aspirations is essential to this. Reside has commissioned work to understand more about its current tenants, exploring their experiences across a range of customer journeys, such as sales, lettings, and repairs, asking questions about what they want, and what they consider to be a great service. This work will help define the levels of service Reside wishes

to offer and how these can best meet existing and future tenants needs. Part of this will be the development of a digital offer to ensure that resident needs are enabled by digital and technological solutions such as for paying rent and raising repairs – putting the customer first and working the technology around them.

- 1.8 This links the aim of continually driving up the quality of services experienced by tenants, which is a key priority for Reside. The Board monitor and scrutinise performance at each meeting using a balanced scorecard covering key customer, housing management, asset, financial and risk metrics. An example scorecard from the September board meeting is provided in Appendix 18, this shows strong performance in the areas of income collection, void turnaround, and health and safety compliance. It also shows that a continued focus is needed to drive improvements in repairs and maintenance, health and safety reporting and customer satisfaction. Performance 'deep dives' are also undertaken by the Board to support this focus, where root issues are explored and discussed, and improvement actions are agreed with commissioned service providers. An Improvement Plan for core services, including repairs and maintenance, has been agreed with MyPlace, the current provider of most of Reside's housing management services, which is being closely monitored by Reside's Managing Director on behalf of the Board.
- 1.9 Additionally, a key part of improving performance over the next 12 months will be carrying out a benchmarking exercise against current performance and sector good practice, and developing a refreshed set of key performance indicators and deliverables which will be used to monitor and measure the improvement that Reside is making on behalf of its tenants and stakeholders. Appendix 17 contains some of the key measures in draft, which will be finalised over the coming months.
- 1.10 The business plan in section 7 also sets out the financial forecast for Reside. This includes existing homes and sites being developed by the Council / Be First which are expected to go into Reside. Only sites where the submission of a planning application has been approved by Be First / the council have been included. These numbers are subject to several assumptions and risks:
 - That Be First can build the pipeline sites at the cost and to the deadlines assumed in their June 2019 quarter end scheme viability assessments. As with any building project there is a risk that costs and / or timescales will change, especially given the additional safety requirements emerging following the Hackitt review. If costs are higher or development takes longer than forecast, then Reside will not be able to deliver the returns shown below.
 - Financial allowances for planned and cyclical repairs for the pipeline sites are currently included on a straight-line basis based on Be First assumptions, i.e. an assumed annual charge of £1.44k starting five years after handover. There is a risk this is insufficient, and returns will be lower than forecast. The average cost per property for planned and cyclical work in the stock condition survey carried out by Bailey Garner for Weavers existing homes is £2.6k per year per home (including VAT). This is significantly higher than the Be First assumptions for the pipeline. Further work is needed to develop planned repair assumptions by archetype for homes in the existing development pipeline to enable more accurate modelling of returns as well as to develop a detailed

- planned and cyclical repair programme for all Reside homes to manage returns. This may reduce the longer term (5+ years) returns).
- The financial return is very sensitive to changes to rent assumptions, if rent increases or the market rents used as a basis for the affordable rented homes are lower than assumed then the return will be lower than forecast. Specifically:
 - Rent increases for Reside Ltd have been assumed at RPI+1/2%¹ for the life of the business plan. For Weavers LLP and Abbey Roding LLP increases have been assumed at CPI+1% until 26/27 at which point a CPI rent increase has been assumed. There is a risk that market rents may not move in line with this assumption, especially given the uncertainty around Brexit, and that therefore these increases will not be able to be applied, especially to the 80% rents.
 - Be First current assumptions have been used for the rent for the pipeline sites for homes let at 80% of market rent indexed as above, the actual charge will depend on the local rent market at the point of handover. Reside is jointly commissioning with Be First regular updated rental valuations for these sites on a six-monthly basis going forward to ensure any issues with income are highlighted promptly, the first report is expected this autumn.
 - The numbers are sensitive to changes in sales values for shared ownership homes. Sales values are affected by the housing market in London and other macro-economic factors. Any reduction in sales values both reduces the initial surplus / increases the loss made on the initial shared ownership sale and the amount of rent charged on the retained equity (shared ownership rent is assumed to be 2.75%² of the value of retained equity so a lower sale price means less rent).
 - Specifically, market factors have impacted on both sales values³ and speed of sales on Gascoigne Phase one. So, given current market conditions, Reside are working with Be First and the Council on alternative tenure options including market rent for phase two and no surplus from outright sales has been included in the numbers.
 - The financial returns have been modelled based on the existing management costs charged to Reside by MyPlace and BDMS. There's a risk real costs maybe lower or higher than these recharges and an accurate understanding of the real cost of delivering these services in the future to Reside is required to ensure the Council fully understands and maximises returns⁴.
 - Reside is currently unable to reclaim its VAT, the forecast return assumes this continues to be the place, Advice has been commissioned to see if efficiencies can be found especially on the cost of planned and cyclical works where the VTA costs are significant.

¹ The increase assumed as part of the original modelling when the scheme was approved, in Barking and Dagenham Reside Ltd most of the costs, including the rent payment to the funder are indexed by RPI each year. If a lower rent increase is applied then this company rapidly moves to a loss making position.

² This is the percentage rent used on the recent shared ownership sales at Gascoigne Phase one and Kingsbridge

³ The revised values are reflected in the financial forecast in this business plan

⁴ As the charges to Reside are currently subject to VAT

2. Introduction

- 2.1 Set up in November 2012 by the London Borough of Barking & Dagenham (LBBB), Reside was initially created as a structure to develop and manage affordable housing, primarily for economically active people, at William Street Quarter and Thames View East.
- 2.2 Today, Reside is a significant landlord in the borough, it has over 800 homes at affordable rent levels and over 70 shared ownership homes on its books. The Council is committed to further growth, it has plans in place to increase Reside's portfolio to 3,000 homes by LBBB commissioning its regeneration company Be First to build the new homes. The Council's vision is that Reside will become:

An exemplar of a social purpose local housing company, becoming a landlord of choice which provides high quality affordable homes and excellent housing services for local people, while making a financial return for the council

- 2.3 To enable this future growth, Reside has been undergoing a period of reinvigoration. This has included the appointment of Independent Company Directors for the Reside entities, who form an Independent Board, to secure a range of specialist skills and capabilities to drive forward the organisation and the provision of new homes in a commercial way, while maintaining high standards of integrity, governance and social purpose.
- 2.4 This initial business plan sets out the Board's plans to further reinvigorate Reside and make the changes needed to ensure Reside can deliver on the proposed growth and the Council's vision for Reside. This will include further development of Reside's mission, vision and values.

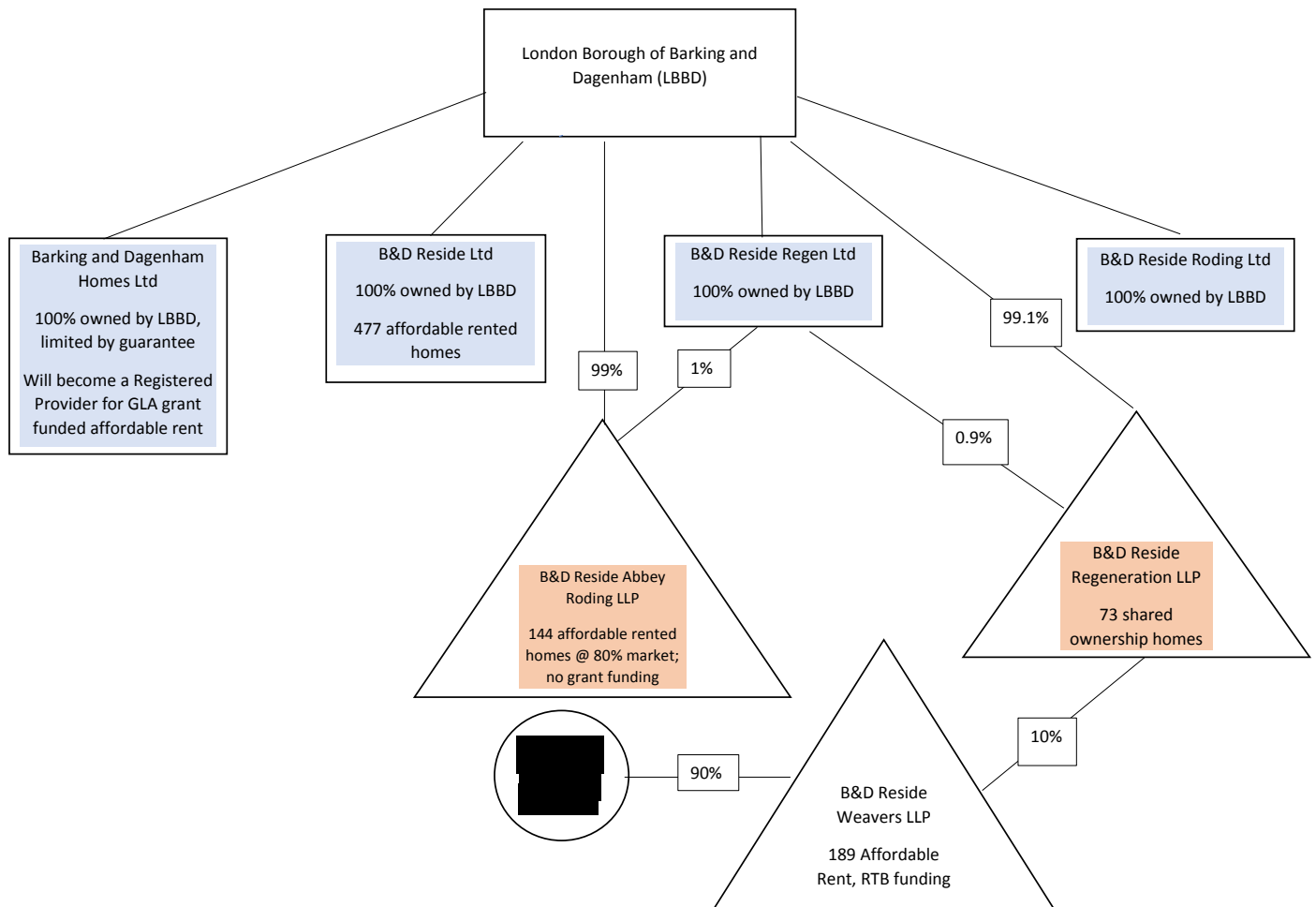
3. What is Reside

- 3.1 Reside currently consists of six⁵ limited liability partnerships and limited companies with differing financial arrangements, together with a new company; Barking & Dagenham Homes Ltd which is currently being set up as a new Registered Provider.
- 3.2 The Council as Shareholder and Commissioner has set the Articles for the Companies, a Shareholder Agreement and an initial commissioning mandate.
- 3.3 Reside is governed principally by the Reside Board, working on B&D Weavers LLP with the Barking Renew Charity, under the terms of the:
 - Shareholder Agreement (Appendix 2) which sets out the management responsibilities the Council has delegated to the Reside Board for both the Companies and the Limited Liability Partnerships.
 - Commissioning Mandate (see Appendix 1, "the Mandate") which seeks to translate the Council's strategic objectives regarding the provision and management of new affordable homes into specific outcomes expected of Reside and sets out how the council will manage Reside's performance. This will be subject to an annual refresh.

⁵ Four of these hold homes for rent or shared ownership

- Leases between the Council and Reside for specific schemes and
- Requirements relating to planning or the conditions attached to the use of external grant or capital receipts.
- Reside’s input into the Council’s gateway process⁶ for development sites, this is set out in Appendix 17.

3.4 The current legal structure is summarised on the next page with further details contained in Appendix 3



3.5 The council views 2019/20 as a year of transition for Reside, following the appointment of a new Board and Managing Director. In this context the council expect Reside’s business plan and activity to focus on three broad areas;

- Set up of the organisation, establishing the mission, vision and values

⁶ This is the process the Council uses to approve its developments

- Progress in delivering on the vision the council has for Reside
- Performance in managing existing Reside stock

3.6 This initial business plan sets out how Reside plan to address the initial Commissioning Mandate. The diagram in Appendix 4 summarises the Governance of Reside.

4. **Market Analysis**

4.1 The Housing Market in LBBD

4.1.1 Appendix 15 sets out the overall position of the current rented and private rented sector market in the borough, as well as an assessment around affordability.

4.2 Reside's position in the market

4.2.1 The initial company, Barking and Dagenham Reside Ltd, decided to let 20% of their new homes at 50% Market rent, 6% at 65% market rent, and 74% at 80% of Market rent. The decision about the proportion of the different price points was a balance between meeting the local need, and the need for the company to cover the cost of development. The aim is to maximise the housing provided for those in need but recognising that this is across a range of household income types. It is likely that the decisions on future rent levels will also be made on the same basis.

4.2.2 Barking and Dagenham workers tend to have fewer jobs in senior positions and in well-paid occupations than the London average. This means that average earnings of £30,167 are below all contiguous authorities except Newham, and are below the London median (£34,752). Relevant to this below average profile is a work-force with a mid-level educational attainment, with fewer residents with degree level or higher qualifications (21%) than the London average of 38%, and more with no qualifications (28% v. 18%)⁷.

4.2.3 We recognize that the need for housing is greatest at the lowest income levels, for households who have very few choices; but the need to ensure that the scheme can be developed at all is dependent on a healthy income stream which normally means having a range of pricing points. A range of pricing points is also required to create more mixed communities, households who are working and bring income into the local economy, support retail, industry and the arts in the Barking and Dagenham area.

4.2.4 Reside's primary market position is therefore to provide a range of housing for Barking & Dagenham residents in the mid-range of income with good quality standards, good design and space standards.

4.2.5 Reside is keen to ensure that the tenants whom it houses, can afford the accommodation that they are taking on. The policy is therefore that where households are applying for housing at either 65% or 80% Market Rent, then the household must be working and the rent must not amount to more than 40% of the net joint income.

⁷ Source Cobweb report

This enables households with lower incomes to be able to access the 65% Market Rent housing, and for households with a higher income to access the 80% market rent. The Social Lettings Agency carry out checks on all the households applying for 65% and 80% market housing, verifying income before an offer is made.

4.2.6 All the 50% MR housing is allocated through the Council's Housing Register, and are not required to be in employment.

4.3 Further market intelligence

4.3.1 Reside will commission research to help inform their input to the Council and BeFirst's housing delivery strategy, which includes a 3,200 home development programme. One of the main requirements is to ensure that Reside have relevant and up to date market intelligence which they are able to use to its full potential.

4.3.2 The areas of analysis required will include:

- The competition that the development programme will face over the specific delivery timeline
- Who is likely to live in Barking and the drivers for this
- The types of properties and tenures that should be built/provided
- The sales rates can be expected at the desired price points, as well as the value uplifts that could be achieved and how these might be phased
- Learning from other placemaking areas when compared to Barking, in order to influence how placemaking investment could be prioritised

4.3.3 Other areas for further investigation will also include:

- *Pricing and transactions* e.g. current values, historical growth, new build premium, volumes
- *Supply* e.g. development status, number of units, location, likelihood of delivery
- *Demand* e.g. number of households, characterising households, affordability, demographics
- *Tenure and Type* e.g. private, affordable, intermediate
- *Outlook* e.g. capital value forecasts, rental value forecasts

4.3.4 Further to the above strategy reporting, there will be the need to provide more regular reports showing the state of the London and local residential market, and including the following:

- Rental values and rental growth
- Sales values and house price growth
- Number of transactions (new and second hand)
- New housing delivery including competition and timeline update

5. **The year ahead**

5.1 A detailed action plan for the priorities over the next 12 months is set out in Appendix 7. The following paragraphs set out a summary of these priorities.

5.2 A key set of deliverables is the progress planned on the vision the Council has for Reside including:

- Set up of the organisation including the development of:
 - o Reside's mission, vision and values to reflect the Council's vision in the commissioning mandate
 - o Establishing Reside's approach to delivering its vision
 - o A Governance Manual
 - o Policies and procedures
 - o Residents handbook
 - o Resident communications and engagement strategy and actions for its delivery
 - o Developing and embedding a strong brand identity as the main provider of high quality new rented homes in the borough
 - o Developing marketing and communications that reflect the brand identity, including Reside's web site and social media presence and digital functionality
 - o Providing input into the development process run by Be First to influence the specification and design of the homes that are built for Reside and helping to shape the wider development programme, including plans for improved market analysis
 - o Developing modelling to support decision-making and business planning, including financial modelling
 - o Developing a Reside commissioning framework and approach for housing services and procurement plans, based on a robust assessment of needs, options and an effectively commissioned and procured service delivery model
 - o Recommissioning service delivery to ensure Reside residents are provided with good quality housing management service throughout their tenancies
 - o Establishing benchmark performance and developing a refreshed set of key performance indicators which will be aligned with tenant expectations and sector good practice
 - o Establishing a Reside Team and support services to deliver the Reside Business Plan and that reflect Reside's commissioning approach
 - o Building up intelligence of the local rental and sales market and consumer insights to shape its offer and to influence Council's housing investment / new build strategy
 - o Involvement in financial health check and any simplification of the Reside structure that delivers benefits to Reside and the council

- Performance managing existing Reside stock and service providers including:
 - o Ensuring that a clear "offer" for Reside residents is put in place and that the improvement plan from the current service provider, MyPlace, is delivered
 - o Providing Reside residents with at least the same services and functionality as LBBB council tenants, including digital services and,

- in future business plans, building upon this to deliver continuously improving professionally managed services
 - Engaging residents, including establishing a resident communications and engagement strategy and establishing effective engagement mechanisms
 - Developing and reporting on a refreshed, comprehensive set of KPI's, benchmarked against good practice
 - Measuring and improving resident satisfaction
 - Developing a clear, planned approach to future management, including re-commissioning service delivery
- Working with the Council to develop a mechanism to effectively fund planned maintenance, to either allow sites to offset returns for future planned work or set aside funds for this work.
 - Work with Be First to develop a detailed planned programme for the pipeline sites (post gateway 3) to refine the medium-term forecast returns from Reside
 - Developing an approach to portfolio management by working with the Council to develop a mechanism to allow for sites that require cross subsidy when split into individual Reside vehicles.
 - Financial health check and review of vehicles specifically to consider if it is still appropriate to retain Abbey Roding LLP and, if advantageous, recommending to the Council the transfer of these homes into one of the other Reside vehicles.

