

Meeting: Council

Date: 22 June 2017

Wards Affected: All Wards

Report Title: Transformation Project – Housing Companies Policy Framework Document

Is the decision a key decision? Yes

When does the decision need to be implemented? Immediately

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1. Introduction

- 1.1 On 22 September 2016, Council agreed the principle of setting up a new wholly owned company to develop and own homes, with the overarching aim of maximising income back to the Council, as well as supporting the objectives of the Council's Housing Strategy. Council approved the use of funding to undertake necessary further due diligence in order to progress the proposal.
- 1.2 Subsequently on 24 February 2017, Council agreed to the establishment of three new companies limited by shares: (i) a Holding Company (HoldCo), (ii) a Housing Development Company and (DevCo) (iii) a Housing Rental Company (RentCo), which is currently in progress.
- 1.3 The Holding Company will be wholly owned by the Council and, as the name suggests, act as a holding company for the Council's interest in the Housing Development Company, and Housing Rental Company as well as any other companies that the Council decided in the future to include within the Holding Company group.
- 1.4 This report comes to Council for approval of the Policy Framework document for DevCo and RentCo.
- 1.5 Officers in conjunction with the 'Housing Group' have developed an officer proposed Policy Framework document for DevCo and RentCo, this version has been subject to early input from Overview and Scrutiny via a 'Task and Finish Group'.
- 1.6 The Mayor has had the opportunity to consider the officer proposed Policy Framework document and is subsequently presenting a Mayoral Proposal (Appendix 2).

2. Reason for Proposal

2.1 To progress the Housing Company and Development Company proposals.

3. Mayoral Recommendation (s) / Proposed Decision

3.1. That the Housing Company Policy Framework document set out at Appendix 2 to the submitted report be approved.

4. Officer Recommendation(s) / Proposed Decision

4.1 That the Housing Company Policy Framework document set out at Appendix 3 to the submitted report be approved.

4.2. That a Housing Company Committee be created, with the Terms of Reference as set out in Appendix 4. The Committee to comprise of seven Members and that the Special Responsibility Allowance (SRA) for the Chairman of the Committee be £3,405 subject to consultation with the Independent Remuneration Panel.

4.3. That Council grant to HoldCo working capital of £500,000 in the form of a loan - the terms of which to be agreed by Assistant Director of Corporate and Business Services and the Head of Finance.

4.4 The Council Asset Management Plan be amended so as to include the following;

Where the Council proposes to dispose of land to HoldCo, RentCo or DevCo these shall be decisions for Full Council to take as part of the approval of each Business Case.

4.5 Council to approve £50m of Prudential Borrowing to facilitate the work of RentCo and DevCo with the developments/phases being approved by the Housing Company Committee to draw down against this amount.

4.6 That the HoldCo Board shall be comprised of the following Directors, namely;

- i) Three Council Members, one from each of the Political grouping, i.e. Conservative, Liberal Democrats and Independents, to be appointed by Group Leaders,
- ii) Three Non-Executive Directors,
- iii) The Executive Directors of the subsidiary companies.

Appendices

Appendix 1 - Supporting Information and Impact Assessment

Appendix 2 – Housing Companies Policy Framework – Mayoral Proposal

Appendix 3 – Housing Companies Policy Framework – Officer Proposal

Appendix 4 – Housing Company Committee Terms of Reference

Appendix 5 – Mayoral Record of Decision

Background Documents

Report to Council – Transformation Project – Generating Income through Housing dated 22 September 2016

Report to Council – Transformation Project – Generating Income through Housing dated 23 February 2017