

Intragroup Agreement

between

Wheatley Housing Group Limited



and

Dumfries and Galloway Housing Partnership Limited



This Agreement is between:

- (1) Wheatley Housing Group Limited, a company registered in Scotland and limited by guarantee with registered number SC426094 and having its registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL (the “**Parent**”);

and

- (2) Dumfries and Galloway Housing Partnership Limited, a company registered in Scotland and limited by guarantee with registered number SC220267 and a registered Scottish charity (charity number SC039896) having its registered office at Grierson House, The Crichton, Bankend Road, Dumfries, DG1 4ZS (the “**Subsidiary**”),

Each of the Parent and the Subsidiary a “**Party**” and together hereinafter referred to as the “**Parties**”.

Introduction

- (A) The Parent is a Registered Social Landlord (as hereinafter defined) and the head of a group of entities which undertake a range of housing, community, social and commercial activities and seeks to, without limitation, improve the housing, services and opportunities for the Group’s social housing tenants.
- (B) The Subsidiary is a Registered Social Landlord (as hereinafter defined) which undertakes a range of housing, community and social activities.
- (C) The Parties have agreed to express their common objectives and disciplines on the terms set out in this Agreement.

Agreed terms

1 Interpretation

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

“**Agreement**” means this agreement including the Schedule;

“**Budget**” means, at any time, the Subsidiary’s budget for the then current year set and approved in accordance with clause 7;

“**Business Plan**” means, at any time, the Subsidiary’s then current business and financial plan set and approved in accordance with clause 7;

“**Competent Authority**” means, insofar as each of these has regulatory authority over either of the Parties: the Regulator; the Financial Services Authority; the Registrar of Companies; or any other body with a statutory regulatory authority over either Party;

“Group” means the Parties and any other entity which is a subsidiary or associate of either Party, and the Parties and any such other entity are together referred to as **“Group Members”**;

“Group Business Plan” means, at any time, the then current business and financial plan set for the Group by the Parent in accordance with clause 7 and in line with Group Strategy;

“Group Chief Executive” means the most senior executive officer of the Group appointed in accordance with clause 9.3;

“Group Code of Conduct” means, at any time, the then current code of conduct adopted by the Parent and applicable to all board members within the Group including, but not limited to, the Parent Board and the Subsidiary Board;

“Group Policies” means a policy, framework or strategy (other than the Group Strategy) adopted by the Parent following consultation with the Subsidiary and publicised in accordance with clause 6;

“Group Standing Orders” means, at any time, the then current Standing Orders adopted by the Parent and applicable to the Group;

“Group Strategy” means, at any time, the then current strategy co-developed by Group Members and approved by the Parent which applies to all entities within the Group;

“Parent Board” means the board of management of the Parent;

“Parent Constitution” means the constitution of the Parent as amended from time to time;

“Performance Standard” means any standards or requirements published by the Regulator from time to time pursuant to Part 3 of the Housing (Scotland) Act 2010;

“Registered Social Landlord” means a social landlord registered with the Regulator in terms of the Housing (Scotland) Act 2010;

“Regulator” means the Scottish Housing Regulator, having its head office at Buchanan House, 58 Port Dundas Road, Glasgow G4 0HF, or any successor body carrying out the same or similar regulatory functions in respect of Registered Social Landlords;

“Schedule” means the schedule in three parts attached as relative to this Agreement;

“Scheme of Financial Delegation” means the scheme in place from time to time which prescribes the authority to spend money up to a prescribed value;

“Service Agreement” means an agreement in the form set out in Part 3 of the Schedule to be entered into by setting out the terms upon which Services are to be provided to one Party by the other;

“Services” means any services to be provided by one Party to another pursuant to this Agreement and the relevant Service Agreement;

“Subsidiary Board” means the board of management of the Subsidiary;

“Subsidiary’s Constitution” means the constitution of the Subsidiary in the form approved by the Parent as amended from time to time in accordance with the terms of this Agreement. Words denoting the singular shall include the plural and vice versa, words denoting the masculine gender shall include the feminine gender and vice versa and words denoting persons shall include corporations; and

“Wheatley Solutions Limited” means the company of that name registered under the Companies Acts (registration number SC533419) and having its registered office at 25 Cochrane Street, Glasgow, G1 1HL.