6. Risks

6.1 Strategic risks

6.2 Reside have a strategy which sets out its commitment to risk management and how it identifies, prioritises and manages strategic risks and other areas of risk to the business to achieve its key objectives. The Risk Register is set out in Appendix 13.

6.3 Reside's approach to risk management takes account of financial and non-financial impacts in order to:

- Identify the largest risks and prioritise them for action
- Aggregate risks to a total that can be compared with the agreed risk appetite
- Create a strong link between the risks and the Reside's business plan by using the plan as the basis for assessing risk impacts, including financial loss, regulatory action, decline in growth / business volume and the effect on residents / communities.
- Work closely with the Council and Be First to mitigate risk, for example developing a plan to mitigate sales risk.

7. The Financial Plan

7.1 Reside's purpose is to deliver quality affordable housing to local people and to deliver a financial return to the council, to support the delivery of wider council objectives; supporting the creation of a vibrant and sustainable community, and supporting vulnerable people. The financial return to be delivered to the Council in 2019/20 is £886k before the deduction of a £258k for Reside operating costs (i.e. £628k net) and Reside will make a significant contribution to the Council's Medium Term Financial Strategy (MTFS) for 2020/21 to 2022/23.

7.2 The financial plan below is underpinned by a number of economic assumptions which are set out in Appendix 8. These assumptions have been fed into the Council's overall review of economic assumptions for investment planning purposes.

7.3 Pipeline and forecast stock numbers

7.4 The Council has commissioned its development company, Be First to build new homes for Reside. There is a significant development pipeline and Reside is expected to more than double in size over the course of the next three years.

7.5 For the purposes of the Reside business plan only sites that have passed gateway three, based on Be First's 30 June 2019 quarter end figures, are included in the financial forecast. That is sites where Be First have:

'Approved the project is optimal in terms of costs, benefits and risks and approve submission of a planning application'.

7.6 Sites that have not yet reached gateway 3 are not in the financial forecast. A programme of modelling the impact on Reside for all sites which have passed gateway 2 but not yet reached gateway 3 is underway, based on Be First's existing appraisals, to identify if there are any issues that need to be addressed when the sites are split into the various Reside vehicles. Reside will then systematically review and update this on a quarterly basis to ensure any issues are flagged up promptly to the shareholder.

7.7 Reside will also undertake this work when the Reside Managing Director provides advice to the council on new development proposals coming forward, as part of the gateway governance process. This will ensure that there is full visibility throughout the Council's development process of the impact on the various Reside vehicles.

7.8 There remains a risk that sites under development at and beyond gateway 3 may not proceed or may deliver very materially different returns to those currently being forecast. Therefore, the forecast below distinguishes between the forecast return from those sites already in management (green rated) and those not yet completed (amber rated)

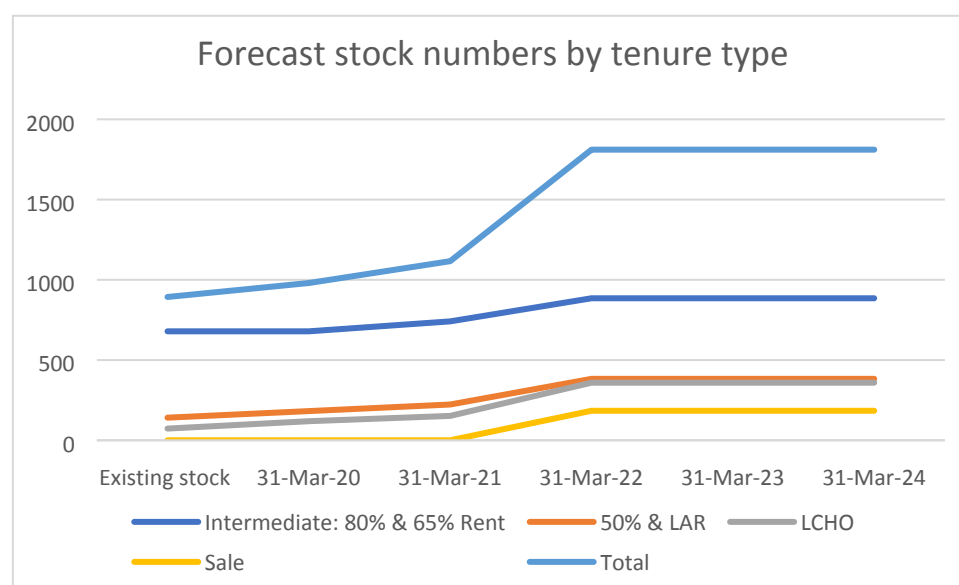
7.9 The table below summarises the sites⁸ included in the financial forecast included in paragraph 7.14. Note that Reside's purpose is focussed on housing and it has generally been assumed that commercial and community space does not transfer to Reside, the

⁸ Note homes normally currently transferred to Reside at the build cost (including on costs). The table assumes this continues to happen but this may need to be reviewed for some sites such as House for Artists

exception being House for Artists where build costs per home are high as a result of the substantial ground floor community space that forms part of this innovative project.

Pipeline sites	Forecast practical completion	Average forecast Reside purchase cost per unit	RTB 141 funding	GLA and other grant	Total no. of homes
		£'000	£'m	£'m	
Contract Awarded and under construction:					
Beacontree Heath: London Affordable rent	Feb-20	258	£0	£5.85	41
Beacontree Heath: Shared Ownership	Feb-20	277			46
Tendered and being value engineered by Be First					
Crown House	Dec-21	351	£10.50	£1.57	169
Sites through Gateway 3, not yet at Gateway 4 as of July 19					
House for Artists	Sep-20	534	£1.93	£0.50	12
Sacred Heart	Jan-21	379	£2.00	N/A	29
Gascoigne East Phase 2 Block C	Sep-21	302	£4.56	£0.17	52
Gascoigne Phase 2 Block E1 & E2	Sep-21	311	£9.58	£2.58	268
Gascoigne Phase 2 Parcel F	Sep-21	330	£5.72	£1.48	206
Sebastian Court	Feb-21	252	£4.20	£1.25	95
Total including all sites through Gateway 3			£38.49	£13.40	918

7.10 The graph below sets out Reside’s forecast stock numbers by tenure type, assuming all the above sites progress as set out above.



7.11 Appendix 9 lists the sites that have progressed beyond gateway 2⁹. This shows a further 688 homes are currently expected to go into Reside by December 2023 but work on these sites has not yet reached enough certainty to be included in the core financial forecast. Currently the 688 homes are made up of 235 at 80% rent, 225 at LAR, 26 at target rent, 48 shared ownership and 154 market rent.

7.12 Returns to the Council

7.13 The 5-year financial plan

7.14 The expected return to the Council as rent payments under the leases, based on the current assumptions on sites which have progressed to gateway three or beyond are set out in the table below, along with returns from first tranche shared ownership sales and possible staircasing receipts. The returns have been risk rated as:

- Green:
 - returns from sites currently in management.
- Amber:
 - returns from sites that are passed gateway three

Year	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000
Green rated returns	1,817	1,978	2,184	2,290	1,347
Amber rated returns	26	361	1,048	966	1,172
Total forecast return excluding first tranche sales, staircasing and loan principal repayments	1,842	2,339	3,232	3,255	2,518
Total loan principal repayments made to the Council		-10	-73	-629	-1,918
Return after using loan repayments as a proxy for MRP	1,842	2,330	3,159	2,626	600
Interest deducted from the above paid to the Council (Council currently makes a margin on this)	1,752	3,541	5,591	5,911	5,880
Regen LLP pipeline: first tranche sales	10	-924	-734	0	0
Regen LLP staircasing surplus	0	0	0	9	98
Regen LLP Grant amortisation	17	30	88	88	87

7.15 Appendix 10 shows these returns by LLP / Company. The losses in years 2022 and 2023 represent losses on the sale of first tranches of shared ownership homes at less than the initial build cost, partly as a result of current market conditions. This will become a capital cost to the Council that will result in additional council interest and Minimum Revenue Provision costs (estimated £18k interest per annum), however, RPI+1/2% rent results in longer term surpluses from these homes and the additional interest and MRP costs are covered by Reside from these rents in the forecast.

⁹ Gateway 2 validates that a project is a feasible and investable proposition and commits funding to pre development costs up to gateway 4

- 7.16 In addition to the above returns Reside also pays the Council the principal and interest on loans and management costs.
- 7.17 The Council makes a margin on the interest costs paid by Reside of around 0.5% of the amount loaned depending on tenure and actual rates at the time of borrowing.¹⁰ Forecast interest payments made by Reside to the Council are £1.7m in 20/21 rising to £4.6m in 2024/25.
- 7.18 The financial forecast has highlighted a number of issues that will need careful management and working through by Reside and the Council:
- The financial forecast assumes that the sites within Weavers LLP are able to cross subsidise each other but the legal form of the current leases does not allow for this. The Council and Reside will need to work together over the course of the next year to either remove the requirement for cross subsidy and / or develop a mechanism which allows this. This is especially important in Weavers LLP where the majority Member is the charity who would be unable to provide letters of support for any accumulated losses.
 - The forecasts are very sensitive to changes to the rent and sales assumptions.
 - Rent increases for Reside Ltd have been assumed at RPI+1/2% for the life of the business plan. The homes under the original planning permission must be let at affordable rents, 354 of the 477 homes are let at 80% of market rent and 27 are at 65% market rent with the remainder being at 50%. This means there is very little scope for increasing income by changing the tenure type on re-let if the Council decides to miss a rent increase, apply an increase that is lower than RPI+1/2%, or if market rents and the applicable rent required to meet 'affordable rent' requirements are lower than RPI +1/2%. The Council as the Shareholder, has reserved the decisions to set the rent policy, which defines the rent payable, and to decide what schemes are included in all Reside entities, which defines which properties will be included and on what terms. For example, simply not having an RPI+1/2% increase on the 80% and 65% homes this year will result in a loss in 20/21 of £142k. Generally, an organisation would seek to recoup this by reducing costs, however specifically for Reside Ltd costs are fixed in the legal agreements and inflate at RPI, they include a specific contribution each quarter to a lifecycle cost account to use for planned works¹¹.
 - Rent increases in Weavers LLP and Abbey Roding LLP have been assumed at CPI+1% until 26/27 at which point a CPI rent increase has been assumed. The return to the Council is very sensitive to changes in these rent increase levels.
 - Be First current assumptions have been used for the rent for the pipeline sites for homes let at 80% of market rent, again the actual charge will depend on the local rent market at the point of handover. Rent increases are assumed at CPI+1% until 26/27 at which point a CPI rent increase has been assumed.

¹⁰ Interest rates charged to Reside are currently 3% for affordable rented homes and 2.75% for shared ownership homes, the council is currently able to borrow at circa 1.9% from Public Works Loan Board, 0.5% allows for variances in average borrowing costs. The margin assumes the Council funds the Reside loans from borrowing, in practice sometimes the return to the Council may be higher if the loan is financed from cash flow.

¹¹ The contribution each quarter is set out in the Cash Management Agreement, it is priced at 2012 levels and indexed by RPI. Generally the unindexed contribution required to the lifecycle account increases over time.

Reside is jointly commissioning with Be First regular updated rental valuations for these sites on a six-monthly basis going forward to ensure any issues with income are highlighted promptly to support the Council's decisions about rent increases it wishes to apply and the respective income targets that can be expected from Reside.

- Sales values:
 - the recent formal valuation for Becontree Heath and current sales values for Gascoigne East have been used for these sites, no sales inflation has been included prior to hand over.
 - Be First have supplied sales values for the remaining sites at the point of completion. Reside is jointly commissioning with Be First regular updates for these every six months¹² going forward to ensure any issues with income are highlighted promptly.
 - The forecast is very sensitive to changes in sales values for shared ownership homes. Sales values are affected by the housing market in London and other macro-economic factors. Any reduction in sales values both reduces the initial surplus / increases the loss made on the initial shared ownership sale and the amount of rent charged on the retained equity (shared ownership rent is assumed to be 2.75%¹³ of the value of retained equity so a lower sale price means less rent).
- The figures assume no surplus on the outright sales currently planned for Phase 2 of Gascoigne East and that any net build costs for these homes after sales income is absorbed by the other tenure types on the site. The wider sales market and macro-economic conditions have impacted on both sales values¹⁴ and speed of sales on Gascoigne Phase one. So given current market conditions Reside are working with Be First and the Council on alternative tenure options including market rent for these homes.

7.19 Operating Costs

- 7.20 The management and day to day maintenance costs currently charged to Reside by MyPlace for management of the homes are set out in Appendix 12. Benchmarking of these numbers will be carried as part of the work on Reside commissioning as from April 2020 Reside will have the ability to commission from external service providers, subject to shareholder approval. The financial forecasts are based on the current costs charged to Reside by MyPlace and these may change as a result of the current work commissioning and specifying Reside services, or as a result of work understanding the true cost of service in MyPlace. In addition, the Reside operating structure incurs a number of operating costs, the detailed forecast for these is set out in Appendix 11.
- 7.21 It is important that Reside ensure that effective housing and estate management, responsive repairs and planned and cyclical maintenance services are delivered.

¹² May be more often in a volatile market or as marketing of each site approaches

¹³ This is the percentage rent used on the recent shared ownership sales at Gascoigne Phase one and Kingsbridge

¹⁴ The revised values are reflected in the financial forecast in this business plan

Keeping Reside's (and ultimately the council's) assets safe and secure, in a good state of repair, and kept clean and well-managed are an essential part in making sure that the stock remains attractive with a strong rental demand now and into the future (especially as Reside will be in competition with a variety of other landlords). In order to deliver this and to improve standards generally, operating costs have increased, primarily to put in place a staff team to appropriately commission services, effectively manage the handover of new homes, and drive the needed service improvements. To ensure value for money is delivered, one of Reside's objectives is to set out a commissioning strategy for key services, which will set out a clear approach to quality and cost, improve standards and monitor and control future spend.

- 7.22 The various Reside entities are not part of the same VAT group, this means that charges between Barking and Dagenham Reside Regeneration Ltd, the Council and the other vehicles for operating costs result in unrecoverable VAT costs, in addition charges to Barking and Dagenham Reside Ltd are restricted under the terms of their legal and funding agreements. One of the tasks of the financial health check will be to see if the VAT loss can be minimised whilst retaining Reside's organisational flexibility to support the delivery of its vision.

