

DATED _____ **2017**

(1) LONDON BOROUGH OF LAMBETH COUNCIL

(2) HFL GROUP LIMITED

(3) HFL LIVING LIMITED

(4) HFL BUILD LIMITED

(5) HFL HOMES LIMITED

MEMORANDUM OF UNDERSTANDING
relating to the
"HOMES FOR LAMBETH"
group of companies



Pinsent Masons

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BETWEEN:

- (1) **LONDON BOROUGH OF LAMBETH COUNCIL** whose office is at Lambeth Town Hall, Brixton Hill, London SW2 1RW (the "**Council**");
- (2) **HFL GROUP LIMITED** a company incorporated in England and Wales (registered with number 10847929) and whose registered office is at Lambeth Town Hall, Brixton Hill, London SW2 1RW ("**HFLGL**");
- (3) **HFL LIVING LIMITED** a company incorporated in England and Wales (registered with number 10847962) whose registered office is at Lambeth Town Hall, Brixton Hill, London SW2 1RW ("**HFL Living**");
- (4) **HFL BUILD LIMITED** a company incorporated in England and Wales (registered with number 10847965) whose registered office is at Lambeth Town Hall, Brixton Hill, London SW2 1RW ("**HFL Build**"); and
- (5) **HFL HOMES LIMITED** a company incorporated in England and Wales (registered with number 10847988) whose registered office is at Lambeth Town Hall, Brixton Hill, London SW2 1RW ("**HFL Homes**").

BACKGROUND:

- (A) HFLGL, HFL Living, HFL Build and HFL Homes are private companies limited by shares, incorporated in England and Wales under the Companies Act 2006 on 3 July 2017. Details of each company are set out in Schedule 1.
- (B) The Council is the sole Shareholder of HFLGL and HFLGL is the sole Shareholder of each of HFL Living, HFL Build and HFL Homes as set out in Schedule 1.
- (C) HFL Homes is intended to become a registered provider of affordable housing operating on a "for profit" basis and will be required to meet all the requirements of HCA as its appointed regulator.
- (D) This Agreement regulates the operation and management of HFLGL, HFL Living, HFL Homes and HFL Build and the relationship between each of them and their respective Shareholders.
- (E) It is intended that HFLGL, HFL Living, HFL Homes and HFL Build trade under the "Homes for Lambeth" name.

IT IS AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement unless the context otherwise requires the following expressions have the following meanings:

"Accounting Policies and Principles" means the accounting policies and principles in the agreed form to be adopted by the Company with effect from Completion as amended or modified from time to time in accordance with this Agreement;

"Act" means the Companies Act 2006

"Agreement" means the provisions of this agreement, including the Schedules

"Articles"	means the new articles of association of the Company in the agreed form and as amended from time to time in accordance with this Agreement
"Auditors"	means the auditors of each Company from time to time
"Board"	means the board of Directors of each Company for the time being
"Board Minutes"	means the minutes of the meeting of each Board to be held pursuant to Clause 2 in the agreed form
"Business"	means the business of working with the Council and others to provide high quality housing and regeneration in the London Borough of Lambeth that addresses local housing need and contributes positively to the local area.
"Business Day"	means a day on which banks are open for normal banking business in the City of London (excluding Saturdays and Sundays)
"Company"	shall mean each of HFLGL, HFL Living, HFL Homes and HFL Build as the context so permits and "Companies" shall be a reference to all four together
"Confidential Information"	<p>means:</p> <ul style="list-style-type: none"> (i) information, including all Personal Data, which (however it is conveyed) is provided by the Disclosing Party pursuant to or in anticipation of this Agreement that relates to: <ul style="list-style-type: none"> (A) the Disclosing Party's Group or (B) the operations, business, affairs, developments, intellectual property rights, trade secrets, know-how and/or personnel of the Disclosing Party's Group (ii) other Information provided by the Disclosing Party pursuant to or in anticipation of this Agreement which comes (or has come) to the Recipient's attention or into the Recipient's possession in connection with this Agreement (iii) discussions, negotiations, and correspondence between the Disclosing Party or any of its directors, officers, employees, consultants or professional advisers and the Recipient or any of its directors, officers, employees, consultants and professional advisers in connection with this Agreement and all matters arising therefrom and (iv) Information derived from any of the above <p>that is, in the case of (i) to (iii) above, clearly designated as being confidential or equivalent (whether or not it is so marked) or that ought reasonably to be considered to be confidential but not including any information which</p>

- (a) was in the possession of the Recipient without obligation of confidentiality prior to its disclosure by the Disclosing Party
- (b) the Recipient obtained on a non-confidential basis from a third party who is not, to the Recipient's knowledge or belief, bound by a confidentiality agreement with the Disclosing Party or otherwise prohibited from disclosing the information to the Recipient
- (c) was already generally available and in the public domain at the time of disclosure otherwise than by a breach of this Agreement or breach of a duty of confidentiality or
- (d) was independently developed without access to the Confidential Information

"Conflict Matter"	has the meaning set out in the COI Policy
"COI Policy"	means the Conflicts of Interest Policy of the HFLGL proposed to be adopted pursuant to Clause 3 and the Scheme of Delegation
"Corporate Committee"	means the corporate committee of the Council as more particularly described in the Council's constitution
"Deed of Adherence"	means a deed in the form set out in Schedule 2 or such other form as the Shareholders may agree in writing
"Director"	means any director for the time being of the Company (and, where applicable, any alternate director) and "Directors" shall be construed accordingly
"EIR"	means the Environmental Information Regulations 2004
"Encumbrance"	means a mortgage, charge (whether fixed or floating in nature), lien, pledge, deposit by security or other agreement having the effect of providing security to a creditor
"Executive Director"	means any Director appointed by the Board as an executive director who shall not be an employee of the Council
"Financial Year"	means a financial year of the Company within the meaning given to that expression in section 390 of the Act
"FOIA"	means the Freedom of Information Act 2000 and any subordinate legislation (as defined in section 84 of the Freedom of Information Act 2000) made under the Freedom of Information Act 2000 from time to time together with any guidance and/or codes of practice issued by the Information Commissioner or relevant Government Department in relation to such Act
"Good Industry Practice"	means standards, practices, methods and procedures conforming to Law and the exercise of a degree of skill, care, prudence and foresight which would be expected from leading companies in the relevant industry or sector

"Group Budget"	means the key performance indicators and budgets of HFLGL for the HFL Group as a whole, which shall include a budget for each Subsidiary agreed between the HFLGL Board and the Boards of each Subsidiary, and which shall form part of the Group Business Plan
"Group Business Plan"	means the business plan of HFLGL, in respect of the HFL Group as a whole, as may be modified or replaced from time to time in accordance with the terms of this Agreement
"HFL Group"	means the "Homes for Lambeth" group of companies controlled by HFLGL from time to time, being at the date of this Agreement, the Companies
"Independent Director"	means a Director who is not engaged, employed by, an officer or member the London Borough of Lambeth Council
"Information"	means all information of whatever nature, however conveyed and in whatever form, including in writing, orally, by demonstration, electronically and in a tangible, visual or machine-readable medium (including CD-ROM, magnetic and digital form)
"Laws"	means any applicable law, statute, subordinate legislation (within the meaning of section 21(1) of the Interpretation Act 1978), bye-law, enforceable right (within the meaning of section 2 of the European Communities Act 1972), regulation, order, mandatory guidance or code of practice, judgment of a relevant court of law, or directives or requirements of any regulatory body and "Law" shall be construed accordingly
"Net Profits"	means the profits after Tax of the Company for a Financial Year as shown in its audited accounts for that Financial Year
"Objectives"	has the meaning given in Clause 5.1
"Ownership & Stewardship Cabinet Advisory Panel"	means the Ownership & Stewardship Cabinet Advisory Panel proposed to be established as an advisory panel of the Council's cabinet
"Ownership & Stewardship Cabinet Advisory Panel Terms of Reference"	means the Ownership & Stewardship Cabinet Advisory Panel terms of reference set out in Schedule 4 as amended by the Council (without the requirement for the consent of any other party) from time to time (that subject to any amendments being notified to the other parties in accordance with this Agreement)
"Project Documents"	means this Agreement, the Articles and the articles of association of each of HFL Living, HFL Build and HFL Homes, the COI Policy and any other documents in the agreed form
"Scheme of Delegation"	means the scheme setting out how decisions of each of the Companies are to be made as set out in Schedule 3
"Shares"	means a share in the capital of each Company as applicable of either such class (as the context requires)
"Shareholders"	means the shareholders of each Company and a reference to "Shareholder" shall mean any of them
"Shareholder Claim"	has the meaning set out in the COI Policy

"Subsidiary"	means a subsidiary company of HFLGL, which as at the date of this Agreement are, HFL Living, HFL Build and HFL Homes and a reference to "Subsidiaries" shall be to all of them
"Subsidiary Business Plan"	means the business plan for each Subsidiary in the agreed form and as may be modified or replaced from time to time in accordance with the terms of this Agreement
"Winding-up Practitioner"	means an agreed independent third party appointed by the Shareholders to administer a winding up of the company including distributing the assets of the company to those entitled or, failing agreement, an authorised or licensed insolvency practitioner nominated by or on behalf of the President of the Institute of Chartered Accountants in England and Wales at the request of the relevant Shareholder
"Written Resolutions"	means shareholder written resolutions of the relevant company in the agreed form

1.2 In this Agreement, a reference to:

- 1.2.1 a Clause or Schedule is a reference to a clause of or schedule to this Agreement
- 1.2.2 a Part or paragraph is, unless otherwise stated, a reference to a part of the Schedule or paragraph of the Schedule or Part (as the case may be) in which the reference appears
- 1.2.3 a document **"in the agreed form"** is a reference to a document in the form approved and, for the purposes of identification only, initialled by or on behalf of the Shareholders (in each case with such amendments as may be agreed by or on behalf of the Shareholders)
- 1.2.4 a statutory provision includes a reference to that provision as modified, replaced, amended and/or re-enacted from time to time (before or after the date of this Agreement) and any prior or subsequent subordinate legislation made under it
- 1.2.5 any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or other legal concept or thing will in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English term and any English statutory provision will be construed so as to include equivalent or analogous laws of any other jurisdiction
- 1.2.6 any gender includes a reference to the other genders and the singular shall include the plural and vice versa
- 1.2.7 **"costs"** includes a reference to costs, fees, charges and expenses of every description
- 1.2.8 a **"person"** includes a reference to an individual, partnership, unincorporated association, body corporate, government, state or agency of a state, local or municipal Council or government body or any joint venture wherever incorporated or situated (in each case whether or not having separate legal personality) and includes a reference to that person's legal personal representatives and successors
- 1.2.9 a **"subsidiary"**, **"holding company"** or **"body corporate"** has the respective meaning set out in sections 1159 and 1173 of the Act save that for the purposes of section 1159 of the Act, a company shall be treated as a member of another company if any shares in that other company are registered in the name of
 - (a) a person by way of security (where the company has provided the security) or
 - (b) a person as nominee for the company

