

DATED XXXXXX **2024**

THE METROPOLITAN BOROUGH OF BURY

and

SIX TOWN HOUSING LIMITED

INTRA-GROUP AGREEMENT

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BETWEEN

- (1) **THE METROPLITAN BOROUGH OF BURY** of Town Hall, Knowsley Street, Bury BL9 0SW (the “**Parent**”); and
- (2) **SIX TOWN HOUSING LIMITED** (company number 04948846) a registered provider of social housing (number 4612) whose registered office is at 6 Knowsley Place, Angouleme Way, Bury BL9 0EL (“**Six Town**”).

Each a “**Party**” and together the “**Parties**”.

WHEREAS:

- (A) The Parent is a local authority and registered provider of social housing (number 00BM) providing social housing in its district.
- (B) Six Town is a wholly owned subsidiary company of the Parent originally established in 2003 to manage the Parents social housing stock as an arm’s length management organisation (ALMO) and has since been registered as a registered provider of social housing and as such owns and leases 149 social housing homes which it lets and sublets to its tenants.
- (C) In 2005 the Parties entered into a management agreement providing for the management of the Parents social housing by Six Town and upon its expiry a new management agreement was entered into in 2020. On 1st February 2024 the Parties entered into a Termination and Transition Agreement which inter alia had the following immediate effect:
 - I. terminating the 2020 management agreement and Six Town’s management of the Parents social housing, and
 - II. transferring all of Six Town’s operations to the Parent including all Six Towns staff, and
 - III. providing various “Council Services” to Six Town to manage its 149 social housing homes and to maintain Six Town’s regulatory compliance.
- (D) This Agreement relates to Six Town’s continuing function as a registered provider of social housing and the proper management of its social housing stock.
- (E) The Parties have agreed to express their common objectives, values and vision by becoming members of a group on the terms set out in this Intra-Group Agreement and in order that they may each benefit from the delivery of high-quality services.

NOW THIS DEED WITNESSES as follows: -

1. INTERPRETATION

1.1 In this Agreement where the context so admits the following words and phrases shall bear the following meanings: -

“**Agreement**“ means this Agreement.

“**Board**” means the Board of Six Town

“**Budget**” means a Group Member’s budget for the current year set in accordance with Clause 7;

“**Business Plan**” means a Group Member’s current business plan or equivalent set in accordance with Clause 7;

“**Competent Authority**” means any of or all of the Regulator, the Charity Commission, the Financial Conduct Authority, Her Majesty’s Revenue and Customs, the National Audit Office and Companies House;

“**Controller**”, “**Processor**”, “**Data Subject**”, “**Personal Data**”, “**Personal Data Breach**” and “**Process**” / **Processing**” have the meaning assigned to them in the Data Protection Legislation;

“**Council Services**” means the Council Services provided by the Parent to Six Town pursuant to the Termination and Transition Agreement dated 1st February 2024 and any supporting Operation Plan as may be provided pursuant to Appendix 1 thereof;

“**Data Protection Legislation**” means the Data Protection Act 2018 (“DPA 2018”), the General Data Protection Regulation 2016/679 (“**GDPR**”) and the Privacy and Electronic Communications Regulations 2003, as amended, replaced or superseded, and all other applicable laws and regulations relating to the processing of personal data and privacy together with any applicable guidance and/or codes of practice issued or endorsed by the Information Commissioner or relevant government department in relation to such legislation;

“**Funding Agreement**” means any agreement under which the Parent or any Group Member has borrowed money;

“**Group**” means the Parent and Six Town and any subsidiary of the same;

“**Group Corporate Plan**” means the corporate plan for the Group from time to time;

“**Group Member**” means each of the Parent and Six Town;

“Group Policy” means the policies and standards applicable to the Group as adopted by the Parent following consultation with Group Members in accordance with Clause 8;

“Operational Plan(s)” means the Parent plans setting out the detailed arrangements for delivery of the Council Services including but not limited to key contacts, accountabilities, relevant performance standards, quality considerations, the term of the agreement and pricing if applicable.