7.23 The 30 year plan and the future investment requirements

7.24 Planned and cyclical repairs:

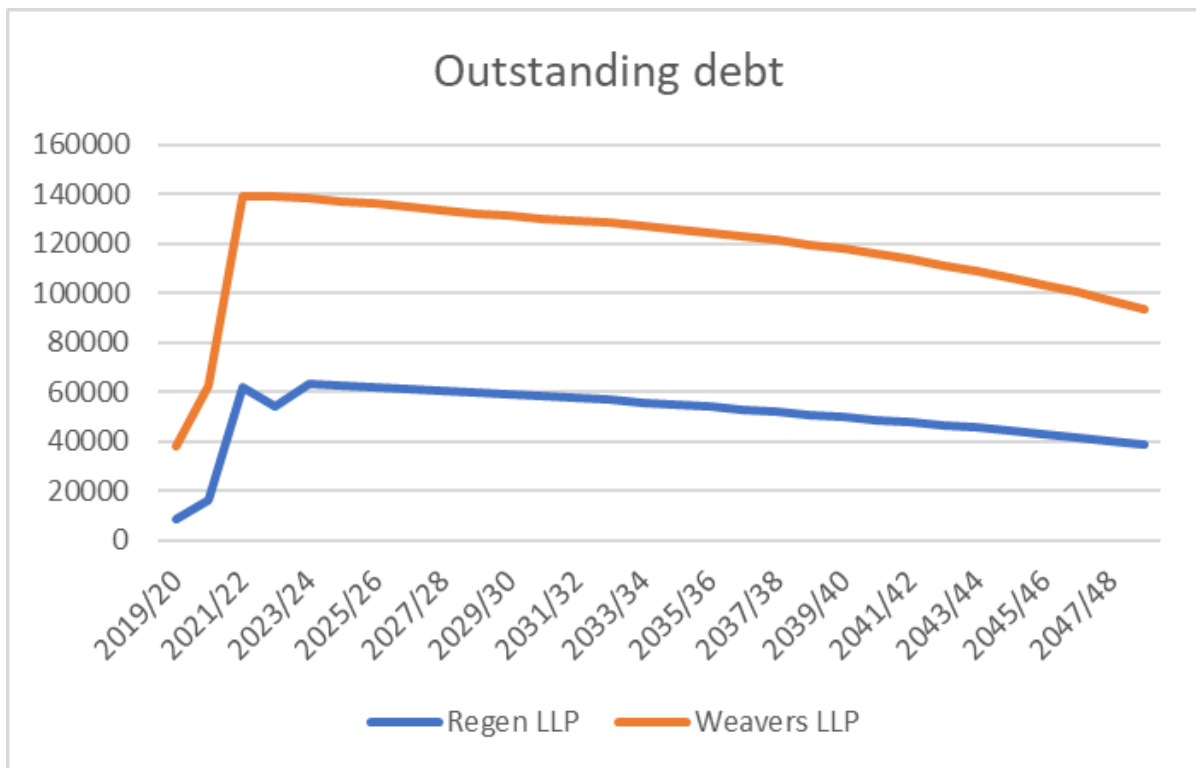
- 7.25 A stock condition survey for the existing homes has been prepared for Reside by Bailey Garner. While this has been fed into the financial plan it's important to note that the numbers in the stock condition survey for existing homes are averaged over a number of years. In addition, financial allowances for planned and cyclical repairs for the pipeline sites are currently included on a straight line basis based on Be First assumptions, assuming an annual charge starting five years after handover.
- 7.26 This is not how the planned and cyclical repairs will happen in practice and as the majority of the sites in Reside are relatively new there is a risk that, without careful programming, there will be some years when significant investment in the homes is required which may exceed not just the returns from each individual sites but those from some individual stock holding vehicles potentially resulting in residual losses even if cross subsidy is possible¹⁵. Confirming the detailed future planned and cyclical repair requirements for the pipeline sites along with a detailed programme for the current sites is a key task for Reside this year as it will be important that funds are set aside either in Council budgets or in the individual Reside vehicles as appropriate. Current forecasts show that loans may need to be taken out to cover planned works for both existing homes and some of the pipeline schemes. This needs to be worked through in parallel with the detailed programming of the repairs and financial forecasting.
- 7.27 Funds will particularly need to be set aside for future investment in the existing homes in the proposed Registered Provider to comply with the Regulators expectations. It should be carefully considered if this approach is also required for B&D Weavers LLP where the charity Barking & Dagenham Renew is the majority Member as they would

¹⁵ This will also depend on repairs capitalisation policies in the individual vehicles

likely be unable to support a loss making LLP. Further work will be needed on this and again a mechanism for sites to cross subsidise each other within a single vehicle or a way of setting funds aside for future investment needs on a site specific basis needs to be developed and tested this year by the Council and Reside.

7.28 Loan Repayments

- 7.29 Most sites in the current programme repay their individual loans, however as noted above some sites, based on current forecast build costs, do not do this or they require extra financing to fund planned repairs.
- 7.30 These sites have been included in the financial plan based on the Be First current assumptions, it has been assumed the sites are transferred at net build cost and the forecast numbers assume that returns from other site subsidise their debt.
- 7.31 This is not how the current leasing structure works so this assumption may not be correct, varying these assumptions to make each site balance (for example reducing the amount Reside pays as a lease premium) or retaining funds in the Reside vehicles to fund planned repairs will change the financial forecasts. The Council, with Reside, will need to give thought to mechanisms it wishes to use to subsidise these sites to improve the likely accuracy of the financial modelling if they still require subsidy after value engineering.
- 7.32 Loans from the Council to the various Reside vehicles are generally for 52 years, with principal repayments starting after the second year. The council has structured these debts based on clear business cases. However, it must be recognised that long term decisions are inevitably based on modelling and the assumptions within these can change. Many housing providers work on a loan repayment period of 25-30 years. The chart below shows how debt balances in the financial forecast move over the 30 year period of the business plan and how if a portfolio approach is taken they repay.



Appendixes to the Business Plan:

- Appendix 1: LBBD Commissioning Mandate
- Appendix 2: Shareholder Agreement
- Appendix 3: Summary of Reside legal vehicles
- Appendix 4: Summary Governance diagram
- Appendix 5: Board membership
- Appendix 6: Officers
- Appendix 7: Detailed action plan for the next fifteen months
- Appendix 8: Economic Assumptions
- Appendix 9: Sites in pipeline between gateway 2 & 3
- Appendix 10: 5 year forecast returns by vehicle
- Appendix 11: Forecast Reside operating costs
- Appendix 12: MyPlace costs
- Appendix 13: Board Forward Plan
- Appendix 14: Risk Register
- Appendix 15: The Housing Market in LBBD
- Appendix 16: DRAFT Proposed Performance Measures
- Appendix 17: Reside Board involvement in the gateway process¹⁶

¹⁶ The gateway process is the process the Council uses to approve developments

Appendix 1:

2019/20 Reside Commissioning Mandate

1. Purpose

- 1.1 This commissioning mandate seeks to translate the Council's strategic objectives regarding the provision and management of new affordable homes into specific outcomes expected of Reside, and sets out how the council will manage Reside's performance.
- 1.2 Reside is a company wholly-owned by the Council, whose primary purpose is to provide good quality, secure and affordable housing for local residents. As a wholly-owned company, Reside is operationally independent of the Council and is accountable to its board of directors.
- 1.3 This commissioning mandate sits alongside a number of other documents which set out the parameters for Reside's operations and its relationship with the council. These documents include the Shareholder Agreement, leases between the Council and Reside for specific schemes and requirements relating to planning or the conditions attached to the use of external grant or capital receipts.
- 1.4 The council will refresh this commissioning mandate annually as part of the business planning process. Reside will be expected to respond to the mandate through an annual refresh of their own business plan. The timescales for this will be set out by the council annually, and the process will be managed by the Inclusive Growth team.

2. The Borough context and vision for Reside

- 2.1 The council has ambitious plans to support the delivery of up to 50,000 new homes and 20,000 new jobs in the borough over the next 20 years. In order to accelerate the pace of change the council has transformed the way it operates.
- 2.2 As part of this transformation, Be First was set up as a wholly-owned regeneration company, operationally independent of the Council and tasked with accelerating the pace and scale of growth in Barking and Dagenham.
- 2.3 A central aspect of Be First's role is to implement a development programme on council-owned sites which will deliver almost 3,000 new homes over the next five years. This provides the opportunity to deliver a step change in the supply and quality of housing available in the borough, while protecting affordability.
- 2.4 The council's strategy is for the general needs housing developed through this investment and development programme to be held within Reside, as part of promoting an offer of high-quality affordable homes for local people (as an alternative to existing models of both social and private rented housing).
- 2.5 The council recognises that this will require a different approach and different expertise from that which is typically found in local government. Reside has been set-up in order to design, develop and operate that new approach, via a company wholly owned by council but operational independent from it.
- 2.6 The council's vision for Reside is that it becomes an:

'exemplar of a social purpose local housing company, becoming a landlord of choice which provides high quality affordable homes and excellent housing services for local people, while making a financial return for the council'

3. Outcomes Framework

3.1 The council views 2019/20 as a year of transition for Reside, following the appointment of a new Board and Managing Director. In this context the council expect Reside's business plan and activity to focus on three broad areas;

- Set up of the organisation
- Progress in delivering on the vision the council has for Reside
- Performance in managing existing Reside stock

Set up of the organisation

- 3.2 There will be a significant increase in the number of units being handed over to Reside in 2020/21, therefore over the next year the council expects a significant focus for Reside will be on setting itself up to deliver this step change in the scale of its operation.
- 3.3 In general terms the council expects that activity to focus on ensuring Reside is organised in a way which allows it to discharge the legal, financial and other regulatory requirements which govern its operation.
- 3.4 Reside should ensure that its governance arrangements are in line with good practice, such as the National Housing Federation's Code of Governance or other appropriate code of governance suitable for an organisation of Reside's scale and responsibilities.
- 3.5 Reside should set out its approach in a governance manual, which will be shared with the council. This manual should set out the details of Reside's governance model and outline how decisions are made by Reside.
- 3.6 The Reside board should agree and then develop policies which they need to implement as a landlord. The list below sets out a suite of those which the council considers core requirements, however it expects Reside to take its own view on the full suite of appropriate polices.
- Tenancy Management policy which is line with the vision set for Reside
 - Rent policy
 - Finance and delegations
 - Health & Safety
 - Information Management and Data Management
 - Customer Service & Complaints
 - Commissioning framework
 - Risk Management
 - Internal Audit
 - Anti-Fraud and Whistleblowing
 - Equality, diversity and inclusion
 - Safeguarding
 - Resident engagement
- 3.7 The design of a number of these policies will be governed by legislation and other legal agreements that Reside have entered into with the council. Reside will be able to consider adopting existing council policies in these areas, where they are satisfied they meet their purpose, or to design their own polices.
- 3.8 The council has some specific expectations regarding the approach Reside takes to developing its tenancies and tenancy policy which are set out here.
- 3.9 For Reside properties allocated to those from the Council's Housing Register, the tenancy must be for a period of at least three years. This should be preceded by an introductory tenancy of one year. At the end of the period, it is expected that the household's tenancy will be renewed if they still meet the allocations criteria and have complied with the terms of the tenancy agreement. For these homes, Reside cannot collect a rent deposit.

- 3.10 For Reside properties let at either intermediate rents or full market rents (of which there are currently none), the Council expects that all tenancies offered by Reside will be for a period of three years, with an introductory period of one year. At the end of the period, it is expected that the household's tenancy will be renewed if they still meet the allocations criteria and have complied with the terms of the tenancy agreement.
- 3.11 Reside should also develop its own tenancy agreements, which are legally compliant and make clear what rights and obligations individual's have as Reside tenants. Reside should consider producing a tenant handbook which sets these out in a 'plain English' guide.
- 3.12 The council expects Reside to have a proportionate but robust tenancy management policy, which ensures that effective systems and procedures are in place to address any issues which may emerge. The council supports Reside in taking an active approach to tenancy management to uphold high expectations of those living in its properties, with clear consequences if these are not met (e.g. in relation to paying the rent, looking after the property, being a good neighbour etc). Policies should encourage the development of good relationships within the community to make Reside properties places where people choose to live, and which support strong and supportive neighbourhoods.

Progress in delivering on the vision the council has for Reside

- 3.13 The council wants Reside to develop a position in the local housing market which goes beyond the traditional role of a social landlord and provides an alternative to the current private sector provision in the borough.
- 3.14 In the period covered by this mandate (and Reside business plan) it is expected that most of the activity in delivering this outcome will be around Reside establishing its approach to delivering on that vision. This work should be carried out in collaboration with the inclusive growth commissioners and the wider inclusive growth system.
- 3.15 The list below sets out some examples of the kind of business development issues which the council expects Reside to consider through their business plan. This list is not exhaustive and Reside should develop their own approach to delivering the vision.
- How they will develop a strong brand identity as the main provider of high quality new rented homes in the borough
 - Building up intelligence of the local rental market and consumer insights to shape its offer and to influence Council's housing investment / new build strategy
 - Provide input into development process run by Be First to influence the specification and design of the homes that are built or Reside
 - Ensuring Reside tenants are provided with a first class housing management service throughout their tenancies
- 3.16 Reside forms part of a wider eco-system of council owned entities or service blocks engaged in the delivery of inclusive growth outcomes in the borough. Reside will need to cooperate with all of these entities in order to maximise its impact in delivering its own outcomes.
- 3.17 While the council will set the overall parameters for how the system will operate, Reside will need to set out the way it intends to commission activity which is linked to the delivery of its own outcomes and how it will build relationships across the system. Specifically, the council expects Reside to develop a commissioning framework for the housing services it requires to meet its obligations and deliver its business plan on behalf of its tenants.
- 3.18 The council has commissioned Be First to deliver a development programme to build new housing which Reside will then manage on behalf of the Council. While Reside are not the commissioners of the development programme, the council fully expects Reside to provide input across the life-cycle of the development process;

to support the delivery of high quality assets which local people want and which Reside will be able to let and maintain on a long term basis, and in doing so achieve a surplus which can be reinvested in council services.

- 3.19 This will be enabled through Reside representation on the following governance boards to ensure they have the opportunity to contribute to decision making:
- Gateway review meetings
 - Investment Panel (as a non-voting attendee)
- 3.20 Beyond this the council wants Reside to develop a wider role in helping to shape the future development programme. One important element of this will be Reside developing market and consumer intelligence which will inform the future shape of the Be First development programme, particularly in regard to tenure mix and unit sizes required to meet demand.
- 3.21 My Place currently provides housing management services for the Reside portfolio. The council's approach in relation to its new wholly owned companies has been to require them to draw on in-house services for an initial two-year period. As such, the council expects Reside to continue its arrangement with My Place for core housing management services for the remainder of 2019/20.
- 3.22 Over the coming year, the council expects Reside to devise a commissioning framework that articulates its requirements for its properties and tenants. This will enable the company to more effectively performance manage My Place and support improvements in the quality of service provided for Reside tenants.
- 3.23 Reside will be able to run an open tender process for the services it requires on behalf of its tenants and its properties beyond April 2020, in accordance with its desired specification. In advance of this date, Reside will not be obliged to procure any additional or specialist services from the council, beyond that which My Place are already providing the company.

Performance in managing existing Reside stock

- 3.24 Reside currently has responsibility for the management of approximately 800 properties. The indicators which the council will use to assess Reside's effectiveness in performing this role over the next year are focused on those which impact on financial performance, tenant satisfaction and asset management. However, it is expected Reside will develop a more comprehensive suite of performance indicators which they will use within their organisation.
- 3.25 Currently there is no data available on satisfaction of current Reside residents. Therefore in 2019/20 Reside should conduct a resident satisfaction survey of their existing tenants. The results of this survey would provide Reside with intelligence that helps them to identify any immediate improvements required to improve the service to their current tenants, while also providing them with a baseline against which future satisfaction can be measured.

4. Reside operating parameters

- 4.1 Reside operates within a legal and policy framework which is currently set out in a number of places;
- Shareholder agreement
 - Leases, loan agreements and other associated legal documents
 - Grant agreements

This is now being supplemented, and drawn together, in this commissioning mandate.

- 4.2 The table on the next page summarises where the main controls are found:

	Obligation	Where this is set out
1	Take on the management of new homes which have/will be developed by Be First on behalf of the council, after contributing to the development process	Shareholder Agreement – Schedule 1
2	Let homes at the tenure mix and rent levels agreed with the Council as part of the development / investment process, with any changes to rent policy agreed with the Council	Shareholder Agreement – Schedule 1, Clause 28 &29
3	Allocate properties in line with the Council’s Allocations Policy	Commissioning mandate
4	Provide tenancies of a minimum period set by the Council	Commissioning mandate
5	Manage and maintain the properties in line with statutory requirements (including ensuring health and safety compliance)	Leases for specific properties Commissioning mandate
6	Do not sell any properties or take on borrowing etc without Council permission	Shareholder Agreement Schedule 1
7	Subject to obligations 1-5 inclusive listed above, deliver a surplus to the council on an annual basis.	Shareholder agreement section 5 and agreed business plan

5. The Council’s obligations to Reside

- 5.1 While Reside is an independent company, the council is committed to supporting the company to deliver on the objectives which it has been set through the shareholder agreement, this mandate and any other agreements which Reside has entered into with the council.
- 5.2 In general terms the council will work to establish and maintain the conditions for effective collaboration and strong working relationships across the inclusive growth system, to enable Reside to deliver its business. This will include tools which support effective decision making, engagement and communication between entities.
- 5.3 The council will also ensure appropriate mechanisms are in place in the event of disputes between entities within the system, although the focus will be on trying to resolve issues informally through good relationships wherever possible.
- 5.4 The council has set Reside a target to achieve a surplus which can be returned to the council to protect and support the delivery of wider services. While the Reside board are responsible for achieving this, the council recognises that any changes to the costs or profiling of the Be First development programme may impact on Reside’s ability to achieve this target, and that these changes would be outside of Reside’s direct control, as they would be agreed by the council.

