

# SCARBOROUGH BOROUGH COUNCIL

## OVERVIEW AND SCRUTINY BOARD

A meeting to be held at **2.00 pm** on **Monday 16th April, 2018**,  
in the Council Chamber at the Town Hall, Scarborough

### AGENDA

- 1. DECLARATIONS OF INTEREST** (Pages 1 - 2)  
Members are reminded of the need to consider whether they have a personal or prejudicial interest to declare in any of the items on this agenda. If so, the nature of the interest must be declared at the start of the meeting. In addition, the attached form must be completed and passed to the Committee Administrator. The Officers will be pleased to advise, if necessary, and any request for assistance should be made, in the first instance, to the Committee Administrator whose name appears at the end of this agenda. Ideally, such advice should be sought before the day of the meeting so that time is available to consider any uncertainty that might arise.
- 2. PUBLIC QUESTIONS**  
To consider public questions, of which due notice has been given, and which are relevant to the business of the Overview and Scrutiny Board.
- 3. MERGER OF YORKSHIRE COAST HOMES AND COAST AND COUNTRY HOUSING ASSOCIATION LIMITED** (Pages 3 - 36)
  - (1) To consider the attached report of the Director (LD) (reference 18/078), which details the proposal of Yorkshire Coast Homes to merge with the Coast and Country Housing Association.
  - (2) To make recommendations to Cabinet and Council.

***(N.B. If you have any questions, need further information about the meeting or require special facilities in order to attend, please contact:  
Heather Donaldson, Democratic Services Officer, Town Hall, St. Nicholas Street, Scarborough – Tel: 01723 23231, Fax 08702384159,  
or email [heather.donaldson-boldyn@scarborough.gov.uk](mailto:heather.donaldson-boldyn@scarborough.gov.uk))***

## NOTES

## MEMBERS' DECLARATIONS OF INTERESTS

Name:	
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Meeting:	
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Date:	
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Agenda No & Item	
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Nature of Interest:	
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*If you are uncertain whether you have an interest, please seek officer advice before the meeting.*

Is the interest:

a disclosable pecuniary interest?

personal and non-prejudicial?

personal and prejudicial?

(Please put an X against the appropriate interest and email to the Clerk for the meeting)

## NOTES

	<b>REPORT TO THE OVERVIEW AND SCRUTINY BOARD 16 APRIL 2018 AND CABINET 17 APRIL 2018</b>	
	<b>Topic</b>	<b>Yorkshire Coast Homes</b>
	<b>Task Group (if applicable)</b>	<b>N/A</b>
<b>Corporate Aims People/Place/Prosperity/ Council</b>	<b>Cabinet Portfolio Holder</b>	<b>Leader of the Council</b>

**REPORT OF: DIRECTOR (LD) – 18/078**

**WARDS AFFECTED: ALL**

**SUBJECT: MERGER OF YORKSHIRE COAST HOMES AND COAST  
AND COUNTRY HOUSING ASSOCIATION LIMITED**

## RECOMMENDATIONS

The Overview and Scrutiny Board and the Cabinet, informed by the scrutiny of the Overview and Scrutiny Board, are recommended to:

Consider the proposal of Yorkshire Coast Homes (YCH) to merge with Coast and Country Housing Association (CCH) with a view to recommending to the Council either to:

- (A) Provide in principle support for YCH to merge with CCH, noting that in doing so the Council gives up its right to nominate 24% of the Board Membership, and therefore:
- Approve the Heads of Terms for inclusion within a ‘Commitments Agreement’ that aims to safeguard the interests of the Council and residents, and
  - Delegate authority to Director (LD), in consultation with the relevant Portfolio Holder, to enter into the required legal contracts to facilitate the merge, on the basis of no financial detriment to the Council, or

- (B) Oppose the proposed merger, noting that new legislation prevents the Council from stopping it from happening, but sends a strong message back to YCH before a final decision is taken.

## **PURPOSE OF REPORT:**

The Boards of YCH and CCH have formally approved a proposed merger.

YCH is asking that the Council give its support to the proposed merger and approves changes to the way that YCH is constituted that shall allow the planned merger to proceed.

This report seeks the views of the Overview and Scrutiny Board and the Cabinet about the proposed merger prior to consideration by the Council on 14 May.

The report also seeks Members' views in relation to matters for inclusion within a new Commitments Agreement between the Council and the newly formed organisation.

## **RISK ISSUES:**

Risks associated with either the Council giving its backing to the merger or opposing it are highlighted within the Risk Matrix.

### **1. INTRODUCTION**

- 1.1 The Boards of YCH and CCH have formally approved a proposed merger. This is to be achieved through YCH converting its legal status to a Community Benefit Society (CBS) and CCH then transferring its engagements to YCH. This transfer of engagements is a statutory process (under the Co-operative and Community Benefits Act 2014).
- 1.2 They are working towards a target completion date for this merger of 1 October 2018.
- 1.3 YCH's conversion to a CBS is a necessary first stage of the merger process. In order to convert, YCH members will need to pass a resolution approving the conversion and the new constitution of the new entity.
- 1.4 Through its 33.3% 'Golden Share' of the voting rights of YCH's membership, the Council is currently able to determine a resolution as to whether the conversion to a CBS (and the merger) proceeds. However from 15 May, The Local Authority Influence Regulations 2017 mean that from that date the Council will be required to give up its membership of YCH. The Council's associated 33.3% voting rights shall cease. The Council loses its ability (through the board and its membership of YCH) to determine YCH's future.

- 1.5 Nevertheless YCH would prefer the support of the Council to implement these changes. The Council's on-going strategic support is important for YCH to ensure that the aims and ambitions of the new entity (for example the development of new homes along with investment in services) are achieved.
- 1.6 They have therefore requested that the Council gives its backing to the merger and specifically gives its approval for the constitution of the new organisation.
- 1.7 This report seeks the views of the Overview and Scrutiny Board and of the Cabinet, informed by the scrutiny of the Overview and Scrutiny Board, on this request prior to decision by the Council.
- 1.8 The report provides:
- 1) Background to why a merger is being considered.
  - 2) An overview of the proposed new organisation
  - 3) Background to the merger process and the implications to the Council of the Local Authority Influence Regulations 2017 on the way that YCH is constituted.
  - 4) An overview of the implications of these changes to the Council, including;
    - Future governance implications
    - Financial implications and;
    - Strategic Housing implications
  - 5) A range of proposed commitments for inclusion within a new Commitments Agreement.
- 1.9 A recommendation is made to the Council either to give its backing to the proposed merger (subject to delegated final approval) or to oppose the proposed merger.
- 1.10 If the Council opposes the proposed merger then it is important to note that new legislation means that the Council cannot veto it happening. It would however send a strong message back to YCH that could have a bearing on their final decision.
- 1.11 Risks associated with both approaches are highlighted within the Risk Matrix.
- 1.12 Members are also asked to consider and approve or reject the proposed constitution of the organisation and in particular take a view as to whether the Council should give up its right (under the new legislative rules) to appoint 24% of the Board as Council nominees.
- 1.13 Members are also asked to consider some 'heads of terms' for inclusion within a Commitments Agreement that will safeguard the interests of the Council and residents with the new organisation.