- 1.2 Reference to any statutory provisions or instruments shall be deemed to include reference to any such provisions or instruments as from time to time amended, varied, replaced, extended or re-enacted and to any orders, regulations or other subordinate legislation under such provisions or instruments.
- 1.3 Reference to a clause or a schedule shall be deemed to be references to a clause or a schedule to this Agreement and references to a sub-clause shall be deemed to be references to a sub-clause of the clause in which the reference appears.
- 1.4 In this Agreement, clause headings are included for ease of reference only and shall not affect this Agreement or the interpretation hereof.

2 Group objectives

- 2.1 The Parties hereby recognise they are part of a group and each Party agrees and undertakes to carry on its business in accordance with the Group objectives as agreed from time to time in the Group Strategy.

3 Parent undertakings

- 3.1 The Parent agrees with and undertakes to the Subsidiary in the terms set out in Part 1B of the Schedule. The Parent confirms that the Subsidiary shall manage the day to day affairs of the Subsidiary subject to the provisions of this Agreement.
- 3.2 Notwithstanding that the Parent has the absolute constitutional right to approve or remove any person on the Subsidiary’s Board, the Parent confirms that it shall only exercise that right where, having had regard to the interests of the Group, which shall include the interests of the Subsidiary, the Parent (acting reasonably) is satisfied that, in the circumstances, the exercise of such right is required. Without prejudice to the foregoing, circumstances in which the Parent would consider exercising such step in rights would include, but are not limited to:

3.2.1 Where the Parent (acting reasonably) considers that any such person (acting alone or together with other persons):

- (a) has failed to comply in any material respect with any Group Policy applicable to the Subsidiary or the terms of this Agreement and such failure has been or would in the opinion of the Parent (acting reasonably) be likely to have a material adverse effect upon the business, assets, reputation and / or operations of the Group;
- (b) has brought any part of the Group into disrepute or has acted in a manner which is materially prejudicial to any part of the Group;
- (c) has failed to comply in any material respect with its constitution, Group Code of Conduct or responsibilities as set out in the Schedule; or
- (d) has caused the Subsidiary to fail in any material respect to be in compliance with its agreed Budget or Business Plan, as applicable, or to be in a position where the Subsidiary either is, or is likely to become, unable to meet its debts as they fall due;

or

3.2.2 where:

- (a) the Subsidiary is insolvent or any enforcement action is being taken against it, or has been threatened, by any third party;
- (b) the Parent has a reasonable concern as to the long term financial viability of the Subsidiary or its ability to meet its contractual obligations as they fall due as a consequence of the actions of the Subsidiary's Board or the actions of any member of such Subsidiary's Board;
- (c) the Regulator (or any successor regulatory authority) or any other regulatory authority -
 - (i) issues an adverse (in the Parent's opinion, acting reasonably) supervisory or regulatory report, or
 - (ii) takes regulatory action, or exercises statutory powers, against the Subsidiary or any member of the Subsidiary's Board; or
- (d) the Subsidiary's Board is or is likely to fall below the regulatory minimum number of Board members.

3.3 Notwithstanding that the Parent has the right in the Subsidiary's Constitution to convene a special general meeting and to pass constitutional changes, the Parent confirms that it will only exercise that power where, having had regard to the interests of the Subsidiary, it considers (acting reasonably) it necessary to do so in order to reflect changes within the overall structure of the Group or to further Group strategic priorities.