- 1.2.10 "**company**" shall be construed so as to include any company, corporation or other body corporate wherever and however incorporated or established
- 1.2.11 a "**subsidiary undertaking**" or a "**parent undertaking**" has the respective meaning set out in section 1162 of the Act
- 1.2.12 a "**group undertaking**" has the meaning set out in section 1161 of the Act
- 1.2.13 a "**connected person**" is a reference to a person connected with another within the meaning of section 1122 CTA 2010
- 1.2.14 an "**associated company**" and "**control**" shall be construed in accordance with sections 449 and 1124 of the CTA 2010 (and "**controls**" and "**controlled**" shall be construed accordingly)
- 1.2.15 "**equity share capital**" has the meaning set out in section 548 of the Act
- 1.2.16 "**eligible member**" has the meaning set out in section 289 of the Act
- 1.2.17 something being "**in writing**" or "**written**" shall include a reference to that thing being produced by any legible and non-transitory substitute for writing (excluding, unless otherwise expressly permitted by this Agreement or the Articles, in electronic form as defined in section 1168 of the Act)
- 1.2.18 a "**day**" (including within the phrase "**Business Day**") shall mean a period of twenty four (24) hours running from midnight to midnight
- 1.2.19 any other document referred to in this Agreement is a reference to that other document as amended, varied, novated or supplemented (other than in breach of the provisions of this Agreement) from time to time and
- 1.2.20 a "**party**" is a reference to a party to this Agreement from time to time (either by virtue of having executed this Agreement or having entered into a Deed of Adherence) and includes a reference to that party's legal personal representatives, successors and permitted assigns, and "**parties**", "**party to this Agreement**" and "**parties to this Agreement**" shall be construed accordingly.
- 1.3 Save where otherwise defined in this Agreement or the context requires otherwise, words and expressions defined in the Articles have the same meanings when used in this Agreement, and a reference in this Agreement to a numbered Article shall be to the corresponding Article in the Articles.
- 1.4 The Schedules form part of this Agreement and shall be interpreted and construed as though they were set out in this Agreement.
- 1.5 The headings to the Clauses, Schedules, Parts and paragraphs are for convenience only and shall not affect the interpretation or construction of this Agreement.
- 1.6 The rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word "other" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things.
- 1.7 Any phrase introduced by the words "include", "includes", "including" or similar words are to be construed as illustrative only and without limitation to the related general words.
2. **THE BOARD**
- 2.1 Subject to the Scheme of Delegation and Clause 4, the management of each Company shall be vested in its Board.

2.2 HFLGL

- 2.2.1 The Board may, in consultation with the Ownership & Stewardship Cabinet Advisory Panel, appoint up to two Directors who shall be Independent Directors and, if any Independent Directors shall be appointed, the Board shall direct which Independent Director so appointed (if any) shall be the Chair. If an Independent Director so appointed as Chair no longer serves as Chair for whatever reason, the Board may appoint a Director to act as interim Chair on a temporary basis until such time as the Board appoints a replacement Independent Director as Chair.
- 2.2.2 Any individual to be appointed as a Director of HFLGL must meet the eligibility requirements contained in Schedule 4 to this Agreement.
- 2.2.3 Before removing or appointing a Director or Independent Director (but not an Executive Director), the HFLGL Board, shall so far as reasonably possible, consult with the Council via the Ownership & Stewardship Cabinet Advisory Panel and shall have due regard to (but shall not be bound by) the views of it on the identity of its appointees.
- 2.2.4 The Board shall use all reasonable endeavours to ensure that any person appointed by it as a Director, Independent Director or Executive Director after the date of this Agreement is aware of the obligations of HFLGL pursuant to this Agreement and, in the case of a Director, so far as reasonably possible, consults with the other Directors and has regard to (but shall not be bound by) the views of the other Directors on the identity of any alternate appointed by him.
- 2.2.5 The HFLGL Board shall from time to time be entitled to appoint, maintain in office and remove by notice to the Company at its registered office Executive Directors.
- 2.2.6 No Director (other than the Independent Directors and the Executive Directors, if appointed) shall be entitled to any remuneration from HFLGL in their capacity as Directors as determined in accordance with the Scheme of Delegation.
- 2.2.7 Unless otherwise agreed by the Board, the Council shall procure that meetings of the Board shall be held not fewer than ten (10) times per year and otherwise as circumstances require. No meeting of the Board shall normally be convened on less than five (5) Business Days' notice, but a meeting of the Board may be convened on short notice if at least two Directors of HFLGL agree in writing.
- 2.2.8 The quorum for the transaction of business at any meeting of the Board shall be two Directors.

2.3 HFL Living

- 2.3.1 The Board may, in consultation with the Ownership & Stewardship Cabinet Advisory Panel, appoint up to two Directors who shall be Independent Directors and, if any Independent Directors shall be appointed, the Board shall direct which Independent Director so appointed (if any) shall be the Chair. If an Independent Director so appointed as Chair no longer serves as Chair for whatever reason, the Board may appoint a Director to act as interim Chair on a temporary basis until such time as the Board appoints a replacement Independent Director as Chair.
- 2.3.2 Any individual to be appointed as a Director of HFL Living must meet the eligibility requirements contained in Schedule 4 to this Agreement.
- 2.3.3 Before removing or appointing a Director or Independent Director (but not an Executive Director), the HFL Living Board shall so far as reasonably possible, consult with the Council via the Ownership & Stewardship Cabinet Advisory Panel and shall have due regard to (but shall not be bound by) the views of it on the identity of its appointees.

- 2.3.4 The Board shall use all reasonable endeavours to ensure that any person appointed by it as a Director, Independent Director or Executive Director after the date of this Agreement is aware of the obligations of HFL Living pursuant to this Agreement and, in the case of a Director, so far as reasonably possible, consults with the other Directors and has regard to (but shall not be bound by) the views of the other Directors on the identity of any alternate appointed by him.
- 2.3.5 The HFL Living Board shall from time to time be entitled to appoint, maintain in office and remove by notice to the Company at its registered office Executive Directors.
- 2.3.6 No Director (other than the Independent Directors and the Executive Directors, if appointed) shall be entitled to any remuneration from HFL Living in their capacity as Directors as determined in accordance with the Scheme of Delegation.
- 2.3.7 Unless otherwise agreed by the Board, HFLGL shall procure that meetings of the Board shall be held not fewer than ten (10) times per year and otherwise as circumstances require. No meeting of the Board shall normally be convened on less than five (5) Business Days' notice, but a meeting of the Board may be convened on short notice if at least two Directors of HFLGL agree in writing.
- 2.3.8 The quorum for the transaction of business at any meeting of the Board shall be two Directors.

2.4 HFL Build

- 2.4.1 The Board may, in consultation with the Ownership & Stewardship Cabinet Advisory Panel, appoint up to two Directors who shall be Independent Directors and, if any Independent Directors shall be appointed, the Board shall direct which Independent Director so appointed (if any) shall be the Chair. If an Independent Director so appointed as Chair no longer serves as Chair for whatever reason, the Board may appoint a Director to act as interim Chair on a temporary basis until such time as the Board appoints a replacement Independent Director to act as Chair.
- 2.4.2 Any individual to be appointed as a Director of HFL Build must meet the eligibility requirements contained in Schedule 4 to this Agreement.
- 2.4.3 Before removing or appointing a Director or Independent Director (but not an Executive Director), the HFL Build Board shall so far as reasonably possible, consult with the Council via the Ownership & Stewardship Cabinet Advisory Panel and shall have due regard to (but shall not be bound by) the views of it on the identity of its appointees.
- 2.4.4 The Board shall use all reasonable endeavours to ensure that any person appointed by it as a Director, Independent Director or Executive Director after the date of this Agreement is aware of the obligations of HFL Build pursuant to this Agreement and, in the case of a Director, so far as reasonably possible, consults with the other Directors and has regard to (but shall not be bound by) the views of the other Directors on the identity of any alternate appointed by him.
- 2.4.5 The HFL Build Board shall from time to time be entitled to appoint, maintain in office and remove by notice to the Company at its registered office Executive Directors.
- 2.4.6 No Director (other than the Independent Directors and the Executive Directors, if appointed) shall be entitled to any remuneration from HFL Build in their capacity as Directors as determined in accordance with the Scheme of Delegation.
- 2.4.7 Unless otherwise agreed by the Board, HFLGL shall procure that meetings of the Board shall be held not fewer than ten (10) times per year and otherwise as circumstances require. No meeting of the Board shall normally be convened on less than five (5) Business Days' notice, but a meeting of the Board may be convened on short notice if at least two Directors of HFLGL agree in writing.

2.4.8 The quorum for the transaction of business at any meeting of the Board shall be two Directors.

2.5 HFL Homes

2.5.1 The Board shall, in consultation with the Ownership & Stewardship Cabinet Advisory Panel, appoint up to two Directors who shall be Independent Directors and, if any Independent Directors shall be appointed, the Board shall direct which Independent Director so appointed (if any) shall be the Chair. If an Independent Director so appointed as Chair no longer serves as Chair for whatever reason, the Board may appoint a Director to act as interim Chair on a temporary basis until such time as the Board appoints a replacement Independent Director to act as Chair.

2.5.2 Any individual to be appointed as a Director of HFL Homes must meet the eligibility requirements contained in Schedule 4 to this Agreement.