## **2. CORPORATE AIMS**

2.1 Supports the 'People' Aim of the Council Corporate Plan

## **3. BACKGROUND AND ISSUES**

### **3.1 Background to the proposed merger**

3.1.1 In 2003 the Council transferred its housing stock to a newly formed housing association Yorkshire Coast Homes (YCH). YCH is a Registered Provider (RP), a not-for-profit housing organisation regulated by the Social Housing Regulator. It manages 4,394 homes in the Borough.

3.1.2 In May 2017, the Chief Executive of YCH left the association and an experienced Interim Chief Executive (ICE) was appointed.

3.1.3 Following a quick review of the association by the ICE a number of key issues were reported to the Chair and Vice Chair. These included;

- No growth aspirations
- Expectations of the HCA were not being met
- Issues within the governance
- Large executive and poor functioning team
- IT systems were complex and did not talk to each other
- Business planning and budgets were not in modern formats
- Better risk planning and reporting required
- Poor relations with the Council
- Departments working in silos

3.1.4 The Chair and Vice Chair supported the recommendation of the ICE to have an Option Appraisal undertaken so that the Board could review its future plans.

3.1.5 The expectation of the Homes and Communities Agency (HCA) through co-regulation is that associations provide key information when there are any changes. The HCA were notified of the departure of the CEO and the background. They were also notified of the decision of the Board to have an Options Appraisal report undertaken and some of the key reasons behind their thinking.

3.1.6 The HCA had not made a recent visit to YCH but indicated that an In-Depth Assessment (IDA) was in the planning stage. An IDA is when a team of HCA staff undertake a planned visit to interview board members, staff and the Executive to ensure that all aspects of governance, planning, financial planning and reporting align. Associations are then judged and their Governance and Viability rated.

3.1.7 The Options Appraisal was completed by consultants in July 2017. This appraisal provides an overview of the strategic, economic and regulatory challenges faced by RPs and the rationale for change. It looks at a range of options to mitigate the risk of these challenges. It provides an overview of a number of areas including:

- Strategic context
- Local Plans (LEP)
- Financial viability and performance
- Growth options
- Governance, capability and control
- Growth through merger – the likely scenarios
- Alternative routes to growth
- An evaluation of options

3.1.8 Subsequent to the completion of the options appraisal, in October the HCA undertook a desktop review of YCH. They issued an updated Regulatory Judgement downgrading its governance arrangements rating (G1 to G2) with the viability rating remaining at V1. They indicated however that YCH would have been subject to an In-Depth assessment if the options appraisal had not been undertaken.

3.1.9 The option appraisal looks at several types of growth and merger strategies as well as some of the key associations that would be worth considering as merger partners.

3.1.10 The key recommendation of this appraisal was that YCH should move forward toward a partnership approach with another provider.

## **3.2 The Proposed Merger with CCH**

3.2.1 YCH have advised the Council that prior to commencing any discussions with potential merger partners a number of key 'red lines' were in place. Some of these were:

- A sense of place
- A local office with a senior staff presence
- No head office far away from Scarborough
- Governance as close to Scarborough as possible
- Local staff
- Local contractors and suppliers

3.2.2 Further to discussions between Chairs of Boards and Chief Executives Coast and Country Housing (Redcar and Cleveland Council's LSVT partner) was chosen by YCH as the 'best fit' as partner for merger.

3.2.3 Coast & Country is the largest registered housing provider in Redcar and Cleveland. Its current rental housing stock totals over 10,500 properties.

3.2.4 As well as a geographical link between the two organisations, it is also understood that synergies between the aspirations of both Boards include:

- The desire to create one new organisation rather than risk an aggressive takeover.
- Both have a very similar culture and set of beliefs
- Both wanted to be able to use the new organisations assets to the maximum to develop new homes
- Both wanted to be a stronger influencer in the region with resources to back ambition.
- Both wanted to ensure strong strategic partnership with 'host' local authorities and retain a strong sense of 'place' and commitment to meeting the needs of the communities within each district.

3.2.5 In addition to ensuring that the regulatory requirements of the HCA were met a number of benefits were identified from a merger. These included:

- Increased financial capacity for developing new homes.
- Growth of the organisation with increased security and influence.
- Economies of scale, efficiencies and increased value for money.
- Ongoing development of customer service
- No changes to customer tenancies

3.2.6 As part of the merger process a formal consultation process was undertaken with tenants. This included letters to all tenants, an on-line consultation page, the use of social media and various drop in sessions throughout the Borough. Overall the level of feedback from tenants was fairly low with just 301 tenants responding. Overall the majority of responses (81%) were either in favour or neutral towards the proposals.

## **4.0 OVERVIEW OF THE NEW ORGANISATION**

### **4.1 Constitutional Changes**

4.1.1 YCH is currently a company limited by guarantee and a registered charity. It is planning to convert into a Community Benefit Society (CBS). This change would help facilitate the merger with CCH (who will transfer its engagements to YCH). This transfer is a statutory procedure only open to registered societies and affords YCH the benefits of charitable status (such as tax treatment) without the requirement to be registered or regulated by the Charities Commission.

4.1.2 A new constitution is proposed. This constitution includes significant changes to the way YCH is governed. Key points to note are:

- The Council's 'shareholding' membership of YCH ceases along with its associated 33.3% Golden Share of the voting rights.
- The Council's nominated board membership of three persons ceases.

- As the board members will be appointed on a skills basis and there will be no group designations, the Council will not have a seat on the board or any voting rights at Board level.
- The Board will consist of 10 people.
- There are clear and approved job descriptions for the Chair, the Senior Independent Director and other non-executive directors. The model of governance will be to the National Housing Federation Code of Governance. There is a clear appointment process with external advisors on the panel for all posts.
- The Chair and the Senior Independent Director will be recruited from the existing chairs of both associations.
- The Board will be appointed on a skills based recruitment in line with good governance principles. The Board will appoint two people from each association's members with the appropriate skills; adverts will be placed for a further three, of which some could be existing board members.
- The Chief Executive will also be a board director.
- The Board will be remunerated.
- Voting will be on an individual basis as the rules will not specify any 'groups' of shareholders.

