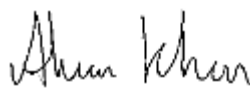


## LONDON BOROUGH OF WALTHAM FOREST

Date	<b>Cabinet</b> <b>22 September 2022</b>	
Report Title	<b>Tackling Homelessness – Second Joint Venture Housing Scheme with Mears</b>	
Cabinet Portfolio	Councillor Ahsan Khan, Deputy Leader and Portfolio Lead Member for Housing and Regeneration	
Report Author/ Contact details	Darren Welsh, Corporate Director of Housing <a href="mailto:Darren.Welsh@walthamforest.gov.uk">Darren.Welsh@walthamforest.gov.uk</a>	
Wards affected	All Wards	
Public Access	<b>OPEN except Appendix 2</b> which is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 Access to Information – being information relating to the financial or business affairs of any particular person (including the authority holding that information)	
Appendices	Appendix 1 – Equalities Screening Appendix 2 – Sensitivity Analysis (EXEMPT)	

### 1. SUMMARY

- 1.1. This report recommends the Council enters into legal agreements for a second long-term joint venture with Mears Housing Management (Holdings) Limited to procure up to 400 homes (both in and out of borough) to discharge the Council's homeless duties through these properties let on assured shorthold tenancies, as an alternative to temporary accommodation.
- 1.2. Homes procured through this joint venture will be let at a maximum of the local housing allowance (LHA) rent rate, with rental income used to cover housing management and maintenance costs, as well as service and pay down borrowing. At the end of the 40-year joint venture term a proportion of the homes will be sold to pay off any residual debt and the remainder will revert to Council ownership.
- 1.3. After the 4 year procurement phase, the scheme should provide significant annual savings to the Council, compared to the provision of temporary accommodation for homeless households for the remainder of the term of the scheme.

- 1.4. Due to the current changeable economic conditions, there is a risk that the joint venture may not be able to secure a 40-year bond rate that would make the scheme financially viable for the Council.

## **2. RECOMMENDATIONS**

- 2.1 For the reasons set out in this report Cabinet is recommended to:
  - 2.1.1 agree to proceed to with the joint venture (the second joint venture) with Mears to procure up to 400 homes to provide more settled accommodation for households who would otherwise be placed in temporary accommodation;
  - 2.1.2 delegate authority to the Corporate Director of Housing, in consultation with the Lead Member for Housing and Regeneration, the Strategic Director Finance and Governance, and the Director of Governance and Law, to:
    - 2.1.2.1 approve the Financial Model and Business Plan for the second joint venture with Mears, and
    - 2.1.2.2 to agree terms and enter into legal agreements on behalf of the Council to set up and operationalise the joint venture;
  - 2.1.3 agree to suspend operationalising the joint venture should the Council and Mears, acting as the joint venture, not be able to secure a financially viable bond rate and enter into legal agreements by 31 March 2023;
  - 2.1.4 delegate authority to the Corporate Director of Housing and the Strategic Director of Finance and Governance, in consultation with the Lead Member for Housing and Regeneration, to approve the allocation of Right to Buy receipts funding to support the joint venture property acquisition programme.

## **PROPOSALS**

### **Background**

- 3.1 In February 2018 Cabinet approved the Council to enter a joint venture limited liability partnership with Mears Limited to procure properties to be let to homeless households in discharge of the Council's duties to homeless households. The More Homes Waltham Forest joint venture (JV1) went live in August 2018, and while there have been a number of changes to the original scheme, as of July 2022 the JV had procured 322 homes with 300 occupied by previously homeless households who would otherwise be in temporary accommodation. Each occupied JV home represents a significant cost saving to the Council compared with the cost of temporary accommodation for the same household.
- 3.2 At its meeting on 10<sup>th</sup> October 2019 Cabinet noted the financial savings achieved through partnership arrangements, including the More Homes joint venture, in providing settled accommodation schemes to reduce the use of temporary accommodation, and the overall level of further savings required to reduce the deficit on the Council's homelessness budget.
- 3.3 At its meeting on 23<sup>rd</sup> June 2021 Cabinet agreed in principle to enter into a second joint venture with Mears, under the terms of the legal agreements as described in the report, with authority delegated to the Deputy Strategic

Director, Resident Services, in consultation with the Portfolio Holder for Economic Growth and Housing Development, and the Strategic Director for Finance and Governance, to agree the terms of and enter into legal agreements for the second joint venture with Mears.

