

Appendix B – Management Agreement

DATED

2018

- (1) EXETER CITY COUNCIL**
- (2) EXETER CITY GROUP LIMITED**
- (3) EXETER CITY LIVING LIMITED**
- (4) EXETER CITY HOMES LIMITED**
- (5) EXETER CITY LIVING PROPERTY COMPANY LIMITED**

MANAGEMENT AGREEMENT

RELATING TO THE EXETER CITY GROUP OF COMPANIES

ashfords

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THIS AGREEMENT is dated _____ 2018

BETWEEN

- (1) **Exeter City Council** of the Civic Centre, Paris Street, Exeter, Devon, EX1 1JN (the "**Council**");
 - (2) **Exeter City Group Limited** of the Civic Centre, Paris Street, Exeter, Devon, EX1 1JN ("**ECG**");
 - (3) **Exeter City Living Limited** of the Civic Centre, Paris Street, Exeter, Devon, EX1 1JN ("**ECL**");
 - (4) **Exeter City Homes Limited** of the Civic Centre, Paris Street, Exeter, Devon, EX1 1JN ("**ECH**");
and
 - (5) **Exeter City Living Property Company Limited** of the Civic Centre, Paris Street, Exeter, Devon, EX1 1JN ("**ECLPC**"),
- together known as the "**Parties**".

BACKGROUND:

- (A) ECG is a private company limited by shares, incorporated in England and Wales under the Companies Act 2006 on 7 June 2018 and ECL, ECH and ECLPC are private companies limited by shares, incorporated in England and Wales under the Companies Act 2006 on 12 June 2018. Details of each Company are set out in Schedule 1.
- (B) The Council is the sole Shareholder of ECG and ECG is the sole Shareholder of each of ECL, ECH and ECLPC as set out in Schedule 1.
- (C) This Agreement regulates the operation and management of ECG, ECL, ECH and ECLPC.
- (D) The Companies are Teckal compliant companies pursuant to Regulation 12 of the Regulations.
- (E) For the avoidance of doubt and for the purposes of compliance with the Teckal control test as defined in Regulation 12(3) of the Regulations it is intended that the Council shall exercise a decisive influence over both the strategic objectives and the significant decisions of the Companies.

AGREED TERMS:

1. Definitions and Interpretation

1.1. In this Agreement, unless the context otherwise requires, the following expressions shall have the following meanings:

Phrase/word	Meaning
"Act"	means the Companies Act 2006;
"Agreement"	means this agreement, including the Schedules;
"Announcement"	has the meaning given to it in clause 20.1;
"Articles"	means the articles of association of the Companies in the agreed form to be adopted on or prior to completion of this Agreement, as amended from time to time;
"Back-Office Service Agreements"	means the agreements for services which may be entered into by any of the Companies and the Council;
"Board"	means the board of Directors of each Company for the time being;

"Business"	means the business of working with the Council and others to undertake development activity to redevelop existing assets or build new assets which are then managed by the Exeter City Group or sold to third parties;
"Business Day"	means any day other than a Saturday, Sunday or public holiday in England when banks in London are open for business;
"Business Plan"	means each Subsidiary Business Plan or Group Business Plan as the context so permits;
"Company"	means each of ECG, ECL, ECH and ECLPC as the context so permits and "Companies" shall be a reference to all four (4) together;
"Confidential Information"	has the meaning given in clause 18;
"Council's Representative "	means the individual appointed by the Council who shall be authorised to act for the purpose of giving consent for and on behalf of the Council as more particularly described in clause 7.1;
"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;
"Delegated Authority"	means the delegated authority between the Council and the Council's Representative as set out in Schedule 7;
"Director"	means any director for the time being of each of the Companies (and, where applicable, any alternate director) and "Directors" shall be construed accordingly;
"Encumbrance"	means any interest or equity of any person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement;
"EIR"	means the Environmental Information Regulations 2004 together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation;
"Engagement Protocol"	means the engagement protocol set out in Schedule 6 of this Agreement which shall only apply to ECL;
"Exeter City Group"	means the group of companies controlled by ECG from time to time, being at the date of this Agreement, the Companies;

"Financial Year"	means a financial year of the Company which commences on 1 April each year;
"FOIA"	means the Freedom of Information Act 2000 and any subordinate legislation made under such act 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 legislation;
"Group Business Plan"	means an annual business plan of ECG in respect of the Exeter City Group as a whole prepared by the Board, as may be modified or replaced from time to time in accordance with the terms of this Agreement and the Articles;
"Memorandum of Understanding"	means the memorandum of understanding set out in Schedule 5 of this Agreement which shall only apply to ECL;
"Objectives"	has the meaning to it in clause 2.1;
"Regulations"	means the Public Contracts Regulations 2015;
"Reserved Matters"	means the matters listed in Schedule 3;
"Scheme of Delegation"	means the scheme setting out how decisions of each of the Companies are to be made as set out in Schedule 4;
"Shareholders"	means the shareholders of each Company as detailed in Schedule 1 for each Company and a reference to " Shareholder " shall mean any one of them;
"Shares"	means the ordinary shares in the Company;
"Subsidiary"	means a subsidiary company of ECG which as at the date of this Agreement are: ECL, ECH and ECLPC and a reference to " Subsidiaries " shall mean all of them;
"Subsidiary Business Plan"	means the business plan for each Subsidiary in the agreed form, as may be modified or replaced from time to time in accordance with the terms of this Agreement; and
"Teckal"	means the codified rule of EU procurement law as set out within Directive 2014/24/EU and Regulation 12 of the Regulations, deriving from the Teckal case (<i>Teckal Srl v Comune de Viano and Azienda Gas-Acqua Consorziale (AGAC) di Reggio Emilia (C-107/98) [1999] ECR I-8121</i>) pursuant to which the requirement for open advertisement and tendering for public contracts in accordance with the Regulations, does not apply.

- 1.2. Clause, Schedule and paragraph headings shall not affect the interpretation of this agreement.
- 1.3. References to clauses are to clauses to this agreement.
- 1.4. A reference to **this agreement** or to any **other agreement or document referred to in this agreement** is a reference to this agreement or such other agreement or document as varied or novated in accordance with its terms from time to time.
- 1.5. Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.6. Unless the context otherwise requires, a reference to one gender shall include a reference to the other gender.
- 1.7. A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.8. A reference to any party (including the Shareholder) shall include that party's successors and permitted assigns.
- 1.9. A reference to a **subsidiary** means a subsidiary as defined in section 1159 of the Act and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of:
 - 1.9.1. another person (or its nominee), by way of security or in connection with the taking of security; or
 - 1.9.2. its nominee.
- 1.10. A reference to **writing** or **written** includes email.
- 1.11. Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.12. Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.13. References to a document in agreed form are to that document in the form agreed by the parties and initialled by them or on their behalf for identification.
- 1.14. A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time provided that, as between the parties, no such amendment, extension or re-enactment made after the date of this agreement shall apply for the purposes of this agreement to the extent that it would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any party.
- 1.15. A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.16. Any obligation on a party not to do something includes an obligation not to allow that thing to be done.
- 1.17. Unless the context requires otherwise, words and expressions defined in the Articles shall have the same meaning when used in this agreement.

2. Business of the Company

- 2.1. The following shall be the objectives of the Exeter City Group (the "**Objectives**"):
 - 2.1.1. to deliver new homes, including more affordable homes in Exeter;
 - 2.1.2. to contribute to Exeter becoming a greener city through the delivery of low carbon, high performing homes and green infrastructure;
 - 2.1.3. to contribute to Exeter becoming a safer city through the regeneration of estates and the introduction of "urban villages" throughout Exeter;
 - 2.1.4. to provide the Council with a return on its capital investment and create a new revenue stream for the Council;
 - 2.1.5. to unlock developments on sites which are not currently viable for the private sector market; and
 - 2.1.6. to intervene in the private sector market to provide commercial developments for the benefit of Exeter.
- 2.2. 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.
- 2.3. The Parties undertake to each other to use their respective reasonable endeavours to procure that the Companies retain their status as Teckal compliant companies including without limitation (subject to any change of law altering the requirement) by ensuring that at least eighty percent (80%) of the activities of the Companies are carried out in the performance of tasks entrusted to it by the Council or by other legal persons controlled by it.
- 2.4. As soon as reasonably practicable after any Party to this Agreement becomes aware that it might breach (or has breached) any undertaking given in this Agreement (including that set out in clause 2.3), and without prejudice to any rights that may have accrued (or may accrue) in respect of such breach, such Party shall give prompt written notice to the other Parties to this Agreement setting out the breach (or potential breach).
- 2.5. Without prejudice to the undertaking given in clause 2.3, following such a notification each Party shall use all its reasonable endeavours to take such actions as are permissible by law to ensure that the undertaking can be satisfied including, in respect of clause 2.3, that the Teckal status of the Exeter City Group is maintained.

3. Completion

- 3.1. Immediately on completion of this Agreement and to the extent not already done, the Parties shall procure that such Shareholder and Board meetings of the Exeter City Group are held as may be necessary to:
 - 3.1.1. adopt the Articles; and
 - 3.1.2. appoint the Directors.
- 3.2. It is further noted that, subsequent to:
 - 3.2.1. the execution of this Agreement;
 - 3.2.2. the adoption of the Articles in accordance with clause 3.1.1; and

3.2.3. the appointment of the Directors in accordance with clause 3.1.2,
each Company shall enter into the Back-Office Service Agreements with the Council.

4. The Board

Subject to clauses 6 and 7 of this Agreement, the operations and management of each Company and its Business shall be vested in its Board.

5. Delegation of Decision Making Powers by Exeter City Group Limited

ECG expressly consents to decisions, which it would ordinarily make in respect of ECL, ECH and ECLPC as their Shareholder, being made by the Council and the Council's Representative in accordance with clauses 6 and 7 of this Agreement.

6. Reserved Matters

6.1. The Board shall not carry out any of the Reserved Matters without the prior written approval of:

6.1.1. the Council in respect of the Reserved Matters set out in paragraph 1 of Schedule 3;
or

6.1.2. the Council's Representative in respect of the Reserved Matters in paragraph 2 of Schedule 3.