- 5.5 The council will therefore ensure that Reside are able to contribute to any decisions which are made relating to the planning and delivery of the development programme, including significant changes post-approval, so the impact on its own financial position and ability to generate the surplus target is fully understood.
- 5.6 This will include ensuring that the Reside managing director is part of the gateway review process which steers individual development decisions. Ultimately the council is responsible for taking decisions regarding whether or not to proceed with a proposed development, and will do so having considered input from across the interested parties.
- 5.7 Reside are developing a series of Service Level Agreements with departments in the 'core' of the council to provide operational support services such as HR, ICT and finance. Reside will be responsible for finalising and managing these agreements directly with the services, however the council corporately will ensure that these services are appropriately resourced in order to ensure they provide the level of service which Reside have agreed. Reside must maintain these arrangements until at least April 2020, and in addition it must give the council six months notice of any intention to move away from these arrangements.

6. Performance management

- 6.1 The council expects to have a close working relationship with Reside and there should be an ongoing dialogue between the Inclusive Growth commissioners and Reside, meaning any performance concerns or issues can be addressed promptly through a collaborative approach.
- 6.2 This approach will be supplemented through two formal reporting processes which the council has in place to ensure effective performance management takes place. The first is the council's shareholder panel which meets quarterly and the second will be through regular liaison meetings between Reside and commissioners from Inclusive Growth.
- 6.3 The role of the Shareholder Panel is to ensure the effective governance and financial viability of Reside. The Reside Shareholder agreement sets out the expectations that the council as shareholder has for Reside, and the role of the panel is to ensure Reside is delivering its business plan within the parameters of that agreement. The Managing Director of Reside will be expected to attend these meetings and submit any information the panel requests in order to ensure robust governance.
- 6.4 The inclusive growth commissioning liaison meetings will be a forum where the Reside Managing Director meets with the Head of Commissioning and Programmes and Head of Housing and Asset Strategy from Inclusive Growth. This meeting will provide the formal opportunity to discuss progress and issues related to delivery of the business plan. It will be an opportunity for Reside to raise any issues of concern with the council and for the council to discuss any performance concerns it may have.

Appendix 2

Dated

2019

London Borough of Barking and Dagenham

and

Barking and Dagenham Reside Regeneration Ltd

Shareholder's Agreement

Contents

1. Interpretation
2. Business of the Company
3. Company obligations
4. Shareholder obligations
5. Dividend policy
6. Matters requiring Shareholders Consent
7. Finance for the Company
8. Production of accounts
9. Anti-corruption
10. Directors
11. Termination
12. Status of this agreement
13. Confidentiality
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15. Entire agreement
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22. Counterparts
23. Governing law and jurisdiction

Schedules

1. Matters requiring Shareholder Consent
2. Commissioning Mandate

This deed is dated

2019

PARTIES

- (1) The **London Borough of Barking and Dagenham** having its principal place of business at Barking Town Hall, Town Hall Square, 1 Clock house Avenue, Barking, London, England, IG11 7LU (the **Shareholder**);
- (2) **Barking and Dagenham Reside Regeneration LTD** incorporated and registered in England and Wales with company number 09512728 whose registered office is at Town Hall, Town Hall Square, 1 Clock house Avenue, Barking, London, England, IG11 7LU- **(Company)**

BACKGROUND

(A) Barking and Dagenham Reside Regeneration Ltd (**Company**) is a private company limited by shares incorporated and registered in England and Wales with company number 09512728 the Company has an issued share capital divided into 1 ordinary shares of £1 each, all of which are fully paid and are registered in the name of and are beneficially owned by the Shareholder.

(B) The Company has been established for the purpose of supporting the Shareholder to promote the development and management of affordable housing.

(C) The parties have agreed to enter into this agreement as a deed for the purpose of regulating the exercise of their rights in relation to the Company and for the purpose of making certain commitments as set out in this agreement.

(D) The Company's course of business and obligations include operating and managing a number of LLPs of which the Shareholder and / or the Company are members. Where the business on any agenda item of the Board also requires the consent of the LLP Representative/s, this Agreement provides for a process to enable decision making such that both Directors' Meeting and LLP Meeting/s take place in immediate succession.

AGREED TERMS

1. INTERPRETATION

1.1 The following definitions shall apply in this agreement.

Act: the Companies Act 2006.

Adequate Procedures: adequate procedures, as referred to in section 7(2) of the Bribery Act 2010 and any guidance issued by the Secretary of State under section 9 of the Bribery Act 2010.

Articles: the articles of association of the Company.

Associated Person: in relation to the Company, a person (including an employee, agent or subsidiary) who performs services for or on behalf of the Company.

Board: the board of directors from time to time of the Company and the expression **Board of Directors** shall be construed accordingly

Be First : means Be First (Regeneration) Ltd Company number 10635656 a wholly owned company of the London Borough of Barking and Dagenham.

Business: has the meaning given in Clause 2.1.

Business Day: a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

Business Plan: means a business plan for the Company which is yet to be approved by the Shareholders and any subsequent business plan agreed by the Board of Directors in accordance with clause 2 and applicable from time to time.

Cabinet: means the executive of the Council within the meaning of the Local Government Act 2000;

Commissioning Mandate: means the commissioning principles and protocols of the Shareholder as set out in Schedule 2 and revised annually as part of the business planning process to reflect the requirements of the Shareholder from time to time, to which the Company will have regard in carrying out its business in accordance with its obligations in this Agreement_.

Director: means any director for the time being of the Company;

Directors' Meeting: means a meeting of the Board of Directors;

Environmental Information Regulations: means the Environmental Information Regulations 2004;

FOIA: means the Freedom of Information Act 2000;

Financial Year: each accounting reference period of the Company determined from time to time in accordance with Chapter 3 of Part 15 of the Act.

Group: the Company, any subsidiary or any holding company from time to time of the Company and any subsidiary from time to time of a holding company of the Company and each company in the Group is a **Group Company**; and the expression **Group Members** shall be construed accordingly

LLP: any limited liability partnership of which the Shareholder or the Company or some other party is a member and which has been or may be created pursuant to the Limited Liability Partnerships Act 2000 for the primary or incidental purpose of delivering or supporting the Business Plan, the Shareholder's

regeneration/housing objectives and the course of business of the Company as set out in Clause 2 of this Agreement, which LLP partnerships for the time being are:

Name of LLP	Companies House Registration Number	LLP Member's capital contributions
Barking and Dagenham Reside Regeneration LLP	OC400585	Barking and Dagenham Reside Regeneration Ltd: £1 LBBD: £999
Barking and Dagenham Reside Abbey Roding LLP	OC399130	Barking and Dagenham Reside Regeneration Ltd: £1 LBBD: £99
B&D Reside Weavers LLP	OC416198	Barking and Dagenham Renew (previously known as Barking Renew): £9 B&D Reside regeneration LLP: £1

LLP Agreement: means any limited liability partnership governing the relationship between members of an LLP;

LLP Meeting: A meeting of LLP Representatives which shall take place immediately following a Director's Meeting of the Board in circumstances where any agenda of the Board requires LLP Member Decisions to be made and consent given by the LLP members, including the Shareholder and the Company;

LLP Members : means the members who are a party to the Limited Liability Partnership Agreements dated the 17th December 2015 and 29th March 2017

LLP Member Decisions: means the non-exhaustive list of decisions as set out under Schedule 1 or such other decisions as may be notified in writing by the Shareholder from time to time which require the consent of LLPs and which will be taken by LLP Members acting through their LLP Representatives. For the avoidance of doubt the Board may influence these decisions, but ultimate control over those decisions remains with the LLPs and / or Shareholder acting through their LLP Representative.

LLP Shareholder Representative: a representative nominated and authorised by the Shareholder from time to time to act on its behalf as member or designated member of each LLP, whose role includes (without limitation) attendance at LLP Meetings, diligently representing and voting on behalf of the Shareholder and / or in a manner instructed by the Shareholder on any agenda item or business requiring the Shareholder's consent under any LLP Agreement (which for the avoidance of doubt does not include giving Shareholder consent for Reserved Matters in Schedule 1 of this Agreement)

LLP Representative/s: a representative nominated and authorised from time to time by any other member or designated member of an LLP to act in its place at any LLP meeting

Observer means a natural person to nominated by the Shareholder to the Board of Directors of the Company to act as an observer on behalf of the Shareholder in accordance with Clauses 10.4 and 10.5 of this Agreement;

Request for Information: has the meaning set out in the FOIA or any apparent request for information made under the FOIA or the Environmental Information Regulations;

Resolution: means in relation to the Company any of:

- (a) a Special Resolution (having the meaning given in section 283 of the Companies Act 2006); or
- (b) an Ordinary Resolution (having the meaning given in section 282 of the Companies Act 2006);

Shareholder: means the Council and/or any person to whom they may properly transfer any Shares in accordance with this Agreement and the Articles;

Shareholder Consent: means the prior written consent of the Shareholder which may be evidenced either (i) by way of letter addressed to the Company from Cabinet or from another delegated authority of the Shareholder as may be determined by the Shareholder from time to time or (ii) in an approved Business Plan;

Subsidiary Undertaking means a subsidiary undertaking as defined in section 1162 of the Companies Act 2006.

1.2 Clause and Schedule headings shall not affect the interpretation of this agreement.

1.3 References to clauses and Schedules are to clauses of and Schedules to this agreement and references to paragraphs and Parts are to paragraphs and Parts of the relevant Schedule.

1.4 The Schedules form part of this agreement and shall have effect as if set out in full in the body of this agreement. Any reference to this agreement includes the Schedules.

1.5 A reference to **this agreement** or to any other agreement or document referred to in this agreement is a reference to this agreement or such other agreement or document as varied, superseded or novated (in each case, other than in breach of the provisions of this agreement or the provisions of the agreement or document in question, as appropriate) from time to time.

1.6 Unless the context otherwise requires, words in the singular shall include the plural and, in the plural, shall include the singular.

1.7 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

1.8 A **person** includes a natural person, corporate or unincorporated body (whether having a separate legal personality).

1.9 A reference to a **party** means an original party to this agreement their, successors and permitted assigns.

1.10 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.

1.11 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in *section 1159* of the Act and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of:

(a) another person (or its nominee), by way of security or in connection with the taking of security; or

(b) its nominee.

1.12 A reference to **writing** or **written** includes faxes but no other electronic form [unless otherwise expressly provided in this agreement].

1.13 Any words following the terms **including**, **include**, **in particular** or **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

1.14 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.

1.15 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time provided that, as between the parties, no such amendment, extension or re-enactment made after the date of this agreement shall apply for the purposes of this agreement to the extent that it would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any party.

1.16 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.

1.17 Any obligation on a party not to do something includes an obligation not to allow that thing to be done.

1.18 Unless otherwise provided in this agreement all, covenants, undertakings, warranties and other obligations given or entered into by more than one party in this agreement are given or entered severally.

1.19 Unless the context otherwise requires, words and expressions defined in the Articles shall have the same meaning when used in this agreement.

2. BUSINESS OF THE COMPANY

2.1 The business of the Company shall be:

- (a)** A social purpose landlord for rented, shared ownership homes and homes for sale to ensure local accountability, develop capacity within the community and to maximise the long-term return to the Council and community, by balancing financial returns and provision of additional affordable homes.
- (b)** To work with the Council and Be First to enable them to maximise the proportion of social rent homes and affordable tenures in new developments, helping to ensure speed and certainty of delivery; sustainability; and inputting into the development process at an early stage to help the maximisation of long term returns.
- (c)** To deliver the strategic outcomes that the Council, as the sole shareholder, wishes to achieve and, within this, to have operational policy and delivery responsibility for the way that these outcomes are achieved across the portfolio and business operations
- (d)** to assist the Shareholder in achieving its regeneration and place-making objectives;
- (e)** to operate a company and deliver the maximum achievable maintainable profit available for distribution to the Shareholder; to operate and effectively manage the business of the LLPs and the housing stock held by in accordance with: -
 - i. the Shareholder's regeneration objectives and the overall business of the Company as set out in this Agreement and having regard to the Commissioning Mandate;
 - ii. the Business Plan and having regard to the Commissioning Mandate;
 - iii. The governance requirements of LLPs as set out in the Limited Liability Partnership Act 2000 and the decision-making protocols in the relevant partnership agreement for the specific LLP;

Without prejudice to the generality of the foregoing, to ensure that any Directors' Meeting(s) with agenda items or business for decision which includes or overlaps with LLP Member Decisions and therefore requires the decision and / or consent of LLP Representatives are immediately, unless agreed otherwise by the parties, followed by an LLP Meeting to enable the requisite decisions of the Board to be effectively taken and executed at any time;

subject to variation from time to time in accordance with the provisions of this agreement and with the express agreement of the Shareholder in accordance with clauses 2.2 and 2.3 below (the **Business**).

2.2 The initial Business Plan shall be produced by the Company for the Shareholders approval before the 30th September 2019, the first Business Plan shall be produced by the Company for the Shareholders approval before the 31st December 2020 and thereafter the Company shall submit annual revisions or updates to its Business Plan no later than 31 December in each year of operation. The Business Plan shall unless agreed otherwise [by the parties] undergo an iterative process of preparation in the manner set out in this Clause;

2.3 Any subsequent iterations of or revisions to the Business Plans shall be substantially prepared and circulated by the Company no later than the 31st December before the commencement of the annual review inviting the Shareholder to provide comments on the proposed Business Plan or the Shareholder's approval of the proposed Business Plan.

2.4 The Shareholder will use reasonable endeavours to provide a response by the end of the following February and may require officers of the Company to coordinate working groups for the purpose of facilitating iterative discussions and consensus on the Business Plan. Subject to the receipt of Shareholder's approval, before the end of each Financial Year the Directors shall (in accordance with this Agreement) consider and, if appropriate, adopt an updated and revised Business Plan at a Directors' Meeting. No adoption, variation or replacement of any Business Plan shall take effect unless such adoption, variation or replacement has received Shareholder's consent.

2.5 Each Business Plan shall substantially adopt the format of the first Business Plan and must be financially modelled on the basis of at least a 30 year period with subsequent annual reviews by the Shareholder.

2.6 Notwithstanding any other provision of this clause 2, following the requisite approval by the Shareholder and the Board' of a new Business Plan such updated Business Plan shall become the adopted Business Plan for the relevant Accounting Periods. For any period when a proposed Business Plan presented under clause 2.3 has not been approved by the Shareholder or adopted by the Board in accordance with this Agreement, the existing Business Plan for the preceding Accounting Period shall continue to be the Business Plan of the Company until the Shareholder and the Board succeed in agreeing and adopting a mutually satisfactory Business Plan.

2.7 The Company shall not remunerate its Directors other than in accordance with the Company's Remuneration Policy.

3 COMPANY OBLIGATIONS

3.1 The Company shall not take any of the actions set out in Schedule 1 without Shareholder Consent and shall procure that no Group Company or LLP does so without the requisite Shareholder Consent.

3.2 With the exception of those matters requiring Shareholder's Consent pursuant to clause 3.1, the management of the Company shall be vested in the Board provided that the Board procures the

consent of LLP members acting through LLP Representatives (unless otherwise specified by any LLP member) to any LLP Decisions which also form the subject matter of decisions of the Board. The Directors shall be responsible for the management of the Business in accordance with the obligations in this Agreement and (without prejudice to the generality of the foregoing) within the terms of the Business Plan and guided by the Commissioning Mandate.

3.3 Without prejudice to the generality of the foregoing clauses, the Directors will determine the general policies of the Company and the way its Business is to be carried out, subject to the Business Plan, to those matters requiring Shareholder's consent pursuant to clause 3.1 and to any other express provisions of this Agreement.

3.4 Without limitation to the generality of the foregoing clauses, the Directors shall exercise all voting rights and other powers of control available to them in relation to the Company to procure (in so far as they are able to through the exercise of such rights and powers) that, at all times during the term of this Agreement, the Company shall:

3.4.1 carry on and conduct its Business and affairs in a proper and efficient manner, for its own benefit and for the benefit of the Shareholder in accordance with the Business Plan and with good business practices, and

3.4.2 transact all its business on arm's length terms.

3.5 The Company shall not carry out any activity which would render the holding of Shares by the Shareholder unlawful provided that where a proposed change of law would render such shareholding unlawful the Shareholder will use its reasonable endeavours to take such steps as are necessary to allow it to continue lawfully to hold its Shares.

3.6 The Company will, if it requires any approval, consent or licence, obtain and maintain the same in full force and effect for the purposes of carrying on its Business in the manner in which it is carried on or proposed to be carried on from time to time.

3.7 The Company shall permit any Director to discuss the affairs, finances and accounts of the Company and its subsidiaries with the Shareholder's designated officers and executives at any time.

3.8 All books, records, accounts and documents relating to the business and the affairs of the Company shall be open to the inspection of the Shareholder's designated officers and executives at any time, who shall be entitled to make any copies as he or she deems appropriate to keep the Shareholder properly informed about the business and affairs of the Company or to protect the Shareholder's interests. Any information secured as a consequence of such inspections, discussions and examinations shall be kept confidential by the requesting Shareholder and its designated officers and executives in accordance with the terms of clause 13.

3.9 The Company agrees with the Shareholder that it will maintain effective and appropriate control systems in relation to the financial, accounting and record-keeping functions of the Company and will generally keep the Shareholder informed of the progress of the Company's business and affairs

(including for the avoidance of doubt the management of the LLPs) and in particular will procure that the Shareholder is given such information and such access to the officers, employees and premises of the Company as it may reasonably require for the purposes of enabling it to monitor its investment in the Company.