“Parent Cabinet” means the Parents local authority cabinet or any committee with delegated authority to discharge any of its functions pertaining to this Agreement (and any successor body of the Cabinet in the event of changes to the Parents local authority constitution);

“Regulator” means the Regulator of Social Housing established pursuant to the Housing and Regeneration Act 2008 or any future body or authority (including any statutory successor) carrying on similar regulatory or supervisory functions;

“Regulatory Framework” means the Regulator’s Regulatory Framework for Social Housing in England from April 2015 and any successor or supplemental document or guidance;

“RP” means a provider of social housing registered with the Regulator under the Housing and Regeneration Act 2008;

“Social Housing” means low-cost rental accommodation and low-cost home ownership accommodation as defined in Section 68 and Section 77 of the Housing and Regeneration Act 2008;

“Subsidiary” has the meaning within the Housing and Regeneration Act 2008 and/or the Companies Act 2006 (as appropriate);

“T&T Agreement” means the Termination and Transition Agreement dated 1st February 2024 between the Parties, and

“Working Day” means Monday to Friday in any week except public holidays between 9.00 am and 5.00 pm.

1.2 In this Agreement: -

1.2.1 references to the singular include the plural and vice versa, and to the masculine include the feminine and neuter and vice versa;

1.2.2 references to “persons” and “organisations” include corporate bodies, public bodies, unincorporated associations and partnerships;

1.2.3 references to legislation, regulations, determinations and directions include all amendments, replacements or re-enactments and references

to legislation (where appropriate) include all regulations, determinations and directions made or given under it;

- 1.2.4 references to Clauses and Schedules are to clauses and schedules of this Agreement, except where stated otherwise;
- 1.2.5 the headings to the clauses are not to affect the construction or interpretation of this Agreement;
- 1.2.6 an obligation on any party to do something is to be construed as an obligation either (so far as it is reasonably able) to do it or to secure that it is done;
- 1.2.7 an obligation on any party not to do something includes the obligation (so far as it is reasonably able) to prevent it;
- 1.2.8 consents may be given subject to conditions and a breach of those conditions is to be a breach of this Agreement;
- 1.2.9 references to a party include its successors in title and assignees; and
- 1.2.10 words and phrases defined in the constitution of a particular Group Member shall in relation to that Group Member have the same meanings in this Agreement as are given to them in that constitution.

2. GROUP OBJECTIVES

- 2.1 The Parent and Six Town wish to record their objectives in forming the Group and they each covenant to carry on their businesses in accordance with the Group objectives as set out in this clause 2, as from time to time amended by agreement of the Parties.
- 2.2 The shared objectives which have been agreed for the future operations of the Group are to:
 - 2.2.1 deliver a high-quality affordable housing offer aimed at meeting local housing need;
 - 2.2.2 contribute to wider social and physical regeneration strategies within the area of operation; and
 - 2.2.3 maximise available resources, remain viable and provide value for money across the business.
- 2.3 Any variation to this Clause 2 shall be made in accordance with Clause 11 (Variations).

3. RP STATUS AND PROTECTION OF SOCIAL HOUSING ASSETS

- 3.1 Six Town confirms that it is a not-for-profit RP and agrees to remain as such at all times whilst it is a subsidiary of the Parent.

- 3.2 The Parent and Six Town agree to use their best endeavours to ensure that the Parent and Six Town meet the requirements and obligations of any Competent Authority.
- 3.3 In recognition of the status of Six Town as a not-for-profit RP Subsidiary and the Parent as a local authority RP, the Parties confirm and agree as follows: -
- 3.3.1 Six Town shall continue to operate with the primary objective of providing, maintaining, improving and managing Social Housing;
 - 3.3.2 the Parent shall support and assist Six Town (so far as it is able) to comply with the Regulator's standards and other regulatory requirements;
 - 3.3.3 Six Town shall not be prejudiced by the actions, activities or influence of the Parent or any of its other Subsidiaries in complying with the Regulator's standards and other regulatory requirements;
 - 3.3.4 Six Town shall not be required by the Parent to enter into agreements to support the Parent or any other third party that may have a negative material impact on Six Town's social housing assets;
 - 3.3.5 Six Town shall not transfer any of its assets to another organisation within the Group unless either it is to another RP or the transfer is on arms' length terms;
 - 3.3.6 Six Town (or its subsidiaries, if any) shall not provide any funding or give any loans to any other entity unless it is in furtherance of its objects and either supports not-for-profit Social Housing activities and the Board of Six Town is satisfied that the provision of such funding or loans would not have a material negative impact on Six Town's social housing assets.