6.2. Unless a Reserved Matter has been specifically approved by the Council through the Group Business Plan or a Subsidiary's Business Plan (in which case such Reserved Matter shall be performed in accordance with the Group Business Plan or the Subsidiary's Business Plan) the Companies shall not, without the prior written approval of the Council or the Council's Representative (as the case may be) carry out any Reserved Matter.

6.3. The grant of written consent by the Council's Representative in accordance with clause 6.1.2 shall be deemed to be consent of the Council and shall be binding on the Companies.

6.4. The Boards shall propose all requests for consent in respect of a Reserved Matter to the Council or the Council's Representative in a form which provides the Council or the Council's Representative with the ability to either give or withhold their consent.

6.5. The Council's Representative shall use his or her reasonable endeavours to provide a decision in respect of the decisions listed at paragraph 2 of Schedule 3 within five (5) Business Days of receipt of a request from the Boards. Where no response is given by the Council's Representative within this timeframe, this shall not be deemed to be a consent or a refusal.

7. Scheme of Delegation

7.1. Each of the Parties shall comply with the Scheme of Delegation.

7.2. Where decisions are to be taken pursuant to this Agreement by the Council, the Council has used the form of Delegated Authority in Schedule 7 (Delegated Authority) to authorise the Council's Representative to make certain decisions on its behalf in relation to the Reserved Matters as set out in paragraph 2 of Schedule 3 (Reserved Matters) and in the Scheme of Delegation and such decisions shall be taken to the extent that it is taken in accordance with the Scheme of Delegation.

8. Obligations on Exeter City Living Limited

8.1. ECL shall at all times comply with the requirements set out in Schedules 5 (Memorandum of Understanding) and 6 (Engagement Protocol) to this Agreement.

- 8.2. The requirements set out in Schedules 5 (Memorandum of Understanding) and 6 (Engagement Protocol) to this Agreement shall not apply to the Council, ECG, ECH and ECLPC.

9. Finance for the Company

- 9.1. So far as it is lawful to do so and only in accordance with the agreed Group Business Plan and each Subsidiary's Business Plan, the Companies shall be funded by loan capital and share capital.
- 9.2. There is no obligation on the Shareholders to provide any further finance to the Companies.
- 9.3. There is no obligation on the Shareholders to provide any guarantee in respect of each Company's obligations.

10. Business Plan

- 10.1. ECG will adopt the first Group Business Plan within six (6) months of the date of this Agreement and thereafter prepare the Group Business Plan annually in accordance with this clause 10.
- 10.2. Each Subsidiary will adopt the first Subsidiary Business Plan within six (6) months of the date of this Agreement and thereafter will prepare a Subsidiary Business Plan 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 four (4) months before the end of each Financial Year prepare a draft Subsidiary Business Plan for the next Financial Year and on approval by the Board circulate the draft Subsidiary Business Plan for approval by ECG.
- 10.4. ECG shall no earlier than six (6) months and no later than three (3) 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 Group Business Plan for review by the Council's Representative which shall then be submitted for approval by the Council in accordance with the Scheme of Delegation.
- 10.5. The draft Group Business Plan or draft 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 current Group Business Plan or Subsidiary Business Plan (as appropriate) upon the receipt of the relevant approval in accordance with the Scheme of Delegation and the Reserved Matters.
- 10.6. The Group Business Plan and each Subsidiary's Business Plan shall include detailed plans in respect of the Financial Year to which it relates. The Group Business Plan and each Subsidiary's Business Plan shall include:
- 10.6.1. a cash flow statement giving:
- 10.6.1.1. an estimate of the monthly working capital requirements; and
- 10.6.1.2. an indication of the amount (if any) that it is considered prudent to retain, for the purpose of meeting those requirements, out of those profits of the previous Financial Year that are available for distribution to the Shareholders;
- 10.6.2. a monthly projected profit and loss account;
- 10.6.3. an operating budget (including capital expenditure requirements and funding source) and balance sheet forecast;

- 10.6.4. a minimum three (3) year financial strategy plan;
- 10.6.5. a three (3) year capital expenditure programme;
- 10.6.6. a management report giving business objectives for each Financial Year;
- 10.6.7. a financial report which shall include an analysis of the estimated results. Each Subsidiary shall include a financial report for the previous Financial Year compared with its Subsidiary Business Plan for that year, identifying variations in sales, revenues, costs and other material items for the applicable Financial Year. The ECG shall include a financial report for the Exeter City Group for the previous Financial Year compared with the Group Business Plan for that year, identifying variations in sales, revenues, costs and other material items for the applicable Financial Year;
- 10.6.8. any projected debt facilities through lease arrangements and bank debt;
- 10.6.9. known strategic risks faced by the Subsidiary or the Exeter City Group including:
 - 10.6.9.1. such risks' likely financial and reputational impact on the Subsidiary or the Exeter City Group;
 - 10.6.9.2. such risks mitigation strategy including business continuity plans; and
 - 10.6.9.3. any anticipated residual strategic which will continue beyond the period of the Subsidiary Business Plan or Group Business Plan;
- 10.6.10. copies of the core policies of the Subsidiary or the Exeter City Group especially in relation to safety, health and the environment and other regulatory matters; and
- 10.6.11. any other or additional requirements as requested by the Council from time to time.

11. Accounting and other information

- 11.1. Each Party shall procure that the Companies shall at all times maintain accurate and complete accounting and other financial records including all corporation tax computations and related documents and correspondence with HM Revenue & Customs in accordance with the requirements of all applicable laws and generally accepted accounting principles applicable in the United Kingdom.
- 11.2. The Council and its authorised representatives shall be allowed access at all reasonable times to examine the books and records of each of the Companies and to discuss each of the Companies' affairs with any of its senior management.
- 11.3. The Companies shall supply the Council with the financial and other information necessary to keep the Council informed about how effectively the Companies are performing and to enable the Council to comply with its reporting and other obligations arising from time to time.
- 11.4. Each Company shall provide the Council with:
 - 11.4.1. a copy of the audited accounts of the Company prepared in accordance with the laws applicable in and the accounting standards, principles and practices generally accepted in the United Kingdom, within three (3) months of the end of the Financial Year to which the audited accounts relate; and
 - 11.4.2. quarterly management accounts of the Company to be supplied in advance of each Board meeting (in respect of the previous quarter) and reviewed at the same Board meeting and the accounts shall include a profit and loss account, a balance sheet and

a cash-flow statement and such other information as LWYWKH&RXB may reasonably require.

12. Dividend policy

- 12.1. Subject to the requirements of the Act and unless the Shareholders agree otherwise in relation to any particular Financial Year, the Council's Representative shall approve and the Boards shall distribute by way of dividend such percentage of the post-tax distributable profit of the Companies in relation to each Financial Year as they consider fit, but after making all necessary, reasonable and prudent provisions for the repayment of borrowings by the Companies (if any), minority interests and extraordinary items as shown in the audited accounts for that year.
- 12.2. A distribution under this clause 12 in relation to any Financial Year shall be made within twenty-eight (28) Business Days, or such other period as the Companies and Shareholders shall agree, of the day to which the audited accounts of the Companies for that year are made up.

13. Tax matters

Unless the Council otherwise expressly agrees in writing, the Parties shall procure that each Company's trading losses and all other amounts eligible for relief from taxation shall be carried by each Company and not surrendered (wholly or partially) to its Shareholder.

14. Transfer of Shares

- 14.1. The Parties shall not create any Encumbrance over, transfer, or otherwise dispose of or give any person any rights in or over any Share or interest in any Share unless it is permitted or required under this Agreement, the Articles or as a Reserved Matter (as the case may be) and carried out in accordance with the terms of this Agreement, the Articles or the Reserved Matters (as the case may be).
- 14.2. The Parties may do anything prohibited by this clause if the Council has consented to it in writing.
- 14.3. Except as expressly provided in this Agreement or the Articles, no transfer of Shares shall be effected (beneficially and/or legally) and/or registered by the Board unless:
 - 14.3.1. the transferee of such Shares, has executed and delivered a Deed of Adherence;
 - 14.3.2. the transfer will not cause the Exeter City Group to lose its status as a Teckal compliant group of companies such that the Exeter City Group could no longer contract directly with the Council without first having to comply with the EU procurement rules and/or the Regulations; and
 - 14.3.3. the transferee has obtained the prior written consent from the Council to any such transfer.
- 14.4. The Parties undertake to give the approvals required and procure that the relevant Board give the approvals required, for any transfer of Shares made in accordance with this Agreement, or the Articles (as the case may be) and the relevant Board shall not stop or delay or refuse registration of any transfer of Shares to be made in accordance with this Agreement or the Articles (as the case may be).

15. Issue of further Shares

- 15.1. No further Shares or other equity securities in any of the Companies (within the meaning of section 560(1) of the Act) shall be issued to any other person unless:

- 15.1.1. it is permitted or required under this Agreement or the Articles (as the case may be) and carried out in accordance with the terms of this Agreement or the Articles (as the case may be);
- 15.1.2. that person is a party to this Agreement or has executed and delivered a Deed of Adherence;
- 15.1.3. the issuance will not cause the Exeter City Group to lose its status as a Teckal compliant group of companies such that the Exeter City Group could no longer contract directly with the Council without first having to comply with the EU procurement rules and/or the Regulations; and
- 15.1.4. the Council has consented to such issue in writing.

16. Termination and liquidation

16.1. Subject to clauses 16.2 to 16.3 (inclusive), this Agreement shall terminate either:

- 16.1.1. when the Council elects to terminate this Agreement; or
- 16.1.2. when a resolution is passed by the Shareholders or creditors, or an order is made by a court or other competent body or person instituting a process that shall lead to the relevant Company being wound up and its assets being distributed among its creditors, the Shareholders or other contributors.

16.2. On termination of this Agreement, the following clauses shall continue in force:

- 16.2.1. clause 1 (definitions and interpretation);
- 16.2.2. clause 13 (tax matters);
- 16.2.3. this clause 16 (termination and liquidation);
- 16.2.4. clause 18 (confidentiality);
- 16.2.5. clause 22 (assignment and other dealings);
- 16.2.6. clause 23 (entire agreement);
- 16.2.7. clause 24 (variation and waiver);
- 16.2.8. clause 25 (costs);
- 16.2.9. clause 26 (no partnership or agency);
- 16.2.10. clause 27 (notices);
- 16.2.11. clause 28 (severance); and
- 16.2.12. clause 30 (governing law and jurisdiction).

