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| <b>Report of:</b> | <b>Title:</b>        |              |
| Neil Rowland      | Commercial Director  |              |
| <b>Purpose</b>    | <b>Report title:</b> | <b>Date:</b> |
| Decision          | Scheme of Delegation | 23 July 2020 |

*'Proudly serving Harlow'*

**RECOMMENDED that:**

- A. The HTS (Housing and Regeneration) Limited Scheme of Delegation as attached in Appendix A, be approved for the Pilot Properties.

**REASON FOR DECISION:**

- A. To enable HTS (Housing & Regeneration) Limited, a company wholly owned by the Council, to commence trading. This Scheme of Delegation sets down the authority delegated by the shareholder to the Managing Director, HTS (H&R) Board and HTS Group.
- B. The Scheme of Delegation empowers and enables timely and effective action by The Managing Director and HTS (H&R) Board. It ensures an appropriate level of delegation from the Shareholder so that there is effective input into decision-making.

**BACKGROUND:**

- A. The Council has established its own housing company, HTS (Housing and Regeneration) Limited, with the ambition to utilise the business to further help and support the Council in its delivery of housing and supporting other regeneration schemes within the town.
- B. The three governance documents, The Scheme of Delegation, Articles of Association and Business Plan will be inter-linked and inter-dependent, and any changes must be approved by the Shareholder Sub- Committee. Combined they will determine the final decision-making powers and strategic direction and activities of the Company.

**KEY POINTS:**

Management Decisions – Corporate Matters

The Managing Director and Board is delegated to manage the proper use of the operational, budgetary, property, staffing and other resources of H&R within the attached Delegation Matrix.

Subject to the limits and conditions outlined, they are authorised to commit the company to incur expenditure within the approved limits.

The Managing Director and Board is specifically:

1. delegated the authority, for the engagement of contractors (being skilled service/trades people) to commit the Company to expenditure per contractor between the threshold of £25,000 and £150,000 for which there is provision in the approved budget plan for the year. During the pilot scheme, this

delegated authority will be used to place an order with HTS (P&E) to carry out any refurbishment work required to the purchased properties prior to letting. Subsequent ongoing maintenance and compliance requirements will also be required.

2. delegated the authority, for the acquisition or disposal of a property (i.e. land interest and the exercising of any option in relation to land), as long as it is in the contemplation of the Business Plan otherwise the final decision must be escalated to the Shareholder. This authority will allow the board to approve the purchase of the pilot properties without reference back to the shareholder for approval.
3. delegated the authority, to award of service contracts (for any contract not covered by delegation items above) if the life-time value of the contract is below £150,000. It is proposed that a service contract will be required with Harlow Council to deliver Housing Management Services via and Service Level Agreement.
4. delegated the authority, to approve statutory accounts.
5. delegated the authority, to appoint or dismiss auditors.
6. delegated the authority, to write down of Holdco or Opco asset value, or writing off debts up to £20,000 per event.

Similarly, certain decisions can only be made by the shareholder, specifically:

1. any decision that is not contemplated within the current Business Plan.
2. approval and adoption of the Opco Business Plan and material amendments thereto.
3. save for in relation to land, acquiring, disposing or agreeing to acquire or dispose of, any tangible physical asset of the business, or of any intellectual property rights held by HTS (H&R), or of any interest in any asset of the Business, including the right to exercise an option.
4. alteration of authorised or issued share capital, or classification thereof, allotment of share capital or securities, granting options or rights to subscribe to the issuing of share capital.
5. termination by HTS companies of any of their material contracts, where this will have a material impact on the delivery of services by HDC.

## **CONCLUSION**

It is recommended that the Board approve the Scheme of Delegation for the acquisition of the Pilot Properties.

Should a decision be made to expand the acquisition programme further discussions will be required to amend the current Scheme of Delegation to ensure the Company to operate in the market.