



St Edmundsbury
BOROUGH COUNCIL

St Edmundsbury Borough Council

Cabinet Decisions Notice
(Published: Thursday 29 October 2015)

The following decisions were taken by the Cabinet at an Extraordinary meeting on **Tuesday 27 October 2015**. As the decisions are subject to full Council approval, the call-in procedure does not apply on this occasion.

Should you have a query regarding any of the decisions taken, contact should be made with the named officer in the first instance, either on the telephone number listed against their name, or via email using the format firstname.surname@westsuffolk.gov.uk. Alternatively, you may also contact the relevant Portfolio Holder on the telephone number listed against their name, or via email using the format firstname.surname@stedsbc.gov.uk. Contact may also be made via Democratic Services, St Edmundsbury Borough Council, West Suffolk House, Western Way, Bury St Edmunds Suffolk, IP33 3YU

Agenda Item and Report No.	Declarations of Interest/ Dispensations Granted	Decision(s) (including recommendations to Council)	Reason(s) for Decision(s)	Other Options Considered and Reasons for Rejection	Contacts
Item No. 4 CAB/SE/15/070	None	<p><u>Business Case to Establish a Housing Development Company</u></p> <p>RECOMMENDED TO COUNCIL (Extraordinary meeting - 17 November 2015): That the following be approved:</p> <p>(1) The establishment of a Housing Development Company incorporated as a company limited by shares that will be jointly owned by Suffolk County Council (50% of shares), Forest Heath District Council (25% of shares) and St Edmundsbury Borough Council (25% of</p>	<p>The Cabinet considers the business case for establishing a commercial company limited by shares for the purpose of developing housing for sale and private rent, and affordable rent and low-cost home ownership in line with existing planning policies, will make a significant contribution to the West Suffolk councils' three strategic priorities whilst generating a revenue income that will help address future revenue shortfalls such as significant reductions in central government grant funding. It has therefore recommended to full Council that the</p>	<p>The alternative options considered and rejected were:</p> <p>'do nothing' beyond supporting new housing through traditional means, including disposing of land and/or providing financial grants to housing associations.</p> <p>REJECTED – the development company approach affords a better</p>	<p><u>Portfolio Holder/ West Suffolk's Lead Member for Housing:</u> Cllr Sara Mildmay-White 01359 270580</p> <p><u>Officer:</u> Simon Phelan Head of Housing 01638 719440</p>

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		<p>shares).</p> <p>(2) St Edmundsbury Borough Council's full Council assumes the role of Shareholder in St Edmundsbury.</p> <p>(3) A Shareholder Advisory Group be established with the purpose of advising each Council when exercising its role as Shareholder consisting of two elected members from Forest Heath District Council, two from St Edmundsbury Borough Council and four from Suffolk County Council, with advice provided by senior officers of all Councils. The identification of St Edmundsbury Borough Council's nominations to the Shareholder Advisory Group be delegated to the Leader of St Edmundsbury Borough Council acting in consultation with West Suffolk's Lead Member for Housing.</p> <p>(4) The composition of the Company's Board of Directors to be one director from Forest Heath District Council who shall be an officer of</p>	<p>recommendations contained in Report No: CAB/SE/15/070 should be approved, with the Cabinet's amendment to Recommendation (6), which requests that the Joint West Suffolk Chief Executive should consult either West Suffolk's Lead Member for Housing or St Edmundsbury's Leader of the Council before making a decision on whom to nominate as St Edmundsbury's director on the Company's Board of Directors.</p>	<p>use of limited financial resources and is in line with the Councils' commercial approach</p> <p>The Councils to build directly. REJECTED – local authorities do not have powers to directly undertake commercial activity but can do so through a company.</p> <p>Joint venture model with a private developer. REJECTED – this option would take significant time to establish, the structure would compromise flexibility, notably the Councils and partner would have to reach a mutual agreement to dissolve the</p>	

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		<p>West Suffolk Council, one director from St Edmundsbury Borough Council who shall be an officer of West Suffolk and two directors from Suffolk County Council (anticipated to be officers of Suffolk County Council), with up to an additional three directors appointed by the unanimous decision of the Shareholders.</p> <p>(5) The recommendation of St Edmundsbury Borough Council's Overview and Scrutiny Committee held on 15 October 2015 that the criteria for selection of the three additional directors as specified in the fourth bullet of paragraph 3.24 in Appendix A be amended to read "<i>up to three additional directors unanimously approved by the three Shareholder Councils. These will be 'independent' individuals selected for their relevant expertise and experience</i>".</p> <p>(6) Authority to nominate St Edmundsbury's director be</p>		<p>company, and revenue income would have to be shared.</p>	

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		<p>delegated to the Joint West Suffolk Chief Executive, in consultation with West Suffolk's Lead Member for Housing or the Leader of St Edmundsbury Borough Council.</p> <p>(7) That the approval of the Memorandum and Articles of Association be delegated to the Head of Housing and the Monitoring Officer acting in consultation with West Suffolk's Lead Member for Housing and Suffolk County Council's Director of Resources, who will act in consultation with Suffolk County Council's Cabinet Member for Finance.</p> <p>(8) Authority to negotiate and finalise the Shareholder Agreement be delegated to the Head of Housing and the Monitoring Officer, acting in consultation with the West Suffolk's Lead Member for Housing and Suffolk County Council's Director of Resources, who will act in consultation with Suffolk County Council's Cabinet</p>			

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		<p>Member for Finance.</p> <p>(9) That the naming of the Housing Development Company be delegated to the Head of Housing acting in consultation with the Service Manager (Corporate Communications), West Suffolk's Lead Member for Housing and Suffolk County Council's Director of Resources, who will act in consultation with Suffolk County Council's Cabinet Member for Finance.</p> <p>(10) Authority to complete and submit the necessary documentation for incorporation be delegated to West Suffolk's Monitoring Officer acting in consultation with West Suffolk's Head of HR, Legal and Democratic Services and Head of Housing and officers from Suffolk County Council.</p> <p>(11) That <i>in principle agreement</i> is given to the disposal of St Edmundsbury Borough Council's assets (land and/or buildings) to the Company at</p>			

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		<p>market rates.</p> <p>(12) That <i>in principle agreement</i> is given to provide to the Company funding through state aid compliant loans in line with St Edmundsbury Borough Council's existing Loans Policy.</p> <p>(13) A contribution of £125,000, funded from St Edmundsbury Borough Council's Strategic Priorities and Medium Term Financial Strategy reserve, to a total working capital loan of £500,000 subject to contributions from all Councils in the following proportions; Forest Heath District Council (25%), St Edmundsbury Borough Council (25%) and Suffolk County Council (50%).</p> <p>(14) That authority to negotiate and approve any staffing or TUPE matters arising in the future in connection with the Company's operations be delegated to the Head of HR, Legal and Democratic Services acting in consultation with the Head of</p>			

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		<p>Finance and Resources (s151 officer) and appropriate Suffolk County Council officers.</p> <p>(15) Once the Company's first Annual Business and Delivery Plan has been submitted to Shareholders (Forest Heath District Council, St Edmundsbury Borough Council and Suffolk County Council) and approved by the Shareholders (Forest Heath District Council's full Council, St Edmundsbury Borough Council's full Council and Suffolk County Council's Cabinet), the Company may start trading.</p> <p>(16) The detailed financial modelling contained in the exempt Appendices B, C and D, be noted and the financial viability of the exemplar sites appraised, be noted.</p>			

Karen Points
Head of HR, Legal and Democratic Services
29 October 2015