4. PARENT GOVERNANCE ARRANGEMENTS

- 4.1 The Parent Cabinet shall be appointed from time to time in accordance with its local authority constitution.
- 4.2 Where there is any proposal by the Parent to make any amendments to the Parent's constitution which may affect or pertain to Six Town and/or this Agreement the Parent shall notify the Board as soon as practicable and shall consult with the Board to establish its views on the proposed amendments.
- 4.3 The Parent has the right to establish Subsidiaries. Such Subsidiaries will not necessarily be Group Members under this Agreement and the Parent may enter into such intragroup control and service arrangements with its Subsidiaries as the Parent Cabinet may consider appropriate from time to time. Any such intragroup control and service arrangements must not detrimentally affect the achievement by the Parent or any Group Member of the Group objectives (as set out in Clause 2 of this Agreement) or the rights and obligations contained in Clause 3 of this Agreement (RP Status and Protection of Social Housing Assets).

- 4.4 The Parent may establish such committees of the Parent Cabinet as the Parent Cabinet shall consider appropriate from time to time.
- 4.5 The Parent may also establish such Group committees and working groups as the Parent Cabinet shall consider appropriate from time to time.
- 4.6 If requested by the Parent, Six Town agrees to delegate the necessary authorities to such Group committees to enable them to function as fully authorised committees with delegated authority from Six Town.

5. SIX TOWN 'S CONSTITUTION AND BOARD

- 5.1 The Parties confirm that Six Town has primary responsibility for all aspects of its business of an operational nature and that the Board has the right to manage its business in accordance with the objects set out in its constitution subject to this Agreement and the overall business and financial strategy for the Group.
- 5.2 Six Town shall adopt and comply with The National Housing Federation's Code of Governance (as amended and updated by the National Housing Federation from time to time) and/or such other governance as may be determined by the Parent. The Parent shall oversee Six Town 's compliance with its adopted code of governance.
- 5.3 Six Town acknowledges and agrees that: -
- 5.3.1 it is wholly owned by the Parent;
 - 5.3.2 its membership policies for the admission of future members shall be in accordance with regulatory requirements and the governance requirements set out in its articles of association and any Group Policies;
 - 5.3.3 it shall ensure that the composition of its Board shall satisfy regulatory requirements and the governance requirements set out in any Group Policies;
 - 5.3.4 it will obtain the approval of the Parent prior to its Board appointing or co-opting any Group employee to its Board;
 - 5.3.5 it will only remunerate its Board Members: -
 - (a) in accordance with Group Policies;
 - (b) where the Regulator's regulatory requirements have been met, and
 - (c) where its Budget incorporates provision for such remuneration.
- 5.4 The Parties acknowledge and agree that having regard to Six Towns size and its ownership at the date of this Agreement the Board may reasonably and proportionately be appointed by the Parent and that the Parties shall periodically review this provision.

- 5.5 Notwithstanding that the Parent has the powers of appointment and mid-term removal under Six Town 's constitution in relation to its Board, the Parent hereby confirms that it would, in the usual course of business, only intend (although it is not fettering its constitutional rights) to exercise the power to appoint new and remove current Board members in the circumstances set out in Schedule 1.
- 5.6 Where there is any proposal by Six Town to amend Six Town 's constitution the Board shall notify the Parent as soon as practicable and such amendment shall require the consent of the Parent before becoming effective (such consent shall not unreasonably be withheld by the Parent).
- 5.7 Six Town shall have the right to:
- 5.7.1 establish committees of its Board, provided that no such committee may be established where the Parent is of the reasonable opinion that the work of such committee would duplicate the work of any committee of the Parent established in accordance with Clause 4.5, or any Group committee established in accordance with Clause 4.6;
 - 5.7.2 create or acquire a subsidiary, with the Parent's consent. Such subsidiaries shall not become parties to this Agreement save with the Parent's consent.
- 5.8 Should Six Town create or acquire a subsidiary then it shall put in place such constitutional, control and intragroup service arrangements between itself, its subsidiary and the Parent as the Parent may reasonably require.

6. GROUP POLICIES

- 6.1 The Parent shall for the benefit of the Group as a whole have the power to adopt from time to time such policies, standing orders, financial regulations and standards (after consultation with Six Town) relating to all members of its Group, as it shall consider appropriate from time to time to ensure compliance with:
- 6.1.1 any statutory or regulatory requirements applicable to the Group or any Group Member and the Regulatory Framework, where applicable;
 - 6.1.2 financial and business probity;
 - 6.1.3 good governance practice;
 - 6.1.4 risk assessment; and
 - 6.1.5 any other matter which the Parent Cabinet considers in its absolute discretion it is desirable for the Group as a whole to have a consistent policy on
- and these policies, standing orders, financial regulations and standards shall be designated as Group Policies.
- 6.2 Six Town may set its own operational policies relating to its business.