3.10 The Company agrees to collaborate with any of the Shareholder's wholly owned companies or LLPs where it is in the interests of the Shareholder or the commercial interest of Company to do so.

3.11 The Company shall not breach nor cause the Shareholder to be in breach of the Local Authorities (Companies) Order 1995.

4 SHAREHOLDER OBLIGATIONS

4.1 The Shareholder shall (so far as is lawfully possible in the exercise of his rights and powers as a shareholder of the Company) use all reasonable endeavours to carry out the actions set out in Schedule 1 and provide reasonable assistance and information to the Company pursuant to the objectives as set out in Schedule 2.

5 DIVIDEND POLICY

5.1 Subject to Clause 5.2, and unless the Shareholders agree otherwise in relation to any Financial Year:

(a) the Company and the Shareholder shall use reasonable endeavours to procure that the Company shall distribute by way of dividend such sums as agreed between the parties which constitute the profit of the Company in relation to each Financial Year, but after making all necessary, reasonable and prudent provisions and reserves for taxation, for the repayment of borrowings by the Company (if any), as shown in the audited accounts for that year; and

(b) the Company shall procure and the Shareholder shall use reasonable endeavours to procure that each subsidiary of the Company shall declare and pay sufficient and timely dividends to ensure the Company's compliance with clause 5.1(a) in each Financial Year.

5.2 The parties agree that the Company shall not declare, pay or make any dividend or other distribution:

5.2.1 without Shareholder Consent;

5.2.2 which is or would be prohibited by the Act

5.3 A distribution under this clause in relation to any financial year of the Company shall be made within six months of the day to which the audited accounts of the Company for that year are made up.

6 MATTERS REQUIRING SHAREHOLDERS CONSENT

6.1 The Shareholder shall take all such steps and do all such acts and things as may be necessary or desirable, including without limitation , exercising all voting and other rights and powers of control available to it in relation to the Company or any Subsidiary Undertaking , so as to procure (insofar as it is able to do so by the exercise of those rights and powers) that at all times during the term of this agreement no action shall be taken or Resolution passed by the Company or any Subsidiary Undertaking in respect of any of the matters as set out in Schedule 1 except with the prior written consent of the Shareholder .

7 FINANCE FOR THE COMPANY

7.1 If the Company requires funds, the Company may request funding from the Shareholder **provided that** the Shareholder shall not be obliged to put up the finance concerned.

7.2 If the Company requires further funds, the Company may, subject to clause 5 as set in Schedule 1, endeavour to obtain such finance from a third party lender on the best terms which could reasonably be expected to be obtained in the open market **provided that** the contemplated activity falls within the Business Plan and the Council shall not be obliged to provide any guarantee or security in respect of any indebtedness of the Company

8 PRODUCTION OF ACCOUNTS

8.1 The Company shall prepare a balance sheet of the Company including Group Members, as at the Annual Accounts Date each year and a consolidated profit and loss account of the Company, for the 12 month financial period ending on the Annual Accounts Date each year. Draft Statutory Accounts are to be presented to the Shareholder within 31 days after the end of the period to which such accounts relate and audited statutory accounts are to be presented to the Shareholder within 4 calendar months after the end of the period to which such accounts relate. The balance sheet and profit and loss account will be accompanied by a report in such format and covering such issues as may reasonably be requested by the Shareholder.

8.2 The Company will provide to the Shareholder full details of any actual or prospective material change in the Business or the financial position or affairs of the Company, as soon as such details are available.

8.3 All accounts referred to in this clause shall be prepared in pounds sterling and in accordance with applicable law and generally accepted accounting standards, principles and practices in the United Kingdom.

9 ANTI-CORRUPTION

9.1 Each party undertakes that:

9.1.1 it has not and will not, in relation to the Company or Group Company will, in the course of the operation of its business, engage in any activity, practice or conduct which would constitute an offence under sections 1, 2 or 6 of the Bribery Act 2010;

9.1.2 in the case of the Company, it and each other Group Company has and will maintain in place, or will procure that the Company or each Group Company has and will maintain in place, Adequate Procedures designed to prevent any Associated Person from undertaking any conduct that would give rise to an offence under section 7 of the Bribery Act 2010; and

9.1.3 from time to time, at the reasonable request of another party, he will confirm in writing that he has complied with his undertakings under Clause 9.1(a) and Clause 9.1(b) and will provide any information reasonably requested by such other party in support of such compliance.

9.2 Breach of any of the undertakings in this clause shall be deemed to be a material breach of the agreement.

9.3 The undertakings in Clause 9.1 are given by each party to each other party and, in the case of Clause 9.1(a) and Clause 9.1(c) only, to the Company and apply to actions carried out by each Shareholder in any capacity and whether directly or indirectly, on the Shareholder's own behalf, on behalf of any other person or jointly with any other person.

10 DIRECTORS

10.1 The minimum number of Board of Directors shall consist of 5 Directors. The quorum for directors meeting shall ,subject to articles 6.2 , be three directors.

10.2 The Board of Directors shall, appoint the chair of the Company as nominated by the Shareholder. If the chair is unable to attend any Directors' Meeting, then the Directors will appoint another Director to act as chair at such meeting. For the avoidance of doubt, the chair shall have a casting vote.

10.3 A Directors' Meeting shall be held no less than once in every three calendar months.

10.4 The Shareholder shall be entitled to nominate (and remove subject to notice period as set out in the Director's Service Contract if any) by notice in writing to the Company (copied to the Directors) from time to time a person, including an observer (the Observer) at meetings of the Board of Directors.

10.5 The Observer shall: -

(a) be entitled to notice and minutes of meetings of the Board of Directors as if s/he were a Director of the Board at the same time and in the same manner as Directors of the Company;

(b) have no right to vote at Directors' Meetings of the Board, but shall have the right to speak and contribute at a Board meeting;

(c) Be entitled to receive all information, other than sensitive personal information (as defined in the Data Protection Act 1998), provided by the Company or made generally available by the Company to Directors and the Company shall send such information or make such information available to the Observer;

(d) be at liberty from time to time to discuss the proceedings of Directors' meetings or of meetings of any committees of the Board of Directors with other officers and elected members of the Shareholder;

(e) observe the provisions of Clause 13 as to confidentiality.

10.6 An appointment or removal in accordance with Clause 10.4 shall be made by giving notice in writing to the Company and, in the case of removal of a director, to the director being removed. The appointment or removal takes effect on the date on which the notice is received by the Company or, if a later date is given in the notice, on that date.

10.7 The Shareholder removing a director under this Clause 10 shall indemnify and keep indemnified the Company against any claim connected with the director's removal from office.

10.8 The Company shall at the reasonable request of the Shareholder meet with the Shareholder to discuss the Board of Directors operation and performance of the Company.

11 TERMINATION

11.1 Subject to Clause 11.2, this agreement shall terminate:

11.1.1 when a Resolution is passed by the shareholders or creditors of the Company, or an order is made by a court or other competent body or person instituting a process that shall lead to the Company being wound up and its assets being distributed among the Company's shareholders, creditors or other contributors; or

11.1.2 the appointment of a receiver, administrator or administrative receiver over the whole or any part of the assets of the Company or the making of any arrangement with the creditors of the Company for the affairs, business and property of the Company to be managed by a supervisor;

11.2 On termination of this agreement, the following clauses shall continue in force: Clause 1, Clause 8, Clause 11; Clause 13, Clause 14; Clause 15; Clause 16; Clause 17; Clause 18; Clause 19; Clause 20; Clause 24

11.3 Termination of this agreement shall not affect any rights, remedies, obligations or liabilities of any of the parties that have accrued up to the date of termination, including the right to claim damages in respect of any breach of the agreement which existed at or before the date of termination.

11.4 Where, following an event referred to in Clause 11.1(a), the Company is to be wound up and its assets distributed, the parties shall agree a suitable basis for dealing with the interests and assets of the Company and shall endeavour to ensure that, before dissolution:

11.4.1 all existing contracts of the Company are performed to the extent that there are

sufficient resources;

11.4.2 the Company shall not enter any new contractual obligations;

11.4.3 the Company's assets are distributed as soon as practical; and

11.4.4 any assets or intellectual property rights belonging to or originating from a Shareholder shall be returned to him by the Company (or any other Group Company) and all such [intellectual property rights] shall be erased from the computer systems (to the extent possible) of the Company (or any other Group Company).

12 STATUS OF THIS AGREEMENT

12.1 The Shareholder shall, to the extent that he is able to do so, exercise his voting rights and other powers of control lawfully available to him as a shareholder of the Company to procure that the provisions of this agreement are properly and promptly observed and given full force and effect according to the spirit and intention of the agreement.

12.2 If there is an inconsistency or ambiguity between any of the provisions of this agreement and the provisions of the Articles, the provisions of this agreement shall prevail as between the parties.

12.3 The Shareholder shall, when necessary, exercise his powers of voting and any other rights and powers lawfully available to him as a shareholder of the Company to amend waive or suspend a conflicting provision in the Articles to the extent necessary to permit the Company and its Business to be administered as provided in this agreement.

13 CONFIDENTIALITY

13.1 Except to the extent required by law or any legal or regulatory authority of competent jurisdiction [or except with the prior written consent of the Board (acting with Shareholder Consent):

13.1.1 no party shall (and the Company shall procure that no member of its Group shall) at any time during this agreement and for a period of 6 years after termination of this agreement disclose to any person (other than his professional advisers) the terms of this agreement or any trade secret or other confidential information relating to the Company (or any other Group Company) , or make any use of such information other than to the extent necessary for the purpose of exercising or performing his rights and obligations under this agreement; and

13.1.2 No party shall make, or permit any person to make, any public announcement, communication or circular concerning this agreement or except with the prior written consent of the Board (acting with Shareholder Consent).

13.2 Each Party acknowledges that the other Party is subject to the requirements of the FOIA and the Environmental Information Regulations, and shall facilitate the other Party's compliance with its

Information disclosure requirements pursuant to and in the manner provided for in clauses 13.3 and 13.4.

13.3 If either Party (the **Recipient**) receives a Request for Information in relation to Information that the other Party is holding and which the Recipient does not hold itself, the Recipient shall refer to the other Party such Request for Information as soon as practicable and in any event within five (5) Business Days of receiving a Request for Information, and the other Party shall:

13.3.1 provide the Recipient with a copy of all such Information in the form that the Recipient requires as soon as practicable and in any event within 10 Business Days (or such other period as the Recipient acting reasonably may specify) of the Recipient's request; and

13.3.2 provide all necessary assistance as reasonably requested by the Recipient to enable the Recipient to respond to a Request for Information within the time for compliance set out in Section 10 of the FOIA or Regulation 5 of the Environmental Information Regulations.

13.4. Following notification under 13.3, and up until such time as the other Party has provided the Recipient with all the Information specified in clause 13.3, the other Party may make representations to the Recipient as to whether or not or on what basis Information requested should be disclosed, and whether further information should reasonably be provided in order to identify and locate the information requested, provided always that the Recipient shall be responsible for determining, at its absolute discretion:

(a) whether Information is exempt from disclosure under the FOIA and the Environmental Information Regulations; and

(b) whether Information is to be disclosed in response to a Request for Information, and in no event shall the other Party respond directly to a Request for Information unless the Request for Information is addressed to it.

13.5. The Parties acknowledge that (notwithstanding the provisions of clause 13.1) the Recipient may, acting in accordance with the Department of Constitutional Affairs' Code of Practice on the Discharge of Functions of Public Authorities under part I of the Freedom of Information Act 2000 be obliged under the FOIA or the Environmental Information Regulations to disclose Information concerning the other Party:

(a) in certain circumstances without consulting with the other Party; or

(b) following consultation with the other Party and having taken their views into Account

13.6 Each Party shall transfer to the other Party any Request for Information which it receives but is addressed to the other Party as soon as practicable and in any event within 3 Business Days of receiving it.

13.7 The Parties acknowledge that any lists provided which list or outline confidential Information are of indicative value only and that a Recipient may nevertheless be obliged to disclose confidential

information in accordance with the clause 13.

14 ASSIGNMENT AND OTHER DEALINGS

14.1 No party shall assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any or all of his rights and obligations under this agreement (or any other document referred to in it).

14.2 Each party confirms that he is acting on his own behalf and not for the benefit of any other person or corporate body.

15 ENTIRE AGREEMENT

15.1 This agreement (together with the documents referred to in it) constitutes the entire agreement between the parties and supersedes and extinguishes all previous discussions, correspondence, negotiations, drafts, agreements, promises, assurances, warranties, representations, arrangements and understandings between them, whether written or oral, relating to their subject matter.

15.2 Each party acknowledges that in entering into this agreement (and any documents referred to in it), he does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this agreement or those documents.

15.3 Nothing in this clause shall limit or exclude any liability for fraud.

16 VARIATION AND WAIVER

16.1 No variation of this agreement shall be effective unless it is in writing and signed by or on behalf of each party for the time being.

16.2 A waiver of any right or remedy under this agreement or by law is only effective if it is given in writing and is signed by the party waiving such right or remedy. Any such waiver shall apply only to the circumstances for which it is given and shall not be deemed a waiver of any subsequent breach or default.

16.3 A failure or delay by any party to exercise any right or remedy provided under this agreement or by law shall not constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict any further exercise of that or any other right or remedy.

16.4 No single or partial exercise of any right or remedy provided under this agreement or by law shall prevent or restrict the further exercise of that or any other right or remedy.

16.5 A person that waives a right or remedy provided under this agreement or by law in relation to one person or takes or fails to take any action against that person, does not affect its rights or remedies in relation to any other person.

17 COSTS AND EXPENSES

17.1 Except as expressly provided in this agreement, each party shall pay his own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this agreement (and any documents referred to in it).

18 NO PARTNERSHIP OR AGENCY

18.1 Nothing in this agreement is intended to, or shall be deemed to, establish any partnership or joint venture between the parties or constitute any party the agent of another party.

19 NOTICES

19.1 A notice given to a party under or in connection with this agreement shall be in writing and shall be delivered by hand or sent by pre-paid first-class post, recorded delivery or special delivery in each case to that party's address, or sent by fax to that party's fax number, in each case as specified in Clause 19.2 (or to such other address or fax number as that party may notify to the other party in accordance with this agreement).

19.2 The addresses for service of notices are:

19.2.1 In the case of the Company:

address: Barking Town Hall, Town Hall Square, 1 Clockhouse Avenue, Barking,
London IG11 7LU

19.2.2 In the case of a Shareholder:

address: Barking Town Hall, Town Hall Square, 1 Clockhouse Avenue, Barking,
London IG11 7LU

19.3 A party may change his details for service of notices as specified in Clause 19.2 by giving notice to the other parties. Any change notified pursuant to this Clause 19 shall take effect at 9.00 am on the later of the date (if any) specified in the notice as the effective date for the change or five Business Days after deemed receipt of the notice.

19.4 Delivery of a notice is deemed to have taken place (provided that all other requirements in this Clause 19 have been satisfied) if delivered by hand, at the time the notice is left at the address, or if sent by fax, at the time of transmission, or if sent by pre-paid first class post, recorded delivery or special delivery on the second Business Day after posting unless, in each case, such deemed receipt would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), in which case deemed receipt will occur at 9.00 am on the day when business next starts in the place of deemed receipt (and, for the purposes of this Clause

19, all references to time are to local time in the place of deemed receipt).

19.5 This Clause 19 does not apply to the service of any proceedings or other documents in any legal action.

20 SEVERANCE

20.1 If any provision or part-provision of this agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of this agreement.

21 THIRD PARTY RIGHTS

21.1 Except as expressly provided elsewhere in this agreement, a person who is not a party to this agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement.

21.2 The rights of the parties to terminate, rescind or agree any variation, waiver or settlement under this agreement are not subject to the consent of any other person.

22 COUNTERPARTS

22.1 This agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

22.2 No counterpart shall be effective until each party has executed at least one counterpart.

23 GOVERNING LAW AND JURISDICTION

23.1 This agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

23.2 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).

This deed has been entered on the date stated at the beginning of it.

Execution page

In witness whereof, the parties have executed this Agreement as a deed.

Executed as a deed by affixing THE COMMON
SEAL of **THE MAYOR AND BURGESSES OF
THE LONDON BOROUGH OF BARKING AND
DAGENHAM**

in the presence of

Executed as a deed by

**Barking and Dagenham
Reside Regeneration Ltd**
acting by:

a director in the presence of:

.....