## 4.2 Structural Changes

- 4.2.1 The new organisation would remain a Registered Provider with a combined stock of over 15,000 properties.
- 4.2.2 The merging of the two organisations would generate efficiencies by combining resources and adopting a single operating model. Assumed savings in the region of 5% have been assumed within the Combined Business Plan including initial projected savings of £300K in the executive team structure alone.
- 4.2.3 A new executive team structure has been agreed. The top tier structure is a Chief Executive with an Executive Director of Resources an Executive Director of Property and Development and an Executive Director of Customer and Communities.
- 4.2.4 The further structure and exact details of future operating arrangements going forward have yet to be agreed. Whilst going forward it is inevitable that some back office functions shall be combined, YCH have advised that no decisions have been made on where they shall be located. YCH have assured officers that the 'local' emphasis on front line service delivery shall be maintained. It is recommended however that this commitment forms part of the **Commitments Agreement** with the new organisation.
- 4.2.5 A name for the new organisation has yet to be agreed.

### **4.3 Operational Changes and Impact on Tenants**

4.3.1 Throughout its discussions with the Council YCH have been clear that on a day to day basis services to tenants within the Borough shall largely be unaffected by the proposed changes.

4.3.2 In order to provide Members an overview of the impact on services 'on the ground' YCH have provided a copy of the consultation letter sent to tenants. This includes a list of frequently asked questions see **Appendix A**. These provide a simple overview of the reasons for the merger and the impact on services to tenants.

4.3.3 Key points to note are:

- Tenancy agreements shall be unaffected
- The rights of tenants shall be preserved
- Rents shall be unaffected (subject to Government guidance).

### **4.3 Additional Development Capacity**

4.3.1 A key purpose for the proposed merger is the increased capacity to build more affordable homes to meet local need.

4.3.2 It is important to note that future levels of growth for the new organisation are dependent on a number of factors including the level of savings generated, the refinancing agreement, the availability of land, and levels of public subsidy.

4.3.3 However an initial business plan for the two associations (which bolts together the two existing plans) shows a number of scenarios to illustrate potential levels of increased capacity. For example:

a) Making savings on the combined entity of 7.5% produces an additional capacity of 450 units over a four-year period.

b) If borrowing levels are maximised then this will increase the combined development capacity to an additional 1184 units over a four-year period.

4.3.4 In 2011 CCH formed Coast & Country Developments (CCD) a wholly owned subsidiary and in 2015 created a further owned subsidiary, Coast and Country Sales (CCS). These subsidiaries give CCH the ability to effectively compete with private house builders and use 'profit' from house sales to build additional affordable homes. In addition CCH have a broader range of experience generally. Unlike YCH who have focused on general needs housing (primarily on public owned land) CCH have experience of developing both supported housing and experience of involvement in regeneration schemes.

4.3.5 YCH have advised that they are looking to novate/transfer over both CCD and CCS into the new organisation to give the flexibility to develop and sell homes for outright sale properties.

## **5. ASSESSMENT OF IMPACT TO THE COUNCIL**

### **5.1 Governance Issues**

5.1.1 The Council currently has a 33.3% Golden Share of the voting rights of YCH's Membership. In addition three out of the twelve Board Members are Council appointed nominees.

5.1.2 The proposed new constitution has fundamental implications for the Council because the Council's 'shareholding' membership of YCH ceases along with its associated 33.3% Golden Share of the voting rights.

5.1.3 This change however broadly reflects the requirements of **the Regulation of Social Housing (Influence of Local Authorities) (England) Regulations 2017** that comes into force from 15 May 2018.

5.1.4 In October 2015 the Government announced that it would introduce a range of measures designed to reduce the level of public sector influence within Registered Providers (RPs).

5.1.5 These measures were set out in the **Housing and Planning Act 2016**. One of these measures gave the Secretary of State the power to make regulations to reduce the level of local authority influence over RPs.

5.1.6 On 16 November 2017 the Regulation of Social Housing (Influence of Local Authorities) (England) Regulations 2017 were made. These Regulations reduce local authority influence because

- 1) Local Authorities cease to be 'shareholding' Members of RPs.
- 2) A 24% limit on the percentage of local authority nominees onto RP Boards is imposed and;
- 3) The new rules preclude a local authority from holding or exercising any "local authority" voting rights in the RP.

5.1.7 These changes mean that regardless of any proposed merger, in order to comply with the new regulations YCH need to adopt a new constitution and change their governance arrangements. If this is not done by 15 May 2018 then the Council's voting rights will automatically cease and will be reassigned pro rata among the remaining Members of YCH.

5.1.8 The adoption of a new constitution also has implications for the Deed of Covenant that was agreed by YCH at stock transfer. This Deed prevents YCH from changing its constitution so as to alter the proportion of SBC or tenant representation without the written consent of the Council. Consent from the Council cannot be unreasonably withheld. The legal changes brought in by the Government clearly impact on this.

- 5.1.9 A key point for the Council to consider is the proposal to appoint all board members on skills basis and the proposal to end the appointment of **any** Council nominees on the Board. This change, whilst reflecting the requirements of a CBS and good practice principles within the National Housing Federation Code of Governance is over and above the legal requirements as set out in the new Legislation.
- 5.1.10 These Regulations do still allow for no more than 24% of Board appointments to be Council nominees. On a Board with 10 Members this would equate to one Council nominated Member from each Local Authority area. However Redcar and Cleveland Council has already relinquished its influence of the Board of CCH and is no-longer a shareholding Member.
- 5.2.11 It is also important to note that even if the Council exercised its right to have a proportion of its 24% of Board membership going forward, the Council could not block any voted decisions at Board level and, due to the Council losing its shareholding membership of YCH from May, could not block any constitutional changes. Also given that any Council appointed nominee on the Board could not exercise voting rights on behalf of the Council it is unclear as to what the role of this nominee would be. The duty of the Board member would be to act in the best interests of the company.
- 5.2.12 Overall it is clear that these legislative changes significantly reduce the Council's influence over YCH. The immediate implication being that from May 15 the Council cannot block any constitutional change or proposed merger even if it wanted to.
- 5.2.13 The new organisation nevertheless would prefer the strategic support of the Council in order to realise its ambitions. It is proposed therefore that new formalised liaison arrangements are put in place between the Council and the new organisation and are included within a new **Commitments Agreement** (See Appendix B).
- 5.2.14 This Commitments Agreement gives the opportunity both to set out the nature of the future working relationship between the Council and the new organisation and seek to ensure that new 'commitments', (a combination of commitments being made by YCH and the needs and aspirations of the Council) are met.
- 5.2.1 Should the Council not approve the merger (and the new constitution) then the Boards or YCH may either a) decide to proceed with the merger anyway without the support of the Council or b) not merge. In either scenario the current governance arrangements would automatically end from 15 May 2018. The Council would be entitled to nominate 24% of the Board of the new organisation however these Council nominees could not vote on behalf of the Council and would be required to act in the best interests of the company.