- 3.4 Operationalising the second joint venture has been delayed due to a number of reasons, in particular due to the rapidly changing post pandemic and post Brexit economic environment, including changes to interest rates and property prices, both of which have increased significantly since Cabinet approval in June 2021. The joint venture **Financial Model and Business Plan** has had to be revised a number of times to accommodate these changes, and now contains substantively different assumptions to those underpinning the proposal submitted to and approved by Cabinet in June 2021, most markedly on the level of debt the Council would be liable for at the end of the contract.
- 3.5 Due to the significant changes summarised above, and in recognition of the change to the Council's administration and Cabinet after the local elections in May 2022, Cabinet authority is required for the Council to proceed with the second settled accommodation joint venture with Mears.

### **Proposed Scheme**

- 3.6 The Council is proposing to enter into a second joint venture (JV2) with Mears Housing Management (Holdings) Limited (Mears) (part of Mears Group plc) to increase the quantum of good quality affordable homes for rent and to save money on providing temporary accommodation to homeless households. This follows on from work undertaken by officers to procure settled accommodation schemes in 2019, delayed in part by the Covid19 pandemic. Four potential partners submitted proposals for schemes, and following an assessment of the proposals, it was recommended to and approved by Cabinet in June 2021 to proceed with the joint venture proposal put forward by Mears.
- 3.7 The joint venture (JV) will raise funds via a bond issue and will use the funds to acquire homes (either freehold or leasehold) from the market to be held by the joint venture and let. The Council will have tenant nomination rights, and an obligation to pay rent if units are unoccupied and if there is rent income shortfall, under a Deed of Covenant and Guarantee.
- 3.8 Mears will provide housing management and repairs & maintenance services for the period of the JV through its registered provider subsidiary Plexus. At the end of the contractual term of the joint venture (40 years), the Council will purchase the properties from the JV LLP at a value equivalent to any outstanding debt.
- 3.9 The target is to purchase 400 housing units with a total funding requirement of approximately £146m. The profile of stock will be mostly 2- and 3-bedroom homes in line with the Council's priority housing needs. Geographically the homes will be procured across North and East London, Essex and Hertfordshire, with primary considerations easy travel access to Waltham Forest and a local housing allowance (LHA) rate that makes the scheme financially viable. The currently agreed proposal requires a minimum of 125 homes (31%) to be procured in Waltham Forest and minimum (including those in Waltham Forest) of 260 (65%) to be procured within Greater London.

- 3.10 Mears and the Council will have 50% control each in the JV. Mears provided the Council with a draft Financial Model and Business Plan for the JV on 5 May 2022. When this model is updated for current interest rates, it indicates there will be £91m debt at the end of 40 years term and the properties will have an estimated asset value of £320m. Based on this £91m closing debt, 114 properties from the portfolio would need to be sold to clear the debt, with the remaining 286 homes reverting to council ownership.
- 3.11 At the end of the four-year property procurement period the JV is estimated to secure savings of circa £1.6m per annum when compared to the 2021/22 average weekly cost to the Council of providing the same number of nightly let and private sector leased temporary accommodation (TA) units.
- 3.12 While the Council has significantly reduced the number of households in temporary accommodation over recent years - due in part to settled accommodation schemes including the first More Homes JV with Mears - as of the end of June 2022 there were 831 households in nightly purchased and private sector leased (PSL) properties. Trends from the first quarter of 2022/23 (April to June 2022) show homeless acceptances into temporary accommodation of 143 households significantly exceed the 81 households on the Council's housing register rehoused in council and housing association rented homes.

### **Terms and Conditions**

- 3.13 The Council will enter into five legal agreements, based largely on the first joint venture agreements, setting out terms and conditions and roles and responsibilities for the joint venture and the joint venture members. These agreements have to be signed and sealed contemporaneously as there are a number of interdependencies between them.
- 3.14 **(1) The Limited Liability Partnership Agreement** between the Council, Mears, and the joint venture (JV). This agreement establishes the JV between the Council and Mears as a limited liability partnership (LLP). It describes the business of the JV as "the acquisition, development, maintenance, letting and management of housing the occupiers of which can be nominated by the Council including persons who are designated as homeless who cannot access housing on the open market and whom the Council is required by law to house, as well as for such other uses (which may extend to sale of the housing stock) as the LLP shall decide". The business of the JV is more particularly set out in a Business Plan that will be reviewed and updated annually.
- 3.15 While the JV is operating all profits are retained and used for the business of the JV. In the event that the JV needs bridge funding both the Council and Mears have each agreed to provide unsecured loans of up to £250,000 which, in the event they are required, are repayable by the JV with interest of 3% above base rate.
- 3.16 The Board of the JV consists of two representatives of each of the members (the Council and Mears) and quorum is one representative from each member. Each representative has one vote (with no casting vote), and the agreement provides a mechanism for matters that are deadlocked. The agreement also provides for reserved matters which may only be agreed by the members and not the board. This includes matters such as material

changes to the business of the JV, incurring additional borrowing and disposing of property.

