

Present: Councillor Donald Nannestad (*in the Chair*),
Councillor Rosanne Kirk, Councillor Fay Smith and
Councillor Peter West

Apologies for Absence: Councillor Ric Metcalfe and Councillor Neil Murray

94. Confirmation of Minutes - 27 November 2017

RESOLVED that the minutes of the meeting held on 27 November 2017 be confirmed.

95. Declarations of Interest

No declarations of interest were received.

96. Establishment of a Wholly Owned Housing Company

Purpose of Report

To set out more detail regarding the proposed housing company which would be wholly owned by the Council, including the proposed narrative of the business plan along with the high level financial assumptions.

Decision

That the Executive:

- (1) Approves the narrative of the business case and the detailed financial estimates of the housing company business plan, as set out in Appendix 1 of the report.
- (2) Approves the formation of a wholly owned Council company on the terms proposed in the report and at the meeting of the Executive on 29 February 2016.

Other Alternatives Considered and Rejected

Other options were explored in the formation of the company related to whether and how it could deliver new build property at sub-market rent.

Reason for Decision

The Executive had agreed, in principle, to the formation of a wholly owned housing company at its meeting on 29 February 2016, which was part of a three stranded strategy to intervene in a failing housing market and provide additional housing. The housing company would develop property, primarily operating as market rented accommodation. This would enable the company, and in turn the Council, help a section of the community respond to the many challenges they faced in the current housing market in Lincoln. It would also help in widening the tenure mix in the city and act as an exemplar in the private rented sector.

The overriding principle of the housing company's financial modelling was that there would be no overall cost over the life of the business plan to the Council in setting up and financing the company. A consequence of this, however, was that affordable housing would not be able to be delivered through the company mechanism. The financial implications relating to the company's business plan estimates were outlined in paragraphs 6.1 – 6.5 of the report. It was currently estimated that the prospect of the housing company, as well as providing property, could also potentially make a return for the Council's general fund of approximately £34,000 per annum.

The housing offer from the company would be separate and different to that of the Council. In particular, the tenancy arrangements would be different to secure tenancies provided by the Council with the company essentially offering responsible managed private rented accommodation.

The narrative of the company business plan was attached to the report at Appendix A and had been modelled on developing 53 properties during the first few years of operation. Subject to a range of factors the housing company would have the potential to significantly increase its portfolio over time, with the first plan being essentially about getting the company started. The portfolio used within the model was for a scheme at Searby Road. It was emphasised that Searby Road had been used for modelling purposes only and that this location was not necessarily where development would take place.

More details on the proposal and company objectives, company structure and governance arrangements and documentation required to establish the housing company were set out in the report.

Members were supportive of the establishment of the company and were keen to see this progress, acknowledging that people in the city needed decent quality housing which this company would provide.

97. Exclusion of the Press and Public

RESOLVED that the press and public be excluded from the meeting during consideration of the following items of business because it was likely that if members of the public were present there would be a disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

This item was considered in private as it was likely to disclose exempt information, as defined in Schedule 12A of the Local Government Act 1972. No representations had been received in relation to the proposal to consider this item in private.

98. Sale of Land for New Housing Development

Purpose of Report

To seek approval for the sale of a parcel of land for new housing development.

Decision

That the recommendations as set out in the report be approved.

Alternative Options Considered and Rejected

Alternative options considered and rejected were set out in the report.

Reason for Decision

A capital receipt could be achieved from sale of the parcel of land, which would be attributable to the general fund and contribute towards the savings targets set out in the Medium Term Financial Strategy.

Further details outlining the key reasons for this decision were set out in the report.