

Ongo Developments / Ongo Home Sales

Please note that the following TOR are draft pending detailed legal and taxation advice in relation to the two development companies. The follow draft is based on the premise that the two companies will remain, but will be governed on a common basis.

General

1. Ongo Developments and Ongo Home Sales will operate as a common board and will be known as “Ongo Developments” within the governance structure of Ongo Group.
2. Ongo Developments will report to the Ongo Group Board.
3. Ongo Developments shall operate as the Board for Ongo Developments and Ongo Home Sales within the Group and as a development committee for all subsidiaries and legal entities within the Ongo Group.

Responsibilities

4. Ongo Developments is responsible for assisting the Board in fulfilling its development responsibilities and shall monitor the performance of such activities across Ongo Group.
5. To be responsible and accountable to the Common Board for risk management within the Sales and Development areas and escalating issues to the Common Board when necessary, seeking independent advice as relevant.

Authority

6. Ongo Developments is authorised by the Group Board to:
 - a) examine any activity within its terms of reference;
 - b) seek any information it requires from any member of staff. All staff will co-operate with any reasonable request made by the Committee; and
 - c) approve investment in projects that form part of a development programme, budget and financial plan that has been approved by the Board and within limits defined by the Board.
7. The Group Board will always retain overall responsibility for agreeing and reviewing the investment strategy in line with relevant policies and for all aspects of financial management, development and investment decisions.

Scope

8. Subject to all proposals being aligned with strategies approved by the Group Board and appropriate budgets, and working within the limits defined in the Group’s Organisational and Financial Delegations, Ongo Developments shall be responsible to the Ongo Group Board as appropriate for the following areas of activity.

Development investment

9. Scrutinising all investment decisions in respect of development activity and significant opportunities for growth, including but not limited to: new development; acquisitions of housing stock; initial assessment of joint ventures (subject to Group Board approval); and other major projects.
10. Review and approval of investment criteria for new development projects (e.g., sales targets and values) and recommend to the Group Board for approval.

11. Recommending, or otherwise, such investment and growth projects to the Ongo Group Board for approval.

Development scheme approvals

12. To receive and evaluate reports on proposed development projects, challenging staff and advisers to achieve assurance that the risks and costs of schemes have been fully and appropriately assessed and that projects align with the Group Board's approved strategies.
13. To receive reports on any anticipated cost over-runs above an agreed percentage of total approved scheme costs, that percentage being determined by the Group Board and reviewed from time to time.
14. Where the cost of a proposed scheme is greater than the limit set by the Group Board for delegated approvals or where the proposed scheme is outside approved strategies, to make recommendations to the Group Board for approval with such justification as Ongo Developments deems appropriate.
15. Where project or contract values are in excess of the limits defined by the Group Board, considering and recommending to the Group Board (and relevant subsidiary Boards) for approval:
 - a) proposals relating to the development by Ongo Group or one of its subsidiaries of homes (or commercial property) for sale or for rent;
 - b) new contracts with funding and grant making bodies;
 - c) monitoring subsequent performance of such programmes;
 - d) formal/binding offers and contractual commitments for new sites and development programmes undertaken by Ongo Group;
 - e) proposals relating to acquisition by Ongo Group or any entity of the Group of any interest in land with a view to future development or sale;
 - f) any joint venture or partnership agreements to enable delivery of development schemes, and any material variations to those agreements.
16. Monitoring the performance of any joint venture or significant contract related to Ongo Developments' scope of activity and recommending to the Ongo Group Board any actions necessary to ensure that agreed outcomes are delivered.
17. Considering new tenure models, their applicability to the range of products offered and the likely or estimated return on scheme investment.

Programme monitoring and risk management

18. At regular intervals, to review and monitor the development programme including (but not restricted to): actual costs compared to forecast; total Work in Progress (WIP); sales performance and profitability; cumulative exposure to contractors/suppliers; cost indices and trends; evidence of need; and demand and such other intelligence and data as may be deemed relevant by Ongo Developments.
19. To monitor the effectiveness of internal controls and systems for business assurance within the development and sales programme, referring as appropriate to internal and regulatory audits to ensure compliance and continuous improvement and liaising with the Audit and Risk Committee concerning any findings.
20. To monitor an appropriate operational risk register for the development programme, and how effectively management are mitigating the risks.

21. To provide the Audit and Risk Committee with regular updates on the development risk register to enable it to satisfy the Ongo Group Board that there is a sufficient and systematic identification, review and management of risks within the organisation.

Composition

22. Ongo Developments shall consist of four people, two of which must be members of the Ongo Group Board, one will be an Executive member of Ongo Group and one will be an independent member.
23. Ongo Group shall appoint one of the Ongo Group board members as the Ongo Developments' Chair.
24. At least one member of Ongo Developments' Non-Executive membership should have significant, recent and relevant development and investment experience.
25. On the recommendation of Ongo Developments and the approval of the Ongo Group Board one co-optee may be appointed to enhance the skills and experience of Ongo Developments.

Quorum

26. The quorum for meeting shall be two and one must be non-executive member of the Ongo Group Board.

Frequency of Meetings

27. Ongo Developments will normally meet quarterly and otherwise as necessary.

Secretary

28. The Company Secretary or his or her nominee shall act as the secretary of Ongo Developments.

Attendance

29. External advisors may attend all or part of meetings at the invitation of the Ongo Developments' Chair.

Accountability

30. The Ongo Developments is accountable to the Ongo Group Board Board for the fulfilment of the responsibilities delegated to it as set out in these Terms of Reference.
31. All Ongo Developments' members share responsibility for the board's decisions and should act only in the interests of the Group and not on behalf of any constituency or interest group.
32. The Ongo Group Board will obtain assurance on Ongo Developments' work via minutes and regular feedback from the Chair on all of Ongo Developments' meetings.
33. The Ongo Developments' Chair will ensure that key issues are promptly brought to the attention of the Ongo Group Board (and subsidiary boards where necessary).
34. Ongo Developments will report formally on its work to the Ongo Group Board on an annual basis.

Review

35. The Ongo Group Board has approved these terms of reference and they will bind the Ongo Developments' board from [Date].

36. Ongo Developments' will arrange for periodic reviews of its own performance and, at least every two years, the board shall review its structure, delegated responsibilities, reporting arrangement and its terms of reference and report its conclusions to the Ongo Group Board, including any recommendations for change.