



City of Westminster

Cabinet Member Report

Decision Maker:	Cabinet Member for Housing Services
Date:	23 January 2019
Classification:	General Release
Title:	Through London Councils and the Ministry of Housing, Communities and Local Government, establishing Capital Letters, a pan London collaborative accommodation procurement company
Wards Affected:	All
City for All Summary:	Delivering more affordable housing
Key Decision:	No
Financial Summary:	Capital Letters will be a company limited by guarantee and the Council's liability as a member will be limited to £1. Capital Letters will procure and manage private sector properties for use as Temporary Accommodation or to discharge the Council's housing duty.

The main financial benefit of joining the company is to access Ministry of Housing, Communities and Local Government (MHCLG) funding and increase the number of private sector properties sourced to reduce the need for Temporary Accommodation. The Council will fund 2 officers within Capital Letters using £90K of Flexible Housing Support Grant (FHSG) and these will be supplemented by c. 20 directly employed officers.

IT is proposed that MHCLG will contribute £2k in incentive payments per property. For WCC, it is assumed this will be 25 properties in 2019/20, 200 properties in 2020/21 and 100 properties in 2021/22.

Report of:

Director of Housing and Regeneration

1. Executive Summary

- 1.1 The provision of Temporary Accommodation (TA) that is suitable for homeless households in terms of size, cost and location is a statutory requirement for all authorities. Properties are generally leased by Councils from the private sector, either directly or through contractors, particularly Registered Providers (RPs).
- 1.2 Most authorities place households in other boroughs. In Westminster's case just under half of the borough's c. 2700 units of TA are located within Westminster, with the remainder located across around half of London boroughs (although principally in East London) with a further c. 80 properties outside of London.
- 1.3 The Council is also committed to securing good quality private sector accommodation to discharge its housing duty.
- 1.4 The new Homeless Policy, Procurement and Placement framework set out the Council's processes for delivering this and underlined the commitment that the most vulnerable households are placed within the borough and all placements in another area are formally notified to that borough.
- 1.5 London authorities that do have other boroughs placing households within their areas have expressed concerns that they were being 'outbid' by other boroughs to secure properties. In response, through London Councils Leaders' Committee, a pan London agreement (the Inter-borough Temporary Accommodation Agreement (IBTAA)) was established as a means of informing boroughs when out of borough placements are made and capping costs of short-term emergency nightly-booked properties. Whilst breaches of the agreement have been rare, this has proven challenging to deliver given the demand for properties in high value areas that require authorities to source properties in other boroughs and the pressures across London as a whole.
- 1.6 To investigate extending the pan London work, in 2017 the London Council's Housing Directors group explored the feasibility of setting up a collaborative approach to procuring leased accommodation for use as TA and private tenancies across London to discharge Councils' housing duty, in order to avoid competition between councils for the same privately owned properties and to increase levels of discharge of duty to homeless households.

- 1.7 The group secured funding from the Greater London Authority (GLA) and the Ministry of Housing, Communities and Local Government (MHCLG) for the initial study, which proposed a model of a collaborative entity with a working title of 'Capital Letters'. This entity would hold leases, acting for boroughs as a private landlord. These properties will be used as Temporary Accommodation or placements in the Private Rented Sector.
- 1.8 This work has now been completed through proposals to establish Capital Letters as a private company limited by guarantee, owned and managed by the boroughs that constitute limited liability members of the company. The liability is limited to £1. Each member appoints a representative that attends and votes at member meetings on behalf of the member. It is envisaged that there will be a minimum of 3, maximum 12 Directors. If the number of A members is greater than 12 then all members will agree a policy on representation. The Company will also be Teckal compliant, meaning that members will be able to use the services without undertaking a competitive procurement process. The governance arrangements of the company are set out in the draft Articles of Association of the company and Members Agreement.
- 1.9 The Ministry of Housing, Communities and Local Government (MHCLG) top-sliced the allocation of Flexible Homelessness Support Grant (FHSG) that was provided to authorities in 2017/18 for the management of TA and homeless prevention activity, to fund a London specific collaborative procurement initiative. £38 million over 4 years is available for this scheme, subject to final MHCLG approval, expected by Christmas. There is no mechanism to access these top sliced funds, except through Capital Letters.
- 1.10 To gain the full benefits of the scheme, in particular the higher level of MHCLG subsidy and to have a greater say in the establishment and structure of the company, it is proposed that Westminster becomes an 'A' Member of Capital Letters. 'A' members are able to appoint a Director to Capital Letters and approve the annual business plan therefore having more direct input into management and direction of the company. 'B' members are not guaranteed a Director position, thus limiting their strategic role in the organisation, and will not be able to access the MHCLG subsidy, estimated to be £2k/property. One of the conditions of being an 'A' Member is that, from the date of creation of the company, the council must ensure that at least 50% of total procurement of dwellings to support the discharge of its statutory responsibility for homeless households or those at risk of homelessness (excluding nightly paid properties or properties outside the London area) are procured through Capital Letters.