- 3.17 It is the Council's intention that the Council's Shareholder Committee will have oversight over the JV for the Council. Officer level governance arrangements will be based on the same agreed by the JV members for JV1, with an annual forward plan for reporting and various scheduled periodic meetings to do with the business of the JV.
- 3.18 **(2) The Acquisition Agreement** between the JV, Mears Limited and the Council. Under this agreement the JV commissions Mears Limited to acquire properties on behalf of the JV. The acquisition is in accordance with an acquisition strategy and procurement plan agreed with the Council. The agreement also sets out the minimum standards for the properties to be acquired.
- 3.19 **(3) The Asset Management Agreement** between the JV, Plexus UK (First Project) Limited, Mears Limited and the Council. By this agreement the JV appoints Plexus (part of the Mears group) to provide repair, maintenance and tenancy management services for the JV in respect of the acquired properties. The agreement is for a 40-year term. Plexus must provide the services in accordance with the standards and meet the Key Performance Indicators (KPIs) as set out in the agreement. The standards and KPIs are as agreed with the Council.
- 3.20 **(4) Deed of Covenant and Guarantee** between the Council, the JV and Plexus. Under this agreement the Council guarantees the income to the JV and Plexus from the acquired properties. The Council guarantees to pay to Plexus any shortfall in its charges for providing the services under the Asset Management Agreement. There is a set target gross rent (monthly), and the Council meets the cost where the target rent is not met.
- 3.21 The Council also guarantees to pay to the JV on a monthly basis any shortfall in the net rent received by the JV. These guarantees are essentially what enables the scheme to secure a favourable (low) interest rate.
- 3.22 **(5) Put and Call Agreements** between the Council, the Noteholders (the funders), the representative of the funders (the guarantor), and the JV. These agreements provide the option for the Council to purchase all the outstanding debt of the JV (the call option) and the option for the funders to require the Council to purchase the outstanding debt of the JV (the put option). These options only arise where the JV (or a material party - Mears or the Council) have failed within the permitted time to remedy a default event under the funding agreements. If the default is remedied before the options take effect, then the option that has been put or called will be rescinded. These agreements provide protection for the funders in the event of default by the JV.
- 3.23 The documentation is based on that used for the first More Homes Waltham Forest JV which have proved largely fit for purpose. However, they will be reviewed and updated as necessary to accommodate revised terms and conditions for the second joint venture, based on lessons learned operationalising the first joint venture.

- 3.24 While the JV is and will continue to be affected by the now more uncertain and changeable economic environment, on balance it is considered that it will deliver benefits for the households provided with more settled accommodation, and to the Council in budget savings and the residual asset value at the end of the 40 year term of the joint venture.

### **Potential use of Right to Buy Receipts**

- 3.25 Cabinet agreed in June 2012 to the Council entering into an agreement with the Secretary of State for Communities and Local Government to retain a proportion of Right to Buy (RtB) receipts from council housing sold under the statutory Right to Buy, and to use this money to fund the provision of new affordable rent homes. Should the receipts not be spent within the stipulated timeframe, the Council must repay the receipts to the Treasury with compound interest at 4% over base rate.
- 3.26 From April 2021 Councils in England have been granted greater flexibility on how they spend Right to Buy receipts. The new regulations extended the time to spend receipts from three to five years and increased from 30% to 40% the proportion of cost of the homes that receipts can fund.
- 3.27 The new regulations also introduced a cap on the use of Right to Buy receipts for acquisitions of existing dwellings. 20 acquisitions per year are exempt from the cap, with a formula for matching acquisitions to new supply up to a proportion cap for receipts, with this proportion cap reducing annually from 50% in 2022/23 to 40% in 2023/24 then 30% in 2024/25.
- 3.28 The Council has circa £13.4m in unallocated Right to Buy receipts, which is likely to increase significantly by the end of the 2022/23 financial year. In the current uncertain development climate, it is proving difficult to identify new build affordable housing schemes to take up this funding. Due to this challenging environment, it is proposed that the Council agrees to the principle that Right to Buy receipts could be used within the Joint Venture to fund up to 40% of acquisition costs for up to 20 properties a year. It is estimated this could result in an allocation and expenditure of between £2.7 to £3.2m of Right to Buy receipts a year over the course of the acquisition programme.
- 3.29 Using Right to Buy receipts for this purpose would help reduce the likely closing debt level of the JV and reduce the risk of making substantial Right to Buy receipt repayments plus interest to central government. Under the terms of the agreement with the Secretary of State for Communities and Local Government, the properties acquired with a Right to Buy Receipts contributions would have to be let out at affordable rents, removing the possibility of these properties being let out at market levels.
- 3.30 However given the number of properties that would be part funded through the use of Right to Buy receipts is only ever likely to account for a small proportion of the overall portfolio, the risk arising from the lack of rental flexibility for those properties is considered low.