6.3 The parties acknowledge and agree that Six Town may maintain its own policies and procedures until and/or unless those policies are replaced and/or superseded by those of the Parent and/or Group subject always to the principles set out in clause 3 of this Agreement.

7. GROUP BUSINESS PLANS

7.1 The Parent shall specify a date each year by no later than which Six Town shall deliver to the Parent its updated Business Plan and Budget in the form recommended by Six Town 's Board, and shall confirm to the Parent that such Business Plan and Budget: -

7.1.1 complies with Group Policies and the requirements of the overall Group business plan parameters and assumptions for the relevant period, as delivered by the Parent to Six Town from time to time;

7.1.2 evidences compliance with all third party obligations of Six Town and in particular any financial covenant obligations under its borrowing arrangements for the relevant period;

7.1.3 shows that Six Town is able to meet any payment obligations as they fall due; and

7.1.4 takes into account all contemplated obligations and commitments of Six Town, and in particular: -

(a) provides for services to its tenants (pursuant to its receipt of Council Services) which shall be maintained in accordance with the Regulator's regulatory requirements and Group Policies;

(b) makes proper and reasonable provision for the maintenance and repair of the Six Town 's properties (if any) over the period of the Business Plan;

(c) evidences compliance with law and the Regulatory Framework (where applicable) and other regulatory requirements; and

(d) promotes the business of Six Town as agreed by the Parent from time to time in relation to areas of operation or type of business.

7.2 Six Town will be responsible for delivering the specified outputs within the Business Plan and Budget, if any.

7.3 The Parent Cabinet shall, as soon as practicable after receiving Six Town 's business plan and budget in accordance with Clause 7.1, confirm to it whether it has any issues of concern with such Business Plan and Budget.

7.4 The Parent shall notify Six Town of the reasons for raising issues of concern with its Business Plan and Budget, and the Parent and Six Town will use their reasonable endeavours to work together to agree a revised Six Town Business

Plan and Budget for approval by the Parent Cabinet as soon as possible. Until such issues are resolved, the Business Plan shall not become the Group Member's Business Plan and Budget for the purposes of this Agreement and the preceding year's Business Plan and Budget shall continue to have effect.

- 7.5 Each Party covenants to carry on its business and only to enter into commitments as envisaged by the Business Plan and Budget or where any matter is outside the Business Plan and Budget, with the consent of the Parent, which shall not be unreasonably withheld.

8. COUNCIL SERVICES TO SIX TOWN

- 8.1 Pursuant to the T&T Agreement (schedule 4 and appendix 1 thereof) the Parties have agreed that the Parent shall provide the Council Services including any Operational Plans that shall be first submitted by the Parent to the Board for agreement or further amendment before implementation. The provision of the Council Services by the Parent may be by employees directly employed by the Parent or another manner as may be determined by the Parent from time to time.
- 8.2 Six Town shall procure the Council Services through the Parent and the Parent shall ensure that the Group has appropriate mechanisms and procedures in place to ensure that such Council Services are delivered in accordance with any applicable value for money and other performance standards under the Regulatory Framework or adopted by the Group from time to time.
- 8.3 Pursuant to the T&T Agreement the Parent may enter into any agreements it deems appropriate or desirable with any contractors, consultants, or specialist firms for the provision of the Council Services.
- 8.4 The Parties wish to acknowledge and record that the Council Services shall include all necessary services required to enable Six Town to function as a compliant small RP and shall include inter alia appropriate arrangements for the provision of executive, governance and audit and risk management reporting to the Board. These shall include clear provisions on the relationship, reporting and lines of communications between the Board and the Parents specified senior officers with overall accountability and responsibility for the delivery of Council Services. These matters shall be contained within the Operational Plans augmenting and executing the delivery of the Council Services

9. STAFFING

- 9.1 Six Town will be resourced through the Council Services by the employees and/or agents of the Parent.
- 9.2 The Parties wish to acknowledge and record that at the time of entering this Agreement a large proportion of the Parent employees who shall service Six Town had recently transferred their employment (and corporate knowledge) from Six Town to the Council pursuant to the T&T Agreement.

9.3 The Parties will review the arrangements for staffing from time to time with a view to ensuring that Six Town is able to undertake all its activities to meet the requirements and obligations of any Competent Authority.