4 Subsidiary's undertakings

4.1 The Subsidiary hereby agrees and undertakes that:

- 4.1.1 its policies for the admission of members shall be in accordance with the governance requirements set out in any Group Policies, or as otherwise agreed with the Parent;
- 4.1.2 its constitution is subject to agreement by the Parent
- 4.1.3 it shall ensure that the composition of the Subsidiary Board shall satisfy the governance requirements set out in any Group Policies, or shall be as otherwise agreed with the Parent;
- 4.1.4 it shall obtain the approval of the Parent Board prior to appointing a chair to the Subsidiary Board; and
- 4.1.5 the Subsidiary Board shall not exercise its own removal and appointment powers (set out in the Subsidiary's Constitution) in respect of the Subsidiary Board members without the prior written consent of the Parent, which shall not be unreasonably withheld.

4.2 The Subsidiary agrees that the Group Chief Executive will be entitled at any time to investigate any acts, omissions or courses of conduct on the part of any member of the Subsidiary's staff, should the Group Chief Executive, acting reasonably, believe that such investigation is required but has not been instigated or has been instigated but is not being properly and diligently undertaken by the Subsidiary and that such acts, omissions or conduct have had, or may have, a material adverse effect upon the business, assets, reputation and/or operations of the Subsidiary or the Parent or the Group. The Group Chief Executive shall undertake, or instruct that there be undertaken by an appropriate person of his or her choosing, an investigation into the relevant matter, and if the conclusion of such investigation (or if the conclusion of any investigation carried out by the Subsidiary) is that any member of the Subsidiary's staff has breached the terms of their contract of employment, the Group Chief Executive may require the Subsidiary to take such disciplinary action as may be reasonable and appropriate in the circumstances. The Subsidiary agrees that any such acts, omissions or conduct in relation to the Group Chief Executive shall be considered by the Group Remuneration, Appointments, Appraisals and Governance (RAAG) Committee under its Terms of Reference.

4.3 The Subsidiary also agrees with and undertakes to the Parent on the terms set out in Part 1A of the Schedule.

5 Responsibilities of the Parties

5.1 It is agreed that each Party shall have responsibility for all aspects of its business referred to as its responsibility in Part 2 of the Schedule.

5.2 It is further agreed that the Parent Board and the Subsidiary Board shall have the right to manage their respective businesses in accordance with the

objects set out in the Parent Constitution or the Subsidiary's Constitution (as the case may be) and in its best interests, subject only to acting in accordance with Performance Standards, Group Policies, the provisions of this Agreement, the Business Plan and Budget, legal and regulatory requirements and the Group Strategy and Group Business Plan set in accordance with the terms of this Agreement.

6 Group Policies

6.1 The Parent shall have the right to designate which policies shall be applied as Group Policies and therefore be applicable to all Subsidiaries.

6.2 The Parent shall draft Group Policies in such a way as to ensure that the Subsidiary is able to comply with regulatory standards as they apply from time to time and in drafting Group Policies shall have regard to the need to ensure:

6.2.1 compliance with:

6.2.1.1 reasonable standards of financial and business probity; and

6.2.1.2 good practice in governance and risk assessment;

6.2.2 that the business of the Subsidiary is carried on in accordance with the Subsidiary's Constitution and with the Group's Business Plan (or the relevant part thereof)

and otherwise shall have regard to such matters as the Parent Board shall from time to time consider appropriate.

6.3 Subject to the division of responsibilities set out in clause 5, matters of operational policy relating to the Subsidiary's business shall not be a matter for Group Policies and the Subsidiary shall have the right to set its own operational policies and amend these from time to time. The Subsidiary shall notify the Parent of all amendments to its operational policies from time to time and shall take the necessary steps to ensure that any operational policies are consistent with similar policies in operation elsewhere within the Group, including working with other entities within the Group to harmonise operational policies where appropriate.

7 Group business plans

7.1 The Subsidiary remains responsible for the development, review and adoption of its Business Plan and Budget on an ongoing basis, but the Subsidiary will do this within the context of, and in a manner which is consistent with, the then current Group Business Plan and Group Strategy which the Parent is responsible for preparing for the Group as a whole. The role of the Parent will be to review and approve Subsidiary's Business Plan and Budget, subject to viability and maximisation of the assets available in the Subsidiary or elsewhere in the Group. The Parent will monitor and support the delivery of the Subsidiary's Business Plan. Reporting mechanisms will be put in place, from time to time, which properly and appropriately reflect this role.