2.5.3 Before removing or appointing a Director or Independent Director (but not an Executive Director), the HFL Homes Board shall so far as reasonably possible, consult with the Council via the Ownership & Stewardship Cabinet Advisory Panel and shall have due regard to (but shall not be bound by) the views of it on the identity of its appointees.

2.5.4 The Board shall use all reasonable endeavours to ensure that any person appointed by it as a Director, Independent Director or Executive Director after the date of this Agreement is aware of the obligations of HFL Homes pursuant to this Agreement and, in the case of a Director, so far as reasonably possible, consults with the other Directors and has regard to (but shall not be bound by) the views of the other Directors on the identity of any alternate appointed by him.

2.5.5 The HFL Homes Board shall from time to time be entitled to appoint, maintain in office and remove by notice to the Company at its registered office Executive Directors.

2.5.6 No Director (other than the Independent Directors and the Executive Directors, if appointed) shall be entitled to any remuneration from HFL Homes in their capacity as Directors as determined in accordance with the Scheme of Delegation.

2.5.7 Unless otherwise agreed by the Board, HFLGL shall procure that meetings of the Board shall be held not fewer than ten (10) times per year and otherwise as circumstances require. No meeting of the Board shall normally be convened on less than five (5) Business Days' notice, but a meeting of the Board may be convened on short notice if at least two Directors of HFLGL agree in writing.

2.5.8 The quorum for the transaction of business at any meeting of the Board shall be two Directors.

2.6 Alternates

2.6.1 Subject to Clause 2.6.2, any Director (other than an Independent Director) may, by giving notice in accordance with the Articles, appoint another person, including another Director, to be his alternate and may, in the same way, remove an alternate so appointed by him. An alternate shall be entitled to receive notice of all meetings of the Board and to attend and vote as such at any meeting at which the Director appointing him is not personally present, and generally in the absence of his appointor to do all the things which his appointor is authorised or empowered to do. An appointed Director who is also an alternate shall be entitled, in the absence of his appointor:

- (a) to a separate vote on behalf of his appointor in addition to his own vote; and
- (b) to be counted as part of the quorum of the relevant Board on his own account and in respect of the Director for whom he is the alternate.

- 2.6.2 Where a person has been appointed as an alternate by a Director ("**Director A**"), such alternate shall not be entitled to act as alternate for any other Director, until such time as Director A has removed such person as his alternate by giving notice in accordance with the Articles.

2.7 Meetings

- 2.7.1 A reasonably detailed agenda of the business to be discussed and documents relating to issues to be considered at any meeting of the Board shall be distributed with the notice of the meeting of the Board in accordance with the Articles (save that Conflict Matter Documentation in relation to a Conflict Matter which is being distributed with the agenda shall not be distributed to any Director who is conflicted with respect to that Conflict Matter nor, save as provided in Clause 3, shall such Director have access at any other time to that Conflict Matter Documentation).
- 2.7.2 If within fifteen (15) minutes from the time appointed for a meeting of the Board a quorum is not present, the meeting shall be adjourned to the same day of the next week at the same time and place. Each Director not present at the meeting shall be notified within forty eight (48) hours of the adjournment by the Company by notice in writing of the date, time and place of the adjourned meeting.

2.8 Conflict Matters

- 2.8.1 All resolutions of the Board (except those relating to Conflict Matters (in respect of which Clause 3 shall apply) and those which shall require a Shareholder recommendation as set out in Scheme of Delegation shall be decided by majority vote of those Directors present and entitled to vote. The Chair of any meeting of the Board shall be entitled to a casting vote. A resolution (which may be in counterparts) in writing (including by email) signed (which, in respect of electronic resolutions, may be by way of electronic signature) by a majority of the Directors who would be entitled to vote on the matter at a meeting of the Board shall be as valid as if it had been passed at a meeting of the Board duly convened and held.
- 2.8.2 Subject to any provision of the Articles, where there is a Conflict Matter to be considered by the Board, the relevant Directors who are conflicted shall be entitled to attend any meeting of the Board at which the Conflict Matter is to be considered to speak and present their views but shall not be entitled to vote on or count in the quorum in respect of such Conflict Matter and shall absent themselves before any discussions regarding the Conflict Matter take place between the Directors who are not conflicted and any votes on the Conflict Matter are taken. In such circumstances:
- (a) at least two (2) Directors who are not conflicted, one (1) of whom shall be an Independent Director unless all Independent Directors are conflicted, shall constitute a quorum for the purposes of considering the Conflict Matter. Directors who are not conflicted shall be entitled to vote on a resolution of the Board in respect of the Conflict Matter;
 - (b) any written resolution of the Directors in respect of the Conflict Matter which is signed by a majority of the Directors who are not conflicted (provided that such majority includes all Non-Executive Directors who are not conflicted and all Independent Directors who are not conflicted) shall be as valid as if it had been passed at a meeting of the Board duly convened and held and
 - (c) This Clause 2 and Article 13 of the Articles (Quorum for Directors' Meetings) (in respect of HFLGL) (and any equivalent provisions in the articles of association of the Companies) shall be construed accordingly.
- 2.8.3 Each of the Directors shall, subject to compliance by such Directors with the statutory duties imposed on them pursuant to the Act, be at liberty from time to time to make such disclosure to the Shareholder who appointed him in relation to the Business and/or affairs

of the relevant company as he thinks fit. Where a Director proposed to make such disclosure he shall notify the Chair of his intention unless he reasonably believes that to do so would be contrary to principles of good governance.

3. **CONFLICTS OF INTEREST**

3.1 Within one hundred (100) days of the date of this Agreement the Shareholders will prepare and adopt a form of COI Policy, setting out the procedures to be followed by the Companies and their respective Boards in identifying and managing conflicts of interest, whether situational or transactional. Once adopted by the Shareholders such form of policy will apply in relation to each of the Companies unless amended or revoked by the Shareholders in accordance with the Scheme of Delegation.

3.2 Without prejudice to the provisions of the COI Policy, a Director must:

3.2.1 declare the nature and extent of any interest, direct or indirect, which he has in any proposed transaction or arrangement with the Company of which it is a Director or any arrangement entered into by that Company which has not been previously declared; and

3.2.2 (subject to clause 2) absent himself from any discussions of the Board in which it is possible that a conflict of interest will arise between his duty to act solely in the interests of the Company and any personal interest (including but not limited to financial interest).

3.3 Where there is an actual or potential conflict of interest between HFL Homes and any other company within the HFL Group including, without limitation, where such conflict arises in relation to HFL Homes due to any requirements of its regulator then HFL Homes and such other company within the HFL Group shall negotiate in good faith to modify the terms of the transaction giving rise to such conflict so as to satisfy the requirements of HFL Homes' regulator.

4. **SHAREHOLDER RESERVE POWER**

4.1 The Shareholder of any Company may direct the Directors of that Company to take, or refrain from taking, specified action, to the extent that such direction:-

4.1.1 may not require such Company to do or refrain from doing anything required by Law; and

4.1.2 additionally, in the case of HFL Homes, anything required by its regulator, currently the Homes and Communities Agency or which would otherwise contravene the provisions of Clause 8.3.

4.2 No such decision invalidates anything which the Directors have done before the passing of the resolution.

5. **THE BUSINESS OF THE COMPANY**

5.1 The following shall be the objectives of the HFL Group (the "**Objectives**"):

5.1.1 Building more and better homes to help tackle the housing crisis;

5.1.2 Investing resources efficiently to maximise housing and regeneration outcomes;

5.1.3 Providing high quality services for residents;

5.1.4 Maximising partnerships with public and private sector organisations;

5.1.5 Being a strategic delivery partner for the Council;

5.1.6 Building and maintaining financial strength to deliver more homes; and

5.1.7 Engaging with local communities and investing for the long term.

5.2 The objectives for HFL Homes shall be the provision of social housing in England.

5.3 Each Company hereby acknowledges that the Objectives are common objectives of each Company and hereby agrees to work with the other Companies to further the common Objectives, except in circumstances where it would breach any rule, regulation or Laws by doing so.

6. **SHAREHOLDERS' MEETINGS**

6.1 Subject to Clause 7, the Shareholders shall use all reasonable endeavours to procure that their respective representatives attend each meeting of the members of the Company and that a quorum (in accordance with the provisions contained in the Articles) of at least one Shareholder is present throughout each such meeting. A Shareholder shall be entitled to one vote for each Ordinary Share of which it is the holder whether on a show of hands or a written resolution.

6.2 If within fifteen (15) minutes from the time appointed for a general meeting a quorum is not present, the meeting shall be adjourned to the same day of the next week at the same time and each member shall be notified by the Company within forty eight (48) hours of the adjournment of such meeting by the Company by electronic mail or by any other form of notice in writing of the date, time and place of the adjourned meeting.

6.3 If a resolution submitted to a duly convened general meeting is not carried at that meeting, the meeting may on the written request of any member present in person or by proxy be adjourned for three (3) Business Days and then reconvened.

7. **SCHEME OF DELEGATION**

7.1 The Council as shareholder of HFLGL shall establish the Ownership & Stewardship Cabinet Advisory Panel as an advisory panel of the Council's Cabinet as more particularly set out in the Ownership & Stewardship Cabinet Advisory Panel Terms of Reference.

7.2 Where decisions are to be taken pursuant to this Agreement by Council, the Council shall first request a recommendation from the Ownership & Stewardship Cabinet Advisory Panel, and such decisions shall be valid to the extent that it is taken in accordance with the Scheme of Delegation.

7.3 Subject to the matters reserved to Shareholder pursuant to the Scheme of Delegation and save to the extent otherwise expressly provided in the Act the Shareholders of each of HFLGL and HFL Homes have vested the management and operations of those companies in their respective Boards.

8. **CONDUCT OF BUSINESS**

8.1 Each of the parties undertakes to keep books, accounts and records that properly, fairly and accurately record and report all transactions with respect to the matters which are the subject of this Agreement, or are in connection with this Agreement, and any matters resulting therefrom, to comply with Laws in relation to such record keeping requirements and to keep such books, accounts and records for the period required by Law and/or government policy or for at least six (6) years (whichever is the longer) following the period to which they relate. Each of the Shareholders shall be entitled, having given reasonable notice, to have access to, inspect and audit all invoices and accompanying documents issued by, and the financial books and records of the relevant Company in order to verify compliance with this Clause 8.