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

16.4. Where, following an event referred to in clause 16.1.1, the relevant Company is to be wound up and its assets distributed, the Council shall agree a suitable basis for dealing with the interests and assets of the relevant Company and shall endeavour to ensure that, before dissolution:

- 16.4.1. all other existing contracts of the Company are performed to the extent that there are sufficient resources;

- 16.4.2. the Company shall not enter into any new contractual obligations;
- 16.4.3. the Council is given the option to purchase, on terms to be agreed, any assets belonging to the Company; and
- 16.4.4. the Company's assets are distributed as soon as practical.

17. Status of the agreement

- 17.1. The Parties shall, to the extent that they are able to do so, exercise all of their voting rights and other powers in relation to the Companies to procure that the provisions of this Agreement are properly and promptly observed and given full force and effect according to the spirit and intention of this Agreement.
- 17.2. If there is an inconsistency between any of the provisions of this agreement and the provisions of the Articles, the provisions of this Agreement shall prevail.
- 17.3. The Parties shall, when necessary, exercise the rights and powers they have to amend, waive or suspend a conflicting provision in the Articles to the extent necessary to permit the Companies and their Business to be administered as provided in this Agreement.

18. Confidentiality

- 18.1. In this clause, "**Confidential Information**" means any information (however recorded or preserved) which:
 - 18.1.1. the Parties may have or acquire (whether before or after the date of this Agreement) in relation to the customers, suppliers, business, assets or affairs or plans, intentions or market opportunities of the Companies (including, without limitation, any information provided pursuant to clause 11); or
 - 18.1.2. the Parties may have or acquire (whether before or after the date of this Agreement) in relation to the customers, suppliers, business, assets or affairs or plans, intentions or market opportunities of the Parties, as a consequence of the negotiations relating to this Agreement or any other agreement or document referred to in this Agreement or the performance of the agreement or any other agreement or document referred to in this Agreement; or
 - 18.1.3. relates to the contents of this Agreement (or any agreement or arrangement entered into pursuant to this agreement),but excludes the information in clause 18.2.
- 18.2. Information is not Confidential Information if:
 - 18.2.1. it is or becomes generally available to the public (other than as a result of its disclosure in breach of this Agreement); or
 - 18.2.2. any party can establish to the reasonable satisfaction of the relevant other party that it found out the information from a person not connected with such party and that the such person is not under any obligation of confidence in respect of the information; or
 - 18.2.3. any party can establish to the reasonable satisfaction of the relevant other party that the information was known to the Shareholder before the date of this Agreement and that it was not under any obligation of confidence in respect of the information; or
 - 18.2.4. the Council agrees in writing that it is not confidential.

- 18.3. Each Party shall at all times keep confidential (and use all reasonable endeavours to ensure that its employees, agents, subsidiaries, and the employees and agents of such subsidiaries, and the Companies shall keep confidential) any Confidential Information and shall not use such Confidential Information except for the purpose of exercising or performing its rights and obligations under this Agreement, and shall not disclose such Confidential Information except:
- 18.3.1. to a party's professional advisers where such disclosure is for a purpose related to the operation of this Agreement; or
 - 18.3.2. with the prior written consent of the party that the information relates to; or
 - 18.3.3. as may be required by law or by the rules of any recognised stock exchange, or governmental or other regulatory authority or by a court or other authority of competent jurisdiction, provided that, to the extent it is legally permitted to do so, it gives the other parties as much notice of such disclosure as possible and, where notice of disclosure is not prohibited and is given in accordance with this clause 18, it takes into account the reasonable requests of the other parties in relation to the content of such disclosure; or
 - 18.3.4. a party may, provided it has reasonable grounds to believe that the other party is involved in activity that may constitute a criminal offence under the Bribery Act 2010, disclose Confidential Information to the Serious Fraud Office without first informing the other party of such disclosure; or
 - 18.3.5. to any tax authority to the extent reasonably required for the purposes of the tax affairs of the party concerned.
- 18.4. The Parties shall inform any officer, employee or agent or any professional adviser advising it in relation to the matters referred to in this Agreement, or to whom it provides Confidential Information, that such information is confidential and shall require them:
- 18.4.1. to keep it confidential; and
 - 18.4.2. not to disclose it to any third party (other than those persons to whom it has already been disclosed in accordance with the terms of this Agreement).
- 18.5. On termination of this Agreement, each Party shall (and shall use all reasonable endeavours to procure that its officers and employees):
- 18.5.1. return to the Council all documents and materials (and any copies) containing, reflecting, incorporating or based on the Confidential Information; and
 - 18.5.2. erase all Confidential Information (other than its own Confidential Information) from computer and communications systems and devices used by it, including such systems and data storage services provided by third parties (to the extent technically practicable),
- provided that a recipient party may retain documents and materials containing, reflecting, incorporating or based on the other party's Confidential Information to the extent required by law or any applicable governmental or regulatory authority.

19. Freedom of Information Act 2000 and Environmental Information Regulations 2004

- 19.1. The Parties acknowledge that each of them is subject to the requirements of the FOIA and the EIR.

19.2. Following completion of this Agreement, the Parties shall meet to agree how they will respectively deal with requests for information pursuant to the FOIA and the EIR.

20. Announcements

20.1. Subject to clause 20.2, no Party shall make, or permit any person to make, any public announcement, communication or circular ("**Announcement**") concerning this Agreement and the ongoing activities of the Exeter City Group without the prior written consent of each of the Parties (such consent not to be unreasonably withheld or delayed).

20.2. Where an Announcement is required by law or any governmental or regulatory authority (including, without limitation, any relevant securities exchange), or by any court or other authority of competent jurisdiction, the party required to make the announcement shall promptly notify the other Parties. The Parties concerned shall make all reasonable attempts to agree the contents of the Announcement before making it.

21. Further assurance

Without prejudice to clause 3, at its own expense each Party shall, and shall use all reasonable endeavours to procure that any necessary third party shall, promptly execute and deliver such documents and perform such acts as the other Party may reasonably require from time to time for the purpose of giving full effect to this Agreement.

22. Assignment and other dealings

22.1. No Party shall assign, transfer, mortgage, charge, sub-contract, declare a trust over or deal in any other manner with any or all of its rights and obligations under this Agreement (or any other document referred to in it) without the prior written consent of the Council.

22.2. Each Party confirms that it is acting on its own behalf and not for the benefit of any other person.

23. Entire agreement

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

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

23.3. Nothing in this clause 23 shall limit or exclude any liability for fraud.

24. Variation and waiver

24.1. No variation of this Agreement shall be effective unless it is in writing and signed by the Parties (or their authorised representatives).

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

Agreement or by law in relation to one person, or takes or fails to take any action against that person, does not affect its rights or remedies in relation to any other person.

- 24.3. A failure or delay by a person to exercise any right or remedy provided under this Agreement or by law shall not constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict any further exercise of that or any other right or remedy.
- 24.4. No single or partial exercise of any right or remedy provided under this Agreement or by law shall prevent or restrict the further exercise of that or any other right or remedy.
- 24.5. Except as expressly provided in this Agreement, the rights and remedies provided under this Agreement are in addition to, and not exclusive of, any right or remedies provided by law.

25. Costs

Except as expressly provided in this Agreement or as otherwise agreed by the Parties, each Party shall pay its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement (and any documents referred to in it).

26. No partnership or agency

Nothing in this Agreement is intended to, or shall be deemed to, establish any partnership between the Parties or constitute any Party the agent of another Party.

27. Notices

27.1. A notice given to a Party under or in connection with this Agreement:

- 27.1.1. shall be in writing and in English;
- 27.1.2. shall be signed by or on behalf of the Party giving it;
- 27.1.3. shall be sent to the relevant Party for the attention of the contact and to the address specified in clause 27.2, or such other address or person as that Party may notify to the other in accordance with the provisions of this clause 27; and
- 27.1.4. shall be:
 - 27.1.4.1. delivered by hand; or
 - 27.1.4.2. sent by pre-paid first class post, recorded delivery or special delivery, is deemed received as set out in clause 27.4.

27.2. The addresses for service of notices are:

- 27.2.1. For the Council: Exeter City Council of the Civic Centre, Paris Street, Exeter, Devon, EX1 1JN for the attention of the Chief Executive or Deputy Chief Executive;
- 27.2.2. For ECG: Exeter City Group Limited of the Civic Centre, Paris Street, Exeter, Devon, EX1 1JN for the attention of [REDACTED];
- 27.2.3. For ECL: Exeter City Living Limited of the Civic Centre, Paris Street, Exeter, Devon, EX1 1JN for the attention of [REDACTED];
- 27.2.4. For ECH: Exeter City Homes Limited of the Civic Centre, Paris Street, Exeter, Devon, EX1 1JN for the attention of [REDACTED]; and
- 27.2.5. For ECLPC: Exeter City Living Property Company Limited of the Civic Centre, Paris Street, Exeter, Devon, EX1 1JN for the attention of [REDACTED].

- 27.3. A Party may change its details for service of notices as specified in clause 27.2 by giving notice to the other Parties. Any change notified pursuant to this clause shall take effect at 9.00 am on the later of:
- 27.3.1. the date (if any) specified in the notice as the effective date for the change; or
 - 27.3.2. five (5) Business Days after deemed receipt of the notice.
- 27.4. Delivery of a notice is deemed to have taken place (provided that all other requirements in this clause have been satisfied):
- 27.4.1. if delivered by hand, on signature of a delivery receipt; or
 - 27.4.2. if sent by pre-paid first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
 - 27.4.3. if deemed receipt under the previous paragraphs of this clause 27.4 is not within business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 am on the day when business next starts in the place of deemed receipt.
- 27.5. To prove service, it is sufficient to prove that:
- 27.5.1. if delivered by hand the notice was delivered to the correct address; or
 - 27.5.2. if sent by post the envelope containing the notice was properly addressed, paid for and posted.
- 27.6. This clause 27 does not apply to the service of any proceedings or other documents in any legal action.