### **5.3 Other Legal Implications**

5.3.1 There are wider legal implications for the Council as a consequence of the changes. In order to ensure that the Council's own interests are safeguarded the Director (LD) commissioned some external legal advice to clarify the full legal implications.

5.3.2 In summary this advice clarifies that neither the conversion of YCH into a registered body nor the merger with CCH will cause the termination of any agreements made between the Council and YCH which are still in force.

5.3.3 These agreements include such matters as:

- The Transfer Agreement
- The Nomination Rights Deed
- The Housing Agency Agreement (relating to the waiting list)
- The Garage Sites Maintenance Agreement
- The Legal Services Agreement
- The pension clauses in the Transfer Agreement and the Pensions Admission Agreement and Guarantee and;
- YCH's Deed of Covenant with the Council (which includes such matters as the requirement on YCH to pay for minor disabled adaptations up to a financial limit).

5.3.4 Whilst some of these agreements are time limited, including the Agency Agreement and the Legal Services Agreement others are held in perpetuity.

5.3.5 There are also a range of other agreements that were agreed at stock transfer that over time have become defunct or irrelevant.

5.3.6 It is recommended that all the relevant existing agreements and commitments are refreshed and updated, either as standalone documents, or included within the new Commitments Agreement.

5.3.7 Should the Council not approve the merger and the new constitution, all existing legal agreements would continue to run in perpetuity. However YCH have advised that in this scenario notice is likely to be given on the 'time limited' agreements e.g. the Agency Agreement and the Legal Services Agreement. This would have direct financial implications for the Council (see 5.4.5).

### **5.4 Financial Implications**

5.4.1 A key principle that Members may wish to consider in relation to its support for the merger is the need to ensure that any changes undertaken are at no financial detriment to the Council.

5.4.2 Should the merger proceed the biggest area of potential financial risk to the Council is in respect of pension liabilities. The Council has existing agreements with YCH in respect of its 2003 admission into the North

Yorkshire Pension Fund (The Fund). When YCH became the employer of transferring employees into the new organisation YCH became responsible for their pension arrangements. However the Council guarantees YCH's pension liabilities in the event of a default.

- 5.4.3 The pension agreement could be terminated by the winding up of YCH or by it ceasing to be an admission body in the Fund in its own right due to the merger. This could trigger an exit debt which the Council would be liable to pay if YCH could not pay it.
- 5.4.4 External legal advice has been commissioned by the Council to ensure that pension funding agreements between YCH, NYCC and the Council going forward are framed in such a way as to ensure the merger does not result in any financial detriment to the Council and that the Council does not risk any additional financial exposure.
- 5.4.5 Should the Council not approve the merger (and the new constitution) then the Boards or YCH may either a) decide to proceed with the merger anyway without the support of the Council or b) not merge. Either scenario is likely to have direct financial implications for the Council. As highlighted, a key driver for the proposed merger is the need to operate more efficiently and cost effectively within an ever more challenging environment. YCH have indicated that in either scenario, without the support of the Council going forward, notice would be given on the time limited' Agency Agreement relating to the management of the housing register, the value of which is estimated to be in the region of £120-£150K per annum and the Legal Services Agreement £55K per annum.

## **5.5 Housing Register and Allocations Policy**

- 5.5.1 As highlighted, a key area of potential financial risk to the Council is in relation to the management of the Housing Register. The commitment to manage the register forms part of a time limited Agency Agreement agreed at the point of stock transfer.
- 5.5.2 Elements of that agreement have over time become defunct because of the Council's decision to bring the homelessness service back 'in-house' in 2008. The management of the register however still sits with YCH. Whilst the Council contributes 50% of the cost of the IT software, the Council does not pay YCH to undertake this function, although the statutory responsibility to have an allocation scheme sits with the Council.
- 5.5.3 The commitment from YCH to continue to manage this scheme tallies with the original consultation document at stock transfer that envisaged a 'joint housing register' and shared allocation scheme. The Council by law must have an allocation scheme to determine how social rented homes within its area are allocated and in order to be able to discharge its nomination requirements. Similarly YCH need a mechanism to allocate homes on the basis of need.

- 5.5.4 Joint working arrangements around the allocation scheme were further embedded when both the Council and YCH entered into partnership with other North Yorkshire Councils and RPs as part of the Home Choice, Choice Based Lettings Scheme. This scheme (or at the very least the set-up of the scheme) afforded partners savings through economies of scale derived from a partnership approach.
- 5.5.5 The Agency Agreement in respect of the management of the housing register is however time limited. YCH (or the newly formed entity) could terminate this agreement by giving 12 months' notice to the Council. This would result in additional financial cost to the Council in the region of £120-£150K per annum.
- 5.5.6 Members will also be sensitive to issues around housing allocations. In addition to the financial risk to the Council of the new entity terminating the agency agreement there are also risks around 'allocations policy' and the potential for the new entity to move away from joint allocations policy commitments. Existing allocations policy is framed around the North Yorkshire Partnership area and the need for a connection to that area. The majority of the operating area for CCH is however outside of North Yorkshire. The policy also reflects the legal requirements on the Local Authority partners to allocate homes in accordance with the Housing Act 1996.
- 5.5.7 In order to mitigate both the financial and policy risks to the Council, Members may wish to consider that support from the Council to the merger is conditional upon a firm agreement to ensure the new entity continues to work in partnership with the Council and in accordance with existing policy and partnership arrangements for a period of no less than 5 years. It is also recommended that the administration of the register continues to be undertaken at no financial cost to the Council during this period and that this is included within the new Commitments Agreement. YCH have agreed to this approach.
- 5.5.8 Should the Council not give its support to the move and the Board of YCH either decide to proceed with the merger or not, YCH have advised that notice would be given to the Agency Agreement.
- 5.5.9 This would have implications for the Council as the Council has the legal responsibility to have an allocation scheme. The Council would effectively have 12 months to either bring this service back 'in house' or to source an alternative provider to manage the register on its behalf. Either scenario would have direct financial implications.
- 5.5.10 In these scenarios the Council would continue to have nomination rights to YCH's stock, e.g. 75% of the homes sold at stock transfer and 100% on some newer schemes. However YCH or the new organisation would adopt their own policy and approach to the letting of the remainder of their stock. Unlike the Council RPs are not bound by the same legal requirements imposed on the Council. Overall the existing 'shared' and 'joint' policy approach to

allocations would cease. The Council would lose control over the letting of a proportion of YCH's stock.