Director

Witness signature
Name
Address

SCHEDULE 1
Shareholder Reserved Matters

- 1 vary in any respect its articles of association or the rights attaching to any of its shares;
or
- 2 registration (upon subscription or transfer) of any person as a member of the Company
other than the Shareholder in accordance with the terms of this Agreement or
agreement any rights or restrictions attaching to any shares or memberships allocated
to such new shareholders or members as applicable; or
- 3 increase or reduce the amount of its issued share capital except as provided in this
Agreement, grant any option or other interest (in the form of convertible securities or in
any other form) over or in its share capital, redeem or purchase any of its own shares
or effect any other reorganisation of its share capital; or
- 4 issue any loan capital or enter into any commitment with any person with respect to
the issue of any loan capital; or
- 5 make any borrowing other than from its bankers in the ordinary and usual course of
business; or
- 6 apply for the listing or trading of any shares or debt securities on any stock exchange
or market; or
- 7 pass any resolution for its winding up or present any petition for its administration
(unless it has become insolvent); or
- 8 engage in any business other than as contemplated by the Business Plan or defray
any monies other than in good faith for the purposes of or in connection with the
carrying on of such business; or
- 9 form any Subsidiary or acquire shares in any other company or participate in any
partnership or joint venture (incorporated or not); or
- 10 close down any business operation, or dispose of or dilute its interest in any Subsidiary
for the time being, or dispose of any material asset unless in each case such closure
or disposal is expressly contemplated by the Business Plan; or
- 11 agree to enter or enter into any acquisition or disposal of any material assets by the
Company the total of which exceeds £0.5m except unless such acquisition or disposal
is expressly contemplated by the Business Plan; or
- 12 take new homes into the LLP / Company which have/will be developed by Be First on
behalf of the council, except as is expressly contemplated by the Business Plan; or,
after the Company has contributed to the development process or
- 13 sell or dispose of any part of the business of the Company, unless such sale or
disposal is expressly contemplated in the Business Plan; or
- 14 agree or approve any other material services the total value of which exceeds £50,000
per annum to be provided by the Company to a third party unless such activity is
expressly contemplated by the Business Plan; or
- 15 amalgamate or merge with any other company or business undertaking; or
- 16 alter its name or registered office; or
- 17 enter into any transaction or arrangement of any nature whatsoever (including, for the
avoidance of doubt, a service contract) with any of its directors or any person who is
connected (within the meaning of sections 1122 and 1123 of the Corporation Tax Act
2010) to any of its directors whether or not any other person shall be party to such
transaction or arrangement; or

- 18 enter into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms; or
- 19 appoint any agent (not being a sub-contractor) to conduct the whole or any part of the business of the Company, other than the appointment of an agent to conduct an area of the business of the Company; or
- 20 create or permit to be created any mortgage, charge, encumbrance or other security interest whatsoever on any material asset, shares, income or its business in whole or in part or any of its shares other than in conjunction with the Shareholder:
- 21 adopt or amend its annual or initial Business Plan; or
- 22 change its financial year end; or
- 23 appoint its auditors : or
- 24 make or permit to be made any material change in the accounting policies and principles adopted by the Company in the preparation of its audited accounts except as may be required to ensure compliance with relevant accounting standards under the Companies Act 2006 or any other generally accepted accounting principles in the United Kingdom; or
- 25 make or agree to make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity (other than in the normal course of trading); or
- 26 give any guarantee, suretyship or indemnity to secure the liability of any person or assume the obligations of any person outside the scope of its Business Plan; or
- 27 factor or assign any of its book debts; or
- 28 determine the tenure mix and rent levels as part of the development / investment process; or
- 29 adopt or amend its Rent Policy; or
- 30 appoint, remove or dismiss any director or company secretary; or
- 31 adopt or amend its Remuneration Policy; or
- 32 institute, settle or compromise any material legal proceedings (other than debt recovery proceedings in the ordinary course of business or in accordance with the Debt Recovery Policy or where the value of such claim is reasonably believed by the Company to be less than £50,000) instituted or threatened against it or submit to arbitration or alternative dispute resolution any dispute if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan; or
- 33 undertake any business or action which is inconsistent with the Business Plan then in force or omitting to undertake any action which is required by that Business Plan except with the prior written consent of the Council; or
- 34 approve any matter that is reasonably likely to have an adverse effect on the reputation of the Council; or
- 35 change the nature of the business or commence any new business which is not ancillary or incidental to the business of the Company, save as expressly contemplated in the business plan; or
- 36 make any agreement with any revenue or tax authorities or make any claim, disclaimer, election or consent for tax purposes in relation to the Company or its business if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan; or

- 37 give notice of termination of any arrangements, contracts or transactions the total value of which exceeds £500,000 per annum or materially varying any such arrangements, contracts or transactions where such termination is likely to have an adverse impact on the financial status of the Company; or enter into any contract with a value in excess of £500,000 except as is expressly contemplated by the Business Plan; or
- 38 grant rights (by licence or otherwise) in or over any intellectual property owned or used by the Company.

SCHEDULE 2

2019/20 Reside Commissioning Mandate: see Appendix 1 of the business plan

Appendix 3

Summary of Reside's legal vehicles

Name of Vehicle	Companies House Registration Number	Members capital contributions	Purpose
Barking and Dagenham Reside Ltd	07706999	1 £1 share LBBB	477 affordable rented homes William Street Quarter (201 mix of 50% and 80%) and Eastern End of Thames View (276 mix of 50%,65% and 80%) under a debenture agreement
Barking and Dagenham Reside Regeneration Ltd	09512728	100 £1 shares LBBB	The Company that manages Reside, it includes the management costs, employs Officers and is party to the shareholder agreement that enables the Reside Board to have operational responsibility for the LLP's on behalf of the Council
Barking and Dagenham Homes Ltd	12090374	Limited by guarantee	The proposed Registered Provider. Will own affordable rented homes funded by GLA grant currently in the pipeline.
Barking and Dagenham Reside Roding Ltd	09512722	100 £1 shares LBBB	Designed to hold homes sold outright as long leasehold and any private rented (at full market rents). Used historically for homes on Gascoigne phase one that were sold on a long lease to L&Q
B&D Reside Regeneration LLP	OC400585	Barking and Dagenham Reside Regeneration Ltd: £1 LBBB: £999	Holds 73 shared ownership homes on long lease from LBBB, not all sold to shared owners at date of writing (September 19). Also has head lease from LBBB on the affordable rented homes currently leased by B&D Reside Weavers LLP Takes on new shared ownership homes including those funded by GLA grant
Barking and Dagenham Reside Abbey Roding LLP	OC399130	Barking and Dagenham Reside Regeneration Ltd: £1 LBBB: £99	Holds 144 homes let at 80% rent that are on a 998 year lease from LBBB No Grant funding
B&D Reside Weavers LLP	OC416198	Barking and Dagenham Renew (previously known as Barking Renew): £9 B&D Reside regeneration LLP: £1	189 units Weavers Quarter on 130 year lease from LBBB via an underleases from B&D Reside Regeneration LLP 10 homes on Eastman Road currently in process of being leased from the Council. Takes on new homes funded by Right to Buy one for one money

Appendix 4

Summary of Reside Governance



Appendix 5

Board membership

Main Reside Board:

Covers:

Barking and Dagenham Reside Ltd

Barking and Dagenham Reside Regeneration Ltd

Barking and Dagenham Reside Roding Ltd

And manages under the terms of the Shareholder Agreement on behalf of the Council:

B&D Reside Regeneration LLP

Barking and Dagenham Reside Abbey Roding LLP

B&D Reside Weavers LLP

Membership

Chair: Sonia Davidson-Grant

Directors: Councillor Cameron Geddes (resigned 9th September 2019), Brian Hamm, Fiona Penhallurick, Symon Sentain, Jeremy Grint (appointed 9th September 2019).

Proposed Registered Provider: Barking & Dagenham Homes Ltd:

Chair: Sonia Davidson-Grant

Directors: Fiona Penhallurick, Michael Westbrook

Two independent directors are currently in the process of being recruited.

Appendix 6

Officers:

Managing Director: Kristian Melgaard

Appendix 7

Action plan

Action Ref	Action	Category	Owner	Start Date	Target Date	Status
BPA01	Collaborate on the financial health check of legal and financial structure of Reside, taking forward and delivering on any actions identified.	Governance	Finance and Governance Lead (Reside)	Jul-19	Dec-19	In Progress
BPA02	Put in place a suite of key policies, procedures, rules and delegations (financial and contractual), and set out a timetable for review.	Governance	Finance and Governance Lead (Reside)	Apr-19	Mar-20	In Progress
BPA03	Provide input into the Inclusive Growth Systems Review - including the overall Gateway Process, Employers' Requirements, Client Brief and Handover Process.	Development	MD Reside	Jun-19	Mar-20	In Progress
BPA04	Carry out a performance deep dive and value for money review of the repairs and maintenance service currently delivered by BDMS / MyPlace (including planned/cyclical works and statutory compliance/M&E), commissioning external support where this is required. Review to incorporate feedback from the funders' review of Reside Ltd and make recommendations for commissioning of specific services into 2020/21.	Operations	MD Reside	Jul-19	Nov-19	In Progress
BPA05	Develop a new template Property Management Agreement (PMA) to be used for new developments and added retrospectively to existing schemes.	Finance & Legal	MD Reside	Jul-19	Oct-19	In Progress
BPA06	Carry out an analysis of the existing MyPlace Management Fee, developing an understanding of the constituent parts and the value for money it provides, and commission external support where this is required.	Finance & Legal	MD Reside	Jul-19	Dec-19	In Progress
BPA07	Scope out and commission a more strategic and holistic approach to sales and marketing across the portfolio over the next 5 years, and as a priority agree a sales and marketing strategy and commission legal services for the shared ownership units at the Becontree Heath development.	Sales & Marketing	MD Reside	May-19	Oct-19	In Progress
BPA08	Conduct a resident satisfaction survey of Reside tenants to identify any immediate improvements required to improve the service and providing a baseline against which future satisfaction can be measured.	Operations	MD Reside	Apr-19	Nov-19	In Progress
BPA09	Agree an operating budget for 19-20 and recruit to posts identified.	Operations	Finance and Governance Lead (Reside)	Apr-19	Oct-19	In Progress
BPA10	Compile a register of legacy housing management issues and ensure all are resolved over the initial business period.	Operations	MD Reside	Apr-19	Mar-20	In Progress
BPA11	Commission a piece of work to deliver market intelligence of the local rental and sales market, as well as bringing in consumer insights to shape the Reside offer and influence Council's housing investment / new build strategy	Sales & Marketing	MD Reside	Jun-19	Oct-19	In Progress
BPA12	Set out a clear vision and set of values for Reside. Also commission external (as well as council) support to help develop the Reside "brand" which aligns with this.	Governance	MD Reside	Jun-19	Dec-19	In Progress
BPA13	Work with MyPlace to develop and agree a new "Offer" for the Reside Portfolio, along with a comprehensive improvement plan to be delivered over the initial business plan period.	Operations	MD Reside	Jul-19	Mar-20	In Progress
BPA14	Set out an approach to re-commissioning services for post April 2020, articulating the requirements for properties and tenants and allowing Reside to more effectively performance manage the service providers to the portfolio, as well as actions to recommission services in line with the agreed Commissioning Strategy and Plan.	Operations	MD Reside	May-19	Dec-19	In Progress

Appendix A

Action Ref	Action	Category	Owner	Start Date	Target Date	Status
BPA15	Deliver the new approach to commissioning, in line with procurement requirements.	Operations	MD Reside	Dec-19	Sep-20	Not Started
BPA16	Finalise the Shareholder Agreement with the Council, incorporating the agreed Commissioning Mandate and Delegations.	Governance	Finance and Governance Lead (Reside)	Apr-19	Sep-19	In Progress
BPA17	Commission a stock condition survey to provide a robust set of figures to be fed into the 30-year business plan, and to also help finalise a costed planned maintenance programme.	Finance & Legal	Finance and Governance Lead (Reside)	May-19	Sep-19	In Progress
BPA18	Support the bringing back in-house of Elevate's income management services, subject to a satisfactory business case, reviewing and refreshing policies and procedures.	Operations	MD Reside	Oct-19	Mar-20	Not Started
BPA19	Carry out a review of the contract with Mainstay at the Weavers Qtr development, implementing recommendations which may involve alternative commissioning arrangements.	Operations	MD Reside	Jun-19	Sep-19	In Progress
BPA20	Ensure effective working relationships and involvement with the borough's charity, Renew, holding regular (joint) meetings with them and the council to ensure a collaborative approach to inclusive growth and housing provision, as well as proactive measures to support community cohesion and social inclusion.	Community	MD Reside	Jun-20	Dec-20	In Progress
BPA21	Conduct strategic round table events with the council and other key stakeholders to forward plan future housing needs and Reside's contribution to this, and to undertake sensitivity analysis around housing need, demand, provision and viability assessment.	Development	MD Reside	Dec-19	Dec-20	Not Started
BPA22	Develop an action plan to improve our approach to embedding a positive and proactive health and safety culture across Reside and its supply chain's operations and working practice.	Health & Safety	MD Reside	Oct-19	Dec-19	Not Started
BPA23	Develop an action plan to drive a positive equality, diversity, and social inclusion culture across Reside and its supply chain's operations and working practices.	Equality & Diversity	MD Reside	Oct-19	Mar-20	Not Started
BPA24	Assess Board Member and Reside Officer skills and training and development needs, and put in place appropriate training and development provision to meet these and ensure that Reside continually develops and contributes to thought leadership within the sector.	Governance	Finance and Governance Lead (Reside)	Nov-19	Mar-20	Not Started
BPA25	Define Reside's approach to corporate social responsibility and social value; ensuring that through its own and its supply chain activities Reside is able to make a positive contribution to investing in local people, local places and the local economy.	Community	MD Reside	Nov-19	Jun-20	Not Started
BPA26	Ensure that Reside is outwardly facing; engaging in sector level thought leadership, continuous improvement and sharing this learning within the borough for the direct benefit of our residents and the communities served.	Communications & PR	MD Reside	Oct-19	Dec-20	Not Started
BPA27	Carry out a cost and quality benchmarking exercise to compare existing performance against good practice, and then develop a new set of key performance indicators across customer service, housing management, and repair functions which are aligned with the business plan aims and customer expectations.	Operations	MD Reside	Sep-19	Dec-19	In Progress

Appendix 8 Economic Assumptions

CPI ¹⁷		
From Year		%
2	01-Apr-2020	1.90%
3	01-Apr-2021	2.00%
4	01-Apr-2022	2.00%
5 onwards	01-Apr-2023	2.00%

RPI		
From Year		%
2	01-Apr-2020	2.60%
3	01-Apr-2021	2.90%
4 onwards	01-Apr-2022	3.00%

**Management & Service Costs Real Increases / (Decreases) over CPI
Based on continuing to use the current provider
Modelling allows for an additional unit cost for new homes as they are put into
Reside**

From Year		%
2	01-Apr-2020	0.00%
3	01-Apr-2021	0.25%
6 onwards	01-Apr-2024	0.00%

**Business Plan Repairs & Maintenance Costs Real Increases / (Decreases)
Based on current provider costs, modelling allows for additional unit cost for new homes as they
are put into Reside**

		Responsive	Cyclical	Planned Maintenance	Catch Up Repairs
From Year		%	%	%	%
2	01-Apr-2020	0.00%	0.00%	0.00%	0.00%
3	01-Apr-2021	0.50%	0.50%	0.50%	0.50%
6	01-Apr-2024	0.00%	0.00%	0.00%	0.00%

Real Rent Increases - Development LAR/50%/target rent Shared Ownership 80% rent

RPI+1/2% throughout for Reside Ltd,
All other Reside vehicles: CPI+1% until 26/27 when it becomes CPI

Funding for future developments

Shared Ownership	01-Apr-2020	2.75%
All other loans		3.00%

All funding facilities are from the Council and principal repayment starts 2 years after loan start.
Interest is not charged on facilities for shared ownership until the last sale happens

Shared Ownership Sales

Percentage First Tranche Sale	30%
Rent on retained Equity	2.75%

¹⁷ CPI and RPI forecast are based on the Office of Budgetary Responsibility forecasts

Appendix 9

Council / Be First development pipeline for Reside:

Post Gateway 2 and pre Gateway 3						
Site	Forecast practical completion	Average forecast Reside purchase cost per unit	RTB 141 funding	GLA and other grant	Total no. of homes	Tenure mix
		£'000	£'m	£'m		
Sites passed gateway 2 not yet at gateway 3						
Oxlow Lane	Dec-23	£274	2.5	2.1	60	39 80% rent, 21 LAR
Rainham Road	Dec-23	£336	2.35	2.8	64	15 80% rent, 20 LAR, 29 LCHO
Roxwell Road	Dec-23	£271	3.4	3.4	82	48 80% rent, 34 LAR
200 Beacontree	Dec-20	£352		0.7	19	100% LCHO
12 Thames Road	Apr-22	£342		7.5	150	75 PRS, 75 LAR, under review
Woodward Road	Oct-22	£355	3.59	1.7	56	39 80% rent, 17 LAR
Royal British Legion	Dec-23	£328	2.58	2.8	56	28 80% rent & 28 LAR
Gascoigne West Phase 1	Jul-22	£352	7.3	3	201	66 80% rent, 30 LAR, 79 PRS, 26 target rent
Total between gateway 2 & 3			21.72	24	688	
Add in Homes passed gateway 3 as set out in detail in paragraph 7.9 above			38.49	13.40	918	
Total development pipeline currently proposed for transfer to Reside entities			60.21	37.40	1,606	

APPENDIX 10

5 year returns by Reside Vehicle ¹⁸

Year	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000
Abbey Roding LLP	1,564	1,612	1,662	1,704	1,257
Reside Ltd	7	19	113	124	129
Weavers LLP existing stock	486	538	591	634	142
Weaver LLP pipeline	-2	83	698	822	959
Regen LLP existing stock before staircasing	146	189	205	221	235
Regen LLP pipeline: ongoing income	47	294	360	151	202
Reside Costs	-406	-396	-396	-400	-404
Total forecast return <u>excluding</u> first tranche sales, staircasing and loan principal repayments	1,842	2,339	3,232	3,255	2,518
Total loan principal repayments made to the Council	0	-10	-73	-629	-1,918
Regen LLP pipeline: first tranche sales	10	-924	-734	0	0
Regen LLP staircasing surplus	0	0	0	9	98
Regen LLP Grant amortisation	30	88	88	87	85

Note on First Tranches Sales:

Sales value assumptions are as follows:

- Gascoigne East Phase 2: Assume no sale price inflation, values used are those currently being achieved on phase one
- Sebastian Court & Crown House: based on values provided by Be First
- Becontree: based on the recent Savills valuation, first tranche sales are being marketed this autumn

The following sites show deficits on first tranche sales:

- Becontree (£224k)
- Gascoigne East Phase 2: note the costs for this site currently include those for the creation of the new park (£1,644k)
- Crown House (£105k)

The deficit on first tranche sales is a capital cost to the Council, this means that in terms of the Council's MTFs the additional cost to it is the cost of the additional amount of borrowing required, e.g £924k at 1.9% is an additional cost of £17.55k per annum plus MRP. This additional borrowing forms part of the loan passed onto Regen LLP and as such is covered by interest income from Regen

¹⁸ No allowance for the marginal cost of taking on additional homes has been allowed for over and above what will be payable to MyPlace as part of additional management costs. Any impact will be assessed as part of future business plans. Marginal lifecycle repair costs are also allowed for in the above numbers

LLP. Over the lifetime of the sites this is more than offset by the surpluses made on the rental income the Council makes on the retained equity.

