

ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

<p>Contribution to the Council's Corporate Priorities/ Objectives:</p>	<p>Priority 1 – Improve the health and wellbeing of our communities</p> <p>Priority 2 – Enhance the quality of people's lives</p> <p>Priority 3 – Enable a flourishing local economy</p> <p>The proposal is to establish a property investment company to provide good quality homes for private rental and, if financially advantageous, to invest in commercial property.</p> <p>The provision of good quality housing in all tenures plays a crucial role in meeting all three priorities, particularly, enhancing people's lives.</p>
<p>Consultation:</p>	<p>The proposals have been developed internally.</p>
<p>Legal:</p>	<p>Trowers and Hamlins solicitors have provided detailed advice on the legal aspects of establishing a housing company. Of note, Section 1 of the Localism Act 2011 provides local authorities with the power to do anything an individual may do, subject to a number of limitations. This is referred to as the 'general power of competence'. Section 4 of the Localism Act 2011 requires that where a local authority exercises the general power of competence for a commercial purpose it must do this through a company.</p> <p>Section 95 of the Local Government Act 2003 is also of relevance. The associated regulations, Regulation 2 of the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009, require a business case to be prepared and approved by the Council before a company starts trading. This report constitutes consideration of the strategic and financial business case.</p>
<p>Financial:</p>	<p>Savills Consultancy has confirmed the sound basis of the business plan model used. In addition, advice from PWC has been used to ensure the appropriate treatment of tax issues has been incorporated into the model.</p> <p>PWC has confirmed that the proposed approach is in line</p>

	<p>with EU guidance/state aid regulations and the operational metrics adopted by similar local authority owned companies.</p> <p>Approval of the recommendations will trigger officers to finalise a detailed 30 year business plan which will be presented to full Council in due course in support of a case for granting a loan and making an equity investment.</p>
<p>Human Resource:</p>	<p>There are no TUPE implications.</p> <p>It is envisaged that the company would not employ its own staff during its early stages of operation, and indeed perhaps not unless approval is given in future to embark on housing development.</p>
<p>Risk Management:</p>	<p>The overall project group has considered the risks of the project and risk log is regularly reviewed.</p>
<p>Health and wellbeing – issues and impacts:</p>	<p>The proposal is to establish a property investment company to provide good quality homes for private rental and, if financially advantageous, to invest in commercial property.</p> <p>The provision of good quality housing in all tenures plays a crucial role in meeting all three priorities, particularly, enhancing people’s lives.</p> <p>Community benefits could include:</p> <ul style="list-style-type: none"> • providing income to protect existing council services and/or fund emerging priorities • acting as a good private sector landlord, putting increasing pressure on poorer landlords to improve • providing a potential ‘last resort’ action to tackle poor standards in the private sector and/or remedy empty properties where both informal advice and enforcement have failed • increasing the availability of good quality private rented accommodation for those on short-term placements with local employers • providing good quality commercial premises to encourage business growth.