10. COVENANTS

10.1 Six Town covenants for the benefit of the Group in the terms set out in Schedule 2.

10.2 The Parent covenants for the benefit of the Group in the terms set out in Schedule 3.

10.3 The Parent covenants to use its powers of new appointment and mid-term removal under Six Town 's constitution in relation to its Board as agreed at clause 5.5 of this Agreement.

11. VARIATIONS

11.1 It is anticipated by the Parties that, pursuant to their overall aim and intention to cooperate for the benefit of the Group as a whole, the provisions of this Agreement may from time to time require amendment.

11.2 It is accordingly agreed between the Parties that they shall formally review the operation of this Agreement at regular intervals and shall report thereon to their respective Board and Parent Cabinet. Any Party may thereupon propose to the other Party that a variation be made to this Agreement, and in such event the Parties shall negotiate in good faith with a view to reaching agreement upon the variation proposed.

11.3 In the event of a failure to agree the matter in dispute shall be considered pursuant to the procedure set out in Clause 12.

11.4 Where the Parent proposes that a variation be made to this Agreement, such variation shall not be made where Six Town has demonstrated to the Parent's reasonable satisfaction that the proposed variation might reasonably be expected to have a material adverse effect:

11.4.1 on the Group; or

11.4.2 on the ability of the Group or Six Town to comply with its contractual obligations towards any third party or Competent Authority;

and such objection cannot be addressed through other means available to the Parent.

11.5 In the event of a variation being agreed the same shall be recorded in a supplemental agreement executed by the Parties.

12. RESOLUTION OF DISPUTES

- 12.1 It is the declared intention of the Parties that all matters of disagreement should be resolved by negotiation and discussion between the Parties and each agrees to use its best endeavours to apply the terms of this Agreement without the necessity for implementing the dispute resolution procedures of this Clause.
- 12.2 Any dispute shall initially be discussed, if it relates to service provision or any other matter relating to this Agreement, between the senior officers of the Parent and the Board and, if necessary, with the respective chairs of the Parties Board and Parent Cabinet.
- 12.3 In the event that, notwithstanding the discussions and meetings envisaged by Clause 12.1 and 12.2 above having taken place, any dispute or other failure to agree continues between the Parties in relation to the matters the subject of this Agreement or any Council Services, which cannot be resolved by negotiation and discussion as envisaged by Clause 12.1 and 12.2 the Parent will make a decision as to the outcome of the dispute that shall be binding on all Parties.

13. DATA PROTECTION

- 13.1 The Parties hereby acknowledge that pursuant to the terms of the T&T Agreement they have entered into an appropriate agreement (Data Sharing Agreement) regulating the control and processing of Personal Data in accordance with Data Protection Legislation and any other relevant data protection legislation, and that Data Sharing Agreement shall address any and all Data Protection matters pertaining to this Agreement and that furthermore they shall at all times only process Personal Data with a legal basis, shall take appropriate technical and organisational security measures, and uphold individuals' data protection rights.

14. LOCAL AUTHORITIES (COMPANIES) ORDER 1995 AND FREEDOM OF INFORMATION

- 14.1 The Parties shall at all times comply with the Local Authorities (Companies) Order 1995, any successor legislation or statutory instrument and any other laws in force from time to time relation to the operation, management and activities of a local authority owned company.
- 14.2 Subject to clause 14.5, the Parties acknowledge that the Council, the Parent and Six Town are each subject to the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 (**Information Legislation**). The Parties shall use reasonable endeavours to assist, within the timescale specified by the Party or the Council in receipt of a request for information under the Information Legislation (the **receiving party**), the receiving party in responding to any requests for information under that legislation to include the provision of any and all documents that the receiving party considers reasonably necessary to enable it to respond to the information request.

- 14.3 Six Town shall, and shall procure that its employees and agents shall, comply at all times with the Council's policies and procedures on Freedom of Information.
- 14.4 Notwithstanding clauses 14.2 and 14.3, Six Town shall comply at all times with the Information Legislation as that legislation applies directly to Six Town.
- 14.5 Where Six Town is in receipt of any request for information under the Information Legislation, then it shall as soon as reasonably practicable pass the request to the Parent the Council and have regard to their views before responding to any such request.
- 14.6 Six Town shall use reasonable endeavours to assist the Council in complying with any and all transparency obligations including without limitation compliance with the Local Government Transparency Code 2015 and any successor codes, policies or guidance.