28. Severance

- 28.1. If any provision or part-provision of this Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.
- 28.2. If any provision or part-provision of this Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is valid, legal and enforceable, and, to the greatest extent possible, achieves the intended commercial result of the original provision.

29. Third party rights

- 29.1. A person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.
- 29.2. The rights of the parties to terminate, rescind or agree any variation, waiver or settlement under this Agreement are not subject to the consent of any person.

30. Governing law and jurisdiction

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

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

THIS DOCUMENT is executed as a deed but not delivered until the date hereof.

EXECUTED AS A DEED BY)
AFFIXING THE COMMON SEAL of)
EXETER CITY COUNCIL in the)
presence of:)

Seal No:

Authorised Signatory

EXECUTED AND DELIVERED AS A)
DEED by EXETER CITY GROUP)
LIMITED acting by:)

Director

In the presence of: «
Full name of witness (print): «
Full address of witness (print): «
«
«
Occupation of witness (print): «
Signature of witness: «

EXECUTED AND DELIVERED AS)
A DEED by EXETER CITY LIVING)
LIMITED acting by:)

Director

In the presence of: ◀
Full name of witness (print): ◀
Full address of witness (print): ◀
 ◀
 ◀
Occupation of witness (print): ◀
Signature of witness: ◀

EXECUTED AND DELIVERED AS)
A DEED by EXETER CITY HOMES)
LIMITED acting by:)

Director

In the presence of: ◀
Full name of witness (print): ◀
Full address of witness (print): ◀
 ◀
 ◀
Occupation of witness (print): ◀
Signature of witness: ◀

EXECUTED AND DELIVERED AS)
A DEED by EXETER CITY LIVING)
PROPERTY COMPANY LIMITED)
acting by:)

Director

In the presence of: ◀
Full name of witness (print): ◀
Full address of witness (print): ◀
◀
◀
Occupation of witness (print): ◀
Signature of witness: ◀

Schedule 1 The Companies

Exeter City Group Limited

Company number:	11404047
Former name(s):	N/A
Date of incorporation:	7 June 2018
Place of incorporation:	England and Wales
Accounting reference date:	
Issued share capital:	£1.00
Amount paid up:	£1.00
Shareholder:	Exeter City Council
Registered office:	Civic Centre, Paris Street, Exeter, Devon, EX1 1JN
Secretary:	

Exeter City Living Limited

Company number:	11410540
Former name(s):	N/A
Date of incorporation:	12 June 2018
Place of incorporation:	England and Wales
Accounting reference date:	
Issued share capital:	£1.00
Amount paid up:	£1.00
Shareholder:	Exeter City Group Limited
Registered office:	Civic Centre, Paris Street, Exeter, Devon, EX1 1JN
Secretary:	

Exeter City Homes Limited

Company number:	11410363
Former name(s):	N/A
Date of incorporation:	12 June 2018
Place of incorporation:	England and Wales
Accounting reference date:	
Issued share capital:	£1.00
Amount paid up:	£1.00
Shareholder:	Exeter City Group Limited
Registered office:	Civic Centre, Paris Street, Exeter, Devon, EX1 1JN
Secretary:	

Exeter City Living Property Company Limited

Company number:	11410214
Former name(s):	N/A
Date of incorporation:	12 June 2018
Place of incorporation:	England and Wales
Accounting reference date:	
Issued share capital:	£1.00
Amount paid up:	£1.00
Shareholder:	Exeter City Group Limited
Registered office:	Civic Centre, Paris Street, Exeter, Devon, EX1 1JN
Secretary:	

Schedule 2 Deed of Adherence

THIS DEED is dated _____ 201[*]

BETWEEN

- (1) [FULL COMPANY NAME] incorporated and registered in England and Wales with company number [NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] (the '**Transferor**')
- (2) [FULL COMPANY NAME] incorporated and registered in England and Wales with company number [NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] **OR** [INDIVIDUAL'S NAME] of [ADDRESS] (the '**New Shareholder**')
- (3) [FULL COMPANY NAME] incorporated and registered in England and Wales with company number [NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] (the "**Company**").
- (4) The persons named in Schedule 1 as the existing Shareholders of [FULL COMPANY NAME] (the '**Continuing Shareholders**').

BACKGROUND:

- (A) This deed is entered into under clause [NUMBER] of an agreement dated [DATE], made between the Transferor and the Continuing Shareholders setting out the terms for operating [NAME] Limited (the "Company"), as amended from time to time (the "**Management Agreement**").
- (B) By a transfer of Shares in the capital of the Company dated [DATE], the Transferor transferred to the New Shareholder [NUMBER] [CLASS] Shares of £[AMOUNT] each in the capital of the Company.

AGREED TERMS:

1. Words and expressions used in this deed shall, unless the context expressly requires otherwise, have the meaning given to them in the Management Agreement. **The Effective Date** means the date of this deed.
2. The New Shareholder confirms that it has been supplied with a copy of the Management Agreement. The New Shareholder and each of the Continuing Shareholders undertake with each other that, from the Effective Date, the New Shareholder shall assume all of the rights of the Transferor under the Management Agreement and shall observe, perform and be bound by the provisions of the Management Agreement that contain obligations on the Transferor as though the New Shareholder was an original party to the Management Agreement.
3. Nothing in this deed shall release the Transferor from any liability in respect of any obligations under the Management Agreement due to be performed prior to the Effective Date.
4. This deed may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.
5. This deed and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

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

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

SCHEDULE 1- CONTINUING SHAREHOLDERS

[INSERT DETAILS OF THOSE SHAREHOLDERS THAT WILL CONTINUE AS PARTIES TO THE
JOINT VENTURE AGREEMENT]

Executed as a deed by [NAME OF TRANSFEROR] acting by [NAME OF FIRST DIRECTOR], a Director and [NAME OF SECOND DIRECTOR/SECRETARY], [a Director]

.....

[SIGNATURE OF FIRST DIRECTOR]

Director

.....

[SIGNATURE OF SECOND DIRECTOR OR SECRETARY]

Executed as a deed by [NAME OF TRANSFEROR] acting by [NAME OF FIRST DIRECTOR], a Director and [NAME OF SECOND DIRECTOR/SECRETARY], [a Director]

.....

[SIGNATURE OF FIRST DIRECTOR]

Director

.....

[SIGNATURE OF SECOND DIRECTOR OR SECRETARY]

Executed as a deed by [NAME OF TRANSFEROR] acting by [NAME OF FIRST DIRECTOR], a Director and [NAME OF SECOND DIRECTOR/SECRETARY], [a Director]

.....

[SIGNATURE OF FIRST DIRECTOR]

Director

.....

[SIGNATURE OF SECOND DIRECTOR OR SECRETARY]

Schedule 3 Reserved Matters

1. Reserved Matters for the Council

The following Reserved Matters shall only be consented to by the Council:

Business Plan

- 1.1. adopting or amending the Business Plan in respect of each Financial Year;
- 1.2. unless otherwise agreed in the Business Plan, incurring any item or series of capital expenditure of, or making any investment of, or committing any funding of more than five hundred thousand pounds (£500,000) which has not been approved in the Business Plan;

Shareholdings

- 1.3. permitting or refusing the registration (upon subscription or transfer) of any person as a Shareholder;
- 1.4. increasing the amount of the Company's issued share capital, granting any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeeming or purchasing any of its own Shares or effecting any other reorganisation of its share capital;
- 1.5. issuing any loan capital in the Company or entering into any commitment with any person with respect to the issue of any loan capital;

Loans and Financing Arrangements

- 1.6. making any borrowing outside of the Business Plan;
- 1.7. creating or granting any Encumbrance over the whole or any part of the business, undertaking or assets of the Company or agreeing to do so, other than liens arising in the ordinary course of business or any charge arising by the operation or purported operation of title retention clauses in the ordinary course of business;
- 1.8. making any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business) or granting any credit (other than in the normal course of trading) or giving any guarantee (other than in the normal course of trading) surety or indemnity;

Insolvency

- 1.9. making any petition or passing any resolution to wind up the Company or making any application for an administration or winding up order or any order having similar effect in a different jurisdiction in relation to the Company or giving notice of intention to appoint an administrator or file a notice of appointment of an administrator unless in any case the Company is at the relevant time insolvent and the Directors reasonably consider (taking into account their fiduciary duties) that it ought to be wound up or that an administrator ought to be appointed to it;

Entering into Contracts

- 1.10. entering into a contract which has the potential to compromise the status of the Company as a Teckal compliant company; or
- 1.11. any variation to the terms of business in respect of any contract which could have the potential to compromise the status of the Company as a Teckal compliant company;

Corporate Matters

- 1.12. amending the Company's constitutional documents;
- 1.13. changing the nature of the Company's Business or commencing any new business by the Company which is not ancillary or incidental to the Business;
- 1.14. forming any subsidiary or acquiring shares in any other company or participating in any partnership or profit sharing or joint venture arrangement (whether incorporated or not);
- 1.15. amalgamating or merging with any other company, association, partnership or legal entity or acquiring any business or undertaking of any other person;
- 1.16. changing the Company's name;

Personnel Matters

- 1.17. dismissing any company secretary, Director or employee or consultant of the Company in circumstances in which the Company incurs or agrees to bear redundancy or other costs in excess of one hundred thousand pounds (£100,000) in total; and

Acquisition or Disposals

- 1.18. the acquisition or disposal by the Company of any material asset, real property or any interest in real property which has not been approved by the Council in the Business Plan.