Staircasing Surpluses This is a capital receipt from shared owners who buy additional shares. This is the net surplus compared to the original cost of building the percentage purchased.

Grant Amortisation: This is an accounting adjustment that will happen in Regen LLP's accounts to take the GLA grant to revenue over the lifetime of the scheme. It is not cash.

Appendix 11

Forecast Operating Costs

Year Ending March	2020	2021	2022
Staff and Board Costs	237,399	339,788	338,835
Recruitment costs	5,000	0	0
Conferences and training	5,000	5,000	5,000
Comms &PR including Website design	15,000	15,000	5,000
VFM review of management costs (HQN) and other consultancy	10,000	10,000	10,000
Legal	5,000	10,000	10,000
Business Plan Model	0	3,668	3,742
CIH and subs and publications	500	500	500
Audit Fee	2,365	2,410	2,458
HR SLA	6,850	7,028	7,232
IT SLA	7,500	0	0
Payables SLA	0	0	0
Finance SLA	13,000	13,247	13,512
Total	312,614	406,641	396,279

No allowance for the marginal cost of taking on additional homes has been allowed for over and above what will be payable to MyPlace as part of additional management costs. Any impact will be assessed as part of future business plans.

Staffing and Board Costs breakdown for 20/21	Total
Managing Director	112,324
Commissioning Manager (Career Grade)	68,171
Executive Assistant (SO2)	25,279
Resource for business planning and operational management	60,000
Staffing Costs	265,774
Chair	32,928
Board Member	9,029
Board Member	9,029
Board Member	9,029
Board Member (payment to Barking Renew Charity)	9,000
Company Secretary (£500 per meeting)	4,500
Board member Expenses ¹⁹	500
Board and Company Secretary	74,014
Total staff and board costs	339,788

¹⁹ Board members do not receive expenses for attending normal business meetings at Barking Town Hall, the expenses allowance is for off site meetings based on Barking Town Hall being the normal place of work.

Board costs for 20/21 are at the same level as 19/20. A large number of new homes will be handed over in the next few years (currently forecast at 819 for 2021 alone), the Board reflects the skill set (and therefore cost) required to achieve this.

Additional costs in 20/21 for staff are:

- Full instead of part year staffing budget for the Commissioning Manager and Executive Assistant (roles created part way through 2019/20)
- A part time resource to support business planning and operational management, including essential work to establish the new Registered Provider, the cost of which is currently covered by the Council from the Inclusive Growth Budgets.

Appendix 12

MyPlace costs

<p><u>William Street Quarter & Eastern End Thames View</u></p> <p>Total Units = 477 (112 Houses and 265 Flats)</p> <p>WSQ = 40 Houses & 76 High Rise Flats & 84 Med Rise EETV = 105 Medium Rise Flats & 72 Houses</p> <p><u>Services Provided:</u> Insurance / Rent Collection / Housing Management / Estate Services / Responsive Repairs / Planned Maintenance</p>	<p><u>Abbey Roding</u></p> <p>Total Units = 144 Mill Point & Timber Court (144 High Rise Flats)</p> <p><u>Services Provided:</u> Insurance / Rent Collection / Housing Management / Estate Services / Responsive Repairs / Planned Maintenance</p>	<p><u>Weavers Quarter</u></p> <p>Total Units = 189</p> <p>Houses = 10 Medium Rise Flats = 179</p> <p><u>Services Provided:</u> Rent & Service Charge Collection / Housing Management / Internal Responsive Repairs</p>	<p><u>Elmtree House</u></p> <p>Total Units = 10 8x 2 bedroom flats 2x 1 bedroomed flats</p> <p><u>Services Provided:</u> Insurance / Rent Collection / Housing Management / Estate Services / Responsive Repairs / Planned Maintenance / Gardening</p>
<p><u>WSQ & EETV:</u> Current Annual Charge (Scheme) = £583,117.28 Current Annual Charge per unit = £1222.47</p>	<p><u>Abbey Road:</u> Current Annual Charge (Scheme) = £174,951.00 Current Annual Charge per unit = £1,214.94</p>	<p><u>Weavers Quarter:</u> Current Annual Charge (Scheme) = £286,524.00 Current Annual Charge per unit = £1516.00</p>	<p><u>Elmtree House</u> Total Grounds maintenance & Caretaking Charge for the whole site (<u>Not per unit</u>) £4,656.60</p>

APPENDIX 13

Forward plan

Forward Plan			
Meeting Date	14/10/2019	18/11/2019	16/12/2019
Papers due for review and collation	02/10/2019	06/11/2019	04/12/2019
Strategic	Health & Safety and risk update	Health & Safety and risk update	Health & Safety and risk update
	Update on Reside Commissioning and handover processes (verbal)	Update on Reside Commissioning and handover processes (verbal)	Update on Reside Commissioning and handover processes (verbal)
	Update on set up of registered Provider (verbal)	Update on set up of registered Provider (verbal)	Update on set up of registered Provider (verbal)
	Resident Engagement proposals (Lead Symon) (Moved from July) - also to include representation from LBBD resident participation team (new).	Reside Commissioning Strategy. (Lead: Sonia) (include size of packages etc) (moved from October - was September)	Placeholder: Discussion and agreement of key performance indicators for 2020/21 (new)
	Policies and Procedures - (moved from September)		
	Anti-Fraud and Whistleblowing (adoption of Council policies?)	Placeholder: Initial Marketing Report (Rent tenure's, price points, marketing new and existing homes) (moved from September)	Policies and Procedures - Rolling Review
	Equality, diversity and inclusion (adoption of Council policies?)		
	Information Management and Data Management Risk Management		
Roundtable / workshop on marketing / sales (separate to Board meeting but on same day) [MAY NEED TO HAVE AS AGENDA ITEM NOT WORKSHOP]	Governance Manual (Moved from September - was July)		
	Policies and Procedures - (moved from October)		
	Internal Audit		
	Resident engagement		
Update on development schemes and pipeline update as required	Commissioning policies which set out how Reside will work with My Place and Be First	Management Agreements, current arrangement and expectations (moved from October - was July) - to include discussion/sign-off of new Property Management Agreement.	
	Customer Service & Complaints		
	Placeholder: Discussion of expectations around customer experience and work to date on aftercare - rep from Business Transformation team to attend. (new)		
	Placeholder: Presentation/discussion of BeFirst approach to quality. (new)		
	Quarterly Portfolio review: Update on development schemes and pipeline update as required		
Operational	Performance Management framework and Balanced Scorecard (includes finance monitoring)	Performance Management framework and Balanced Scorecard (includes finance monitoring)	Performance Management framework and Balanced Scorecard (includes finance monitoring)
	Risk Management	Risk Management	Risk Management
		Statutory accounts for approval	
	Repairs and maintenance deep dive, including cyclical/planned and landlord compliancy/M&E (moved from July) - this is part of MyPlace improvement plan which will	Resident Engagement deep dive (moved from September) - we will have STAR survey results by this point which will aid discussion.	
Governance	Minutes of Previous Meeting	Minutes of Previous Meeting	Minutes of Previous Meeting
	Matters Arising	Matters Arising	Matters Arising
	Forward Plan	Forward Plan	Forward Plan
	Action log (at end of meeting with forward plan)	Action log (at end of meeting with forward plan)	Action log (at end of meeting with forward plan)
	Agree Board Meeting dates for 2020		

APPENDIX 14

Risk Register

Risk	Strategic Risk	Current Risk			Status	Owner	Mitigation Strategies / Actions	Residual Risk		
		Probability	Impact	Severity				Probability	Impact	Severity
BDR01	Failure to manage assets to produce the required financial and social returns, and to comply with agreed standards	3	5	15	Open		Business plan to set clear targets for financial and social returns, with monitoring by Board. Work closely with the Council to mitigate specific risks identified such as sub market and market sales income, especially on pipeline sites.	3	4	12
BDR02	Insufficient planned contribution to housing supply	3	4	12	Open		Reside input to the development Gateway process set out and defined as part of the IG Systems Review.	2	4	8
BDR03	Failure to comply with health and safety obligations as a landlord.	3	5	15	Open		Quarterly H&S and landlord statutory compliance reports brought to Board, with regular H&S items picked up as a standing item.	2	5	10
BDR04	Rent arrears / loss of rent due to bad debts greater than planned / greater than expected cost of rent collection	3	4	12	Open		Adoption of Council's Income Policy (including for write-offs), performance reporting to Board, and monthly performance meeting between Reside MD and Heads of Services (Elevate). Benchmarking of rent levels as part of wider market	2	4	8
BDR05	Failure to effectively monitor, anticipate and respond to changes in the external environment	3	4	12	Open		External commission of a wider market intelligence piece, providing analysis of competition, demand, and market forces/changes, now and into the future.	2	4	8
BDR06	Failure to deliver the planned development programme to agreed quality and timescale, within agreed resources	4	3	12	Open		Reside input and challenge into the development appraisal process, and the Gateway approval process via the council's representative, as well as update workshops with BeFirst at an individual scheme and programme level.	4	3	12
BDR07	Failure to comply with loan covenants	2	5	10	Open		Findings/outcomes from funder's audit report to be fed into wider review of R&M for Reside.	2	5	10
BDR09	Failure to deliver required improvements in efficiency	2	4	8	Open		Value for money review of MyPlace/R&M a business plan action for 19/20.	2	4	8
BDR10	Failure to demonstrate an effective risk management / internal control system	2	4	8	Open		Risk register and controls reviewed by board quarterly.	2	4	8
BDR11	Failure of governance (including medium and long-term financial control)	2	4	8	Open		Governance manual to put in place.	2	4	8
BDR12	Failure to maintain a strong and positive relationship with key stakeholders, including local government and MPs	2	4	8	Open		Reside representation at shareholder panel and other LBBD boards and forums.	2	4	8

BDR13	Surplus from sub-market home ownership sales, including first-tranche sales, rent-to-buy and staircasing, less than planned	2	4	8	Open		Forecasting part of the business plan, with quarterly review of anticipated returns. Marketing and sales of shared ownership units externally commissioned.	2	4	8
BDR14	Failure to provide a repairs and maintenance service that meets relevant standards, within agreed resources	3	3	9	Open		Systems review of client brief, employer's requirements, and handover processes to improve processes between BeFirst/LBBD/Reside/MyPlace.	3	3	9
BDR15	Failure to recruit and retain a staff team that is skilled, motivated and productive within agreed resources	3	3	9	Open		Adoption of LBBD's HR and recruitment policies, to ensure robust processes followed with regard to recruitment.	2	3	6
BDR17	Rental income receivable less than planned	3	3	9	Open		Reside Rents Policy to be agreed with LBBD.	3	3	9
BDR18	Failure to maintain an ICT service that meets the needs of the business, and its customers, within agreed resources	3	3	9	Open		IT SLA to be put in place.	3	3	9
BDR19	Failure of improvement plans or programme of corporate projects to deliver expected benefits within planned costs and timescales	3	3	9	Open		MyPlace improvement plan shared with Board, along with regular progress updates and exception reporting.	3	3	9
BDR22	Failure to avoid or effectively mitigate the financial failure of a contractor	3	3	9	Open		Majority of services are commissioned from LBBD.	2	3	6
BDR27	Failure to prevent or recover quickly and effectively from disasters affecting the housing stock	1	4	4	Open		MyPlace providing out-of-hours service and support in case of fire, flood, and other events.	1	4	4
BDR28	Failure of the management team to demonstrate strong and effective leadership	1	4	4	Open		Weekly meetings between Chair and MD, and MD involved with key LBBD working groups and boards relevant to Reside (development, finance, systems etc).	1	4	4
BDR29	Failure of the Board and the management team to define the role and culture of the association and to set an appropriate strategic direction	1	4	4	Open		Visioning session with Board arranged for September meeting.	1	4	4
BDR31	Failure to raise sufficient finance at planned costs to maintain liquidity and meet business plan commitments	1	4	4	Open		LBBD finance/treasury resource supporting Reside board and MD, with additional interim governance and finance support resource in place.	1	4	6
BDR33	Greater than expected liabilities arising from finance leases and other financial instruments, including stand-alone derivatives	1	4	4	Open		Reside business plan assumptions regularly reviewed and any potential changes brought to quarterly shareholder panel.	1	4	4
BDR35	Failure to provide housing management services that meet agreed standards within planned resources	2	3	6	Open		Elevate SLA renegotiated to include contact for Reside homes. Repairs enquiries part of arrangements for new call centre.	2	3	6

APPENDIX 15**The Housing Market in LBBD**

1. Barking and Dagenham, as with all London local authorities is an area of high demand for housing. The Strategic Housing Market Assessment carried out on behalf of all the East London Boroughs, provided objectively assessed housing requirements for the borough over a period of 22 years: 2011 to 2033. This is set out below:

Barking & Dagenham		
Market Housing		Annual
1BR	1400	64
2BR	3300	150
3BR	8300	377
4BR	-200	-9
5+ BR	-200	-9
	12600	573
Affordable Housing		
1BR	1200	55
2BR	5600	255
3BR	6700	305
4BR	1400	64
5+ BR	300	14
	15200	691

2. This suggests that there is an annual need for 573 market homes, and 691 affordable homes each year. This total housing need of 1,264 is close to the London Plan annual target of 1,236 home each year. London Plan targets do not correlate exactly to need, but also take into account capacity.
3. During the period when this SHMA was drafted and revised, the National Planning Policy Framework (NPPF) and Planning Practice Guidance changed, although the Objective Need Assessment (OAN) prepared under previous guidance has been retained.
4. In the case of household projections, household growth of 35,355 households is predicted over the 2016-2039 period, a rise of 46%, or on average 1,537 households per annum.
5. GLA has also produced population and household projections for Barking and Dagenham. The central migration trend option within its most 2016-based household projections show household growth of 31,484 (41%), or on average 1,369 per annum.
6. GLA's most recent employment projections covering the 2016-2050 period show relatively limited employment growth in the borough from 58,000 jobs in 2016 to 65,000 in 2050. A recent employment study commissioned by the borough looks at the potential for much higher rates of employment growth in the range 18,000-24,000 jobs. If adopted, the

creation of this level of employment would clearly require additional dwellings to avoid the need for inward commuting.