## **4. OPTIONS & ALTERNATIVES CONSIDERED**

- 4.1 Do Nothing: Should the Council not set up the second joint venture with Mears his would amount to up to 400 homes that would not be available for

discharge of duty out of or instead of temporary accommodation, the Council would not achieve savings on the General Fund temporary accommodation budget and would not benefit from the residual asset value that would revert to the Council at the end of the 40 year term of the scheme.

- 4.2 Do minimum: This opportunity arises from the partnership work on the first More Homes Joint Venture (JV1) with Mears, and the partnership should be able to continue to acquire, refurbish and let properties following on from and building on the successful operation of the first joint venture, and help deliver General Fund cost savings over the longer term.
- 4.3 Do more: Based on officers working for a number of years on seeking and developing settled accommodation schemes, there are few other schemes that could potentially provide this number of homes with an asset value to the Council at the end of the scheme. Other potential partners and partnerships that council officers have considered have not been able to offer similar schemes in terms of costs and benefits and cannot demonstrate a track record in acquisition, refurbishment and management of properties.

## **5. SUSTAINABLE COMMUNITY STRATEGY PRIORITIES (AND OTHER NATIONAL OR LOCAL POLICIES OR STRATEGIES)**

- 5.1 The homes provided through this scheme will enable the Council to provide good quality more affordable and settled homes for homeless households who otherwise would have been placed in less secure temporary accommodation.
- 5.2 The homes will be procured in existing residential neighbourhoods and will be refurbished to the decent homes standard as a minimum, with a minimum EPC rating of C.
- 5.3 The project will be contributing to meeting objectives and priorities set out in a number of Council strategies including the Housing Strategy 2019-24 and the Council's Corporate Strategy by providing more secure homes from which households can be supported to improve their life chances and wellbeing.

## **6. CONSULTATION**

- 6.1 There has not been any public consultation on this project. The project will not have any significant impact on individuals or neighbourhoods as it will be repurposing existing residential dwellings across the borough and in other locations.
- 6.2 No other specific consultation is required for the decisions set out in this report. However, engagement will take place with other boroughs when properties are procured in their areas in line with section 208 requirements of the Housing Act 1996.

## **7. IMPLICATIONS**

### **7.1 Finance, Value for Money and Risk**

- 7.1.1 The proposed JV scheme will provide the Council nomination rights to 400 additional affordable homes to be used to alleviate the pressure on Temporary Accommodation (TA) budgets within the Council's General Fund. The Council has significantly reduced the number of households in TA due in part to settled accommodation schemes, but as of the end of June 2022 still had 831 placements in nightly purchase and private sector leased (PSL) properties, on which the Council makes a loss on average (caused by the difference between the cost of procuring the accommodation versus the rent charged). The average loss in 2021/22 was £78 per week and is expected to increase to circa £85 by the end of the year.
- 7.1.2 The first joint venture with Mears (More Homes Waltham Forest LLP) required the Council to pay £25 per week to top-up the rent for each placement over the lifetime of the scheme in order for it to be viable. This still provided a net saving of £47 per placement per week in 2021/22 and supported the successful delivery of a £290k budget saving in 2020/21 and a £601k saving in 2021/22. The second JV does not require the Council to make top-up payments and is estimated to deliver a maximum potential saving of £1.6m per annum. The amount of saving achieved will depend on a number of factors, including future increases in LHA rates and the level of bad debts. The financial benefit would be phased in over at least 4 years while the scheme completes its acquisitions.
- 7.1.3 The current financial model prepared by Mears for the second JV forecasts operating surplus from Year 4 and positive cash flows from Year 5. From Year 5, the JV should build up cash reserves that at year 40 will be used to partially offset the residual debt on the bond at the end of the scheme. The second joint venture is currently projected to have £91m of residual debt at the end of 40 years (after offsetting cash balances), and an asset base with an estimated value of £320m (which would revert to the Council). The residual debt will be cleared from the proceeds of the sale of a number of properties up to the value of the residual debt, leaving the Council with housing assets to the value of circa £229m.
- 7.1.4 It should be noted that the current financial model is subject to change as assumptions crystallise, particularly in relation to the cost of the debt, which has a large bearing on the output, and the acquisition cost of properties. The financial model will be subject to further due diligence as assumptions are updated, and no decision to enter into a second joint venture will be taken unless the financial model can demonstrate clear viability with a set of realistic assumptions.
- 7.1.5 To mitigate against the risk of income pressure (see 7.2.1), there is flexibility in the financial model to switch to market rent levels in the event that the venture finds itself in financial difficulty.
- 7.1.6 Plexus (a subsidiary of Mears) will be the managing company during the term of the agreement in the same way as they are for the existing More Homes Waltham Forest joint venture. Their contract fee will be fixed at a percentage of total rental income and will cover repairs and maintenance, a proportion of