2. Reserved Matters for the Council's Representative

The following Reserved Matters may be consented to by the Council's Representative:

Business Plan

- 2.1. amending the Business Plan to change the priority of projects or reallocate approved funding to new or alternative opportunities;

Corporate Matters

- 2.2. making or permitting to be made any change in the accounting policies and principles adopted by the Company in the preparation of its audited and management accounts except as may be required to ensure compliance with relevant accounting standards under the Act or any other generally accepted accounting principles in the United Kingdom;
- 2.3. granting any licence of intellectual property other than in the ordinary course of business;
- 2.4. appointing or removing external auditors;
- 2.5. paying any dividend and approving the financial regulation of the Company;

Personnel Matters

- 2.6. determining the remuneration package and terms and conditions of employment for all Directors;
- 2.7. appointing the Directors;
- 2.8. removal of any Director;
- 2.9. establishing or amending any profit-sharing, share (or other security) option, bonus or other incentive scheme of any nature for the Directors of the Company;
- 2.10. making changes to the Company's senior management and board structure; and

General

- 2.11. any other matter of which the Council gives notice in writing to the Directors, such matter to take effect as a Reserved Matter from the day which is five (5) Business Days after the receipt by the Company of notice from the Council.

3. Indexation

- 3.1. All monetary figures set out in this Schedule 1 (Reserved Matters) shall be indexed every three (3) years using the following multiplier:

$$\frac{I_1}{I_2}$$

Where I_1 is the value of the RPIx most recently published to the relevant calculation date, and I_2 , is the value of RPIx as at the date of this agreement.

Schedule 4 Scheme of Delegation

Reference	Description	Activity	Council	Council's Representative	Board of Directors (whether of Exeter City Group or any Subsidiary)
1.	Business Plan	Adopting the Group Business Plan and each Subsidiaries' Business Plan in respect of each Financial Year.	Approval.	Recommendation following review of the draft Group Business Plan and each Subsidiaries' Business Plan and an ongoing obligation to monitor the delivery of the Group Business Plan and each Subsidiaries' Business Plan.	Responsible for creating, drafting and delivering the Group Business Plan and each Subsidiaries' Business Plan.
2.	Business Plan	Amending the Group Business Plan and/or each Subsidiaries' Business Plan to change the priority of projects or reallocate approved funding to new or alternative opportunities.		Approval.	Responsible for drafting and proposing any amendments to the Group Business Plan and/or each Subsidiaries' Business Plan.

Reference	Description	Activity	Council	Council's Representative	Board of Directors (whether of Exeter City Group or any Subsidiary)
3.	Business Plan	Incurring any item or series of capital expenditure of, or making any investment of, or committing any funding of more than five hundred thousand pounds (£500,000) which has not been previously approved in ECL's Subsidiary Business Plan.	Approval.		
4.	Business Plan	Incurring any item or series of capital expenditure of, or making any investment of, or committing any funding of up to four hundred and ninety nine thousand nine hundred and ninety nine pounds (£499,999.00) in respect of ECL which has not been previously approved in the ECL's Subsidiary Business Plan.		Approval.	
5.	Business Plan	ECG, ECH and ECLPC incurring any item or series of capital expenditure of, or making any investment of, or committing any funding outside of the Group Business Plan and/or the relevant Subsidiary's Business Plan.	Approval.		
6.	Business Plan	Decision regarding the allocation and use of any end of year profit which is above the amount estimated in the Group Business Plan and/or each Subsidiaries' Business Plan		Approval.	

Reference	Description	Activity	Council	Council's Representative	Board of Directors (whether of Exeter City Group or any Subsidiary)
7.	Business Plan	Applying for in order to secure funding opportunities and (if successful) entering into funding agreements which have not been approved in the Group Business Plan or the Subsidiary Business Plan provided that neither the application nor the entry into any funding agreement has a material impact on the Council.			Approval.
8.	Shareholdings	Permitting or refusing the registration (upon subscription or transfer) of any person as a Shareholder.	Approval.		
9.	Shareholdings	Increasing the amount of any of the Companies' share capital, granting any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeeming or purchasing any of its own Shares or effecting any other reorganisation of its share capital.	Approval.		
10.	Shareholdings	Issuing any loan capital or entering into any commitment with any person with respect to the issue of any loan capital.	Approval.		
11.	Loans and Financing	Creating or granting any Encumbrance over the whole or any part of the business, undertaking or assets of any of the Companies or agreeing to do	Approval.		

Reference	Description	Activity	Council	Council's Representative	Board of Directors (whether of Exeter City Group or any Subsidiary)
		so, other than liens arising in the ordinary course of business or any charge arising by operation or purported operation of title retention clauses in the ordinary course of business.			
12.	Loans and Financing	Making any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business) or granting any credit (other than in the normal course of trading) or giving any guarantee (other than in the normal course of trading) surety or indemnity.	Approval.		
13.	Loans and Financing	The implementation of loans or financing arrangements up to the value agreed in the Group Business Plan and/or each Subsidiaries' Business Plan.			Approval.
14.	Insolvency	Making any petition or passing any resolution to wind up any of the Companies or making any application for an administration or winding up order or any order having similar effect in a different jurisdiction in relation to any of the Companies or giving notice of intention to appoint an administrator or file a notice of appointment of an administrator unless in any case the Company in question is at the relevant time insolvent and the	Approval.		Recommendation.

Reference	Description	Activity	Council	Council's Representative	Board of Directors (whether of Exeter City Group or any Subsidiary)
		Directors reasonably consider (taking into account their fiduciary duties) that it ought to be wound up or that an administrator ought to be appointed to it.			
15.	Entry into contracts	Entering into a contract which has the potential to compromise the status of any of the Companies as Teckal compliant companies.	Approval.		
16.	Entry into contracts	Any variation to the terms of business in respect of any contract which could have the potential to compromise the status of any of the Companies as Teckal compliant companies.	Approval.		
17.	Entry into contracts	Executing contracts approved by the Council in the Group Business Plan and/or each Subsidiaries' Business Plan.			Approval.
18.	Entry into contracts	Entering into a contract which the Directors consider carries high or unusual risks for the Companies.		Approval.	Recommendation.
19.	Entry into contracts	Entering into any arrangement, contract or transaction outside the normal course of Business or otherwise than on arm's length terms.		Approval.	Recommendation.

Reference	Description	Activity	Council	Council's Representative	Board of Directors (whether of Exeter City Group or any Subsidiary)
20.	Tendering	Tendering for the award of a contract to any of the Companies which has been approved by the Council as part of the Group Business Plan and/or each Subsidiaries' Business Plan.			Approval.
21.	Tendering	Tendering for the award of a contract which has the potential to compromise the Teckal status of any of the Companies.		Approval.	Recommendation.
22.	Tendering	Tendering for the award of a contract which the Directors consider carries a high or unusual risk.		Approval.	Recommendation.
23.	Corporate Matters	Amending any of the Companies' constitutional documents.	Approval.		
24.	Corporate Matters	Changing the nature of any of the Companies' Business or commencing any new business by any of the Companies which is not ancillary or incidental to the Business.	Approval.		
25.	Corporate Matters	Forming any subsidiary or acquiring shares in any other company or participating in any partnership or profit sharing or joint venture arrangement (whether incorporated or not).	Approval.		

Reference	Description	Activity	Council	Council's Representative	Board of Directors (whether of Exeter City Group or any Subsidiary)
26.	Corporate Matters	Amalgamating or merging with any other company, association, partnership or legal entity or acquiring any business or undertaking of any other person.	Approval.		
27.	Corporate Matters	Changing the names of any of the Companies.	Approval.		
28.	Corporate Matters	Making or permitting to be made any change in the accounting policies and principles adopted by the Company in the preparation of its audited and management accounts except as may be required to ensure compliance with relevant accounting standards under the Act or any other generally accepted accounting principles in the United Kingdom.		Approval.	
29.	Corporate Matters	Granting any licence of intellectual property other than in the ordinary course of business.		Approval.	
30.	Corporate Matters	Appointing or removing external auditors.		Approval.	
31.	Corporate Matters	Paying any dividend and approving the financial regulation of the Companies.		Approval.	

Reference	Description	Activity	Council	Council's Representative	Board of Directors (whether of Exeter City Group or any Subsidiary)
32.	Corporate Matters	Any future appointment of a Director to the position of chairperson after the first chairperson has ceased to hold the position.		Approval.	
33.	Corporate Matters	Altering the registered office of any of the Companies.			Approval.
34.	Personnel Matters	Dismissing any company secretary, Director, employee or consultant of any of the Companies in circumstances in which any of the Companies incurs or agrees to bear redundancy or other costs in excess of one hundred thousand pounds (£100,000) in total.	Approval.		
35.	Personnel Matters	Determining the remuneration package and terms and conditions of employment for all Directors of each of the Companies.		Approval.	
36.	Personnel Matters	Appointing a person to the office of interim managing director and permanent managing director of each of the Companies.		Approval.	
37.	Personnel Matters	Appointing the Directors.		Approval.	

Reference	Description	Activity	Council	Council's Representative	Board of Directors (whether of Exeter City Group or any Subsidiary)
38.	Personnel Matters	Removal of any Director.		Approval.	
39.	Personnel Matters	Establishing or amending any profit-sharing, share (or other security) option, bonus or other incentive scheme of any nature for the Directors.		Approval.	
40.	Personnel Matters	Making changes to any of the Companies' senior management and board structure		Approval.	
41.	Personnel Matters	Determining the salary and remuneration package of employees of any of the Companies.			Approval.
42.	Personnel Matters	Determining the terms and conditions of employment for all employees, including annual leave entitlement, working hours and flexible working time entitlement.			Approval.
43.	Personnel Matters	Determining that an employee of any of the Companies should be offered membership of the Local Government Pension Scheme as part of their package.	Approval if recommended by the Directors.		Recommendation.
44.	Personnel Matters	Establishing or amending any bonus or other incentive for the employees of any of the			Approval.

Reference	Description	Activity	Council	Council's Representative	Board of Directors (whether of Exeter City Group or any Subsidiary)
		Companies.			
45.	Personnel Matters	Determining performance targets and KPIs for employees seconded from the Council.			Approval.
46.	Personnel Matters	Managing workload and working hours for employees seconded from the Council.			Approval.
47.	Personnel Matters	Procuring consultants to deliver Group Business Plan and/or each Subsidiaries' Business Plan.			Approval.
48.	Personnel Matters	Signing contracts and commission agreements with consultants in accordance with Group Business Plan and/or each Subsidiaries' Business Plan.			Approval.
49.	Personnel Matters	Ensuring that consultants have suitable and appropriate insurance.			Approval.
50.	Personnel Matters	Managing the performance and outcomes delivered by consultants.			Approval.
51.	Personnel Matters	Termination of consultant's appointment.			Approval.