8.2 Each Company and the Shareholders shall exercise their respective powers to procure (so far as they are legally able) that each Company shall use all reasonable endeavours to ensure that their respective appointees as Directors shall carry on the Business:

8.2.1 in accordance with Good Industry Practice;

8.2.2 in a manner that complies with:

- (a) all Laws
- (b) the Objectives
- (c) the provisions of this Agreement and the Articles (to the extent it is reasonably within their respective powers to do so);
- (d) the applicable Business Plan;
- (e) subject to the COI Policy being adopted pursuant to Clause 3.1, the COI Policy.

8.3 In addition, HFL Homes and its Shareholder shall exercise their respective powers to procure, so far as it is legally able, that HFL Homes shall:

8.3.1 act in accordance with all requirements of its regulator; and

8.3.2 not enter into any agreement:

- (a) the primary intention of which is to support the activity of any other member of the HFL Group; and
- (b) which may reasonably be considered likely to have a negative impact on the social housing assets of HFL Homes.

9. OBLIGATIONS OF THE PARTIES TO EACH OTHER

Without prejudice to the specific provisions of this Agreement, each of the Shareholders agrees to act in good faith to promote the interests of HFLGL and HFL Homes as applicable for the benefit of all of the Shareholders and to use all reasonable endeavours to co-operate with the other Shareholder.

10. BUSINESS PLANS

10.1 Each Subsidiary will adopt the first Subsidiary Business Plan within six (6) months of the date hereof and thereafter will prepare Subsidiary Business Plans annually in accordance with this Clause 10.

10.2 HFLGL will adopt the first Group Business Plan within six (6) months of the date hereof and thereafter will prepare the Group Business Plans annually in accordance with this Clause 10.

10.3 The Board of each Subsidiary shall no earlier than six (6) months and no later than two (2) months before the end of each Financial Year prepare the draft Subsidiary Business Plan for the next Financial Year and on approval by the Board circulate the draft Business Plan for approval by HFLGL in accordance with the Scheme of Delegation.

10.4 HFLGL shall no earlier than six (6) months and no later than two (2) months before the end of each Financial Year prepare the draft Group Business Plan for the next Financial Year and on approval by the Board circulate the draft Business Plan for approval by the Council in accordance with the Scheme of Delegation.

10.5 The draft Group Business Plan or Subsidiary Business Plan (as the case may be, with such amendments as are agreed to it) will become the Group Business Plan or Subsidiary Business Plan in place of the then current Group Business Plan or Subsidiary Business Plan (as appropriate) upon the receipt of the relevant approval in accordance with the Scheme of Delegation.

11. PROGRESS MONITORING

11.1 Progress against the Business Plan shall be regularly reviewed at meetings of the Board.

11.2 The Annual Budget, and performance against the Annual Budget, shall be reviewed by the Board at least every three (3) months.

11.3 If, at any meeting of the Board reviewing matters under Clause 11.1, any Director reasonably considers that there has been a material failure of the Company to comply with the Business Plan, the Board shall discuss, or convene a further meeting of the Board to discuss, appropriate action to rectify such breach or failure and/or mitigate the effects of the breach or failure as far as possible, and to determine whether there has been a breach of a Project Document.

12. **FINANCIAL INFORMATION**

12.1 Each Company shall adopt accounting policies and/or principles which are substantially similar to the Accounting Policies and Principles.

12.2 Each of the Shareholders shall be entitled to examine the separate books, records and accounts to be kept the Company and to be supplied with all information, including monthly management accounts and operating statistics and other trading and financial information, in such form as such Shareholder may reasonably require, to keep it properly informed about the Business and affairs of the company and generally to protect its interests as a Shareholder.

12.3 Each Company shall, and the Shareholders shall procure (so far as they are legally able) that each Company shall:

12.3.1 keep proper books of account and make true and complete entries of all its dealings and transactions of and in relation to the Business

12.3.2 comply with Laws in relation to such record keeping requirements and

12.3.3 keep such books, accounts and records for a period of at least ten (10) years following the period to which they relate.

12.4 Each Company shall supply each of the Shareholders with the following information:

12.4.1 the audited accounts of the company for each Financial Year as soon as practicable and, at the latest, by four (4) months after the end of the Financial Year and

12.4.2 such information as the Shareholder may require in order to compile its annual accounts as soon as practicable and at the latest by fifteen (15) Business Days after the date of the request made by the Shareholder.

12.5 Each Company shall procure that monthly management information is prepared in relation to the Company which shall contain a report on the revenue and expenditure of the company during the previous month, month end cash resources and any borrowings, a comparison of the actual revenue and expenditure against that forecast for the corresponding period in the approved Annual Budget and an explanation of any difference between the two. Such information shall be delivered to the Directors within ten (10) Business Days of the end of the month to which it relates.

12.6 Each Shareholder shall be entitled to require the relevant Company from time to time to prepare and disclose to the Shareholders such financial information regarding the company and the Business for such Financial Year as may be relevant and the company shall as soon as possible comply with any such request.

13. **DISTRIBUTIONS**

13.1 **Determination of Net Profits**

13.1.1 The Board shall decide with respect to each Financial Year, acting in the best interests of the relevant Company as applicable and having taken into account the prohibitions on Net Profits distribution set out in Clause 13.2 and having taken the advice of the Auditors

(if appropriate), what amount (if any) of the Net Profits shall be retained by the Company in respect of:

- (a) reserves for general working capital requirements of the company for the following Financial Year; and/or
- (b) reinvestment back into the company in accordance with the Business Plan; and/or
- (c) any other debt (or part thereof) falling due for repayment in the following Financial Year together with any interest accrued thereon.

13.2 Distributions of Net Profits

13.2.1 The Companies shall not make any profit distribution pursuant to this Clause 13 (to the extent proposed) if:

- (a) there is insufficient cash available;
- (b) it would render the company insolvent;
- (c) the Board resolves that the company would be left with insufficient funds to meet any current or future contemplated obligations or contingencies;
- (d) it would materially adversely affect the ability of the company to comply with the Business Plan during the following Financial Year;
- (e) it would be a distribution in specie;
- (f) it would be in contravention of the Act;
- (g) it would be in contravention of the Scheme of Delegation; or
- (h) the Directors have acted contrary to their duties.

14. DEALINGS WITH SHARES

14.1 Each of the Shareholders undertakes with the other parties to this Agreement that (other than as contemplated by this Agreement), during the continuance of this Agreement, it shall not:

- 14.1.1 create any Encumbrance over all or any of its Shares;
- 14.1.2 other than pursuant to the provisions of Clause 15, sell, transfer or otherwise dispose of all or any of its Shares or any legal or beneficial interest therein or assign or otherwise purport to deal therewith or with any interest therein (each a "**Transfer**");
- 14.1.3 enter into any agreement with respect to the voting rights attached to all or any of its Shares;
- 14.1.4 agree, whether conditionally or otherwise, to do any of the foregoing;
- 14.1.5 cast any of the voting rights exercisable in respect of any of the Shares held by it in accordance with the directions, or subject to the written consent of, any other person (including another Shareholder).

14.2 Each Company shall not, unless the transfer forms part of a transaction for the sale of the entire issued share capital of the Company to a third party or the transferee is already a party to this Agreement, register any such person as the holder of any Shares until that person has executed a

Deed of Adherence. Upon being so registered that person shall be deemed to be a party to this Agreement.

15. PERMITTED TRANSFERS

15.1 The Shareholders may at any time transfer the whole (but not part only) of its interest in the Shares in the relevant Company to another party provided that it complies with the following requirements:

15.1.1 it receives the unanimous vote of full Cabinet approving the proposed transfer and its terms;

15.1.2 it receives at least a two thirds majority vote of full Council approving the proposed transfer and its terms;

15.1.3 it receives a majority vote of the HFLGL Board approving the proposed transfer and its terms;

15.1.4 the transferee shall have first entered into a Deed of Adherence; and

15.1.5 where the transfer relates to HFL Homes, the Deed of Adherence referred to in Clause 15.1.4 contains a further undertaking (beyond those contained the Deed of Adherence set out in Schedule 2) that HFL Homes will (and that the transferee will procure that HFL Homes will) comply with any relevant notification regime operated by the regulator of HFL Homes as a registered provider of social housing.

16. PREVENTION OF BRIBERY

16.1 The parties hereto:

16.1.1 shall not in connection with the Project Agreements commit a Prohibited Act;

16.1.2 warrants, represents and undertakes that it is not aware of any improper financial or other advantage being given to any person working for or engaged by the parties hereto in connection with the execution of this Agreement, and

16.1.3 shall have and comply with Adequate Procedures.

16.2 The parties hereto shall operate and maintain through the term of this Agreement an anti-bribery policy to prevent any employee from committing a Prohibited Act and shall enforce it where appropriate.

17. DURATION AND TERMINATION

17.1 Unless it is agreed otherwise in writing by the Shareholders, the Company shall be wound up in accordance with this Clause 17 and, without prejudice to any rights and obligations which are expressed to survive termination of this Agreement, this Agreement shall terminate following the occurrence of any of the following events ("**Termination Events**" and each event a "**Termination Event**"):

17.1.1 the insolvency, dissolution or liquidation of any Company;

17.1.2 the written agreement of the Shareholders or

17.1.3 the parties hereto agree to voluntarily wind up the relevant Company (including where there has been a change in Law as a result of which the parties agree the continuation of such company becomes unlawful, impractical or inadvisable) in which case the following provisions of this Clause 17 shall apply in respect of that company that is the subject of such written agreement.

17.2 On the occurrence of a Termination Event parties hereto will procure that, and will do all such acts and execute all such documents as may be necessary to ensure that, the winding up procedure set out in this Clause 17 is followed.

17.3 With effect from the date of the Termination Event:

17.3.1 no further activities or operations of each Company as applicable will be conducted, except as required to wind down the company and its Business

17.3.2 subject to Clause 17.3.1, the parties will use all reasonable endeavours to procure the termination of all other agreements and contracts to the relevant Company is party (including any other Project Documents) as far as possible avoiding such termination being a breach of the relevant contract and

17.3.3 a Winding-up Practitioner shall be appointed in accordance with Clause 17.4

17.4 **Appointment of a Winding-up Practitioner**

The parties hereto shall within ten (10) Business Days of a Termination Event (save that such time period shall be automatically extended by a time period equal to the time taken for the President of the Institute of Chartered Accountants to nominate the Winding-up Practitioner) take such steps as are necessary to commence the appointment of a Winding-up Practitioner over the relevant company in order to wind up that company and its Business in an efficient manner and to ensure that the its assets shall be distributed in accordance with Law (including the Act and/or the Insolvency Act 1986).