## **5.6 Supporting the Council's Housing Strategy**

- 5.6.1 The Council's adopted Local Plan and its Housing Strategy contains ambitious targets around housing growth and around meeting housing need through the provision of affordable housing. The Housing Strategy for example aims to support the development of 150 new affordable homes a year. It also seeks to ensure that a range of needs are met, for example the provision of social rented housing, affordable rents, opportunities for shared ownership and the need to meet the needs of older and vulnerable households.
- 5.6.2 Whilst YCH has broadly played its part in helping to meet these objectives and has developed 317 new homes since 2003, it is accepted by YCH's Board that they should be doing more to support the Council's aspirations and help meet housing need.
- 5.6.3 In order to meet its objectives the Council needs a range of RP providers willing to invest and build homes in the Borough. Clearly, YCH (and any newly formed organisation) has a key role to play in this. Any additional development capacity, where backed with a clear strategic development plan and a proactive approach to securing development opportunities will assist the Council in meeting its objectives.
- 5.6.4 CCH has a broader range of development experience than YCH. YCH has focused on general needs housing (primarily on public owned land). CCH has experience of developing both supported housing and experience of involvement in regeneration schemes. In addition the transfer of CCD and CCS that enable the new organisation to effectively compete for the acquisition of sites with private house builders and build homes for sale brings added value to the new organisation.
- 5.6.5 It is important to ensure however that the potential 'benefits' of growth that will arise from a merger are realised and that growth is broadly proportionate across the Council areas and is focused on meeting need. It is also important that opportunities to support growth between the Council and the new organisation are maximised. It is therefore proposed that commitments to growth and how it shall be achieved are included as part of the new Commitments Agreement.
- 5.6.6 Should the Council not support the merger, the Boards of YCH and CCH may decide to proceed with the merge anyway. In this scenario, without the support of the Council (and the associated **Commitments Agreement**) there would be no real obligation on the new organisation to work with the Council to deliver additional affordable homes in the Borough. Whilst it is likely that the new organisation would continue to develop affordable housing in the Borough, potential opportunities for a more planned and integrated approach between the Council and the new organisation could potentially be lost.

5.6.7 Alternatively should the Council not support the merger, the Boards may decide not to proceed. In this scenario the Housing Regulator would undertake a full inspection of YCH and there is a potential risk that YCH's governance and viability rating would be affected. The HCA regard the development of additional affordable homes 'critical' within the business planning for RPs and lower regulatory ratings could impact on the ability of YCH to develop affordable homes going forward. Any reduction in the ability or capacity of YCH to develop affordable housing would have a direct impact on the Council's own housing strategy and plans to boost affordable housing development within the Borough

## **5.7 Sustainable Communities and Future Services to tenants**

5.7.1 The majority of obligations on YCH as a landlord to provide effective services to their tenants are contained within statute and do not require separate agreements with the Council. These requirements are embedded within the rights of assured tenants.

5.7.2 In addition the legal commitments made by YCH at stock transfer (including the promises made to tenants) are not affected by the proposals and must be honoured by the new organisation.

5.7.3 There are nevertheless a range of additional requirements that the Council may wish to consider over and above statutory requirements and existing commitments.

5.7.4 These include an on-going commitment to 'place' and the need to ensure that front line management services (including the provision of offices in Scarborough and Whitby) are safeguarded.

5.7.5 Other commitments include the need to ensure close partnership working around tackling anti-social behaviour and vulnerability. Again it is recommended that these commitments are embedded within a new Commitments Agreement going forward. YCH have confirmed that they are agreeable to this. Again however, should the Council not support the merger the Commitments Agreement would not be agreed.

## 5.8 Other Implications

### 5.8.1 Communications, Staffing Implications, Planning Implications, Environmental Implications, Equalities and Diversity implications.

“I have considered whether the following implications arise from this report and am satisfied that there is no identified implication to the Council that will arise from this decision”



**Lisa Dixon**  
**Director**

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#### **Background Papers:**

Please give details of all publicly accessible (non private) background papers applicable to the report.

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT OR WISH TO INSPECT ANY OF THE BACKGROUND PAPERS, PLEASE CONTACT THE AUTHOR.

## Risk Matrix

The Council does not agree to the changes to the constitution or support the merger

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
1	April 2018	<p><b>YCHs Board may decide to proceed without agreement of the Council</b></p> <p>New regulations mean that the Council automatically loses its shareholding 'Membership' of YCH with effect from 15 May 2018.</p> <p>From that date the ability of the Council (via its shareholding membership) to vote against the conversion and merger ends.</p>	<p>The merger proceeds without the support of the Council.</p> <p>The Council could still insist on nominating 25% of the Board Members going forward however they could not vote on behalf of the Council.</p> <p>The relationship between the Council and the new organisation would be affected. This could hamper the Councils ability to meet its own objectives within its housing strategy.</p> <p>The Commitments agreement is unlikely to be agreed. This would have financial implications for the Council along with implications for the current 'joint' approach to allocating homes.</p>	<p>This risk would be mitigated by the Council agreeing to support the merger and approving the new constitution subject to entering into a Commitments Agreement with the new organisation.</p>	Not Known	A1	Housing Manager	

<p>2</p>	<p>April 2018</p>	<p><b>YCHs Board may decide to halt further plans to convert to a CBS or merge with CCH.</b></p>	<p>This is likely to result in:</p> <p><b>A full regulatory inspection by the HCA</b> and the risk of a further downgrade in YCHs regulatory rating</p> <p><b>Stagnation in terms of YCHs development capacity</b> (a downgrade in their regulatory rating from YCH would impact on their ability to develop homes going forward).</p> <p><b>A risk of aggressive or forced merger</b> (should this happen the Council is unlikely to have any input or say in the way any new organisation operates.</p> <p><b>A breakdown in the relationship between the Council and YCH</b> (this could hamper the Councils ability to meet its own objectives within its housing strategy). The Commitments agreement is unlikely to be agreed.</p> <p><b>Additional cost to the Council.</b> (YCH would need to make alternative plans to find savings and make efficiencies. This could impact on the management of the housing register and the legal services contract).</p>	<p>This risk would be mitigated by the Council agreeing to support the merger and approving the new constitution subject to entering into a Commitments Agreement with the new organisation.</p>	<p>Not Known</p>	<p>A1</p>	<p>Housing Manager</p>	
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The Council agrees to the changes to the constitution and supports the merger