Reference	Description	Activity	Council	Council's Representative	Board of Directors (whether of Exeter City Group or any Subsidiary)
52.	Acquisition or disposals	The acquisition or disposal by any of the Companies of any material asset, real property or any interest in real property which has not been approved by the Council in Group Business Plan and/or each Subsidiaries' Business Plan.	Approval.		
53.	Acquisition or disposals	The acquisition or disposal by any of the Companies of any material asset, real property or any interest in real property as approved in Group Business Plan and/or each Subsidiaries' Business Plan.			Approval.
54.	Litigation	Initiating, discontinuing or settling any actual or threatened litigation or arbitration or compromise agreements other than for the recovery of debts in the ordinary course of business, initiating litigation or arbitration where the Directors reasonably believe that a delay would be detrimental to the Exeter City Group or an action in respect of which the Directors have received written costs estimates from the relevant Company's legal advisers of less than forty nine thousand nine hundred and ninety nine pounds (£49,999).			Approval.

Schedule 5 Memorandum of Understanding

1. ECL's activity is to promote & deliver more homes in Exeter, including affordable housing.
2. New homes delivered by ECL will not, as agreed in ECL's Subsidiary Business Plan for the relevant period, result in a net loss of social rent homes, unless agreed with the Council in the ECL's Subsidiary Business Plan.
3. ECL's activity is to build communities which will be in accordance with the Council's "Better Homes for Local People" guide attached as Appendix 1 to this Schedule 5.

Appendix 1

BETTER HOMES FOR LOCAL PEOPLE

Good practice guide to building neighbourhoods



April 2018



Exeter
City Council

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Exeter City Council

April 2018

Published by

Exeter City Council

Civic Centre, Civic Centre,

Paris Street, Exeter, EX1 1RQ.

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FOREWORD

Exeter’s social housing, built up over many years, forms the foundation of our mixed city. By offering affordable and secure homes for people on lower incomes, it means residents of different means and backgrounds can live alongside each other across Devon’s capital.

In recent decades, jobs and the population have grown substantially in the city, but new and affordable housing has failed to keep pace. Like many residents I know we must not only protect but increase our social housing, and building neighbourhoods is a key part of this discussion.

When done well, building neighbourhoods can offer existing tenants and leaseholders better homes, more new and affordable housing, and improvements to the local environment. But when done badly, we know building neighbourhoods can result in disagreement, which can leave residents feeling they have not been properly consulted, social housing being lost, and displaced tenants and leaseholders getting a bad deal.

Although my powers to get involved in neighbourhood building projects are limited, I will do all I can to make sure residents are at the heart of any proposals on their estate. I want to support residents and good landlords in developing plans that command widespread support and trust, and that deliver better homes for local people.

Councillor Peter Edwards

Leader and Portfolio Holder for City Development



1 INTRODUCTION

Exeter's social housing, built up over many years, forms the foundation of our mixed city. In recent decades, jobs and the population have grown substantially in the city, but new and affordable housing has failed to keep pace. As a result, genuinely affordable homes are now more crucial than ever to making sure Devon's capital is a city for all.

Exeter City Council is committed to building more genuinely affordable homes for Exeter residents, and to protecting those affordable homes that we already have. These issues are central to discussions over plans for estate regeneration and building neighbourhoods, which the Council believes must be developed with residents and deliver better homes and neighbourhoods for local people.

Putting Residents at the Heart of Plans

Estate regeneration or 'Building Neighbourhoods' is the process of physical renewal of social housing estates through a range of interventions – from refurbishment and intensification, to demolition and rebuilding. Many of Exeter's housing estates will be undergoing this process, meaning it will affect many of the city's residents.

When undertaken successfully, building neighbourhoods can bring genuine benefits to residents, with better homes for local people living on the estate, more homes of all tenures, improvements to neighbourhoods including infrastructure, new opportunities for training and employment, and new community facilities.

But alongside these potential benefits, building neighbourhoods often involves disruption and change to established communities, sometimes over several years, and can result in disagreement between residents and their landlords. Any plan for major changes to a social housing estate needs to be treated carefully and sensitively and carried out with the close involvement of residents.

The Council believes that for building neighbourhoods to be a success there must be resident support for proposals, based on full and transparent consultation from the very start of the process, and meaningful ongoing involvement of those affected.

Better Homes for Local People

Where proposals include the demolition and replacement of existing homes, the Council believes those social tenants affected should be guaranteed full rights to return (or to remain through a single move), and leaseholders and freeholders must be offered a fair deal.

More widely, other options should be looked at alongside demolition, and if demolition is chosen as a way to proceed, then affordable homes should at least be replaced on a like for like basis and increased wherever possible.

The Council's Approach

This guide sets out the detail behind the Council's principles of successful neighbourhood building schemes (Parts 2-4), and the mechanisms they have to encourage them to be followed as widely as possible in Exeter (Part 5).

More broadly, the Council believes that social housing residents must be at the heart of decisions about the ongoing management and future of their estates. Comprehensive policies and proposals for the future of social housing are contained in the Council's Housing Strategy. Equally, policies and

proposals relating to other aspects of development proposals – including environmental requirements and design – are contained in the Local Plan.



2 VISION AND OBJECTIVES FOR BUILDING NEIGHBOURHOODS

2.1 The Council's Vision for Building Neighbourhoods in Exeter

The core of the Council's vision for building neighbourhoods in Exeter is to deliver better homes and communities for local people. Exeter has always ranked very highly in terms of its liveability, of any city in the UK. It is the quality of place and quality of life that make it so. Its popularity and its attractiveness as a place, drive growth and investment, fuelling the demand for more housing, placing greater pressures on an overloaded infrastructure including hospitals and schools and other services.

Much of the new housing and the new jobs have migrated to the edge of the City and there remains great reliance on the private car to get about. It is clear that congestion on the City's roads is directly impacting upon public health and quality of life of its citizens, while at the same undermining Exeter's economic success story. The Council's vision is to keep the focus on liveability which means planning for growth, but the right kind of growth firmly focused around people and place, 'Building Neighbourhoods'.

How can the Council's vision translate into clear actions? The Council have set out three, clear high-level propositions to help decision-makers prioritise investment, planning decisions and to shape the city's development priorities.

1. Strengthening the 'Global City' Drivers

There are a number of universally-acknowledged and timeless qualities that are unique to Exeter and that make it the special place it is. These qualities are recognised as the historic city centre, the Cathedral, the compact scale of the City and the closeness of green hills and the countryside that enclose it, the River Exe and its valley connecting the centre to the countryside and to the sea.

They strengthen the brand and the identity of the City and reflect the kind of aspirational working and living environments that successful global businesses are seeking. Future growth and development planned in the City must strengthen and protect these qualities and each must make its own contribution to the future natural and built heritage of the City. This means investing in quality and good design. The City Centre is such an important asset. Rather than directing new investment out to the edge of the City, the Council's vision is for development and investment to be redirected into those parts of the City Centre and those areas immediately around the City Centre that are of poor quality and/or are underdeveloped or underused.



2. Investing in Communities: Diversifying Communities to Improve Services, Housing and Access to Jobs

The way in which Cities in the UK, like Exeter, grew and expanded in the latter part of the 20th Century and early part of this century has led to a kind of monotypic land use pattern where all the employment tends to congregate in one or two parts of the city. Think of Marsh Barton and Sowton, for example.

Residential areas and suburbs across the City are similarly monotypic too, where the house types and the socio-economic profile of the residents are largely the same. The Council's vision is for neighbourhood building developments to increase diversification, introducing for example, workplaces where none exist, increasing population around rail stations and along public transport corridors.

It also means developing choice, improving affordability and providing better accessibility to housing of all types and tenure. It means greater intensification of housing in some areas and better access to local healthcare, training and education facilities. Neighbourhood building projects should also include social spaces and places where communities can get together and the communities themselves need to have a greater say in shaping their future.



3. Connecting it up: Building a Sociable Movement and Public Realm Network

Exeter is already a very green city, with a network of Valley Parks, the River Exe corridor slicing through the heart of the City and prominent green ridgelines forming the setting. The connections between them and their strategic role within the city is less well-defined. The Council's vision is for much more to be made of this network to increase and improve connectivity, but also make more of these as popular destinations in their own right.

The Council would like to see a series of orbital green routes that encourage more walking and cycling between communities and linking important destinations such as the University, schools, big employment areas like Marsh Barton, Sowton and Pynes Hill. Innovations such as a new orbital bus route which would also relieve pressure on some of the arterial routes and introduce different movement patterns across the city, changing the daily commute for many people.

The main arterial routes leading into and out from the City Centre could be made a lot more attractive and safer for the pedestrian and the cyclist. Roads currently dominated by traffic could turn into

streets with wider pavements and more street trees. This means reducing traffic and switching more people from the car to public transport and walking and cycling.



Key beliefs of the Council's vision include the principles that neighbourhood building schemes should see no loss of affordable housing (particularly homes at social rent levels), build trust between residents and landlords, and result in an improved local environment with high quality design. In addition, the Council wishes to see the provision of more affordable housing, homes that better suit to residents' needs, and schemes that provide good community facilities.

2.2 Objectives of Building Neighbourhoods

The overarching objectives for any neighbourhood building scheme will usually be to:

- deliver safe and better-quality homes for local people;
- increase the overall supply of new and affordable homes; and
- improve the quality of the local environment through a better public realm and provision of social infrastructure (e.g. parks, community centres etc.).

Once the objectives of a neighbourhood building scheme have been formulated in consultation with residents, the physical interventions required to achieve them can be considered. The approach taken will differ from project to project, depending on factors that include: the existing characteristics and quality of an estate; the financial resources available; any regeneration or redevelopment plans that affect the wider area; and the wishes of residents and other stakeholders.

The range of physical interventions available to support the delivery of neighbourhood building projects include: repairs to, and refurbishment of, existing homes; building new homes on 'infill' sites; and demolition and rebuilding. Different schemes will require different interventions, or a combination of some or all of the above: there is no 'one size fits all' approach.