17.5 **HFL Homes**

If on the dissolution or winding up of HFL Homes there remain after the satisfaction of all its debts and liabilities and the repayment of the paid up share capital, any assets whatsoever, such assets shall be transferred to another body which in the opinion of the Shareholder of HFL Homes is carrying on the same or similar function to that previously carried out by HFL Homes.

18. **CONFIDENTIAL INFORMATION AND FREEDOM OF INFORMATION**

18.1 During the term of this Agreement and for a period of 3 years after the termination or expiry of the Agreement for any reason whatsoever (the "**Confidentiality Period**"), the Receiving Party (as defined in this Clause will:

18.1.1 keep Confidential Information confidential;

18.1.2 not disclose Confidential Information to any other person other than with the written consent of the Disclosing Party or in accordance with Clause 18.5; and

18.1.3 not use Confidential Information for any purpose other than the performance of its obligations under this Agreement and the other Project Agreements.

18.2 For the purposes of this Clause 18 **Confidential Information** means all information of a confidential nature disclosed (whether in writing, verbally or by any other means and whether directly or indirectly) by one party (the "**Disclosing Party**") to another party ("**Receiving Party**") whether before or after the date of this Agreement including, without limitation, any information relating to the Disclosing Party's operations, processes, plans, proposals or intentions, its tenants (both existing and prospective), customers, existing and potential clients, know-how, design rights, trade secrets, any investment, development business or market opportunities and its business affairs.

18.3 During the Confidentiality Period, the Receiving Party may disclose Confidential Information to its employees, its own members, contractors, sub-contractors, agents and advisers (and those of its Group members and Connected Persons to any of the foregoing) under conditions of confidentiality in each case to the extent that it is reasonably necessary for the purposes of this Agreement, or

any other Project Agreement and may disclose Confidential Information under conditions of confidentiality to its funders, prospective funders, prospective Shareholders, prospective funders, and prospective purchasers of its or their assets (in each case, to the extent reasonably necessary). In each case the permitted recipient of such Confidential Information shall be known as a “**Recipient**”.

- 18.4 The Receiving Party shall so far as practicable procure that each Recipient is made aware of and complies with all the Receiving Party’s obligations of confidentiality under this Agreement as if the Recipient were a Party to this Agreement.
- 18.5 The obligations contained in Clauses 18.1 to 18.4 shall not apply to any Confidential Information which:
- 18.5.1 is at the date of this Agreement in, or at any time after the date of this Agreement comes into, the public domain other than through a breach of this Agreement by the Receiving Party or any Recipient;
 - 18.5.2 can be shown by the Receiving Party to the reasonable satisfaction of the Disclosing Party to have been known by the Receiving Party and not subject to any obligations of confidentiality before disclosure by the Disclosing Party to the Receiving Party;
 - 18.5.3 subsequently comes lawfully into the possession of the Receiving Party from a third party and not subject to any obligations of confidentiality;
 - 18.5.4 is required to be disclosed by the relevant Party’s audited and published accounts or is required to be disclosed to a tax authority in connection with the tax affairs of the Receiving Party; and/or
 - 18.5.5 is required to be disclosed by law or regulation having force of law or for the purposes of proceedings in any court arbitration or any tribunal or is required by any stock exchange or any or a regulatory authority or body or any Government Department or by the Project Agreements to be disclosed.
- 18.6 The Parties acknowledge that the Council and HFLGL are subject to the requirements of the FOIA and the EIR. For the purpose of this Clause 29 only, Information has the meaning given under section 84 of the FOIA and the meaning attached to “environmental information” contained in Section 2 of the EIR as appropriate.
- 18.7 Where Council receives a Request for Information, to the extent that it comprises Information that one of the parties hereto is holding on behalf of Council (as deemed by FOIA or EIR as the case may be), Council shall notify the relevant party of the requested Information in writing as soon as practicable and that party will:
- 18.7.1 If necessary to identify and / or locate the Information, as soon as reasonably practicable and in any event within 5 Working Days notify Council in writing of what reasonable additional information or clarification (if any) is required by it in order to enable the party to identify and locate the Information requested (which additional information and / or clarification Council shall obtain and provide as soon as possible); and
 - 18.7.2 Subject to the foregoing, provide Council with a copy of all such requested Information held by the party on behalf of Council (subject only to payment of reasonable costs to the extent permitted under the relevant fee regulations applicable to FOIA and/or EIR made pursuant to FOIA) in the form that Council requires (acting reasonably) as soon as reasonably practicable and within 10 Working Days after Council’s notification or provision by Council of the requested additional information and / or clarification (whichever is the later)
- 18.8 Where Council receives a Request for Information in relation to Information relating to this Agreement, HFLGL and/ or HFL Homes and / or any of the Project Agreement, (and / or any Confidential Information directly or indirectly provided by any one or more of the parties hereto,

Council shall as soon as reasonably possible and at least 10 clear Working Days before the date of any relevant disclosure pursuant to or substantive response in reply to the relevant Request for Information:

- 18.8.1 provide HFLGL and/or HFL Homes as applicable in writing with the relevant details of the Request (including Information requested, whether Council believes is it a FOI or EIR request and the date on which the Request was received by Council, together with the deadline for response to the request under FOIA or EIR as the case may be); and
 - 18.8.2 at the same time request the Company as applicable to provide any written representations to Council within a period of 10 Working Days from the date of the Council's notification as to whether or not or the Information requested should be disclosed, and if to be withheld, or redacted, to what extent and on what basis.
- 18.9 Following notification under Clause 18.8, the Company as applicable may make written representations to Council within a period of 10 Working Days from the date of Council's notification as to whether or not or on what basis Information requested should be disclosed, and if to be withheld, or redacted, to what extent and on what basis and Council agrees that it shall take account of all such representations before making its decision on the relevant Request provided always that Council shall be responsible for determining at its absolute discretion:
- 18.9.1 whether the Information is exempt from disclosure under the FOIA or the EIR as applicable; and
 - 18.9.2 whether the Information is to be disclosed in response to a Request for Information, and in no event shall the Company respond directly or allow its subcontractors to reply directly to such a Request for Information in relation to this Agreement, Council and / or any of the Project Agreements unless expressly authorised to do so by Council.
- 18.10 Council shall likewise notify and consult the Company as applicable as set out in clause 18.8, in the event of an internal review of a decision pursuant to clause 18.9, or a complaint to the Information Commissioner's Office about the same, or further appeal of any such Information Commissioner's office decision notice or subsequent appeal decision.
- 18.11 Pursuant to clause 18.10, the Company shall be entitled to make representations and Council shall likewise consider them before making relevant decisions and / or making submissions and / or submitting relevant appeal grounds and / or formal pleadings on the same basis as set out in clause 18.9, in the event of an internal review of a decision pursuant to clause 18.9, or a complaint to the Information Commissioner's Office about the same, or further appeal of any such Information Commissioner's office decision notice or subsequent appeal decision.
- 18.12 The parties hereto shall procure that all Information held on behalf of Council is retained for disclosure for at least 6 years from the date it is required and shall permit Council between 9am to 5pm on Working Days and on reasonable prior written notice, to inspect such Information as requested from time to time.
- 18.13 Each Company shall each transfer to Council any Request for Information in relation to this Agreement, Council and / or any of the Project Agreements received by it as soon as practicable and in any event within 5 Working Days of receiving it.

19. **PARTIES BOUND**

- 19.1 Subject to Clause 28.8, each Company each undertakes with each of the Shareholders to be bound by and comply with the terms and conditions of this Agreement insofar as the same relate to the relevant company and to act in all respects as contemplated by this Agreement.
- 19.2 The Shareholders undertake with each other to exercise their powers in relation to each Company so as to ensure (so far as they are legally able) that the relevant company fully and promptly

observes, performs and complies with its obligations under this Agreement and to exercise their rights as Shareholders in a manner consistent with this Agreement.

- 19.3 Each of the Shareholders agrees that it will exercise all voting and other rights and powers vested in or available to it as a shareholder of the Company to procure the convening of all meetings, the passing of all resolutions and the taking of all steps necessary or desirable to give effect to this Agreement.

20. **INDEMNITY AND INSURANCE**

- 20.1 Subject to Clause 20.2 but without prejudice to any indemnity to which he is otherwise entitled, a Relevant Director shall be indemnified out of the relevant Company's assets (as applicable) against:

20.1.1 any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to that company; and/or

20.1.2 any other liability incurred by that Director as an officer of the relevant company.

- 20.2 This clause does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of Law.

- 20.3 The Directors may decide to purchase and maintain insurance, at the expense of the relevant Company, for the benefit of any Relevant Director in respect of any Relevant Loss.

- 20.4 In this Clause:-

20.4.1 a "**Relevant Director**" means any Director or secretary or former Director or secretary of HFLGL and/or HFL Homes;

20.4.2 a "**Relevant Loss**" means any loss or liability which has been or may be incurred by a relevant Director in connection with that Director's duties or powers in relation to the HFLGL and/or HFL Homes or any pension fund or employees' share scheme of the Company.

21. **ASSIGNABILITY**

No party shall assign or transfer or purport to assign or transfer any of its rights or obligations hereunder (otherwise in the case of the Shareholders, pursuant to a transfer of Shares in accordance in all respects with the provisions of this Agreement and the Articles) without the prior written consent of the other parties.

22. **THIS AGREEMENT TO PREVAIL OVER THE ARTICLES**

In the event of any conflict, ambiguity or discrepancy between the provisions of this Agreement and the Articles, the Shareholders shall join in procuring that the Articles are altered to accord with the provisions of this Agreement which shall prevail.

23. **SET OFF**

Subject to the provisions of Schedule 2, all sums payable by or on behalf of any party to this Agreement shall be paid free and clear of all deductions or withholdings whatsoever, save only as may be required to be made by the paying party by Law.