- 7.2 The Subsidiary shall deliver to the Parent its proposed Business Plan and Budget by a date set by the Parent each year and shall confirm to the Parent that such Business Plan and Budget meet any requirements set by the Parent from time to time in relation to Business Plan and Budget matters.
- 7.3 The Parent Board shall, as soon as reasonably practicable after receipt of the updated Business Plan and Budget pursuant to clause 7.1, confirm to the Subsidiary whether it has any issues of concern with such Business Plan and Budget, and the Subsidiary shall make such amendments to its updated Business Plan and Budget as the Parent Board may reasonably require.
- 7.4 The Parent shall notify the Subsidiary of the reasons for raising issues of concern with its draft Business Plan and Budget and the Parent and the Subsidiary will use all reasonable endeavours to work together to agree a revised Business Plan and Budget for approval by the Parent Board as soon as reasonably practicable. Until such issues are resolved, the draft Business Plan and Budget shall not become the Business Plan and Budget for the purposes of this Agreement, and the preceding year's Business Plan and Budget shall continue to have effect unless and only to the extent that the Parties agree otherwise.
- 7.5 The Subsidiary agrees and undertakes to carry on its business, and only enter into commitments, as envisaged by the Business Plan and Budget or, where any matter is outside the Business Plan and Budget, within prescribed financial limits without notifying the Parent.

8 Group services

- 8.1 The Parties shall seek greater efficiency and effectiveness in the provision of services through economies of scale, improved methods of working, and by locating services most appropriately.
- 8.2 The Parties shall together consider how best to deliver effective and efficient group services with the intention that, over time, each will share services with the other to cover agreed activities and requirements in furtherance of the aims set out in Clause 8.1.
- 8.3 To the extent that the Parent or any other organisation within the Group does provide services to the Subsidiary, or the Subsidiary provides services to the Parent or another Group Member, such services will be provided to a specification to be agreed between the parties and in line with an agreed charging mechanism.
- 8.4 The Subsidiary agrees that, subject to clause 8.5, it shall procure external services through the Parent (and/or other Group Members and/or through any arrangement that is put in place by the Parent for this purpose) in accordance with Part 1A (11) of the Schedule.
- 8.5 Subject to relevant legal and regulatory constraints, it is intended that the primary central service and corporate service provider to the Group shall be Wheatley Solutions Limited. Notwithstanding service provision by Wheatley

Solutions Limited the Parent shall have the right to designate, in order to achieve cost efficiency across the Group, that certain services shall be provided by another Group Member or externally. Except as provided for at Part 1A (11) of the Schedule, the Subsidiary shall have no obligation to procure external services (whether from within or outwith the Group) under clause 8.4 or this clause 8.5 unless it is demonstrably in the financial and operational interests of the Subsidiary to do so.

8.6 Where Services are to be provided by Wheatley Solutions Limited or any other Group Member, the parties thereto shall enter into a Service Agreement substantially in the form set out in Part 3 of the Schedule to this Agreement recording the agreed services to be provided, the relevant performance standards, quality considerations, term of the agreement and pricing.

8.7 The Parent may enter into any agreements it deems appropriate or desirable with any contractors, consultants, or specialist firms for the provision of the Services.

9 Staffing

9.1 Each Party agrees that:

9.1.1 staff shall be employed from time to time in accordance with all relevant Group Policies;

9.1.2 service provision by the Parent shall be in accordance with any Service Agreement entered into pursuant to this Agreement; and

9.1.3 it shall comply with the terms of any intragroup secondment agreement or intragroup employee services agreement to which it is a party from time to time.

9.1.4 The Group Chief Executive has ultimate responsibility for staffing issues across the Group.

9.2 The Parent shall ensure the provision of such staff as it shall reasonably deem appropriate to provide the Services within budgets and may vary the staffing levels as it shall reasonably deem necessary for the performance of the Services.

9.3 The Group Chief Executive shall be appointed by and be accountable to the Parent Board but shall also be accountable and owe a duty of care to the Subsidiary.

