

CABINET

14 JULY 2015

Record of decisions taken at the meeting held on Tuesday 14 July 2015.

Present:

Chair: * Councillor David Perry

Councillors:

* Sue Anderson	* Varsha Parmar
* Simon Brown	† Kiran Ramchandani
* Keith Ferry	* Sachin Shah
* Glen Hearnden	* Anne Whitehead
* Graham Henson	

In attendance:

Richard Almond	Minute 219
Manjibhai Kara	Minute 218
Chris Mote	Minute 219
Janet Mote	Minute 219

- * Denotes Member present
- † Denotes apologies received

RECOMMENDED ITEMS

222. Property Purchase Initiative to increase the supply of good quality Temporary Accommodation

Having considered the confidential appendix, it was

Resolved to RECOMMEND: (to Council)

That an addition of a total of £30m to the Capital Programme be approved to enable the Council to proceed with the purchase and repair of properties, as set out in resolution 1 below; an initial spend profile to assume a spend of £7.5m in 2015-16, £15m in 2016-17 and the final £7.5m in 2017-18, though

this might vary depending on how quickly appropriate properties could be sourced.

RESOLVED: That

- (1) the Divisional Director of Housing Services, following consultation with the relevant Portfolio Holder(s), be authorised to acquire up to 100 properties on the open market for the purpose of providing temporary accommodation, at a maximum cost of £30m to include the purchase price, with all costs associated with the acquisition and initial repairs and refurbishment as set out in the report; the current assumption being that these properties would be held outside of the Council in a Limited Liability Partnership (LLP) that would be set up to hold investment property on behalf of the Council; with the intention that the LLP would purchase the properties directly, but in the event of any delay in establishing the LLP, it was anticipated that the Council would proceed with the purchase of appropriate properties on the basis that they would then be transferred into the ownership of the LLP once established;
- (2) as set out in the report, the transfer of the properties under the initiative to the LLP was assumed to be financed entirely by partnership capital, with 95% being funded by Council, with the balance being funded by the holding company set up to deliver the Council's trading activities; and therefore the Interim Director of Finance, following consultation with the Finance and Major Contracts Portfolio Holder, be authorised to invest an amount not exceeding £30m in the LLP, with 95% of this being assumed to be partnership capital from the Council, and 5% assumed to be partnership capital of the Holding company;
- (3) the Divisional Director of Housing Services, following consultation with the Portfolio Holder for Housing, be authorised to acquire properties at a premium, as set out in Appendix 1 to the report, above the price set out in the valuation report to enable flexibility in negotiation of price in a rising housing market provided the overall costs of acquiring the 100 properties were contained within the maximum authorised cost of £30m;
- (4) it be noted that the indicative cash flows produced by the Business Model attached at Appendix 1 to the report, which currently showed that the LLP was likely to generate annual profits the majority of which (95% under the current proposal) would be attributable to the Council and therefore be exempt from corporation tax; the 5% proportion attributable to the Holding company would be income that would be subject to corporation tax;
- (5) the Divisional Director of Housing Services, in consultation with the Corporate Director of Resources, and following consultation with the relevant Portfolio Holder(s), be authorised to determine the most efficient way to manage the property acquisition programme and invite and evaluate tenders and award contracts for any services, including repairs and maintenance contracts, necessary for the programme within the agreed budget;

- (6) the Corporate Director of Environment and Enterprise, following consultation with the relevant Portfolio Holder(s), be authorised to transfer the freehold of 33 Whitefriars Avenue from the General Fund to the Housing Revenue Account for the consideration of £275,000.

Reason for Decision: To enable a Property Acquisition Programme to provide good quality temporary accommodation to be progressed and start to deliver Bed and Breakfast savings as soon as possible.

Alternative Options Considered and Rejected: As set out in the report.

Conflict of Interest relating to the matter declared by Cabinet Member / Dispensation Granted: None.