

## LEGAL & DEMOCRATIC SERVICES ADVISORY COMMITTEE

Minutes of the meeting held on 14 December 2017 commencing at 4.00 pm

Present: Cllr. Firth (Chairman)

Cllr. Pett (Vice Chairman)

Cllrs. Dr. Canet, Eyre, Halford, Mrs. Hunter, Pett and Raikes

Apologies for absence were received from Cllrs. Barnes, Bosley, Dyball and McGarvey

Cllrs. Clark, Coleman, Esler, Grint, Lowe, Mrs. Morris, Piper, Purves and Scholey were also present.

The Chairman allowed reading time of the supplementary agenda which contained the most up to date version of the business case as advised by the consultant Mark Baignent Consulting Ltd (MBCL).

The Chairman advised that the main difference was an additional modelling based on using an uplifted inflation rate of 3% post 2020 in line with the Government position and therefore there was a paragraph on page 12 of the supplementary agenda on this and a new page of figures on page 18 headed "Rent Inflation Sensitivity". She advised that this made the whole proposal more viable as it upped the rents post 2020, basically adding another £1m to both options A and G.

### 21. Declarations of Interest

No additional declarations of interest were made.

### 22. Affordable Housing Company - Business Case

Members considered a report and the appendix which was the commissioned expert external advice which had been sought and informed them of the business case for setting up, by the Council, an Affordable Housing Company.

The Chairman stated that this meeting had been called to consider the commissioned advice Council had agreed to obtaining on 21 November 2017, on setting up the Council's own affordable housing company using s.106 planning gains. It was the Council's legal duty to use or facilitate affordable housing within the District and be aware of the shortage of affordable housing within the District. The Chairman welcomed Mark Baignent to the meeting, who introduced himself and gave a brief appraisal of his background. He had been a lead officer setting up a similar company in the Royal Borough of Greenwich, and had advised the London Boroughs Tower Hamlets, Hackney, Haringey and Sutton. Members took the opportunity to enquire as to the similarities of the work to what was being

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considered here and the advantages and disadvantages of the Options before them. Mark Baignent ran through the options listed within his report and Members took the opportunity to seek clarification and ask questions.

The Chairman stated that the company would look to outsource the maintenance function, and clarified the advice was to use Housing Associations or registered providers who already had stock in the same area.

The Chairman invited the Portfolio Holder for Housing & Health to address the Committee and she advised that there were a number of Housing Associations the Council could work with.

It was noted that this would be undertaken to complement not compete with other providers.

In response to questions the Chairman advised that the advantage was that the Council/Company, would have control of tenants and tenancies and could stipulate no lifetime tenancies and prioritise particular groups such as keyworkers. Viability would need to be carefully assessed, and the avoidance of right to buy meant that properties could be kept within the district.

The Chairman recommended Option G as the option to pursue, as the least risky and most viable. The Portfolio Holder for Finance addressed the Committee and agreed it was the safer option.

The Chairman also advised that the Consultant had modelled his figures on the Council spending £3m on the project when in fact £5m was available. There would also be the cost of administration of the Company and preparation of the annual accounts etc. It was noted that an assumption had been made for these costs. It was noted that there would also be costs involved with finding sites which would only be offset if a project went ahead and not all costs could be capitalised. It was also noted that the Council's in house Property Team were already overstretched.

The Chairman queried whether the s.106 money could be used for set up costs and how far the definition could be stretched. The Chief Finance Officer advised that it would have to be charged to the company. The company needed to be seen to be a going concern. It was noted that s106 was different to CIL arrangements.

*Action 1: Clarification to be sought by the Head of Legal & Democratic Services on whether s106 monies could be used for administrative costs.*

*Action 2: The Consultant to remodel figure based on access to £5m.*

In response to a question from the Chairman of Audit Committee, the Chairman replied that she expected the company to have a slimline effective and cost effective governance structure, either similar to the Council's trading company or smaller. She hoped to have voluntary Non Executive Directors.

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Resolved: That the report be noted.

THE MEETING WAS CONCLUDED AT 5.19 PM

CHAIRMAN