15. NOTICES

- 15.1 Notices or other formal communications under this Agreement will be duly served if given by and sent to the relevant Party's nominated representative in accordance with the procedures set out in the following table. The date and time of service and method of proof are as set out in such table:

Method of Service	Time of Service	Proof of Service
<ul style="list-style-type: none"> Personal delivery to the nominated recipient. 	Time of delivery	Proof of handing to the nominated representative
<ul style="list-style-type: none"> Personal delivery of a letter addressed to the nominated recipient at the address for service. 	Time of delivery if before 16.00 on a Working Day otherwise 10.00 on the next Working Day.	Proof of delivery.
<ul style="list-style-type: none"> First class letter addressed to the nominated recipient at the address for service. 	48 hours after posting if that is a Working Day otherwise 10.00 on the next Working Day.	Proof of posting unless returned through the Post Office undelivered service within 21 days of posting.
<ul style="list-style-type: none"> Facsimile addressed to the nominated recipient at the address for service. 	Time of transmission if before 16.00 on a Working Day otherwise 10.00 on the next Working Day.	Transmission report showing a successful transmission to the correct number plus proof of posting of a hard copy.

Method of Service	Time of Service	Proof of Service
<ul style="list-style-type: none"> Email addressed to the nominated recipient at the email address for service. 	Time of transmission if before 16.00 on a Working Day otherwise 10.00 on the next Working Day.	A copy of the notification from the system used to send emails that the email has been sent to a e-mail address.

15.2 Each Party's address for service is the principal address set out in this Agreement or such other address including email address it specifies by written notice to the other Parties.

15.3 The nominated representative for the receipt of notices will be the Chair of the Board and Parent Cabinet or such other person that a Party nominates from time to time by written notice to the other.

IN WITNESS WHEREOF the parties have executed and delivered this Agreement as a Deed on the date set out at the start of this Agreement.

**THE COMMON SEAL of
THE METROPOLITAN BOROUGH
OF BURY** was affixed in the presence of

.....

**THE SEAL of
SIX TOWN HOUSING LIMITED**

was affixed in the presence of:

.....

(two signatures)

DRAFT

SCHEDULE 1

DRAFT

CIRCUMSTANCES IN WHICH THE PARENT WOULD INTEND TO REMOVE SIX TOWN BOARD MEMBERS

1.1 Notwithstanding that the Parent has the absolute right, pursuant to Six Town 's constitution, to remove a board member of Six Town , in circumstances other than where a board member of Six Town is found guilty of conduct detrimental to the interests of it, the Parent confirms that, without formally fettering its right to exercise such powers, the Parent intends to do so only in the following circumstances:-

- (a) where the Parent reasonably believes that Six Town is in danger of committing a material breach of a Funding Agreement for which a waiver has not been secured and this breach could entitle the funder(s) under the relevant Funding Agreement to call an event of default under that agreement;
- (b) where Six Town is in material breach of a Funding Agreement for which a waiver has not been secured and this breach could entitle the funder(s) under the relevant Funding Agreement to call an event of default under that agreement;
- (c) where the Parent reasonably believes that any proposed or actual action or failure to act by Six Town will or may result in any Group Member being in material breach of its obligations under a Funding Agreement for which a waiver has not been secured and this breach could entitle the funder(s) under the relevant Funding Agreement to call an event of default under that agreement;
- (d) where Six Town is in material breach of its obligations under this Intra-Group Agreement and/or refuses Council Services, and, where the breach or refusal is capable of remedy, Six Town fails to remedy the breach and accept Council Services within such period as the Parent may consider reasonable;
- (e) where Six Town fails to a material degree to comply with good governance practice, business plan and group policy requirements in so far as they are applicable to it and, where the breach is capable of remedy, Six Town fails to remedy the breach within such period as the Parent may consider reasonable;
- (f) where Six Town fails to comply with the Parent's monitoring and information requirements of which it has been notified;
- (g) where the Parent reasonably believes that Six Town is materially underperforming compared to its Business Plan and appropriate remedial action has not been taken;
- (h) where the Parent reasonably believes that Six Town is unable to pay its debts as defined in Section 123 (1) of the Insolvency Act 1986 (omitting the words "it is proved to the satisfaction of the Court that");
- (i) where a petition is presented to wind up or an order is made to wind up Six Town ;

