

Cabinet



Forest Heath
District Council

Title of Report:	Recommendations of the Overview and Scrutiny Committee: Barley Homes - Five Year Business Plan	
Report No:	CAB/FH/16/054	
Report to and dates:	Cabinet	13 December 2016
	Council	21 December 2016
Portfolio holder:	Sara Mildmay-White West Suffolk Lead Member for Housing Tel: 01284 702212 Email: sara.mildmay-white@stedsbc.gov.uk	
Chairman of the Committee:	Simon Cole Chairman of the Overview and Scrutiny Committee Tel: 07974 443762 Email: simon.cole@forest-heath.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	<p>In November 2015, Council approved the establishment of a Housing Development Company, limited by shares for the purpose of developing housing for sale, private and affordable rent. In principle approval was given by Council to provide the Company with funding through state aid compliant loans in line with the Council's Loans Policy. This in principle funding was subject to the approval of a Business Plan by the Shareholders (Forest Heath District Council's full Council, St Edmundsbury Borough Council's full Council and Suffolk County Council's Cabinet. In December 2016, full Council will be asked to consider Barley Homes initial five year Business Plan and approve the funding mechanism required to deliver the Business Plan.</p> <p>This report asks the Cabinet to consider the recommendations from the Overview and Scrutiny Committee in relation to the scrutiny of the Barley Homes Five Year Business Plan.</p>	

Recommendations:	<p>It is RECOMMENDED that, subject to the approval of Council:</p> <ol style="list-style-type: none"> 1) The five year Business Plan, attached at Exempt Appendix A to Report No: OAS/FH/16/030, be approved; 2) A £3m revolving investment facility, to be added to the Council’s capital programme, financed from the reallocation of the “Housing Company” pending capital budget of £3m, be approved; 3) Delegation be given to the S151 Officer and Monitoring Officer, in consultation with the Portfolio Holders for Resources and Performance and Housing to issue equity and loan funding from the revolving investment facility (set out in 2 above) subject to state aid requirements; 4) The S151 Officer and Monitoring Officer, in consultation with the Portfolio Holder for Resources and Performance, be authorised to negotiate and agree the terms of such loans with Barley Homes and the funding and necessary legal agreements, taking into consideration the Council’s loans policy and state aid requirements; 5) Approval of the Business Plan will constitute consent for Barley Homes to issue shares and enter into debt financing, in line with the Business Plan, be noted.
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>
Consultation:	<ul style="list-style-type: none"> • See Report OAS/FH/16/030
Alternative option(s):	<ul style="list-style-type: none"> • See Report OAS/FH/16/030
Implications:	
<i>Are there any financial implications? If yes, please give details</i>	<ul style="list-style-type: none"> • See Report OAS/FH/16/030
<i>Are there any staffing implications? If yes, please give details</i>	<ul style="list-style-type: none"> • See Report OAS/FH/16/030
<i>Are there any ICT implications? If yes, please give details</i>	<ul style="list-style-type: none"> • See Report OAS/FH/16/030
<i>Are there any legal and/or policy implications? If yes, please give details</i>	<ul style="list-style-type: none"> • See Report OAS/FH/16/030

<i>Are there any equality implications? If yes, please give details</i>		• See Report OAS/FH/16/030	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See Report OAS/FH/16/030			
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		Report No: OAS/FH/16/030 (Note: Members who wish to receive a copy of the Exempt Appendix A - Business Plan , please contact Democratic Services directly).	
Documents attached:		None	

1. Key issues and reasons for recommendations

- 1.1 On 10 November 2016, the Committee considered Report No: OAS/FH16/030, which asked Members to scrutinise the content of the Barley Homes initial five year Business Plan, prior to being considered by Cabinet and Full Council in December 2016 to approve the funding mechanism required to deliver the plan. Attached as Exempt Appendix A, was the Barley Homes Group Business Plan.
- 1.2 The Committee was reminded that the primary function of Barley Homes was to generate profits through the development of new housing for sale and rent, on land owned by one of the councils initially in west Suffolk. The establishment of the housing company was one of the many ways that the council was looking to become self-sufficient through new income generation activities, as central government grants were reduced and eventually removed.
- 1.3 The Report set out key issues, which included initial sites; investment opportunity and financial returns; monitoring of progress and future development decisions; delivery of the business plan; legal implications and the next steps.
- 1.4 The Overview and Scrutiny Committee scrutinised the Exempt Appendix A attached to the report, and as reference was made to specific detail, these discussions were held in private session.
- 1.5 The Committee asked a number of questions to which the two Directors from Barley Homes provided comprehensive responses.
- 1.6 The Overview and Scrutiny Committee has put forward recommendations as set out on the front of the Report.