3	<b>April 2018</b>	The Council agrees to support the merger, approves the new constitution but insists on <b>retaining its right to 25% of Council nominees on the Board</b>	<p>This would have fundamental implications for the constitution of the new organisation that seeks to appoint Board Members on the basis of skills.</p> <p>Redcar and Cleveland Council already gave this up when CCH converted to a CBS.</p> <p>The conversion to a CBS and subsequent merger may not therefore proceed or YCHs Board may decide to proceed with the conversion and merger regardless.</p>	<p>The Council agrees to support the merger, approves the new constitution and <b>gives up</b> its retained right to 25% of Council nominees on the Board</p> <p>In order to protect the Councils interests going forward the Council enters into a Commitments Agreement with the new organisation.</p>	B4	B3	<b>Housing Manager</b>	
4	<b>April 2018</b>	The Council loses any future influence into the way that the new organisation operates.	From 15 May the Council automatically loses its' Golden Share of YCH anyway'.	In order to protect the Councils interests going forward the Council enters into a Commitments Agreement with the new Organisation.	E4	C3	<b>Housing Manager</b>	

5	<b>April 2018</b>	Over time the original commitments and promises made to tenants at stock transfer are forgotten or not met.	Services to tenants and residents would suffer.	All the existing legal contractual obligations on YCH are transferred to the new organisation.  It is recommended that these agreements where needed are updated and included within the new Commitments Agreement.	A4	A3	<b>Housing Manager</b>	
6	<b>April 2018</b>	The new organisation does not sign up to any new obligations within the commitments agreement	Only the existing legal contractual obligations on YCH would be transferred to the new organisation.  Any additional requirements from the Council would not be guaranteed	Ultimately the Council cannot require YCH to do anything over and above existing legal commitments.  YCH are however seeking support from the Council to the merger.	B4	B3	<b>Housing Manager</b>	
7	<b>April 2018</b>	The benefits of the merger in relation to the development of new affordable homes are not realised.  Future development is focused in the Redcar and Cleveland area.	This would impact on the delivery of the Councils housing strategy and the Councils objectives around meeting housing need.  Fewer affordable homes would be provided.	In order to protect the Councils interests going forward the Council enters into a Commitments Agreement with the new organisation.  This would include various commitments around housing development.	B4	A2	<b>Housing Manager</b>	

8	<b>April 2018</b>	The Council shall lose control over the way that homes are allocated.	<p>The Council would be unable to ensure homes are allocated to local people who most need them</p> <p>It could not meet its legal obligations under the Housing Act.</p>	<p>The nominations deed agreed at stock transfer gives the Council 75% nomination rights over YCHs stock. These nominations are made via the Councils Allocation Scheme.</p> <p>This agreement shall be transferred to the new organisation.</p>	A4	A3	<b>Housing Manager</b>	
9	<b>April 2018</b>	The new organisation withdraws from the Home Choice Partnership or gives notice to the Council to end the management of the housing register.	<p>The Council has a legal duty to have an allocation scheme and housing register to ensure that rented homes are allocated in accordance with the requirements of the Housing Act.</p> <p>If the new organisation stopped managing the register the Council would have an obligation to manage this service 'in-house'.</p> <p>It is estimated that this would cost in the region of £120- £150K per annum and has significant IT and staffing implications.</p>	<p>In order to protect the Councils interests going forward the Council enters into a Commitments Agreement with the new organisation.</p> <p>This includes an undertaking on the new organisation to manage the register for a period of no less than 5 years.</p>	C4	B3	<b>Housing Manager</b>	

10	<b>April 2018</b>	A commitment to 'Place'. e.g. the localised provision of quality services to residents within the Borough is lost.	<p>Services to tenants would suffer.</p> <p>The Council would struggle to meet various commitments within its own housing strategy.</p> <p>Joint working arrangements around tackling anti-social behaviour and issues around vulnerability would suffer.</p>	<p>In order to protect the Council's interests going forward the Council enters into a Commitments Agreement with the new organisation.</p> <p>This includes a variety of requirements on YCH in including the localised provision of services and engagement with existing joint working arrangements.</p>	B4	B3	<b>Housing Manager</b>	
11	<b>April 2018</b>	The Council incurs additional exposure to financial risk within the Pensions Agreement	<p>At the point of stock transfer the Council agreed to underwrite the Pension Liability for YCH within the N York's Pension fund.</p> <p>Should the new organisation not meet its pension liabilities the Council would be required to cover the cost.</p>	<p>The Council has employed specialist advisors to ensure that any agreement going forward does not increase the financial exposure of the Council.</p> <p>It is important to note that this risk to the Council is very low. Where Registered Providers are unable to meet financial obligations (and in the worst case scenario become unviable) the Housing Regulator steps in.</p>	A4	A3	<b>Finance Manager</b>	

• **Glossary of Terms**

Risk	An event which may prevent the Council achieving its objectives
Consequences	The outcome if the risk materialised
Mitigation	The processes and procedures that are in place to reduce the risk
Current Risk Score	The likelihood and impact score with the current mitigation measures in place
Target Risk Score	The likelihood and impact score that the Council is aiming to achieve
Service Unit Manager	The Service Unit or Officer responsible for managing the risk
Action Plan	The proposed actions to be implemented in order to reduce the risk to the target score

**Risk Scoring**

Impact	5					
	4					
	3					
	2					
	1					
			A	B	C	D
		Likelihood				

Likelihood:

- A = Very Low
- B = Not Likely
- C = Likely
- D = Very Likely
- E = Almost Certain

Impact

- 1 = Low
- 2 = Minor
- 3 = Medium
- 4 = Major
- 5 = Disaster





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Brook House  
4 Gladstone Road  
Scarborough  
North Yorkshire  
YO127BH

Name

Contact:

Direct Line:

Our Ref:

Dear Resident

### **Consultation on merger of Yorkshire Coast Homes Ltd with Coast & Country Housing Ltd**

I am writing to you about a proposal currently being considered by the boards of Yorkshire Coast Homes Ltd ('YCH') and Coast & Country Housing Ltd ('CCH') to merge to form one housing association.