- 1.11 As an 'A' member, with a nominated Director on the board, the Council will have close oversight of the establishment, development and performance of Capital Letters and will thus be able to respond accordingly and quickly to any concerns.
- 1.12 Participating boroughs who become full 'A' members of Capital Letters are required either to second any procurement staff performing this function to Capital Letters, or fund directly officers to be employed by Capital Letters. As the Council does not have any specific private sector procurement officers, the Council will use FHSG, specific homeless prevention grant funding from MHCLG, to fund two officers within Capital Letters. This will therefore not result in any TUPE implications. The activity of any seconded or directly funded staff will be supplemented by approximately 20 additional staff employed directly by Capital Letters using its MHCLG funding allocation.
- 1.13 It is anticipated that Capital Letters will be established by April 2019, receive MHCLG subsidy and commence procurement operations by June 2019.

2 Recommendations

- 2.1 Note the £38 million over four years being made available by the Ministry of Housing, Communities and Local Government specifically for pan-London collaboration on the procurement of accommodation for homeless households.
- 2.2 Approve in principle for the Council to join a letting company to be named Capital Letters London Ltd, a Company Limited by Guarantee that will be established by the London boroughs, as an 'A' member
- 2.3 Delegate to the Director of Housing and Regeneration, after consultation with the Cabinet Member for Housing, the following:
 - a) Finalising and agreement of the Articles of Association, authorising the agreeing and entering into the council's membership of Capital Letters Limited
 - b) Payment of up to £90K from Flexible Homelessness Support Grant to fund 2 officers within Capital Letters
 - c) the nomination of an Officer to be appointed as the council's representative on the Capital Letter board

2.4 Note the draft Articles of Association at Appendix A

2.5 Note the draft Members Agreement at Appendix B

3. Reasons for Decision

3.1 This initiative is required to deliver additional affordable, suitable private sector accommodation to allow the Council to meet its homelessness duties at a cost it can sustain against the background of:

- A challenging market with limited availability of accommodation for households on low incomes
- The likelihood of increased numbers of households accepted as being homeless
- A shift in emphasis in homelessness policy towards use of resources to prevention.
- The importance of working closely with other London boroughs to collaborate to secure accommodation

3.2 This decision is necessary in order to fulfil the Council's statutory duties to house persons who are defined as homeless under Part VII of the Housing Act 1996 and reduce the costs of fulfilling that duty.

3.3 Capital Letters (with MHCLG funding) is designed to provide a cost effective source of sustainable Temporary Accommodation and an additional source of good quality private sector accommodation within London for households in housing need. Currently boroughs are, in many cases, competing against each other for properties. Being jointly owned by London boroughs is designed to improve collaboration and provide more sustainable accommodation.

4. Background, including Policy Context

4.1 The proposal has been developed in response to a number of factors:

Demand

4.2 There are currently 4,500 households which have priority for social housing in Westminster. Of these, c. 2,700 are homeless households living in Temporary Accommodation.

- 4.4 In the medium term at least, homeless acceptances are projected to remain high, principally due to the continuing impact of the reduced availability of housing affordable to households on low incomes.
- 4.5 High levels of demand for social housing and supply shortages result in more homeless households living in Temporary Accommodation. This market is becoming increasingly difficult and competitive in London and the South East as there is a shortage of properties that are affordable to homeless households on low incomes and within the national temporary accommodation subsidy formula.
- 4.6 Temporary accommodation currently costs the council £4.3m each year. This is because the actual cost of providing accommodation for c. 2,700 homeless households is not covered by the subsidy provided through central government's subsidy formula.
- 4.7 Homeless households are spending an increasingly long period of time in Temporary Accommodation (which is mainly private rented housing with market rents) waiting for social housing. Depending on the size of property required, some of these waits can be very lengthy.
- 4.8 Due to this high level of demand for affordable accommodation, the significant financial impact and its likely continuation. Officers continue to explore new means of sourcing quality accommodation across London.
- 4.9 The provision of Temporary Accommodation (TA) that is suitable for homeless households in terms of size, cost and location is a statutory requirement for all authorities. Properties are generally leased by Councils from the private sector, either directly or through contractors, particularly RP's.
- 4.10 Most authorities place households in other boroughs. In Westminster's case just under half of the borough's c.2,700 units of TA are located within Westminster with the remainder located across half of London boroughs (although principally in East London) and c.80 properties outside of London.
- 4.11 The Council is also committed, through the Homeless P Procurement and Placement policies launched in 2017, to securing good quality private sector accommodation to discharge its housing duty