24. **COSTS AND FEES**

Each of the Shareholders shall be responsible for its respective legal and other costs incurred in relation to the preparation and completion of this Agreement. Unless provided otherwise in this Agreement any costs incurred by the Company in connection with this Agreement shall be borne by the Council.

25. **FURTHER ASSURANCE**

25.1 The parties hereto shall, and shall use its reasonable endeavours to procure that any necessary third parties shall, execute and deliver to the other parties such other instruments and documents as may be reasonably required to carry out, evidence and confirm the provisions of this Agreement and the Articles.

25.2 Each party undertakes that it shall at the request of any other party, and at the cost of the requesting party, do all reasonable acts and execute all documents which may be reasonably necessary to give effect to the meaning of this Agreement.

26. **ENTIRE AGREEMENT AND VARIATION**

26.1 This Agreement (together with the Project Documents) constitutes the entire agreement between the parties and extinguishes all prior negotiations, arrangements, understanding, course of dealing or arrangements made between the parties in relation to the subject matter of this Agreement (whether oral or in writing). It is agreed that no party has entered into this Agreement in reliance upon any representation, warranty or undertaking of any other party which is not expressly set out or referred to in this Agreement (or the Project Documents) provided that this Clause 26 shall not exclude any liability for, or remedy in respect of fraud or fraudulent misrepresentation.

26.2 No purported variation of this Agreement shall be effective unless made in writing and signed by or on behalf of each of the parties but, for the avoidance of doubt, any provision of this Agreement requiring or permitting the consent, approval or agreement in writing of one or more parties shall not constitute a variation to the Agreement for the purpose of this Clause 26.2 and shall not require the consent of all parties.

27. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT**

27.1 A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

28. **GENERAL**

28.1 This Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original and all of which together evidence the same agreement.

28.2 The rights and remedies under this Agreement may be waived only by notice and in a manner that expressly states that a waiver is intended. The failure to exercise or delay in ascertaining or exercising a right or remedy provided by this Agreement or by law does not impair or constitute a waiver of the right or remedy nor shall it prevent or restrict the further exercise of that or any other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement or by law shall prevent or restrict the further exercise of the right or remedy or the exercise of another right or remedy.

28.3 The Shareholders rights and remedies contained in this Agreement are cumulative and are not exclusive of any rights or remedies provided by law, in equity or otherwise.

28.4 Except to the extent that they have been performed and except where this Agreement provides otherwise, representations, obligations and undertakings contained in this Agreement remain in force after Completion.

28.5 Except as expressly provided in this Agreement, nothing contained in this Agreement (and no action taken by a party pursuant to its terms) is to be construed as:

28.5.1 creating a consortium, partnership or agency relationship between any of the parties to this Agreement or

28.5.2 authorising any party to make representations for or on behalf of any other party.

- 28.6 If any provision of this Agreement is held to be unenforceable, invalid or illegal, in whole or in part, such provision or part shall to that extent be deemed not to form part of this Agreement but the enforceability of the remainder of this Agreement shall remain unaffected. If a provision of this Agreement that is fundamental to the accomplishment of the purpose of this Agreement is held to any extent to be invalid the parties shall immediately commence good faith negotiations to remedy that invalidity.
- 28.7 The provisions of this Agreement shall be binding upon the parties' respective legal personal representatives, successors and permitted assigns, but such persons shall not be entitled to the benefit of its provisions unless they have entered into a Deed of Adherence in accordance with Clause 15.
- 28.8 The Company shall not be bound by any provision of this Agreement to the extent that it would constitute an unlawful fetter on any of its statutory powers, but any such provision shall remain valid and binding as regards the other parties to this Agreement to which it is expressed to apply.
- 28.9 Without prejudice to the accrued rights and obligations of any party, and except in respect of the provisions of Clauses 1, 17, 18, 22, 23, 24, 26, 27, 28, 29 and 30 which obligations shall survive, this Agreement shall cease and determine with respect to a Shareholder upon such Shareholder ceasing to hold Shares provided that such Shareholder has first complied with its obligations in this Agreement and the Articles in respect of the transfer of its Shares and the transferee has (if applicable) entered into a Deed of Adherence.

29. **NOTICES**

- 29.1 Any notices sent under this Agreement must be in writing.
- 29.2 Subject to Clause 30.5, the following table sets out the method by which notices may be served under this Agreement and the respective deemed time and proof of service:

Manner of Delivery	Deemed time of delivery	Proof of Service
Personal delivery	On delivery, provided delivery is between 9.00 am and 5.00 pm on a Business Day. Otherwise, delivery will occur at 9.00 am on the same Business Day (if delivery before 9.00 am) or 9.00 am on the next Business Day (if after 5.00 pm).	Properly addressed and delivered as evidenced by signature of a delivery receipt.
Prepaid, Recorded delivery or other service providing proof of delivery.	At the time recorded by the delivery service, provided that delivery is between 9.00 am and 5.00 pm on a Business Day. Otherwise, delivery will occur at 9.00 am on the same Business Day (if delivery before 9.00 am) or 9am on the next Business Day (if after 5.00 pm).	Properly addressed prepaid and delivered as evidenced by signature of a delivery receipt.
Prepaid international air postal service with a requirement for signature on delivery	At the time recorded by the delivery service, provided that delivery is between 9.00 am and 5.00 pm on a Business Day. Otherwise, delivery will occur at 9.00 am on the same Business Day (if delivery before 9.00 am) or 9am on the next Business Day (if after 5.00 pm).	Properly addressed, prepaid and delivered as evidenced by signature of a delivery receipt.

29.3 For the purpose of Clause 29.2 and calculating deemed receipt all references to time are to local time in the place of deemed receipt.

29.4 Subject to Clause 30.5, Notices shall be sent to the addresses set out below or at such other address as the relevant party may give notice to the other parties for the purpose of service of notices under this Agreement:

29.4.1 **Name** **The Council**

Address Lambeth Town Hall, Brixton Hill, London SW2 1RW

29.4.2 **Name** **HFLGL**

Address Lambeth Town Hall, Brixton Hill, London SW2 1RW

29.4.3 **Name** **HFL Living**

Address Lambeth Town Hall, Brixton Hill, London SW2 1RW

29.4.4 **Name** **HFL Build**

Address Lambeth Town Hall, Brixton Hill, London SW2 1RW

29.4.5 **Name** **HFL Homes**

Address Lambeth Town Hall, Brixton Hill, London SW2 1RW

29.5 HFLGL and HFL Homes undertake with each of the Shareholders that it will forthwith supply to each of such Shareholders a copy of any notice which may be given to or served on it under this Agreement.

30. **GOVERNING LAW, JURISDICTION AND SERVICE OF PROCESS**

30.1 This Agreement and any issue, dispute or claim (whether contractual or non-contractual) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the laws of England and Wales.

30.2 The parties hereby submit to the exclusive jurisdiction of the High Court of England and Wales in relation to any dispute or claim (whether contractual or non-contractual) arising out of or in connection with this Agreement or its subject matter or formation.

30.3 The parties agree that the courts of England and Wales are the most appropriate and convenient courts to hear, determine and settle any dispute and accordingly, that they will not argue to the contrary.

30.4 Each party agrees that without preventing any other mode of service, any document in an action (including, but not limited to, a claim form or any other document to be served under the Civil Procedure Rules) may be served on any party other than the Council by being delivered to or left for that party at its address for service of notices under Clause 29 and each party undertakes to maintain such an address at all times in the United Kingdom and to notify the other parties in advance of any change from time to time of the details of such address in accordance with the manner prescribed for service of notices under Clause 29.

30.5 Any document in an action (including, but not limited to, a claim form or any other document to be served under the Civil Procedure Rules) shall be served on the Council by being delivered or left for the relevant solicitor acting for the Council in accordance with the Civil Procedure Rules, as amended from time to time.

EXECUTED as a **DEED** by the parties in each case on the date which first appears in this Agreement.

SCHEDULE 1
THE COMPANIES

HFLGL

Company number:	10847929
Former name(s):	Lambeth Topco Limited
Date of incorporation:	3 July 2017
Place of incorporation:	England and Wales
Accounting reference date:	31 July
Issued share capital:	100 ordinary shares of £0.10 (ten pence) each
Amount paid up:	£10 (ten pounds)
Shareholder:	Council
Registered office:	Lambeth Town Hall, Brixton Hill, London SW2 1RW
Secretary:	None
Auditors:	None

HFL Living

Company number:	10847962
Former name(s):	Lambeth PRSCO Limited
Date of incorporation:	3 July 2017
Place of incorporation:	England and Wales
Accounting reference date:	31 July
Issued share capital:	100 ordinary shares of £0.10 (ten pence) each
Amount paid up:	£10 (ten pounds)
Shareholder:	HFLGL
Registered office:	Lambeth Town Hall, Brixton Hill, London SW2 1RW
Secretary:	None
Auditors:	None

HFL Build

Company number:	10847965
Former name(s):	Lambeth Devco Limited
Date of incorporation:	3 July 2017
Place of incorporation:	England and Wales
Accounting reference date:	31 July
Issued share capital:	100 ordinary shares of £0.10 (ten pence) each
Amount paid up:	£10 (ten pounds)
Shareholder:	HFLGL
Registered office:	Lambeth Town Hall, Brixton Hill, London SW2 1RW
Secretary:	None
Auditors:	None

HFL Homes

Company number:	10847965
Former name(s):	Lambeth RPCO Limited
Date of incorporation:	3 July 2017
Place of incorporation:	England and Wales
Accounting reference date:	31 July
Issued share capital:	100 ordinary shares of £0.10 (ten pence) each
Amount paid up:	£10 (ten pounds)
Shareholder:	HFLGL
Registered office:	Lambeth Town Hall, Brixton Hill, London SW2 1RW
Secretary:	None
Auditors:	None

SCHEDULE 2

DEED OF ADHERENCE

THIS DEED OF ADHERENCE is made the 20[●●] by [NAME] of [REGISTERED OFFICE] (the "**Covenantor**") **SUPPLEMENTAL** to a Memorandum of Understanding dated [DATE] and made between (1) [the Council] [insert details] (the "**Company**") (as modified by [HERE SET OUT THE DETAILS OF ANY INSTRUMENT MODIFYING THE ORIGINAL AGREEMENT – IF ANY]) (such agreement [as amended], the "**Shareholders Agreement**")

WITNESSETH as follows:

1. The Covenantor confirms that [he/it] has been supplied with a copy of the Shareholders Agreement and hereby covenants with each of the other parties to the Shareholders Agreement from time to time to observe perform and be bound by all the terms of the Shareholders Agreement which are capable of applying to the Covenantor and which have not been performed at the date of this Deed to the intent and effect that, subject to paragraph 2 of this Deed, the Covenantor shall be deemed with effect from the date on which the Covenantor is registered as a member of the Company to be a party to the Shareholders Agreement and named therein in substitution for the person (the "**Transferor**") who has transferred his or its shares in the Company to the Covenantor.
2. The Covenantor shall have no liability in place of the Transferor for any antecedent breach of any of the terms of the Shareholders Agreement and this Deed is without prejudice to and shall not in any way affect or release the Transferor from those obligations referred to in Clause 28.9 of the Shareholders Agreement, which obligations shall continue to bind the Transferor.