All housing associations currently face significant challenges arising from Government policy and economic pressures generally. YCH and CCH are no exception and the associations both need to make savings in order to continue to provide the high standard of services which our residents have come to expect.

One way in which we can do this is by joining with another housing association to achieve economies of scale by sharing services and the cost of those services.

A merger would mean that the two organisations would merge into one body. This could either happen by one of the associations transferring its assets into the other association (a 'transfer of engagements') or both organisations transferring all their assets and liabilities into a new organisation ('an amalgamation'). At this stage we have not decided which type of merger would work best but we want to make residents aware of the proposal as soon as possible to give you plenty of time to consider and respond to the proposals.

If the merger proceeds, the new organisation will have a new name (this has not yet been decided) but will remain a housing association and a registered provider of social housing just as YCH and CCH are now. It will be regulated by the Homes and Communities Agency and will be subject to the same rules and regulations which govern all housing associations/registered providers (as both YCH and CCH are presently).



Residents would see very little change as a result of the proposal if it proceeds. The name of your landlord would change but your tenancy/lease would continue without any change whatsoever. Your rights would not be affected in any way.

Your rents and service charges would not be affected by the proposal and they would continue to be subject to government policy as they are now.

The CCH and YCH boards believe that the new organisation will be able to achieve significant costs savings which in turn should enable it to deliver improved services to all our residents.

In order for the proposal to proceed, a change will first need to be made to the constitution of YCH. This is because YCH is currently a limited company and it would need to convert to become a community benefit society in order to subsequently merge with CCH. This is a formality to facilitate the merger and would not affect the residents of YCH or any of their legal rights in any way. Most housing associations are now community benefit societies. This reflects their aims and objectives as housing associations and their charitable purposes. If YCH did not convert to become a community benefit society, the merger with CCH could not happen.

Under guidance issued by our regulator, the Homes and Communities Agency, we must consult with residents before any changes like this take place and this letter is the start of that consultation process. It provides you with the opportunity to comment on and raise any questions you may have on the proposed merger. A comment sheet is enclosed. The closing date for comments is 24<sup>th</sup> November 2017. We have also enclosed a set of Frequently Asked Questions (FAQs) which give you more information about the proposal.

The document entitled "Your Questions Answered" gives more information about the proposal and details of how you can contact us to provide us with your comments and feedback as part of this consultation. Please respond no later than 24<sup>th</sup> November 2017, so we can take your observations into account. We will then provide residents with feedback on the comments received and how we have taken the outcome of the consultation into account in coming to our decision.

If you feel you do not have enough information at present to understand what is being discussed, you can telephone: 0345 065 56 56 so we can address your concerns.

Thank you for taking time to read this letter.

Yours sincerely



Owen Ingram

Chief Executive

## **Frequently Asked Questions**

### **Your Questions Answered**

#### **More information about the proposal to merge Yorkshire Coast Homes Ltd with Coast & Country Housing Ltd**

The letter you have received sets out a proposal for Yorkshire Coast Homes Ltd and Coast & Country Housing Ltd to merge into one organisation. We are asking for your views on the proposal. These Questions and Answers give you some typical questions you may have and the answers to them. Please read this document in conjunction with the attached letter.

#### **What is a merger?**

A merger happens when two organisations join together to create one legal entity. For housing associations this normally happens by way of either an amalgamation or a transfer of engagements.

An amalgamation is a merger where the assets and liabilities of each organisation are brought together in a new amalgamated organisation.

A transfer of engagements is a merger where one organisation transfers its assets and liabilities into another organisation and ceases to exist. With a transfer of engagements, there is no change of landlord for the tenants of the organisation "receiving" the transfer but the new organisation quite often changes its name so there is a change of landlord for all residents.

#### **Who are YCH and CCH?**

Yorkshire Coast Homes is a Registered Provider (RP), a not-for-profit housing organisation regulated by the Homes and Communities Agency. We manage 4,394 homes in Scarborough, Whitby, Filey and surrounding areas. These range from four-bedroom houses, to one - or two-bedroom flats, maisonettes, bungalows and sheltered housing complexes for older people. Yorkshire Coast Homes is a Living Wage employer, recognised as a "Leader in Diversity" and strives to reduce inequality within the communities it operates.

Coast & Country is a Community Benefits Society regulated by the Homes and Communities Agency. It is the largest registered housing provider in Redcar and Cleveland. Its current rental housing stock totals over 10,500 properties with estates located in a diverse range of urban areas, seaside resorts and rural villages. Its purpose 'working together to make a difference' is delivered through its three aims to achieve great customer experience, great homes and places and great business delivery.

#### **Why undertake a merger?**

Many housing associations are choosing to collaborate and join together in order to build stronger, more effective organisations which are better placed to face the ever more challenging operating environment. We are currently managing a waiting list of almost 2,000

applicants seeking accommodation and the YCH Board has concluded that, in order to increase our capability for building new homes, we must first secure the resources and develop the partnerships that will make larger scale development possible. By joining with Coast and Country our options for increased new home building, along with the ongoing growth of our service delivery, are greatly improved. We believe that a merger with CCH would be beneficial because:

1. We both operate within the same geographical region, which helps to make us a good strategic match
2. We share a similar culture and way of working
3. We both recognise the benefits of growth
4. We both share a commitment to develop more new homes
5. We also share a commitment to an ongoing development of great customer service

The potential advantages that we have identified include:

- Increased capacity for developing new homes
- Growth of the organisation - with increased influence and security
- Ongoing development of customer and community service
- Increased Value for Money
- No changes to customers' tenancies

Potential disadvantages of a merger:

- Efficiencies identified could mean redundancies for staff
- Potential loss of the name Yorkshire Coast Homes and re-branding exercise required
- Potential for a larger organisation to lose it's more local/personal approach
- Potential changes in the way services are delivered as a preferred delivery model is adopted

Yorkshire Coast Homes are also currently reviewing our overall performance and efficiency of service delivery. This means that although we are consulting with our customers and preparing for a merger; we are also working hard to identify cost savings to be the most efficient business we can be, in case we remain as a stand-alone organisation.

### **What changes will I see?**

The merger will create a new organisation which will be your new landlord. The name of the organisation has yet to be decided, but we will let you know before the name is adopted. You will see no change to your tenancy or lease as a result of the merger and the same staff will continue to work with you. Your rent and other charges will not change as a result of the merger.