7. On this basis, the Objectively Assessed Need (OAN) for Barking and Dagenham before taking account of market signals was 1,523 dwellings per annum over the period 2016-2039, including provision for vacant and second homes in the additional stock.
8. The dwelling size breakdown of the OAN was dependent on assumptions about future occupancy rates. Assuming that private sector occupancy rates (which include significant levels of under-occupancy) remain as at present, the required size breakdown of the housing stock in the borough in 2039 will be 39% one bedroom dwellings, 27% two bedroom dwellings, 25% three bedroom dwellings, and 10% four bedroom dwellings.
9. Affordability in LBB
 - 9.1 The need for affordable housing differs from total housing need or the Objectively Assessed Need for Housing (OAN). Assessed need, as calculated either through the standardised methodology or the former OAN process is an assessment of the amount of additional housing stock required to cater for future household growth. The affordable housing requirement estimates the total amount of affordable housing required, which could be met in a variety of ways in addition to building more homes (for example, by acquiring private stock for use as affordable housing).
 - 9.2 Combining household estimates drawn from the Planning Practice Guidance, with the numbers of newly forming households and the number of existing households falling into need, there is a potential annual need for housing of 3,163 households, before taking account of the ability of these households to afford market housing.²⁰
 - 9.3 To assess the number of these households unable to afford market housing, estimates of were obtained of the distribution of household incomes in the borough, and of the incomes of the specific groups defined in Guidance as potentially in need. Household incomes were compared with the threshold entry cost for market housing, namely the lower quartile market rent, to give an estimate of the number of households in need of affordable housing, broken down by bedroom requirements. An estimated 2,067 households per annum could not afford to pay the market entry threshold cost and therefore needed affordable housing.
 - 9.4 Four other affordable housing thresholds were also identified. The lowest cost threshold was based on current actual average rent levels in the social rented sector in Barking and Dagenham. 601 households, or very broadly about one third of those unable to afford the market threshold, could not afford a rent threshold of 50% of the lower quartile private rent, and so would require social rented housing at

²⁰ Source Cobweb report

around current average rent levels.

- 9.5 The next threshold was set at 66% of the lower quartile market rent. 625 more households, roughly another third, could afford rents at 50-65% of this level.
- 9.6 The next threshold was set at 80% of the lower quartile market rent. 363 more households, very roughly one sixth of those unable to afford market housing, could afford rents of 66-79% of the lower quartile threshold market rent.
- 9.7 This leaves another 479 households who could afford 80-99% of the market threshold rent. These proportions are not exact but give a rough indication of the breakdown of affordable need.
- 9.8 The annual supply of affordable housing units is estimated at 510 units, and deducting this from gross need provides a net annual requirement for affordable housing of 1,557 units.
- 9.9 The Private Rented Market in LBB
- 9.10 The private rented sector (PRS) in LBB increased from 5% in 2001 to 18% in 2011²¹, is now likely be at least a quarter of the stock²² and is estimated to still be growing quickly. The 2011 census showed nearly 5,000 fewer owner occupiers than in 2001.
- 9.11 There has been a Borough wide Private Sector Licensing Scheme in operation since September 2014 that has recently been renewed for a further 5 years until 2024. This requires all private rented homes to have a licence.
- 9.12 The Private Rented Sector in Barking and Dagenham is estimated to include 9,000²³ Houses in Multiple Occupation. The overall condition of the private rented sector is poor, and poorly managed. There are an estimated 4,000+ landlords operating in the sector. Only 23% of private rented property is managed professionally.
- 9.13 Official guidance makes it clear that private rented housing is not affordable housing, but the private rented sector could play a part in meeting affordable need, supported by Local Housing Allowance, mainly perhaps on a short-term basis for any individual household.

²¹ 2011 census data

²² Different data sources give different estimates. The Cobweb research which was based on extrapolating the 2011 census data using historic trends estimates 24% of homes are private rented. The Community impact statement in the January 2018 report to Cabinet on the Private Rented Property Licensing scheme states "In September 2014, it was estimated that there were 17,000 privately rented properties in the borough increasing to 20,115 by 2018. This represents 27.7% of our total estimated households in the borough of 73,500. Our data tells us that it is likely to increase to 25,000 privately rented homes by 2022 making privately rented properties 33% of the borough"

²³ Source <https://www.lbbd.gov.uk/property-licensing>

However, in the longer term, it seems that landlords are orienting themselves to higher ends of the market, to cater for working and professional households, who can pay the higher rent the market can command.

- 9.14 There is evidence that the private rented sector is both in poor condition, and poorly managed. This is a strong motivator for the Council to encourage a more professional, and well managed private rented sector.

APPENDIX 16:

DRAFT PROPOSED PERFORMANCE MEASURES

1: Action plan from the business plan – the response to the mandate on developing the Reside business

Business plan Deliverables	Target for completion /progress expected over the next 12 months	Progress update
<i>Governance and business planning</i>		
Produce a governance manual for Reside.	Manual produced by December 2019	
Conduct a financial health check of Reside which supports the long term delivery of financial return	Health check completed by December 2019	
Develop an approach to refreshing the business plan to reflect any changes to the development pipeline	Approach agreed and implemented by the end of Q4	
<i>Brand identity and external comms</i>		
Developing Reside's vision, mission and values based on the Council vision in the commissioning mandate		
Developing a strong brand identity as the main provider of high quality new rented homes in the borough	External comms channels – current and perspective tenants	
<i>Lettings, sales and marketing strategy</i>		
Develop Reside's contribution, as part of the inclusive growth system, to the development and delivery of the New build programme, through formal and informal engagement across the development cycle.		
Develop an approach to providing market intelligence that informs the		

New Build development programme, based on an understanding of the local housing market context, trends and wider market influences and other place making factors which will maximise the desirability of Reside properties.		
Lead the planning across the system for the handover and occupation of the Reside properties in the pipeline	Planning to be in place for April 2020	
<i>Providing first class housing management services</i>		
Carry out a commissioning review to inform decision making around the future options for the delivery of housing management services for Reside	Commissioning review should be completed by April 2020	
Develop a comprehensive set of performance indicators which will enable Reside to know it is delivering a first- class housing management service.	Developed by April 2020	

2: Housing management Key Performance Indicators

Proposed Measure	Current Performance	Benchmark	New Target	Reporting frequency	By ENTITY	By TENURE
Rent collection rate as % of total rent due	99.71%			Monthly		
Void rate as % of all stock	0.23% (void loss)			Monthly		
Average number of days to let a void property	6.20 (target 5 days)			Monthly		

Appendix A

% of new lets or Re – lets which are made to B+D residents	90%			Monthly		
% off Reside residents who are satisfied with the service they receive	58%			Yearly		
% of responsive repairs completed within X number of days	85.71% (9 day target)			Monthly		
% of responsive repairs completed on first visit	TBC			Monthly		

3: Financial performance (rent) – the Reside contribution to the delivery of MTFS should be updated monthly

Reside Entity	Barking & Dagenham Reside Ltd	Barking and Dagenham Abbey Roding LLP	B&D Weavers LLP	Barking and Dagenham Regeneration Ltd	Total for Reside
MTFS target (19/20)	£225k	£426k	£235k	(£258k)	£628k
Year to date income					
Full year Management costs					
Projected income for year end	£225k	£426k	£380k	£(312k)	£719k
Projected variance to MTFS target (Surplus)	0	0	£145k	£(54k)	£91k

Appendix 17:Reside Board involvement in the Gateway process

Step No.	Gateway	Process
1	Gateway 1	Reside MD to attend Client Brief workshops to contribute to the requirements of the sites from a Reside perspective. Reside MD to comment on the client brief, before the Director of Inclusive Growth formally signs off the brief on behalf of the shareholder. The Reside MD should informally consult Reside Board members as appropriate during this time in line with the gateway process timescales, regarding any specific issues or aspects of the proposed client briefs.
2	Gateway 2	Reside MD should input into the Gateway Panel and Investment Panel meetings and paperwork, by attending pre-meetings held by the Commissioner. Contributions from the Reside MD should input and steer Commissioner meetings with Be First. After Investment Panel have agreed a proposal at Gateway 2 the Investment Panel Report and an accompanying presentation to be taken to the next available Reside Board. The scheme will be presented by the Reside MD with the support as required from Be First. The Board will make formal recommendations as appropriate to the Commissioner. The Commissioner will consider the recommendations and feed them back as appropriate to the Council as a shareholder and Be First. The Council will respond formally to the Board's recommendations.
3	Post Reside Board formal recommendations through gateway 3 (planning) to Gateway 4	Quarterly Portfolio Update Reports will provide the Reside Board with a mechanism for ongoing dialogue with the Council. These will include information about any change control requests that have been agreed by the Council since gateway 2. The reports will be led by the Reside MD (the Council will provide the Reside MD with the relevant information) and presented by him/her to the Reside Board on a quarterly basis. The Board will formally feedback any significant concerns to the Council. It's expected that finalising the s106 that needs to be signed at this stage will be delegated to the Reside MD.
4	Post Gateway 4	Land and Legal Transfer, the Council approve the site being taken into management and approve its transfer into Reside. Reside Board take a formal decision to accept the site, as part of this process they delegate the detailed arrangements to take handover to the Reside MD. If Reside Board do not decide to accept the site, the shareholder can over-rule them and put the site into the relevant Reside Vehicles. All three aspects (land, legal and delegation of detailed handover to the Reside MD) should be synchronised and completed in one action.
5	Gateway 5	At this stage the site is formally handed over, with approvals to take into management having been agreed at stage 4, with the detailed handover being delegated formally to the Reside MD. At this stage the Reside MD as part of reporting on his/her use of delegations, will confirm he has undertaken all the steps required to take formal handover.
6	Lessons Learnt	Reside Board to formally contribute to the lessons learnt process which takes place a year after official handover.

Appendix A

Below is the current list of Reside sites and where they are in the Gateway Process

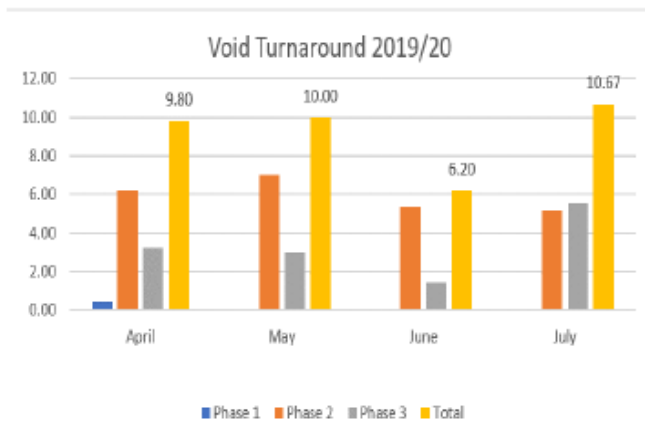
<i>Sites due to come to Gateway 2 in the next twelve months</i>	<i>Name of Site</i>
	<i>Gascoigne East Phase 3</i>
	<i>Padnall Lake</i>
	<i>Stour Road 90</i>
	<i>Gascoigne West Phase 2</i>
<i>Sites currently between gateway 2 and 4 (to be covered as part of the quarterly update report)</i>	<i>Sacred Heart</i> <i>Sebastian Court</i> <i>Gascoigne West Phase 1</i> <i>Gascoigne East Phase 2</i> <i>200 Becontree</i> <i>12 Thames Road</i> <i>Royal British Legion</i> <i>Oxlow</i> <i>Roxwell</i> <i>Woodward Road</i> <i>Rainham Road South</i>

APPENDIX 18:

EXISTING PERFORMANCE DASHBOARD

RESIDE PERFORMANCE DASHBOARD				
Key Performance Indicators			2018/19	
STAR Survey - Overall Satisfaction			58%	
STAR Survey - Rent is VFM			47%	
	May	June	July	
Complaints (answered in 7 days)	n/a	n/a	n/a	
Repairs Turnaround (in days) [target 9 days]	11.24	13.34	10.26	
Repairs completed in target	82.61%	80.95%	85.71%	
Voids turnaround (in days) [5 days]	10.00	6.20	6.20	
Financials (July 2019)				
	WSQ / EETV	ABBEY	WEAVERS	
Rent Collection %	99.76%	99.86%	98.19%	
Current Arrears £	£63,369	£8,720	£41,505	
	WSQ / EETV	ABBEY	WEAVERS	
Void Loss % (19/20)	0.27%	0.17%	0.24%	
Void Loss £ (19/20)	£5,097	£978	£1,721	
	WSQ / EETV	ABBEY	WEAVERS	
Bad Debt	£303,741	£10,741	£5,449	
Projects & Programmes:				
The new offer has been agreed by the Director of My Place. The next stage is to take the proposal to Improvement Board, CSG and LAG for approval it is anticipated that this will happen by the end of September 2019.				
An improvement project on BDMS's services is due to commence in September which will see an improvement in service delivery.				
Key Narrative:				
Weavers				
Security remains an issue on Weavers with the homeless and drug users using the bin / bike sheds to sleep, take drugs. We have instructed security from 6pm to 6am and all over the weekend. This is proving successful. Be First have agreed to enhance security on all doors with an additional magnetic lock. The installation will be complete by the end of August.				
Personal injury claim				
A personal injury claim has been received from a tenant at EETV having fallen down the stairs and damaged her teeth. My Place were able to defend the case as they visited the property on the same day as the fall and took pictures which allayed the allegations of loose carpet and defective handrails. Insurers are investigating the claim.				
Complaint				
No formal complaints received in July.				
William Street Quarter Hot Water				
The leak in the communal water system has been located by a specialist leak tracing firm. Hot water has been shut down for 2 x 2 days to allow the system to cool and allow tracing. Significant communication was sent to residents with staff on site, no complaints received as a result. The repair will take around three hours with no impact on residents. The leak has been going on since the development was handed over from contractors.				
Compliance				
Lifts, legionella, emergency lighting, fire risk assessments, sprinkler systems, smoke control systems are 100% compliant.				

Void Reporting:



	Phase 1	Phase 2	Phase 3	Total	No. Let
April	0.40	6.20	3.20	9.80	5
May	0.00	7.00	3.00	10.00	2
June	0.00	5.40	1.40	6.20	5
July	0.00	5.11	5.56	10.67	9
August					
September					
October					
November					
December					
January					
February					
March					

Monthly Lettings

Scheme	Children	Bedrooms	Profession	1st Applicant	2nd Applicant	Live B&D	Work B&D		
Weavers	2	3	Mental Health Nurse	£36,000	Healthcare Assistant	£20,000	£56,000	Yes	No
Abbey	0	1	Sports Direct - Assistant Manager	£35,000	Single		£35,000	Yes	Yes
Thames View	4	4	Security Officer	£30,000	Healthcare Assistant	£22,500	£52,500	Yes	No
WSQ	2	4	Regional Manager	£34,000	IT Consultant	£25,000	£59,000	Yes	No
Thames View	3	3	Dispensary Assistant	£19,000	Cleaner	£12,000	£31,000	Yes	No
WSQ	0	1	Social Worker	£42,000	Single		£42,000	Yes	No

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	YTD
Ave Repair Turnaround (Days)	9.60	11.24	13.30	10.26									11.22
% of Jobs Completed on Time	87.09%	82.61%	80.07%	85.71%									83.73%
Number of Jobs Completed	364	414	286	308									1372

RESIDE FINANCE DASHBOARD				
Revenue				
19/20 Surplus Rent Target to LBBD in MTFS	Target	Prediction to 31/3/20	Variance	Comment
B&D Reside Ltd	£224,883	£224,883	£0	The rent increase has been revised to RPI+1% since last months forecast in line with the original assumptions used to model the scheme. However there remains a risk that current market conditions may restrict this. The business plan is very sensitive to rent increases of less than RPI+1% for this company as the majority of its costs increase each year under the legal agreements by RPI, so any lower rent increase has a significant impact on both the current and future years out turns. A rental valuation is being requested from Savills to inform the rent increase proposals.
B&D Reside Abbey Roding LLP	£426,000	£426,000	£0	On target
B&D Reside Weavers LLP	£235,196	£380,647	£145,451	Additional income predicted due to re-allocation of management costs
B&D Reside Regeneration Ltd	£-258,000	£-360,891	£-102,891	Additional cost will be incurred to fund service improvements, however the overall income target will still be met/ exceeded. The costs for this Company will be distributed on a unit basis to the other Reside Companies.
B&D Reside Regeneration LLP	£0	£0	£0	Breakeven is predicted. Losses as a result of void service charge costs because of slow sales are offset by reduced interest costs as no interest is due on each loan until a subphase is fully sold which means that rental income on the sold properties should offset the cost of the void units. We are still confirming the recoverability of in year service charges and there is a risk of further unrecoverable service charges.
Total	£628,059	£670,619	£42,560	
Capital				
19/20 Capital Repayments due to LBBD	Target	Paid to Date	Variance	Comment
B&D Reside Regeneration LLP	N/A	£1,239,250	N/A	There are 46 shared ownership units that are sold/ in the process of being sold on the Weavers Quarter Development. There are two subphases, A1, which has 26 units and A2 which has 20 units. The initial sales are paid up to the Council as they are received and used to offset the loan (less sales and legal fees). Of the 46 units, 27 have been sold (11 in this financial year), 8 are in the process of being sold and 11 are still available. Sales are slower than expected and it is predicted that some of the units may not be sold in this financial year. Promotions and financial Incentives are being offered to improve sales in line with those offered by L&Q. The loan interest is not due until a subphase is fully sold therefore although the Company will be incurring costs for service charges and utilities on void properties, the rental income should offset these costs this year to a breakeven position. There are 27 shared ownership units at Kingsbridge, 26 units have been sold and the last one has been reserved and are all expected to be sold. Sales receipts, income and expense are passed through to the Council as part of the lease agreement, therefore there is no budget target currently in Reside for these units.