- (j) where Six Town passes a resolution to wind up;
 - (k) where a petition is presented for an administration order for Six Town ;
 - (l) where Six Town attempts to alter its constitution without the prior approval of the Parent;
 - (m) where the accounting reference date of Six Town is changed without the Parent's prior written consent (acting reasonably);
 - (n) where an encumbrancer takes possession of, a receiver is appointed over, or a secured creditor seeks to enforce its security over any property of Six Town having a value in excess of £50,000 (other than any shared ownership property where it is not Six Town that is in default);
 - (o) where Six Town enters into any composition or arrangement for the benefit of its creditors;
 - (p) where Six Town receives notice from the Regulator that it intends using its enforcement powers under the Housing and Regeneration Act 2008;
 - (q) where the Regulator, acting reasonably (in the opinion of the Parent Cabinet), requests the Parent to use its powers to remove and appoint Board Members of Six Town in order to remedy or prevent a material breach of the Regulator's regulatory requirements;
 - (r) where Six Town is charged with any offence (other than an offence under Section 82 of the Environmental Protection Act 1990); or
 - (s) where the Parent reasonably believes the circumstances are such that the exercise of its powers is expedient, necessary or prudent to ensure Six Town continues to operate in accordance with its objects and values;
 - (t) where the Parent reasonably believes Six Town is taking action or making omissions likely to bring Six Town or the Group into disrepute; or
 - (u) where Six Town fails to follow reasonable and prudent advice of the Parent in relation to safeguarding its assets and activities.
- 1.2 The Parent agrees to give the Board of Six Town as much prior notice as the circumstances and prudence reasonably permit of its intention to remove any of its Board Members.
- 1.3 The Parent agrees to notify the Regulator if it intends to exercise its step-in rights in relation to Six Town and keep the Regulator informed during any period in which the Parent exercises such rights. Except in exceptional circumstances, the Parent agrees that it will give the Regulator 5 working days' notice of its intention to exercise its step-in rights in relation to Six Town .
- 1.4 The Parent acknowledges that nothing in this Schedule 1 shall restrict or replace any power of the Regulator to appoint or remove Board Members of Six Town pursuant to sections 259 to 269 of the Housing and Regeneration Act 2008.

- 1.5 Once Six Town has satisfied the Parent (acting reasonably) that the relevant event giving rise to the Parent exercising its step-in rights no longer applies and could not reasonably be expected to recur, the Parent will no longer exercise its step-in rights.

DRAFT

DRAFT

SCHEDULE 2

DRAFT

COVENANTS BY SIX TOWN

- 1.1 Six Town agrees that, except to the extent that the Parent approves otherwise in writing, it will: -
- (a) use its best endeavours to comply with the law and not undertake any activity or do anything which may prejudice its not for profit status or breach its not-for-profit objects;
 - (b) act in accordance with any instruction or action from the Parent in its capacity as the Parent designed to prevent or address any breach or potential breach of its not-for-profit objects or the Regulatory Framework;
 - (c) remain an RP, use its best endeavours to comply with the Regulatory Framework and other regulatory requirements from time to time and not undertake any activity or do anything which is likely to prejudice its registration with the Regulator;
 - (d) comply with all relevant law and all statutory guidance of the Regulator (or any other Competent Authority) including adopting and complying with an appropriate code of governance;
 - (e) carry on its business in a proper and efficient manner to the extent expected of a competent RP;
 - (f) support the Group to the extent permissible by charity law and the requirements of the Regulator (if applicable) and any other Competent Authority;
 - (g) where relevant, adopt best practice recommendations of any Competent Authority;
 - (h) maintain in force all approvals consents or licences (if any) which are necessary to carry on its activities;
 - (i) keep proper accounting records;
 - (j) prepare its accounts as required by law;
 - (k) to the extent required by law, arrange for its accounts to be examined or audited;
 - (l) on reasonable notice from the Parent prepare its annual Business Plan and submit it for approval to the Parent;
 - (m) not adopt or materially change its annual Business Plan without the consent of the Parent; and
 - (n) receive the Council Services (subject to them being appropriate and sufficient) and follow the reasonable advice and recommendations of the Parent pursuant to and through the provision of Council Services.
 - (o) carry on its business in accordance with the Group Corporate Plan;

- (p) ensure that at all times its business plan complies with the Group Corporate Plan;
- (q) carry on its business in accordance with its then current business plan;
- (r) carry on its business in accordance with the Group Policies;
- (s) ensure that its own policies and practices do not conflict with Group Policies;
- (t) comply with all of the requirements of all Funding Agreements insofar as that Group Member is a party to or has been made aware of those Funding Agreements unless in either case waivers have been obtained from Funders;
- (u) not incorporate any subsidiary (unless this is already contemplated in the then current Group Corporate Plan);
- (v) not enter into any partnership or joint venture agreement (unless this is already contemplated in the then current Group Corporate Plan);
- (w) not do anything which would result in a breach by the Parent of any contractual obligations to which it is a party or of which it has been made aware.