- 4.12 This framework set out the Council's processes for delivering this and underlined the commitment that the most vulnerable households are placed within the borough and all placements in another area are formally notified to that borough.

Pan-London working

- 4.13 London authorities that do have other boroughs placing households within their areas have expressed concerns that they were being 'outbid' by other boroughs to secure properties. In response, through London Councils Leaders' Committee, a pan London agreement (the Inter-borough Temporary Accommodation Agreement (IBTAA)) was established as a means of informing boroughs when out of borough placements are made and capping costs of short-term emergency nightly-booked properties. Whilst breaches of the agreement have been rare, this has proven challenging to deliver given the demand for properties in high value areas that require authorities to source properties in other boroughs and the pressures across London as a whole.
- 4.14 To investigate extending the pan London work, in 2017 the London Councils Housing Directors group explored the feasibility of setting up a collaborative approach to procuring leased accommodation for use as TA and private tenancies across London to discharge Councils' housing duty, in order to avoid competition between councils for the same privately owned properties and to increase levels of discharge of duty to homeless households.
- 4.15 The group secured funding from the GLA and MHCLG for the initial study, which proposed a model of a collaborative entity with a working title of "Capital Letters". This entity would hold leases, acting for boroughs as a private landlord.
- 4.16 This work has now been completed through proposals to establish Capital Letters as a private company limited by guarantee, owned and managed by the boroughs that constitute limited liability members of the company. The liability is limited to £1. The Company will also be Teckal compliant means that it will be in compliance with Contracts Regulations and European law.

Capital Letters

- 4.17 Capital Letters is being supported by MHCLG using £38m of top sliced FHSG, to alleviate the costs to boroughs of providing accommodation and to encourage greater efficiency. The funding will provide extra staffing, IT and other resources to increase supply and improve the service offered to both tenants and landlords.

It will also be used to subsidise the cost to boroughs for newly procured properties.

- 4.18 Capital Letters will grow in phases, with an initial number of boroughs joining in the first year, followed by phase two one year later, and eventually including, if not all, then the majority of London boroughs. To date 11 have formally approved joining the scheme.
- 4.19 There are also two types of membership, 'A' and 'B.' An extract from the Articles of Association noting the distinction between membership 'A' and 'B' is contained in Appendix A1. 'A' members are guaranteed a nominated Director and approve the annual business plan. However the main financial distinction is that as an 'A' Member, the Council would have access to additional MHCLG subsidy for newly procured properties. 'A' Members also need to ensure that at least 50% of the total number of properties procured to support the discharge of their statutory responsibilities for homeless households is to be procured by the Company. Any failure to achieve such percentage could lead to termination of the 'A' member's membership.
- 4.20 To gain the full benefits of the scheme, in particular the higher level of MHCLG subsidy and to have a greater say in the establishment and structure of the company, it is proposed that Westminster becomes an 'A' Member of Capital Letters. As mentioned in para 4.19, one of the conditions of being an 'A' Member is that the Council must ensure that at least 50% of total procurement of dwellings to support the discharge of its statutory responsibility for homeless households or those at risk of homelessness (excluding nightly paid properties or properties outside the London area) is to be procured by Capital Letters. This requirement is to ensure that Capital Letters has sufficient households for the properties it procures and to reduce the potential competition from individual boroughs. This percentage is a minimum requirement, and it is anticipated that if successful Capital Letters will provide a higher percentage of participating borough's requirements.
- 4.21 The proposed governance arrangements of the company are set out in the draft Articles of Association of the company and Members Agreement (attached). Each member has the right to appoint a representative who attends and votes at member meetings on behalf of the member. Critical matters are reserved to the Members and this is set out in the Members Agreement. It will be noted from the Articles that should the Council wish to cease to be a member of Capital Letters, it may do so by serving no less than six months' notice in writing.