However, when considering the option of demolishing and rebuilding homes, developers, housing associations and their partners should always consider alternative options to demolition first. They should balance the potential benefits of demolishing and rebuilding homes against the wider social and environmental impacts of this option.

This guide seeks to set out principles that would support a positive relationship between residents and the Council, the developer or housing association during a process of neighbourhood building. Residents should be at the heart of any such process, which means developers and housing associations should engage early and meaningfully with residents to jointly develop priorities.



3 FULL AND TRANSPARENT CONSULTATION AND INVOLVEMENT

When developing neighbourhood building proposals, developers and housing associations should always engage openly and meaningfully with those affected by the project from the outset. Residents should be given sufficient opportunity to be involved in shaping any proposals that will affect their homes, and they should be proactively supported to do so throughout the planning and design process.

3.1 Early Consultation and Involvement

Early engagement is essential, and residents should be given opportunities to be involved from the outset in developing the vision, options appraisals, design, procurement, and delivery of schemes.

Where social or private tenancies are created, or leasehold or freehold sales are made, on an estate where proposals for regeneration are being considered, prospective residents should be made aware of any plans before signing their tenancy or completing their purchase.



3.2 Consultation and Engagement Methods

Government has issued good practice guidance on consultation and this is augmented by a body of case law, such as the Gunning principles, which councils, developers and housing associations must follow when consulting and engaging with residents.

Consultation should be:

- **Transparent** – all the issues and options should be set out in clear, accessible and non-technical language, with information that has influenced any decisions being shared as early as possible;
- **Extensive** – every reasonable effort should be made to engage with as broad a range of groups as possible, including primarily the residents of an estate, and also those living and working on or near it;
- **Responsive** – consultation should result in clear actions that arise directly from the views expressed by respondents; and
- **Meaningful** – views expressed during the process should be considered, and, where landlords do not agree with responses, they should give explanations for the alternative course of action that they have taken.

There are a range of options for consulting and engaging with those affected by neighbourhood building. Any successful neighbourhood building scheme is likely to involve a mixture of different ways to involve people, such as:

- **Direct proactive engagement of a wide group of residents** – through surveys, votes, and ‘door-to-door’ conversations.
- **Involvement of residents in developing the detail of proposals** – through specialist resident committees, forums, and workshops; steering groups with resident representation; and meetings of Tenant and Resident Associations and neighbourhood forums.
- **Broader opportunities for residents to be kept updated and engage** – through ‘drop-in’ days and public meetings; letter, email, and newsletter updates; and web-based consultation tools, such as Commonplace, or Online forums, such as Facebook pages for the estate.

As projects develop and change, and as alternative options are considered with residents, different approaches to consultation and engagement may become appropriate. Developers, housing associations and their partners should always be open to suggestions from residents and other stakeholders about developing more effective consultation and engagement mechanisms. Developers should support residents who wish to set up neighbourhood forums and develop plans for neighbourhood building.

3.3 Engaging with Residents

Residents should be the primary consultees during a neighbourhood building project. As well as social tenants, resident leaseholders and freeholders, developers and housing associations should also seek to consult with private tenants or those living in temporary accommodation on the estate, as well as non-resident leaseholders and freeholders.

Consultation approaches should be tailored to residents’ needs. For example, bespoke consultation arrangements may be required for elderly residents, those whose first language is not English, or those who have disabilities. Specific consideration should be paid to how best to engage residents about improving the safety of their homes, where this is an objective of regeneration.

Developers and housing associations should engage with Tenant and Resident Associations (TRAs), or similar resident representative bodies, where they exist, in addition to direct contact with residents.

3.4 Supporting Residents to be Involved

Residents should be empowered to engage in consultation exercises by ensuring they are meaningfully involved in as much as possible of the discussion and decisions about issues like the design, scale, and tenure of new homes. Often residents may need support to be able to engage more effectively in decisions about neighbourhood building.

Developers, housing associations and their partners should provide independent capacity-building and advocacy support for residents if they request it. This could include advising tenants on their rights, supporting residents in negotiating with their landlord, or helping residents ‘skill up’ and be involved in the process of selecting a development partner.

Residents should be given an opportunity to select their own independent tenant and leaseholder advisors (ITLAs), paid for by landlords, and to de-select them if they are unhappy with the advice or support that they are receiving. ITLAs should not seek to impose pre-determined outcomes on a regeneration process.

In this way, they can help to build trust and ultimately support a better project through closer engagement and shared understanding between a developer or housing association and residents.

3.5 Engaging with Other Stakeholders

Many estates include businesses providing local services and employment. Owners and operators of these businesses should be engaged in the neighbourhood building process, and any proposals should give weight to the importance of minimising disruption to those businesses and retaining local employment opportunities.

Many estates also include other facilities such as places of worship, schools, or community halls. Owners, operators, and users of these facilities should also be consulted and engaged with.

Beyond those stakeholders operating directly on an estate, it is also important to positively engage with: elected local councillors and Members of Parliament; residents, businesses and other stakeholders who may not be located within the boundaries of an estate but who will be affected by the process of neighbourhood building and regeneration; and other stakeholders such as utility providers, highway authorities, or Network Rail.

3.6 Resident Charters

Resident Charters set out Councils' or housing associations' commitments to residents at an early stage of the discussions over neighbourhood building proposals. They can be an effective way to engage residents. Commitments set out in a Charter should be clear, specific and deliverable, and written in accessible and non-technical language.

Resident Charters can be adopted for an individual neighbourhood building project, or as a broader statement to cover multiple projects or a programme.

3.7 Open and Transparent Options Appraisals

Residents should be closely involved in shaping the priorities for building neighbourhoods and options for achieving these priorities. To achieve this, options appraisals should be open and transparent. They should:

- a) Include the rationale, aims and objectives of the project in the context of: delivering better homes for local people; the landlord's strategic priorities; and neighbourhood, local, and Exeter-wide planning and housing policies.
- b) Set out the factors that have informed the development of the proposed options, and how these have been prioritised and balanced. These factors might include: the existing characteristics and quality of an estate; the safety of existing buildings; the financial resources available; any regeneration or redevelopment plans that affect the wider area; and the wishes of residents and other stakeholders.
- c) Include technical and financial appraisals that have influenced any decisions on options. These should be available in an accessible format with non-technical summaries.
- d) Assess the full range of social, economic, and environmental costs and benefits of different options. This assessment might include:
 - any expected costs and savings resulting from changes in rents, service charges, energy bills and any other impacts on household expenditure;
 - the cost to residents' health of poor quality housing;
 - the financial cost to the landlord of maintaining existing homes to a reasonable standard (given the number of years for which doing so would be effective);

- the number of other households who might not otherwise have a home, or a home of the right size for their needs, if the regeneration does not go ahead; and
 - the cost of disruption to residents' lives for the duration of the project.
- e) Clearly set out any options that have been discounted as unviable or undeliverable, with a transparent explanation of why they are unviable or undeliverable.
- f) Set out what role residents and other stakeholders have played in developing and shaping options, and how the council or housing association and other agencies have supported them in doing so.

The safety of residents must be the highest priority when appraising options.



4 'BETTER HOMES FOR LOCAL PEOPLE' PRINCIPLES

Where significant neighbourhood building is planned that involves the demolition of existing homes, the Council wants to ensure that any proposals include the delivery of better homes for local people. They therefore believe all neighbourhood building schemes in Exeter that involve the demolition of existing homes should provide:

- an increase in affordable housing;
- full rights to return or remain for social tenants; and
- a fair deal for leaseholders and freeholders.

These principles are set out in greater detail below. They have been developed by drawing on good practice. The Council believes that they should underpin the offer to residents affected by plans for neighbourhood building that include the demolition of existing homes.

I. AN INCREASE IN AFFORDABLE HOUSING

The shortage of affordable homes is at the root of Exeter's housing crisis. It is vital that neighbourhood building plans are used to increase the amount of affordable housing, particularly homes based on social rent levels, wherever possible. As a minimum, plans that involve the demolition of existing homes must ensure that affordable homes demolished are replaced on a like-for-like basis.

Demolition and Like-for-Like Replacement

Demolishing and rebuilding homes is a time-consuming and expensive process and can be highly disruptive for residents and established communities. Before pursuing demolition as an option, developers and housing associations should consider whether there are alternatives to achieve the vision and objectives of neighbourhood building that are more cost effective and have a lesser impact on residents and the environment.

Where demolition and rebuilding are pursued as part of a neighbourhood building project, this should only happen where it does not result in a net loss of affordable housing. This must be on a like-for-like basis, so that, for example, homes at social rent levels are replaced with homes based on the same rent levels.

Where an estate is being redeveloped as part of a wider programme then it may be possible to re-provide a different mix of affordable housing on that particular estate (taking account of the wishes of people who want to return to or remain on the estate) if like-for-like replacement is achieved across the overall programme. Where this is proposed, the Council will closely scrutinise planning applications and will only agree to them where they are certain that the housing is being genuinely re-provided and that no better option is available.

Replacement of Homes on the Basis of Floorspace

To ensure that new homes of appropriate sizes are provided, replacement of affordable homes during neighbourhood building should be on the basis of floorspace, rather than number of units. In adopting this approach, developers and housing associations may consider altering the mix of homes.

For example, if an estate has a high proportion of one-bedroom homes that are being demolished, the landlord may choose to replace some of them with the same or greater floorspace arranged as fewer, family-sized homes. This should be discussed with residents as part of the engagement and consultation process, and landlords should have regard to the impact any changes may have on social tenants who want to return to or remain on the estate.

Building More New Homes

In addition to ensuring that neighbourhood building does not lead to a net loss in affordable homes, developers and housing associations should use the opportunity to provide as much additional affordable housing as possible.

Developers and housing associations should look to increase the number of affordable homes as part of a neighbourhood building scheme by building at higher densities wherever possible. Options for doing so should be discussed with residents as part of the consultation process.

Increasing the density of an estate and including open market homes may improve the viability of a scheme and help to maximise the number of genuinely affordable homes, in addition to improving estate integration across the city.