This Deed shall be governed by and construed in accordance with the laws of England and Wales.

SCHEDULE 3

SCHEME OF DELEGATION

Reference	Activity	Shareholder Approval	Board of Directors (whether of HFL Group or any other subsidiary company of HFL Group)	Management
1.	Altering in any respect the articles of association or the rights attaching to any of the shares in the relevant HFL Group company	Approval	Recommendation	
2.	Permitting the registration of any person as a shareholder of any Company	Approval	Recommendation	
3.	Appointment of specific Council positions (as the same may be amended and updated) to fulfil the role of directors of any Company	Approval	Recommendation of Appointments Committee	
4.	Appointment and removal of Independent Directors and any other Directors who are not Executive Directors		Approval, taken in consultation with Council via the Ownership & Stewardship Cabinet Advisory Panel	
5.	Appointment and removal of Executive Directors		Approval	
6.	Increasing the amount of a Company's issued share capital	Approval	Recommendation	
7.	Issuing any loan capital in a Company or entering into any commitment with any person with respect to the issue of any loan capital	Approval	Recommendation	
8.	Approving/ authorising any intra-group loans		Approval	

Reference	Activity	Shareholder Approval	Board of Directors (whether of HFL Group or any other subsidiary company of HFL Group)	Management
9.	Passing any resolution for a Company's winding up or presenting any petition for its administration	Approval (if not on insolvency)	Recommendation (if not on insolvency) and Approval (if on insolvency)	
10.	Altering the name of any HFL Group company	Approval	Recommendation	
11.	Adopting or amending the Group Business Plan	Approval	Recommendation by each Company	
12.	Adopting or amending the Subsidiary Business Plan provided such proposed adoption or amendments are within the contemplation of the Group Business Plan		Approval	
13.	Undertaking action in accordance with the Group Business Plan or Subsidiary Business Plan including contract expenditure of the relevant Company within the parameters of the Group Business Plan. For the avoidance of doubt, any action which would otherwise require Shareholder approval under one of the other provisions of this Scheme of Delegation but which is set out in either of the Group Business Plan or Subsidiary Business Plan will not require such approval but will instead be within the remit of the relevant Board(s) of Directors		Approval	
14.	Taking any action outside the parameters of the Group Business Plan including but not limited to contract expenditure of the relevant Company outside the parameters of the Group Business Plan	Approval	Recommendation	

Reference	Activity	Shareholder Approval	Board of Directors (whether of HFL Group or any other subsidiary company of HFL Group)	Management
15.	Changing the nature of the relevant HFL Group company's business or commencing any new business which is not ancillary or incidental to the HFL Group company's business.	Approval	Recommendation	
16.	Forming any subsidiary or acquiring shares in any other company or participating in any partnership or joint venture (incorporated or not).	Approval	Recommendation	
17.	Amalgamating or merging with any other company or business undertaking	Approval	Recommendation	
18.	Acquiring, disposing or agreeing to acquire or dispose of any asset, any interest in any asset (including the exercise of an option) or any other land or buildings	Approval if not set out in Group Business Plan	Approval within the parameters of the Subsidiary Business Plan or Group Business Plan	
19.	Making any loan or advance or giving credit (other than trade credit in the ordinary course)	Approval if not set out in Group Business Plan	Approval within the parameters of the Subsidiary Business Plan or Group Business Plan	
20.	Giving notice of termination of any arrangements, contracts or transactions which are material in the nature of the relevant Company's Business, or materially varying any such arrangements, contracts or transactions.		Approval	

Reference	Activity	Shareholder Approval	Board of Directors (whether of HFL Group or any other subsidiary company of HFL Group)	Management
21.	Passing any resolution for reducing a Company's share capital or the amount (if any) for the time being standing to the credit of its share premium account or capital redemption reserve or for reducing any uncalled liability in respect of partly paid shares.	Approval	Recommendation	
22.	In respect of HFL Living, HFL Build and HFL Homes only, declaring or paying any distribution in respect of profits, assets or reserves		Approval	
23.	In respect of HFLGL, declaring or paying any distribution in respect of profits, assets or reserves	Approval	Recommendation	
24.	Approval of statutory accounts and appointment of auditors	Approval (re appointment of auditors). The Ownership & Stewardship Cabinet Advisory Panel will not give any recommendation without first agreeing to do so with the Corporate Committee	Approval (re statutory accounts)	
25.	Negotiating and agreeing the terms of any material contracts	Approval if such terms are outside the contemplation of the Group Business Plan	Approval within the parameters of the Group Business Plan and/or Subsidiary Business Plan	Negotiation and recommendation
26.	Submission of any major Planning Application	Approval if outside the contemplation of the Group Business Plan		Approval if within the contemplation of the Subsidiary Business Plan and/or Group Business Plan

Reference	Activity	Shareholder Approval	Board of Directors (whether of HFL Group or any other subsidiary company of HFL Group)	Management
27.	Entering into contracts with external consultants			Approval of appointment and terms for contracts
28.	Appointment and dismissal of staff		Approval (subject to such delegations as determined by the Board)	
29.	Appointment of asset valuers and approval of valuations in respect of scheme wide valuations	Approval (re in respect of scheme wide valuations). The Ownership & Stewardship Cabinet Advisory Panel will not give any recommendation without first agreeing to do so with the Corporate Committee	Approval in respect of valuations other than scheme wide valuations	Recommendation
30.	Appointment of asset valuers and approval of valuations in respect of individual assets			Approval
31.	Giving a guarantee, suretyship or indemnity to secure the liabilities of any person or assume the obligations of any person	Approval if outside the contemplation of the Group Business Plan		
32.	Write down of asset value	Approval	Recommendation	
33.	Writing off debts	Approval if such debt (owed to any individual debtor) is in excess of £100,000	Recommendation	

Reference	Activity	Shareholder Approval	Board of Directors (whether of HFL Group or any other subsidiary company of HFL Group)	Management
34.	Commencing any claim, proceedings or other litigation brought by or settling or defending any claim, proceedings or other litigation brought against the relevant HFL Group company, except in relation to debt collection in the ordinary course of the business		Approval	
35.	Entering into any transaction, contract or arrangement which is not on an arm's length basis or outside the normal course of business	Approval if outside the contemplation of the Group Business Plan	Recommendation	
36.	Approval to procurement of outside the provisions of the Procurement Policy	Approval if outside the contemplation of the Group Business Plan	Approval within the parameters of the Group Business Plan and/or Subsidiary Business Plan	
37.	Disposing of a substantial part of the business and/or assets of a Company	Approval if outside the Group Business Plan	Approval if within the Group Business Plan and recommendation if outside Group Business Plan	
38.	Entering into (or agreeing to enter into) any borrowing arrangement on behalf of the relevant Company and giving any security in respect of any such borrowing	Approval if outside the contemplation of the Group Business Plan	Approval within the parameters of the Group Business Plan	

SCHEDULE 4

OWNERSHIP & STEWARDSHIP CABINET ADVISORY PANEL TERMS OF REFERENCE

1. CONTEXT

1.1 In October 2015 and May 2017 the Cabinet of the London Borough of Lambeth Council (the "**Council**") approved the proposed strategy for the formation and mobilisation of the primary group of companies that make up Homes for Lambeth ("**HFL**") and delegated authority to officers to set up these companies and to prepare business plans for these.

1.2 The HFL Group (as defined at paragraph 1.3 below) will play a key role within the Council's 'toolkit' for delivering new housing and regeneration that meets the current and future needs of Lambeth's residents and will create the opportunity for the Council to become an investor and active developer in these markets.

1.3 The HFL Group will include:

1.3.1 HFL Group Limited ("**HFLGL**"), the holding company. It is a private company limited by shares, of which 100% of the shares are held by the Council;

1.3.2 HFL Build Limited ("**HFL Build**"), a development company responsible for building new homes. It is a private company limited by shares, of which 100% of the shares are held by HFLGL;

1.3.3 HFL Homes Limited ("**HFL Home**"), which is to become a Registered Provider of social housing regulated by the Homes and Communities Agency. It will acquire affordable housing from HFL Build and also S106 properties, which are secured from developers by the Council through Planning Obligations and are delivered by third party developers and then acquired by HFL Homes. It is a private company limited by shares, of which 100% of the shares are held by HFLGL; and

1.3.4 HFL Living Limited ("**HFL Living**"), a Private Rented Sector ('**PRS**') housing company that will acquire new PRS housing from HFL Build to manage over the long term. It is a private company limited by shares, of which 100% of the shares are held by HFLGL.

1.4 The objectives of HFL Group are to:

1.4.1 build more and better homes to help tackle the housing crisis;

1.4.2 invest resources efficiently and to maximise housing and regeneration outcomes;

1.4.3 provide high quality services for residents;

1.4.4 maximise partnerships with public and private sector organisations;

1.4.5 be a strategic delivery partner for the Council;

1.4.6 build and maintain financial strength and deliver more homes; and

1.4.7 engage with local communities and invest for the long term.

1.5 In addition, HFL Homes shall have the objective of providing social housing in Lambeth.

2. PURPOSE

2.1 The role of the Ownership and Stewardship Panel is to provide internal reporting, scrutiny, monitoring and accountability of the HFL Group, on behalf of the Council, which acts on behalf of the citizens of Lambeth.