void loss and bad debts, and management costs. The balance of the income generated by the portfolio is used to finance debt interest and repayments (and build up cash reserves).

## 7.2 Value for Money and Risk

- 7.2.1 **Bond interest rate:** the bond interest rate will be agreed with the lenders at a point close to contract closure for JV2. The bond interest rate is linked to the yield on 40-year Gilts. The Council's estimate is that, based on current Gilts rates, at the end of the 40-year contract, there will be residual net debt of £91m. The financial model is very sensitive to movements in the bond interest rate. A sensitivity analysis has been included at Appendix 2, which indicates the effect of forecast movements in the bond interest rate over the period to March 2023, as well as other key variables.
- 7.2.2 **LHA Rates:** the financial model assumes an average increase in LHA rates of 2% from Year 5. As the Council will guarantee a minimum level of income receivable by both the JV and Mears, if LHA rates fall below the increases assumed in the model, the Council will be required to pay any shortfalls. The payment of such shortfalls will reduce the cost savings noted at 7.1.2 above.
- 7.2.3 **Bad debts:** Mears will absorb the first 5% of bad debts each year for JV2. The Council will be exposed to any bad debts above 5% and may be required to make additional contributions to Mears and the JV if income falls below guaranteed levels.
- 7.2.4 **Voids:** The Council will provide a financial guarantee for any rent loss where it has failed to nominate a tenant within 10 working days. The Council is therefore incentivised to keep such voids at a minimum, and for the first JV has worked hard to minimise such charges, with processes for notification of voids and nominations that will be largely replicated for JV2.
- 7.2.5 **Property values:** the property values after 40 years assume an average increase in property values of 2.5% per year. If property prices do not rise at this rate, more properties will need to be sold at Year 40 to pay off the closing debt.
- 7.2.6 **Temporary accommodation need:** the proposed 400 units to be acquired by JV2 represent a relatively large proportion of the Borough's remaining need, and although it is very likely that there will continue to be a requirement for temporary accommodation, if demand were to decline significantly, this could be managed by letting properties at market rents.
- 7.2.7 **Default by Mears:** the LLP agreement with Mears covers eventualities of default. In the event of default which is caused by Mears and not remedied within the specified grace period, the Council would be entitled to seek or establish an entity to replace Mears with approval of the funders.
- 7.2.8 **Put Option:** the contract with the lenders will contain a Put Option which may require the Council to purchase the outstanding debt in the event of default by the JV. The value of this guarantee would potentially be up to £146m plus interest, depending on the balance of debt, and the Council would take ownership of the assets and future revenue streams. The funders also have similar agreements in place with Mears. These agreements with the Council and Mears provide protection for the funders in the event of a default by the JV. The funders may seek to require the Council or Mears, or both, to stand

in place of the JV and take on the outstanding debt. As the Council and Mears jointly control the JV, they are both in a position to ensure that a default event will not occur that could trigger the Put Option. Due to the unlikelihood of this event, the long-term nature, and the difficulty in valuing this risk, it is proposed to disclose this in the Council's accounts as a contingent liability, and therefore, there would be no immediate revenue impact in the Councils budget.

7.2.9 In order to mitigate the financial risk to the Council it is recommended that the council only proceed with the JV under the following conditions:

7.2.9.1 The maximum residual debt to be shown in the JV2 financial model at contract closure is no more than £100m.

7.2.9.2 The Council's own financial evaluation at contract closure must show a positive Net Present Value over 40 years.

7.2.9.3 The residual debt at Year 40 is to be cleared by the sale of the necessary number of properties from the JV2 portfolio.