Where neighbourhood building involves building affordable homes in addition to those needed to rehouse any tenants whose homes are demolished, landlords should adopt local lettings policies for new affordable homes for rent to help ensure that local people benefit from the additional homes being built.

Building Genuinely Affordable, Healthy Homes

Exeter City Council is committed to building more genuinely affordable homes for Exeter residents, which extends to running and maintenance costs associated with home ownership. With fuel poverty an ever-increasing issue as energy costs continue to rise, the Council wants to encourage neighbourhood building projects to consider building to the Passivhaus Standard where possible.

Passivhaus is a world leading energy performance standard and design methodology with more than 30,000 buildings including dwellings, schools, offices and sports halls having been built to the Passivhaus standard. Detailed research and scientific monitoring on these projects have proven that using the Passivhaus methodology will reduce the energy demand of a building by up to 90% of that of a standard UK building (if built to current Building Regulation requirements).

This is typically achieved through high levels of insulation, exceptional air tightness, high performance windows and doors and highly efficient mechanical ventilation systems with heat recovery (MVHR). It focuses on internal comfort and high air quality, which when combined with healthy design principles from the outset can provide an uplifting and life enhancing environment.

II. FULL RIGHT TO RETURN OR REMAIN FOR SOCIAL TENANTS

Where neighbourhood building plans involve the demolition of existing homes, developers and housing associations should seek to phase projects wherever possible, with the aim of ensuring that households can remain on the estate by moving no more than once. Where tenants have to move temporarily off the estate, they must have a full right to return.

Right to Return or Remain for Social Tenants

Social tenants who have to move as a result of neighbourhood building plans, either through a single move or a temporary move off the estate, should have a full right to a property on the regenerated estate of a suitable size, at the same or a similar level of rent, and with the same security of tenure.

Households who are currently overcrowded should be offered homes large enough for their needs and should not be offered homes which, if accepted, would result in overcrowding.

Households who under-occupy their current homes should not automatically qualify for a new home with the same number of bedrooms. For example, landlords may choose to limit the number of bedrooms offered to under-occupiers to a maximum of one greater than their need.

Temporary Rehousing

Social tenants who must move into a new home temporarily as a result of neighbourhood building should be awarded high priority in the local allocations policy. Any offer of alternative accommodation should be reasonable, in that it meets the needs of the household in terms of the number of bedrooms and any special requirements (such as wheelchair accessibility or adaptations).

Financial Compensation for Displaced Social Tenants

Landlords should seek to offer the maximum home loss compensation permitted by legislation to tenants who meet the statutory criteria and who are displaced from their homes due to neighbourhood building projects.

Landlords should pay for the 'disturbance costs' of moving home. This means paying the reasonable costs of moving, such as removal costs, telephone and utility connection costs (including installation of appliances), and the provision of new carpets and curtains. Tenants who must move more than once should receive home loss payments for each move.

Assistance for Private Tenants

Councils, developers and landlords (where the council is not all of these) should work together to make sure that private tenants on estates being considered for regeneration are aware of their options and rights, including signposting them towards alternative housing options. The Council may also have duties towards private tenants under homelessness legislation.

Additional support and assistance should be offered to more vulnerable households living on estates, regardless of their tenure. In some cases, this may mean that they want to move out of the area or into specialist accommodation. The Council, developers and housing associations should make reasonable endeavours to meet these requirements.

Short-Term Council and Housing Association Tenancies

It is reasonable to avoid granting new long-term tenancies for homes on an estate once a firm decision to undertake a neighbourhood building project has been made. The use of homes on a temporary basis should be carefully considered for its impact on long-term residents and should be subject to consultation.

This should include the benefits of such an approach, including its positive impact on providing accommodation for homeless households and helping to ensure they are accommodated as close to their social networks and places of work as possible. Where developers or housing associations propose to let homes on short-term tenancies, they should ensure that new tenants are fully informed about any plans to regenerate the estate and are aware of their rights, including how they differ from those on secure tenancies.

Short-term tenants should be reminded of these differences to avoid confusion at a later stage. They should also be given as much advance notice as possible of planned neighbourhood building, so that alternative accommodation can be found if necessary.

III. A FAIR DEAL FOR LEASEHOLDERS AND FREEHOLDERS

Leaseholders and freeholders affected by building neighbourhoods should be treated fairly and fully compensated if their homes are to be demolished.

Acquiring Leasehold and Freehold Homes

Where it is necessary to acquire homes owned by leaseholders and freeholders, landlords should always seek to do so by negotiation in the first instance. This can help avoid a time consuming compulsory purchase process, which creates uncertainty for the household and can lead to significant delays in the project. Market value (plus home loss payments where appropriate) should be offered in good faith in the first instance.

Where compulsory purchase is required, the rights of resident and non-resident leaseholders and freeholders are set out in legislation. The purchase should be based on a value of the home undertaken by an independent valuer, paid for by the landlord if requested by the leaseholder or freeholder. The valuation must reflect the value of the property before the impact of any regeneration or proposed regeneration is taken into account.

Re-housing Options for Resident Leaseholders and Freeholders

Positive consideration should be given to enabling resident leaseholders and freeholders to combine market value and home loss payments towards the purchase price for a new home. Landlords should consider paying for other costs that might be borne by resident leaseholders and freeholders, such as the cost of moving home or setting up new utility connections.

Developers and housing associations are encouraged to consider other ways to support resident leaseholders and freeholders to move to alternative accommodation. This might include support to use their equity to buy a home on the open market in the local area, with the developer or housing association owning the difference between the value of this equity and the market price of the home (either on a shared equity or shared ownership basis). Other approaches could include home swaps, or early buy-back arrangements.

Some resident leaseholders and freeholders may have very little experience of purchasing a home outside the Right to Buy process. The developer or housing association should offer them assistance throughout any process of buying a new home.

Developers and housing associations should offer resident leaseholders and freeholders the right to a new home on the regenerated estate through at least the following options:

- a) a shared equity basis, where the resident leaseholder or freeholder owns a proportion of the new home equivalent to the market value of the property that they gave up, with no rent payable on the remaining 'unsold' share. The resident leaseholder or freeholder should be allowed to retain any uplift in the value of their share of the new property between the point of purchase and any eventual sale; or
- b) a shared ownership basis, where the resident leaseholder or freeholder owns a share of a new affordable home, is able to increase the share owned over time, and may pay rent on the remaining share to the developer or housing association in the meantime.

If non-resident leaseholders or freeholders return to their home on the estate while regeneration plans are under discussion or being implemented, landlords should take into account the length of their residency before offering them re-housing options.



5 APPLYING THE ‘BETTER HOMES FOR LOCAL PEOPLE’ PRINCIPLES

The Council wants the good practice and principles in this guide to be applied on all neighbourhood building schemes across Exeter. The Council also strongly encourages residents and landlords to refer to the good practice in this guide, irrespective of the degree to which the Council is involved.

To help ensure that better homes for local people are provided through significant neighbourhood building schemes that involve the demolition of existing housing, the Council will use their planning powers to make sure that these schemes protect existing affordable homes. They will do this by requiring that there is no net loss of affordable homes and that any homes demolished are replaced on a like-for-like basis. The Council also expects that these schemes should maximise the delivery of additional affordable homes wherever possible.

5.1 Planning Powers

The Council has a statutory planning role in any significant neighbourhood building proposal and will make it clear that neighbourhood building should not lead to the loss of affordable housing and that it should aim to deliver an uplift in affordable housing where possible.

When considering neighbourhood building schemes, the Council will therefore expect existing affordable housing floorspace to be replaced on an equivalent basis – i.e. where social rented floorspace is lost, it should be replaced by general needs rented accommodation with rents at levels based on those of homes that have been lost. They will also expect the delivery of additional affordable housing to be maximised.



BETTER HOMES FOR LOCAL PEOPLE

Good practice guide to building neighbourhoods



April 2018

Housing Development
Civic Centre
Paris Street
Exeter
EX1 1JN

01392 265685
housing.development@exeter.gov.uk
exeter.gov.uk



Exeter
City Council

Schedule 6 Engagement Protocol

The following engagement protocol shall be used by Exeter City Living when considering the use of Exeter City Council or Housing Revenue Account land in its Subsidiary Business Plan.

1. As part of the business development process, ECL will engage with various parties to look for sites & development opportunities. Whilst many of these discussions will be with private companies or individuals, the opportunity to improve existing Council and the Council's housing revenue account assets is envisaged to be an important aspect of the potential development pipeline for ECL.
2. To ensure the discussions regarding potential development of the Council and the Council's housing revenue account assets is managed appropriately, the following Engagement Protocol has been agreed:
 - 2.1. ECL will interact with the officers involved in the Council and the Council's housing revenue account to identify potential development sites. The potential selection or identification of development sites will be primarily led by the technical and commercial viability of the proposed development for ECL. The Council is likely to consider the existing use of the assets, the economic and social benefits to be gained from the potential development and the overall impact on the Council and the Council's housing revenue account including financial considerations when deciding whether to permit the proposed development to move forward.
 - 2.2. If the proposed development sites are collectively identified as technically, commercially, economically, socially or financially viable at an officer level then the Council's officers will seek appropriate internal approval to proceed with the "in principle" agreement to the potential development. This approval will need to be provided by the relevant Portfolio Holder, Director and City Surveyor.
 - 2.3. Any "in principle" agreement is to be recorded in a statement from the appropriate officer at the Council. Subject to:
 - 2.3.1. approval of the Subsidiary Business Plan by ECG and the Group Business Plan by the Council,
 - 2.3.2. the valuation of the site being agreed;
 - 2.3.3. obtaining any necessary statutory consents; and
 - 2.3.4. the sale of the sites to ECL,the relevant Council officer, Portfolio Holder, Director or City Surveyor (as applicable) are content to sell the sites.
 - 2.4. It is a requirement of ECL that any Subsidiary Business Plan submitted to ECG and the Council for approval shall include a statement of "in principle" agreement from the relevant Council officer, Portfolio Holder, Director or City Surveyor (as applicable) for any of the assets held by the Council or by the Council's housing revenue account included in ECL's Subsidiary Business Plan.

Schedule 7 Delegated Authority

[To be inserted following Full Council approval]