- 2.2 It is proposed that the Council and the HFL Group will from time to time enter into a 'Memorandum of Understanding' which governs certain aspects of the relationship between them (the "**MoU**"). The MoU will contain a Scheme of Delegation which will set out the decisions which may be taken at each specified level - whether that be by staff or directors of the HFL Group or by the Council as the shareholder of HFLGL.
- 2.3 As per the terms of the MoU, the MoU shall prevail over the Articles each company within the HFL Group.
- 2.4 In circumstances where the Scheme of Delegation provides for a decision to be taken by the Council as shareholder, such decisions may be supported by a recommendation from the Ownership and Stewardship Panel to the Council's Cabinet, although any recommendation will not be binding.
- 2.5 Reporting, scrutiny and monitoring activities to be undertaken by the Ownership and Stewardship Panel may include (but are not limited to) the following:-
- 2.5.1 oversight of:-
- (a) the formulation and delivery of the Business Plan for the HFL Group;
 - (b) the HFL Group's development programme of new build and/or transformational improvements for housing and other assets;
 - (c) financial proposals, forecasts and transactions for the HFL Group development and corporate activities;
 - (d) acquisitions, site assembly, and disposals;
 - (e) the development pipeline; and
 - (f) the governance, corporate resourcing, policy and delivery strategies for HFL Group;
- 2.5.2 recommending Council policy and strategy to the HFL Group which concern areas of activity that support the fulfillment of objectives of mutual interest to the Council and the HFL Group.
- 2.5.3 monitoring performance of the HFL Group as measured against the Business Plans and any agreed Performance Indicators (PIs) as defined within such business plans. These indicators will include, amongst others, Key Performance Indicators and other supporting PIs as may be defined from time to time, in order to ensure the delivery of the Objects, aims, vision and delivery of the HFL Group in relation to the development programme, tenant and estates management services and private rented sector activities.

3. **STATUS**

The Ownership and Stewardship Panel is constituted under Cabinet Procedure Rule 1.3(e) of the Constitution. The Ownership and Stewardship Panel will operate in accordance with the arrangements as set out in the Constitution, Part 2, Section 2. Operating as a panel, the Ownership and Stewardship Panel does not need to be politically balanced or made up of only Cabinet members. The Ownership and Stewardship Panel has no formal decision-making powers.

4. **GOVERNANCE CONTEXT**

The Ownership and Stewardship Panel is accountable to the Council's Cabinet. The Ownership and Stewardship Panel operates within the Council's wider corporate governance framework.

5. **RESPONSIBILITIES**

- 5.1 The main responsibilities of the Ownership and Stewardship Panel in undertaking its reporting, scrutiny and monitoring activities are:
- 5.1.1 to provide to the Council's Cabinet, a recommendation as to the Ownership and Stewardship Panel's recommended course of action; and
 - 5.1.2 to act at all times in line with the Council's stated objectives for the the HFL Group and in the best interests of the citizens of Lambeth.
- 5.2 In carrying out these responsibilities, members of the Ownership and Stewardship Panel will be required to act at all times in accordance with the provisions of the Constitution of the London Borough of Lambeth. In the event of any discrepancy between these Terms of Reference and the Constitution, the provisions set out in the Constitution shall take precedence.

6. **MEMBERSHIP & ROLES**

- 6.1 The Ownership and Stewardship Panel may include any member of the Council, officers or stakeholders and may call on these individuals to give evidence as required by the Chair. It may also include one "Tenant Member" (as detailed further in clause 8 of this document). Its core membership is set out below, however, there is no requirement for Ownership and Stewardship Panel meetings to be open to the public or for any related reports or minutes to be made available to other councillors or the public. Further, and accordingly, the provisions to the Access of Information Procedure Rules of the Cabinet Procedure Rules (Part 3 of the Council's Constitution) shall not apply unless expressly indicated to the contrary.
- 6.2 The membership of the Panel shall comprise the following members:
- 6.2.1 Deputy Leader for Investment and Partnerships (Chair);
 - 6.2.2 Deputy Leader for Finance and Resources;
 - 6.2.3 Cabinet member for Planning, Regeneration and Jobs;
 - 6.2.4 Cabinet Member for Housing and Environment; and
 - 6.2.5 the Tenant Member.
- 6.3 The Deputy Leader for Investment and Partnerships will act as Chair of the Ownership and Stewardship Panel. In the absence of the Chair, the remaining members present at the meeting shall elect one of the members present to chair the meeting.
- 6.4 Member appointments to the membership of the Ownership and Stewardship Panel will be made annually by the Council at its AGM with each appointment lasting a period of one year.
- 6.5 In making any such appointment (including, without limitation, that of the Tenant Member) the Council shall take into account the purpose of the Ownership and Stewardship Panel and the range of knowledge and skills which are likely to be required in considering the activities of the HFL Group and the purpose of the Panel.
- 6.6 Other Cabinet members may attend meetings of the Ownership and Stewardship Panel from time to time by invitation of the Chair. The Chair may also invite other Councillors and individuals external to the Council to attend on occasion.
- 6.7 The Ownership and Stewardship Panel shall endeavour to give direction by consensus. Any matter will be decided by a simple majority of those voting and present in the room at the time the question/issue was put.

6.8 The Chair of the Ownership and Stewardship Panel shall be entitled to attend board meetings of HFLGL as an observer.

7. **OFFICERS IN ATTENDANCE**

7.1 Officers from the Council and its advisors will be invited to attend the Ownership and Stewardship Panel at the invitation of the Chair. Their role will include to advise the Ownership and Stewardship Panel, prepare agendas, minutes, reports and briefings for the Ownership and Stewardship Panel and to follow up actions arising from discussions and decisions made by the Ownership and Stewardship Panel.

7.2 In line with the provisions of the MoU, the Ownership and Stewardship Panel will be able to require the attendance of any director of any of the HFL Group, subject to the terms of the Memorandum of Understanding.

8. **TENANT MEMBER**

8.1 Subject to 8.2, a Tenant Member from time to time shall be appointed by the Council following an application process. Such appointment may be made conditional on the Tenant Member granting undertakings to the Council in relation to matters such as confidentiality and codes of conduct (similar to those which would apply to other members of the Panel) and conflicts of interest.

8.2 To be eligible for appointment as Tenant Member, the applicant must:-

8.2.1 be a Lifetime Assured Tenant of HFL Homes or a Secure Tenant of the Council; and

8.2.2 live on an estate that is to be rebuilt by HFL Group.

8.3 If a Tenant Member ceases to be eligible for appointment in accordance with 8.2, then the Tenant Member shall resign with effect from the date which such Tenant Member ceases to be so eligible.

8.4 The Tenant Member shall not be entitled to any remuneration, reimbursement or compensation for loss of office outside of the provisions set out within the Council's Constitution.

8.5 The appointment of the Tenant Member shall be subject to a process determined by and administered by a Selection Panel, which is to be convened and appointed by the Council for this purpose.

8.6 The Tenant Member shall be appointed for a period of two years, which may be renewed by the Selection Panel at its discretion. Upon appointment, the Tenant Member shall be obliged to agree to and observe a 'Code of Conduct' for this position.

8.7 As part of the process of appointing the Tenant Member, the Selection Panel shall also appoint a First and Second Alternate for this position.

8.8 In the event that the Tenant Member is unavailable for a meeting of the Ownership & Stewardship Cabinet Advisory Panel and has provided apologies to the Chair at least five days in advance of that meeting, the First Alternate shall be invited to attend in place of the Tenant Member. In the event that the First Alternate is not able to meet this request, the Second Alternate shall be invited.

8.9 In the event that the Tenant Member resigns from the position or is found to have acted in breach of the Code of Conduct, the position will be offered to the first and then second alternate accordingly. Should these individuals be unable for this purpose, the Selection Panel shall repeat the appointment process.

9. **CONFIDENTIALITY**

9.1 Members of the Ownership & Stewardship Cabinet Advisory Panel acknowledge that they may receive information which is confidential and each Member hereby undertakes to keep such information confidential and not to improperly disclose such information to other persons.

9.2 For the avoidance of doubt, all agendas, reports and other documents and proceedings of the Ownership & Stewardship Cabinet Advisory Panel shall be treated as confidential and shall not be disclosed unless and until they become public in the ordinary course of the Council's business.

10. **MEETINGS**

The Ownership and Stewardship Panel will meet four times per year for so long as the Council has a shareholding in any company within the HFL Group.

11. **NOTICE OF MEETINGS**

11.1 **Meetings shall be called at the request of the Chair.**

11.2 Unless otherwise agreed by the members of the Ownership and Stewardship Panel, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Ownership and Stewardship Panel and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Ownership and Stewardship Panel members and to other attendees as appropriate at the same time.

11.3 A forward plan of meetings will be published on the Council website.

12. **MINUTES OF MEETINGS**

The proceedings and resolutions of the Ownership and Stewardship Panel meetings, including the names of those present and in attendance, shall be minuted.

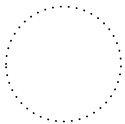
Executed as a deed under the Common Seal of
LONDON BOROUGH OF LAMBETH COUNCIL which was
affixed to this agreement in the

presence of

Authorised Officer

Full Name

Seal Register No



Executed as a Deed by LAMBETH HFL GROUP
LIMITED
acting by

.....
Full Name (Director/Attorney)
in the presence of:

.....
Signature of Director/Attorney

.....
Full Name (Witness)
.....
.....

.....
Address

.....
Signature of Witness

Executed as a Deed by LAMBETH HFL LIVING
LIMITED
acting by

.....
Full Name (Director/Attorney)
in the presence of:

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Signature of Director/Attorney

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Full Name (Witness)
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Address

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Signature of Witness

Executed as a Deed by LAMBETH HFL BUILD LIMITED
acting by

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Full Name (Director/Attorney)
in the presence of:

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Signature of Director/Attorney

.....
Full Name (Witness)
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Address

.....
Signature of Witness

Executed as a Deed by LAMBETH HFL HOMES
LIMITED
acting by

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Full Name (Director/Attorney)
in the presence of:

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Signature of Director/Attorney

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Full Name (Witness)
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Address

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Signature of Witness