- 4.22 Capital Letters will sit alongside other Council initiatives (such as the recent investment in Real Lettings) to further increase the supply of affordable PRS accommodation available, to help meet the growing demand from households who are homeless or threatened with homelessness.
- 4.23 The activity of the company will be supported by a digital Property Listing Platform (PLP). A specification for this IT system has been developed by London Ventures, in consultation with the London Councils Capital Letters working group. Soft market testing has identified a number of providers who would be able to develop a product which meets the specification requirements.
- 4.24 Participating boroughs who become full 'A' members of Capital Letters are required either to second staff from their procurement teams performing this function to Capital Letters, or pay fees to cover newly recruited staff. As the Council does not have any specific private sector procurement officers the Council will use FHSG, specific homeless prevention grant funding from MHCLG to fund up to two officers within Capital Letters. The activity of any seconded or directly funded staff will be supplemented by approximately 20 additional staff employed directly by Capital Letters.
- 4.25 At present, it is anticipated that there will be at least 12 boroughs (inc WCC) in the first phase with a further 3-5 likely to join. Boroughs that have formally confirmed are Tower Hamlets, Brent, Ealing, Bexley, Haringey, Barking and Dagenham, Croydon, Lewisham, Redbridge, Southwark and Waltham Forest.
- 4.26 It is anticipated that Capital Letters will be established by April 2019, receive MHCLG subsidy and commence operations by June 2019.

5 Capital Letters Operational Strategy, benefits and risk analysis

- 5.1 Capital Letters will be established to procure and manage private sector and Temporary Accommodation across London for participating boroughs making use of MHCLG funding to support delivery and reduce costs of these functions.
- 5.2 The Council has always supported pan London collaborative work in homelessness, in particular recognising that meeting housing need is a cross London issue and has thus supported the initiative to date. The £38m identified by MHCLG as well as the support from the GLA means that there are definite financial benefits to participation and that there is government support for the

scheme. Costs of establishing the company are being met through MHCLG monies and thus there is limited financial risk or exposure through in establishing the company.

- 5.3 Charges will thus represent a saving to the local authority on its accommodation costs of c. £2K per unit procured. The scheme will also enable households to claim 100% of current Local Housing Allowance (LHA) where their home is managed by Capital Letters. In some areas this is greater than the central government set TA subsidy formula and would represent an increase in income for the Council for some units of TA if managed by Capital Letters.
- 5.4 How properties are allocated between authorities will be complex and the final process has yet to be confirmed. Discussions are ongoing in order to secure agreement from all boroughs who are participating and a draft allocations procedure is available.

Risk Analysis and Management

- 5.5 Although a positive scheme with cross-borough, London Councils and MHCLG support there are risks associated with the scheme, as set out up to para 5.10. These can be summarised as;
 - 5.5.1 Existing well established arrangements and the potential for these to be impacted
 - 5.5.2 Complexity and challenges of completing assessments
 - 5.5.3 Potential for Capital Letters to distort local markets
 - 5.5.4 Ambitious scale of Capital Letters business plan in parallel with the difficulty of establishing a new company
- 5.6 Boroughs have high levels of TA and most of these units are contracted directly by boroughs and managed by third parties with arrangements that are well-established; for example Westminster's largest out of borough supplier only works with Westminster through an agreement that has been in place since the 1990's (with the quality of accommodation and management very high). Any disruption to the existing supply of accommodation would increase the pressures on authorities to source additional accommodation.
- 5.7 The potential for increasing private sector properties available to authorities at a lower cost to discharge housing duty is clearly welcome. However the complexities and challenges of completing assessments and moves of households means that increasing numbers of private sector discharges of duty

is not simply a supply issue and would lower the demand for properties from Capital Letters.