### **7.3 Legal**

7.3.1 Part VII of the Housing Act 1996 (as amended) obligates local authorities to assist individuals and households who are homeless or threatened with homelessness. If a local authority has reason to believe that a homeless household may be eligible, homeless and in priority need, it has a duty to ensure that suitable temporary accommodation is available to the household pending a decision on the application.

7.3.2 By virtue of s.208 of the Housing Act 1996 the local authority is obliged to make such accommodation available within its own district so far as is reasonably practicable. By virtue of s.182 of the Housing Act 1996 the local authority must have regard to such guidance as may be given by the secretary of state from time to time. The current guidance is the Homelessness Code of Guidance for Local Authorities which provides guidance on compliance with the s.208 duty set out above. In accordance with the guidance local authorities should provide accommodation within their own districts wherever possible, unless there are clear benefits to a particular applicant of being accommodated elsewhere, and that those who have a need to maintain links with essential services should be given priority.

7.3.3 It is lawful for a local authority to provide temporary or settled accommodation outside of its own district if it is not reasonably practicable to provide within its own boundaries. It is lawful for the local authority to take into account the pressures on its resources, whether financial or administrative, when deciding whether it is reasonably practicable to provide an applicant with accommodation in its own district.

7.3.4 The Council has several and specific powers to acquire property by agreement to discharge its housing functions including S17 Housing Act 1985, Section 120 Local Government Act 1972 and the general power of competence in section 1 Localism Act 2011.

7.3.5 If the Council were to enter into the JV for a commercial purpose then under sections 95 and 96 Local Government Act 2003 the JV must be a limited company and not a Limited Liability Partnership (LLP). However, in this

instance, the reason for the Council to set up the JV is to ensure availability of housing and to discharge its housing functions as set out above and not for a commercial purpose. Accordingly, the Council may enter into an LLP using the general power of competence under section 1 Localism Act 2011 as an LLP is a more beneficial structure than the limited company model.

- 7.3.6 The JV is a separate and distinct legal entity in its own right. Neither the Council or Mears will have overall control, but each will have equal ownership and equal representation.
- 7.3.7 The procurement position for this decision is potentially complex as it involves various different elements including the selection of a JV partner, the acquisition of property, the maintenance of that property and the financing of the project through the bond issue. Some elements (both the acquisition of land and the financing) expressly fall outside the procurement requirements of the Public Contracts Regulations 2015. Where elements of a procurement are not severable (and in this case the joint venture is considered as a whole which is not objectively severable into constituent parts) the procurement is based on the dominant purpose. In this instance that dominant purpose is the acquisition of housing stock and the financing of that acquisition. The alternative approach is to consider that the selection of the JV partner has the characteristics of a services concession under the Concession Contracts Regulations 2016. These regulations provide that they do not apply to services concessions for “the acquisition or rental, by whatever financial means, of land, existing buildings or other immovable property or which concern interests in or rights over any of them”. This exclusion is identical to that in the 2015 Regulations. Therefore, the Council has treated the arrangement as a services concession which is excluded from the regulations because of the dominant purpose.

## **7.4 Equalities and Diversity**

- 7.4.1 The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 requires public authorities to have due regard to the need to eliminate discrimination and advance equality of opportunity. The Council must further take into account its wider Public Sector Equality Duty (PSED) under section 149 of the Act when making its’ decisions.
- 7.4.2 An Equalities Impact Screening has been completed and is attached as an appendix. There are no negative impacts of the project on those with protected equality characteristics. The project will be providing more settled accommodation to potentially vulnerable households and will have a positive impact on equalities and inclusion.

## **7.5 Sustainability (including climate change, health, crime and disorder)**

- 7.5.1 All homes will be brought up to decent homes standard to meet the Council’s requirement to reduce carbon emissions. The properties will be required to meet a minimum EPC (Energy Performance Certificate) rating of C, either on procurement or with energy efficiency improvements prior to first let. This requirement will be included in the Acquisition Agreement and the Asset Management Agreement.
- 7.5.2 The properties will be managed by Mears’ registered provider subsidiary Plexus. As a registered provider Plexus has to meet the standards for

property quality and tenancy management set by the Regulator of Social Housing.

## **7.6 Council Infrastructure**

7.6.1 Governance and operation of the joint venture will be contained within existing Council structures and staffing.

## **BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)**

None