9.4 The Subsidiary shall recruit, manage and remunerate its employees and other staff in accordance with any Group Policies relating to human resources.

10 Variations

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

- 10.2 It is accordingly agreed between the Parties that they shall formally review the operation of this Agreement from time to time as deemed appropriate. One Party may thereupon propose to the other Party that a variation be made to this Agreement, and in such event the Parties shall, acting reasonably and in good faith, consider with a view to reaching agreement upon the variation proposed or agreeing variation is not necessary.
- 10.3 In the event of a failure to agree the matter in dispute, it shall be considered pursuant to the procedure set out in clause 11.
- 10.4 In the event of a variation being agreed, the same shall be recorded in a supplemental agreement between the Parties.
- 10.5 The Parent shall not have the right to unilaterally amend the provisions within this Agreement without the consent of the Subsidiary and in the event of any disagreement clause 10.3 shall apply.

11 Resolution of disputes

- 11.1 It is the declared intention of the Parties that all matters of disagreement should be resolved by negotiation and discussion between the Parties and each agrees to act in good faith and use its reasonable endeavours to apply the terms of this Agreement without the necessity for implementing the dispute resolution procedures of this clause 11.
- 11.2 In the event that there is any disagreement or dispute between the Parties as to the operation of this Agreement, each Party agrees that its Chair will meet with the other, with a view to resolving any issues of concern and that those persons present at such meeting will resolve the dispute between the Parties. Until the Chairs reach agreement, the previously approved Subsidiary Business Plan will remain valid for the purpose of any financial commitments or strategic direction.

12 Notices

- 12.1 Any notice to be served on the Parent under the terms of this Agreement shall be in writing and addressed to the Company Secretary of the Parent at its registered office address or to such other address as the Parent may from time to time supply in writing to the Subsidiary and shall be deemed to be duly served:
- 12.1.1 on delivery, if delivered by hand and receipted for by the recipient;
- 12.1.2 48 hours after dispatch by recorded delivery; or
- 12.1.3 if faxed or emailed, one hour after transmission provided that no transmission notification of non-delivery or error has been received by the person transmitting the communication and the transmission is to the fax number or email address of the executive officers mentioned in clause 12.1 and last notified by each Party to the other.
- 12.2 Any notice to be served on the Subsidiary under the terms of this Agreement

shall be in writing and addressed to the Company Secretary of the Subsidiary at the address shown on the front of this Agreement or to such other address as the Subsidiary may from time to time supply in writing to the Parent, and shall be deemed to be duly served:

12.2.1 on delivery, if delivered by hand and receipted for by the recipient;

12.2.2 48 hours after dispatch by recorded delivery; or

12.2.3 if faxed or emailed, one hour after transmission provided that no transmission notification of non-delivery or error has been received by the person transmitting the communication and the transmission is to the fax number or email address of the officer mentioned in clause 12.12 and last notified by each Party to the other.

12.3 A change of address under clause 12.1 or 12.2 must be duly notified in writing to the other Party.

13 Jurisdiction

13.1 This Agreement shall be governed by Scottish law and the Parties submit to the exclusive jurisdiction of the Courts of Scotland.

In witness whereof these presents on this and the preceding eight pages together with the Schedules attached as relative hereto are executed as follows:

Subscribed for and on behalf of Wheatley Housing Group Limited
at
on
by

Authorised signatory

Witness
Full Name
Address

Subscribed for and on behalf of Dumfries and Galloway Housing Partnership Limited
at
on
by

Authorised signatory

Witness
Full Name
Address

This is Part 1 of the Schedule in three Parts referred to in the foregoing Agreement between Wheatley Housing Group Limited and Dumfries and Galloway Housing Partnership Limited.