- 5.8 The mitigation against the above two risks are that authorities are not mandated to transfer existing arrangements into Capital Letters or accept private sector properties and would only do so where there was a definite financial benefit. Lower take up of properties than forecast would however limit the effectiveness of Capital Letters
- 5.9 The use of the MHCLG grant to secure properties at LHA rates has led some councils to raise concerns that this will distort the local markets and could even lead to increased rents. The response is that Capital Letters would lead on procurement of properties for the majority of London boroughs and would thus not be competing against boroughs and would be able to manage market issues effectively (and not offer rents above local market levels or IBTAA rates, using the MHCLG monies prudently).
- 5.10 The draft Business Plan for Capital Letters is very ambitious with the scale of the projections for the business are such that the company would have secured over 30,000 properties by year 3, having over 250 staff. Whilst these figures are based on reasoned projections from borough requirements, it represents the establishment of a very large organisation in a relatively short period of time
- 5.11 Should Capital Letters fail as a company the Council's financial liability is limited. A failure would in practice mean reduced availability of additional units of private sector accommodation whether for TA or to discharge the Council's housing duty. Because Capital Letters is designed to provide at least 50% of a Council's new private sector requirements, the Council will continue to have property available through existing routes. In addition Capital Letters will not be involved in the procurement of emergency accommodation and this means that the Council will continue to be able to meet its statutory obligations in the event of under-performance.
- 5.12 As an 'A' member, with a nominated Director on the board, the Council will have close oversight of the establishment, development and performance of Capital Letters and will thus be able to respond accordingly and quickly to any concerns.

6. Financial Implications

- 6.1 Increased activity and cost is currently resulting in significant pressures on the Temporary Accommodation budget. In 2016/17 an additional £2.5m (net of MTP savings targets) was added to the budget but the impact of legislative changes, high value voids and losses of regeneration units will put further significant pressure on the budget over future years.
- 6.2 In order to mitigate these financial risks the council has adopted a new raft of homelessness policies, designed to discharge duty by moving clients into private sector accommodation. The Council therefore needs to secure property, both in and out of borough to meet this demand and the Capital Letters scheme represents a scheme that would increase the availability of property at a reduced cost through the MHCLG subsidy.
- 6.3 The Council's financial liability is limited to £1 as an 'A' member. The cost of funding two members of staff within Capital Letters (supplemented by their directly employed staff) will be c. £90K to be fully funded from the FHSG, ring-fenced grant funding for homeless prevention activity. Allocations up to 2019/20 have been confirmed which show currently there is sufficient resource in the FHSG.
- 6.4 It is forecast that c. £2K of costs per property secured by WCC from Capital Letters will be funded through the MHCLG grant funding therefore a saving of that amount will be realised from each property used. The MHCLG grant funding allocated to the scheme is as follows:

Year	Grant (£m)
2018/19	1.1
2019/20	7.0
2020/21	12.9
2021/22	16.8
Total	37.8

- 6.5 There is an MTP target for 19/20 of £50k (25 properties) and further MTP proposals for £400k in 2020/21 (200 properties) and £200k in 2021/22 (100 properties), split between additional TA properties and Private Sector Rental properties.

7. Legal Implications

- 7.1 Where the Council determines under the provisions of the Housing Act 1996 Part VII (as amended) that a person/household is eligible for assistance, homeless, in priority need and not homeless intentionally, it has a duty to secure suitable accommodation (unless it refers the applicant to another authority under the local connection provisions): s193(2), s206(1). The suitability of accommodation is governed by s210 of the 1996 Act, the Homelessness (Suitability of Accommodation) Order 1996 (SI 1996/3204) and by the Homelessness Code of Guidance for Local Authorities.
- 7.2 When discharging their housing duties under Part VII, an authority must, so far as reasonably practicable, secure that accommodation is available for the applicant's occupation in their own district: s208(1) of the 1996 Act
- 7.3 The Localism Act 2011, in force in England on 9 November 2012, introduced provision for the Council to discharge its housing duty to statutory homeless households by offering a tenancy in the private rented sector. Any private rented sector offer must be suitable and must comply with the provisions of the Homelessness (Suitability of Accommodation) Order 1996.
- 7.4 The proposal will deliver additional accommodation for use as Temporary Accommodation or to discharge the Council's housing duty. However there are no proposed changes to current processes and no change to the eligibility criteria for these households accessing accommodation through the Housing Options Service. This is defined by the Homeless Placement Policy Framework approved in January 2017 comprising The Private Rented Sector Offers Policy for Homeless Households, The Accommodation Procurement Policy for Homeless Households and The Accommodation Placement Policy for Homeless all of which were subject to a full Equalities Impact Assessment.
- 7.5 The company is being established under the general power of competence contained in section 1 of the Localism Act 2011. This gives the power to the Council to be a member of the company.

8. Staffing Implications

- 8.1 There are no staffing implications arising from this report.