### **Will my rights be affected?**

The merger will not affect your rights as a tenant or leaseholder. The new organisation will be bound by the terms of your tenancy agreement, or lease, in the same way as your current landlord is. The change will not affect any existing statutory rights you have. If you

currently have the right to buy (either the preserved right to buy or a contractual right to buy), that right will continue unaffected.

### **What are the costs associated with the merger?**

The merger will inevitably involve initial staff time and external advisors' costs; however, we are confident this will be quickly recovered through the savings that a larger, streamlined organisation will achieve. Residents will bear none of the costs of the merger, which will be absorbed by the new organisation, and the savings made in the longer term will mean we are able to improve and add to the services residents benefit from.

### **If the merger happens what will I need to do?**

Nothing. Your tenancy or lease will remain in place and you will not see any change to the services you currently receive.

### **Will my rent or service charge change because of the merger?**

Rents and service charges will not change as a result of the proposed merger; however, would be subject to the normal inflationary increase in the future.

### **Do I need to change how I pay my rent or service charge?**

Not at the moment but, if it goes ahead, we will write to you before the merger completes to explain anything you need to do to change where and how you should pay your rent and service charges. We will give you plenty of notice and make the process as easy as possible to follow. If you owe money at the time the proposed merger goes ahead (rent arrears, court costs, or money for damage or a rechargeable repair), then these debts would stay with you and we will still be able to enforce existing Court Judgements for these arrears.

### **If the merger is approved when is it likely to happen?**

Nothing will happen until we have completed our consultation with our residents and taken their views into account. If approved, the merger will most likely happen in April 2018. We will write to you again to let you know.

## APPENDIX B

# Commitments Agreement

### Existing Fixed Commitments and Agreements for renewal (where needed) and inclusion:

#### 1) The Transfer Agreement

This includes:

- a) The provisions giving effect to the transfer of the Council's housing stock and Housing service including the covenants made with YCH to comply with the promises made to tenants before stock transfer. This includes the transfer of properties, the housing staff, lists of assets transferred to YCH, leases, licences, for premises and assignment of contracts relating to the stock.
- b) Warranties and indemnities from the Council to YCH to enable it to obtain the funding it needed to deliver on the consultation promises. These warranties and indemnities will continue to benefit the new organisation.
- c) Supplemental Agreements between the two parties governing the relationship post transfer. These are
  - The **Nomination Rights Deed** that gives the Council nomination rights to 75% of YCH lettings (of the stock transferred in 2003) via its allocation scheme. The new organisation is bound by this commitment and a light touch refresh of this agreement is now required.
  - The **Housing Agency Agreement** relating to the management of the waiting list. The new organisation is bound by the terms of this agreement however it is time limited. YCH have agreed that this commitment is extended for a minimum of 5 years.
  - The **Garage Sites Maintenance Agreement**. This agreement is for YCH to manage various garage sites owned by the Council in exchange for rental income. The new organisation is bound by this agreement however it is time limited. It is recommended that a light touch refresh of this agreement is now required.
  - The **Legal Services Agreement**. The original agreement made at stock transfer was superseded by a new agreement in 2012. The agreement is for the Council to provide legal services to YCH around Right to Buy Sales and Possession Actions. The new organisation is bound by this agreement but it is time limited. YCH are unable to indefinitely extend this agreement due to procurement rules but have agreed to extend this agreement for a further 2 years.

- The **Pension Clauses** within the transfer agreement and the **Pension Admission Agreement and Guarantee**. These agreements. These agreements include the Council guaranteeing YCHs pension liabilities in the event of a default. External legal advice has been commissioned by the Council to ensure that pension funding agreements between YCH, NYCC and the Council going forward are framed in such a way as to ensure the merger does not result in any financial detriment to the Council and that the Council does not risk any additional financial exposure

## 2) The Deed of Covenant

This includes:

- A requirement on YCH to carry out and pay for **minor disabled adaptations** up to a certain financial limit. This work is currently undertaken by the Council's Home Improvement Agency on YCHs behalf but paid for by YCH. This requirement to pay for such works will be transferred to the new organisation however the wording within this now needs a light touch refresh.

It also includes;

- A requirement on YCH not to change its constitution without agreement from the Council (which cannot be unreasonably refused) and;
- A requirement on YCH to allow the Council to nominate three Council representatives on its board. This element of the deed shall need to be removed fully in the Councils approves the merger and constitution or amended to reflect the requirements of the new regulations.

### **Additional Proposed Commitments for Inclusion with a new agreement**

In order to safeguard the interests of residents and the Council going forward it is also proposed that a range of other 'commitments' are included within a form of agreement.

These reflect both 'red lines' set down by YCHs Board and the proposed benefits of the merger, along with commitments as to how the new organisational will work in partnership with the Council.

1) The new organisation produces a **Development Strategy** that;

- Ensures the additional development capacity (a proposed benefit of the merger) happens.
- Ensures that the development capacity of the new organisation is targeted in such a way that is broadly proportionate to the housing needs of the two local authority areas.

- Ensures that a range of needs and tenures is met (for example the provision of specialist and supported accommodation where a need is identified).
  - An expectation that the development strategy is broadly in line with the Councils own current and future housing strategy.
  - Includes provision for regular and on-going dialogue and liaison with the Council to ensure that the supply of new homes is maximised and opportunities for shared and joint initiatives around housing growth are maximised.
  - Ensures that the new organisation is the Councils key strategic partner.
- 2) The new organisation has a strong **Commitment to Place** that ensures that:
- A commitment toward the localised provision of front line services including the continued provision of offices in Scarborough and Whitby is retained.
  - A commitment to ensure that there is senior officer presence within the Borough
  - A commitment to ensure that the new organisation plays its part in existing multi agency partnership arrangements aimed at tackling anti-social behaviour, crime and vulnerability. Roles and responsibilities for which shall be set out within new joint protocols with the Council.
  - A commitment toward the use of local contractors, local suppliers and a local workforce.
  - The new organisation has a strong commitment toward supporting the Council's Housing and Homelessness Strategies and plays its part in meeting the needs of the Borough.
  - The new organisation works with the Council on a range of measures to improve the living environment/ public open space for YCHs residents.
- 3) The new organisation commits to **Liaison agreement** with the Council. This shall ensure that:
- There quarterly formal liaison arrangement established between the new organisation and the Council that shall include senior officer and board/ Portfolio Holder representation.
  - In addition operational liaison arrangements (around development, the housing waiting list and housing management related issues) shall become formalised.
- 4) In addition the agreement commits to the Council to working with the new organisation in all the areas identified above.

## NOTES