Schedule Part 1A

Subsidiary's undertakings

The Subsidiary shall co-operate with the Parent as follows:

1. by remaining registered with the Scottish Housing Regulator as a Registered Social Landlord and complying with the Performance Standards/law and other regulatory requirements from time to time;
2. by complying with all requests of any Competent Authority;
3. by complying with all reasonable advice from the Parent in relation to probity, standards of competence, management and fidelity, and customer services;
4. by implementing and complying with Group Policies;
5. by carrying on its business and only entering into financial commitments in accordance with and as envisaged by its Business Plan and Budget and otherwise in line with prescribed limits for financial commitments agreed with the Parent; in the event that the Subsidiary wishes to pursue any initiative which is, or may be, beyond the parameters of its Business Plan and Budget, it shall consider such initiative within the context of, and subject to, Group Strategy and the Group Business Plan and the Subsidiary undertakes to seek prior approval to any such initiative from the Subsidiary Board, the Parent Board and the board of any other Group Member directly affected;
6. by attending liaison meetings with the Parent, if reasonably requested, and providing such relevant information as may be requested by the Parent as to the performance of the Subsidiary in relation to strategic policy, performance and financial matters;
7. by reporting to the Parent upon its financial and other operational functions in such form as the Parent shall from time to time reasonably require;
8. by providing the Parent with copy board reports and papers circulated to Subsidiary Board members (at the time of circulation to such board members) and minutes of meetings of the Subsidiary Board and of all sub-committees promptly following those meetings;
9. by permitting the Group Chief Executive or his or her nominee to attend all Subsidiary Board and committee meetings;
10. by providing all information upon any aspect of its affairs reasonably requested from time to time by the Parent and co-operate fully with any investigations into its affairs initiated by the Parent from time to time;

11. by (a) appointing the Group's external auditors as its external auditors; the Group's internal auditors as its internal auditors; the Group's treasury management function or provider as its treasury management function or provider; and by using the Group's panel of bankers and / or funders as its panel of bankers and / or funders; (b) subject to the terms of Clause 8.5 of the Agreement, using any other consultants on the Group's panel (other than consultants of a temporary or minor nature employed for day to day work); and (c) by making appropriate recommendations to the Parent of consultants who could join the Group's panel;
12. by appointing the Company Secretary of the Parent from time to time as the Company Secretary of the Subsidiary if so requested
13. by respecting confidentiality of all material and negotiations (otherwise than in respect of those already in the public domain) and only disclosing any confidential information pertaining to the Group with the prior written agreement of the Parent (except where required to do so by any law or regulation or by any court of competent authority);
14. by preparing for and co-operating with any monitoring of its activities by the Regulator and by providing copies to the Parent of all communications with the Regulator relating to the Regulator's role as regulator of the Subsidiary;
15. by operating in accordance with the Group Standing Orders and financial regulations;
16. by only contracting as itself and not attempting to commit the Parent, or any other Group Member, as an agent or otherwise, in any contractual arrangement;
17. in all communications with third parties acknowledging that the Subsidiary is part of the Group in such form as shall be agreed between the Parties from time to time;
18. by complying with the reasonable requests of the Parent to contribute to specific areas of the Group business at particular times.

Schedule Part 1B

Parent undertakings

The Parent will co-operate with and support the Subsidiary as follows:

1. by providing or procuring the provision of high level professional and other advice and support as required by the Subsidiary relating to significant policy matters generally, including advice on regulatory requirements in relation to performance expectations, monitoring and good professional standards;
2. by implementing and complying with any relevant Group Policies;
3. by undertaking (a) the appointment of bankers and / or funders and undertaking the appointment of, or providing, the treasury management function; and (b), subject to the terms of Clause 8.4 and 8.5 of this Agreement and without prejudice to the Parent's obligations in terms of clause 4 of this Part 1B of the Schedule, the appointment of other consultants with the necessary skills and experience to meet the needs of the Subsidiary;
4. by appointing:
 - 4.1 external auditors for the Group; and
 - 4.2 internal auditors for the Subsidiary following consultation with the Subsidiary;
5. by complying with all reasonable requests of the Regulator in a timely manner;
6. by implementing all its adopted strategic policies;
7. by providing in a timely manner such advice and assistance as the Subsidiary may reasonably require in the preparation of its Business Plan, Budget, financial plans, statements, financial reports and cash flows;
8. by complying in a timely manner with its responsibilities in relation to the approval of the Business Plans and Budgets under clause 7;
9. by respecting confidentiality of all material and negotiations and only disclosing any confidential information pertaining to the Subsidiary to external parties outwith the Group with the prior written agreement of the Subsidiary (except where required to do so by any law or regulation or by any court of competent authority or where reasonably required either for regulatory purposes or in connection with the Group's or the Subsidiary's borrowing or other funding arrangements or with the provision of services to the Subsidiary);
10. by operating in accordance with the Group Standing Orders;
11. by attending liaison meetings with the Subsidiary, if reasonably requested, and providing such relevant information as may be reasonably requested by the Subsidiary as to the performance of the Group in relation to strategic policy, performance and financial matters; and