9. Consultation

9.1 No consultation is necessary.

**If you have any queries about this Report or wish to inspect any of the
Background Papers please contact:**

Gregory Roberts Tel: 0207 641 2834. Email: grobert2@westminster.gov.uk

For completion by the **Cabinet Member for Housing Services**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: **Councillor Andrew Smith, Cabinet Member for Housing Services**

State nature of interest if any

.....
(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendations in the report entitled **Through London Councils and the Ministry of Housing, Communities and Local Government, establishing Capital Letters, a pan London collaborative accommodation procurement company** and reject any alternative options which are referred to but not recommended.

Signed

Councillor Andrew Smith, Cabinet Member for Housing Services

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:
.....
.....
.....
.....

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, the City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

1 Admission of Members and cessation of Membership

- 1.1 The Members of the Company shall be divided into "A" Members and "B" Members. "A" Members and "B" Members will have the rights as specified in these Articles.
- 1.2 The subscribers shall be the first Members of the Company and shall be designated as "A" Members.
- 1.3 The Members may admit any other Public Body to Membership on receiving:
- 1.3.1 a written application confirming that it agrees to be bound by the provisions of the Articles; and
 - 1.3.2 where a Members' Agreement has been entered into, a signed deed of adherence to the Members' Agreement
- from any such body.
- 1.4 A Member admitted under article 12.3 above shall be designated as an "A" Member or a "B" Member by the "A" Members upon admission.
- 1.5 A Public Body shall only be admitted as an "A" Member if they agree to ensure that at least 50% of the total procurement for that body of dwellings to support the discharge of that body's statutory responsibilities for homeless households or those at risk of homelessness (excluding nightly paid properties or properties outside of the London area) is to be procured by the Company.
- 1.6 A Public Body admitted to Membership who does not agree as per article 12.5 but will receive services from the Company will be admitted as a "B" Member.
- 1.7 The rights powers and obligations of each Member under these Articles shall take effect on the admission of that organisation to Membership.
- 1.8 Each Member shall nominate a person to act as its representative in the manner provided in Section 323 of the Act. Such representative shall have the right on behalf of the Member to attend meetings of the Company and vote thereat and to exercise all rights of Membership on behalf of the Member. The relevant Member may by written notice to the Company revoke the nomination of such representative and may nominate another representative in his place.

- 1.9 The rights of each Member shall be personal and shall not be transferable and shall be exercisable only by the Member or its Voting Representative.
- 1.10 Membership shall not be transferrable.
- 1.11 An "A" Member shall cease to be a Member of the Company if (i) it serves no less than six months' written notice to do so or (ii) is removed or expelled for any reason by ordinary resolution of the Members passed at a General Meeting or under any agreement entered into between the Members from time to time and (iii) if at any time the Member ceases to be a Public Body or (iv) otherwise in connection with these Articles and the noting of the cessation of Membership in the Company's register of Members shall be conclusive in this regard
- 1.12 A "B" Member shall cease to be a Member of the Company if (i) it serves no less than six months' written notice to do so or (ii) is removed or expelled for any reason by ordinary resolution of the Members passed at a General Meeting or under any agreement entered into between the Members from time to time and (iii) if at any time the Member ceases to be a Public Body or (iv) otherwise in connection with these Articles and the noting of the cessation of Membership in the Company's register of Members shall be conclusive in this regard.
- 1.13 At the end of each financial year, the "A" Members shall each confirm to the Company (in a form that shall be agreed by the "A" Members from time to time) the percentage of its total procurement for that "A" Member of dwellings to support the discharge of its statutory responsibilities for homeless households or those at risk of homelessness (excluding nightly paid properties or properties outside of the London area) that was undertaken via the Company that financial year. In the event that this percentage is less than 50% the "A" Members have, at their discretion, the ability to terminate the "A" Member's Membership in accordance with article 12.14.
- 1.14 The decision to terminate an "A" Member's Membership in accordance with article 12.13 shall be taken at a meeting of the "A" Members (i) called on no less than 7 clear days' notice; (ii) attended in person or by proxy by at least 50% of the "A" Members (excluding the "A" Member whose Membership is being considered for termination); and (iii) made by no less than 50% of the total "A" Members excluding the "A" Member whose membership is being considered for termination.
- 1.15 In the event that an "A" Member's Membership is terminated pursuant to article 12.14 the Membership shall terminate immediately upon the decision having been taken.

- 1.16 In the event that an "A" Member's Membership is terminated in accordance with article 12.12 that Member may be re-admitted to the Membership of the Company as a "B" Member, subject to compliance with article 12.3 and 12.6.