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SCHEDULE 3

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COVENANTS BY THE PARENT

The Parent agrees with Six Town that it will: -

- 1.1 act as steward to Six Town to help it achieve its objects and not do anything that would detrimentally affect Six Town 's ability to achieve its objects;
- 1.2 not undertake any activity or do anything which may prejudice the registration of Six Town with the Regulator or its not-for-profit status;
- 1.3 actively support Six Town with its relations and registration with the Regulator;
- 1.4 provide appropriate Council Services to a level necessary to enable Six Town to comply with all laws and maintain its regulatory compliance;
- 1.5 where requested by Six Town to do so, give any necessary support or assistance to enable Six Town to comply with the Regulatory Framework, to the extent permissible by any Competent Authority;
- 1.6 give any necessary support or assistance to enable compliance, in the event that Six Town does not or may not be able to comply with the Regulatory Framework or other regulatory requirements;
- 1.7 not do, or omit to do, anything which could reasonably be expected to cause Six Town to breach its objects;
- 1.8 support each Six Town in complying with all relevant law, regulatory requirements and statutory guidance and with the reasonable requests of any Competent Authority where relevant;
- 1.9 carry on its business in a proper and efficient manner;
- 1.10 support Six Town in adopting all best practice recommendations insofar as they apply to it;
- 1.11 use its powers as the Parent and a member or shareholder of Six Town to support, and if necessary, (to the extent it is able to do so) to it to comply with charity law and regulation and/or the Regulatory Framework (as appropriate);
- 1.12 use its powers as the Parent and a member or shareholder of Six Town (to the extent it is able to do so) to prevent a situation arising whereby Six Town 's obligations to a third party could cause it to breach the law and regulation and/or the Regulatory Framework;
- 1.13 not use its powers as the Parent and a member or shareholder of Six Town (to the extent it is able to do so) in such a way as to compel Six Town to act in a way inconsistent with its not for profit or RP status;
- 1.14 maintain in force all approvals consents or licences (if any) which are necessary to carry on its activities;
- 1.15 keep proper accounting records;
- 1.16 prepare its accounts as required by law;

- 1.17 to the extent required by law, arrange for its accounts to be examined or audited;
- 1.18 provide professional advice and support as required particularly in relation to performance expectations, monitoring, good governance, good management and financial viability;
- 1.19 assist Six Town to adopt and comply with an appropriate code of governance and meet the requirements of the Regulatory Framework;
- 1.20 prepare and implement the Group Corporate Plan in a reasonable manner and with proper consideration as to the effect on Six Town ;
- 1.21 determine the Group Corporate Plan, bearing in mind the objectives of the Group as set out in Clause 2 and the issues relevant to Six Town , as set out in Clause 3 of this Agreement;
- 1.22 consult with each of the Six Town prior to amending to any material extent the then current Group Corporate Plan;
- 1.23 operate in accordance with the Group Policies;
- 1.24 assist Six Town to obtain such finance as it may reasonably require to carry out the activities set out in Six Town 's then current business plan;
- 1.25 wherever and whenever the consent or approval of the Parent is requested or required by Six Town , not to unreasonably withhold or delay its consent or approval;
- 1.26 Not take nor omit to take any action nor make any statements which imply or could lead a third party to believe that the Subsidiary has any legal responsibility or liability for the Parent's activities, liabilities, acts or omissions;
- 1.27 Not require the Subsidiary to provide any financial assistance to the Parent which would have the effect of preventing the Subsidiary complying with any part of the Regulatory Framework;
- 1.28 Not require the Subsidiary to use social housing assets for any purposes other than social housing;
- 1.29 Not exercise its powers of control over the Subsidiary in a manner which is intended to or has the effect of obstructing hindering or precluding the exercise by Regulator of its regulatory powers; and
- 1.30 Not remove any member of the Subsidiary Board appointed by the Regulator in the exercise of its regulatory powers.

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