12. by acting reasonably and in good faith at all times in relation to the Subsidiary and not in a way that unfairly benefits other Group Members at the cost of the Subsidiary.

This is Part 2 of the Schedule in three Parts referred to in the foregoing Agreement between Wheatley Housing Group Limited and Dumfries and Galloway Housing Partnership Limited.

Schedule Part 2

Group responsibilities

Parent:

The Parent is responsible for the following functions:

1. Group strategic direction – including overall culture, general principles and values; Group business planning and budget guidelines, setting and monitoring of performance standards;
2. approval of the Group's overall budgets and capital programmes;
3. regular review of Group governance arrangements with input from the Subsidiary;
4. receipt of reports from the Group Audit Committee;
5. approval of the overall development programme;
6. the approval and review of Group Policies;
7. ensuring effective arrangements for the provision of central and corporate services to the Subsidiary;
8. central and corporate functions as defined and designated by the Parent from time to time;
9. setting the borrowing and financial management framework for the Group
10. ensuring effective arrangements are in place for the procurement of all external services provided to the Group, and to the Subsidiary in accordance with this Agreement, including maintenance of lists of approved contractors and consultants – but with local input as appropriate to the service;
11. new strategic initiatives – where these involve significant use of resources, whether existing or new;
12. monitoring the compliance by the Subsidiary with all regulatory and legal standards and taking the action envisaged by this Agreement in the event of non-compliance;
13. taking all such actions as it may consider appropriate to encourage, ensure and promote the financial and business viability of the Subsidiary and that all regulatory requirements affecting the Group are complied with and that the Group's overall reputation and good standing is fully protected at all times; and
14. strategic stakeholder management and relationships for the Group save to the extent that same are the express responsibility of the Subsidiary in terms of this

Agreement.

Subsidiary:

The Subsidiary is responsible for the following functions:

1. carrying out all acts necessary or desirable to ensure its business is carried out in accordance with the Subsidiary's Constitution and any other requirements of the Regulator or any other appropriate Competent Authority, and that its overall business objectives are furthered in the manner the Subsidiary Board considers most appropriate, subject only to the provisions of this Agreement;
2. running all operational, management and day to day aspects of its business, including the setting of the operational framework within the context of the Business Plan and Group Policies;
3. definition of its service standards for service level agreements;
4. reporting to the Parent Board as required by the Agreement;
5. client function in relation to central and corporate services, as defined and designated by the Parent;
6. generation of new operational initiatives and local strategic initiatives within the communities specifically served by the Subsidiary (as opposed to any other Group Member), in line with, and within the parameters of, Group Strategy;
7. ensuring that the Subsidiary's business is operated in accordance with the strategic objectives, of the Group from time to time;
8. taking action on internal and external audit findings;
9. maintaining good relationships with any external parties, including, without limitation, local authorities, health authorities and other statutory agencies;
10. monitoring key performance indicators and reporting to the Parent;
11. the ongoing management of customer relationships with the Subsidiary's service users; and
12. contributing to the formulation of Group Strategy and implementing same at a local level within the communities in which the Subsidiary operates;

This is Part 3 of the Schedule in three Parts referred to in the foregoing Agreement between Wheatley Housing Group Limited and Dumfries and Galloway Housing Partnership Limited.

Schedule Part 3

Form of service agreement

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