

**CABINET (HOUSING) COMMITTEE**

**Wednesday, 20 March 2019**

Attendance:

Councillors

Horrill (Chairman)

Brook

Miller

Other Invited Councillors:

Berry  
Izard

Power  
Scott

TACT:

Mrs M Gill

Apologies for Absence:

Mr M Fawcitt (TACT)

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1. **MINUTES OF THE PREVIOUS MEETING HELD ON 30 JANUARY 2019**

RESOLVED:

That the minutes of the Cabinet (Housing) Committee held 30 January 2019 be approved and adopted.

2. **PUBLIC PARTICIPATION**

There were no questions asked or statements made.

3. **FINAL BUSINESS APPROVAL – THE VALLEY, NEW HOMES DEVELOPMENT  
(LESS EXEMPT APPENDICES)**

(CAB3112(HSG))

The Head of New Homes Delivery highlighted that the mix of housing provision set out in paragraph 11.2 of the report had changed slightly since the outline planning consent was approved in July 2017. This was to reflect changes in requirements following alterations to Government proposals regarding benefit entitlement.

The Head of New Homes Delivery advised that the tenders received were originally £4m over budget, but through working with the Council's appointed Employer's Agent, this sum was reduced by over £1m without reducing the quality of the scheme provided. The Council was expected to hear if it had been successful in its submission for an additional grant of £700,000 from Homes England in the near future (paragraph 12.1 of the report refers).

Paragraph 13.1 of the report explained that the scheme offered a positive Net Present Value at year 39 (further details in exempt appendix 2). Normally a scheme would be expected to achieve this at year 35 but the wider value of the scheme for the community had been taken into account. If the additional Homes England funding was received it would allow the scheme to achieve positive Net Value at year 35.

The Head of New Homes Delivery advised that if approved, contractors were ready to start on site in early April 2019 and construction was expected to last between 18 months and 2 years.

As a local ward Member, Councillor Scott asked a number of detailed questions on the scheme. Responses to these and other Members questions are summarised below:

- Drew Smith Limited would be the main contractor on site and discussions would shortly take place with the Council regarding a site movement strategy. This would include agreement on where contractors' cars could be parked and the possibility of keeping footpaths open wherever possible (without compromising site safety).
- The Council had been in regular contact with the Church Commissioners regarding St Lukes Church site access and to ensure this development would not negatively impact on possible proposals for future development of church owned land.
- The scheme had been designed to offer a mix of different housing tenures, including larger family homes.
- The importance of the communication and consultation that had taken place with local residents was acknowledged.

Monica Gill confirmed that the report had been discussed by TACT and its members were in support of the proposals.

The Committee then moved into exempt session to consider the exempt appendices to the report.

The Committee agreed to the following for the reasons outlined above, discussed during exempt session and set out in the report.

**RESOLVED:**

1. That the Corporate Head of Housing be authorised to enter into a design and build contract to construct 77 properties at The Valley, Winchester with Galliford Try Building Ltd for the sum as detailed in exempt appendix 1.

2. That in accordance with Financial Procedure Rule 6.4, capital expenditure of up to £18,931,151, including contingency funding and estimated fees as set out in exempt appendix 2 be approved.

3. That the Corporate Head of Asset Management be authorised to negotiate and agree terms for easements, wayleaves and related agreements with utility suppliers, telecom/media providers and neighbours in order to facilitate the development.

4. **WINCHESTER CITY COUNCIL SELF BUILD AND CUSTOM BUILD REGISTER (CAB3141(HSG))**

The Head of New Homes Delivery advised that the report proposed the introduction of a local connection test to part of the register.

Members highlighted that the Government currently provided that self build sites were exempt from CIL contributions. The Head of New Homes Delivery emphasised that self build accommodation should not be confused with affordable accommodation. However, this change would assist the Council by ensuring that provision was made within the Local Plan policies for local people.

Monica Gill confirmed that the report had been discussed by TACT and its members were in support of the proposals.

The Committee agreed to the following for the reasons outlined above and set out in the report.

RESOLVED:

1. That the introduction of a Local Connection Test for the Self Build & Custom Build Register application process be approved.

2. That the Corporate Head of Housing be given delegated authority to agree the Local Connection criteria.

5. **ESTABLISHING THE WINCHESTER HOUSING COMPANY (LESS EXEMPT APPENDICES)**  
(CAB3139(HSG))

In introducing the report, the Chairman highlighted that a Housing Company would offer an extra tool for the Council to provide additional affordable accommodation, but it was anticipated only around 10% business would be transacted through the Company.

The Head of Housing Finance advised that £10m funding from the General Fund had been approved, with the exact mix of debt to equity to be determined. The Strategic Director: Services (Interim) stated that a further report would be required for final approval, following further legal advice, and it was anticipated that this would be submitted by summer 2019.

Officers responded to a number of detailed questions from Members as summarised below:

- It was confirmed that the report would also be considered by The Overview and Scrutiny Committee on 20 March and Cabinet on 25 March 2019;
- The Council had received confirmation from its legal advisors that it would be permissible to transfer HRA land at less than market value;
- One Member queried whether the Council had the necessary accounting expertise for the different accounting required for a Housing company. The Strategic Director highlighted that the Council already procured external advice regarding, for example VAT, and it was intended to continue this approach.
- The Strategic Director advised that the majority of the transactions between the Housing Company and the Council could be made public. However, some discussions, for example regarding negotiation of contract sums, would necessarily remain exempt.
- The Head of Housing Finance confirmed that discussions had taken place with other local authorities regarding their experiences of establishing a housing company.
- Officers acknowledged that there were risks involved, as summarised in the report. However, these were mitigated by limiting the investment to £10m and putting in place tests to ensure that any asset developed would be worth more than the cost of the land acquired.
- The Head of New Homes Delivery advised that the establishment of a Housing Company would not impact on the Council searching for new sites with potential for development. However, it would offer an additional means of financing and enable for development for a more mixed community.
- The Council would seek to introduce a local connection criteria when establishing the Housing Company.

Monica Gill confirmed that the report had been discussed by TACT and its members were in support of the proposals.

The Committee agreed to the following for the reasons outlined above, discussed during the exempt session, and set out in the report.

#### **RECOMMENDED (TO CABINET):**

**1. That the proposal to establish a company limited by shares and wholly owned by the Council to deliver and manage sub market rented and shared ownership accommodation, including the partnered home purchase scheme (PHP) be approved. A further report will be made to Cabinet and Council before a final decision is made to establish the company and start trading.**

**2. That a combined loan facility & equity shareholding of £10m from the General Fund be approved to support the company's development activity. This was previously approved in CAB2990 (HSG) 22 November 2017 as a £10m loan facility only.**

**3. That the five year business plan be approved.**

4. That the Corporate Head of Housing in consultation with the Corporate Head of Resources, the Leader with Portfolio for Housing Services and the Portfolio Holder for Finance be authorised to:

- a) Determine the balance of commercial and other loans to equity with due regard to state aid regulations.
- b) Determine the terms of all loans.

5. That the proposed governance structure be approved, and:

- a) Full Council assumes the role of shareholder of the company.
- b) A Shareholder Advisory Group of three elected members of the Cabinet Housing Committee be established to advise the Council in its capacity as shareholder with senior officers to attend as required.
- c) That the appointment of one elected member and two senior officers to the board of directors, namely The Chair of the relevant Policy Committee, The Corporate Head of Housing and the Head of New Homes Delivery, be approved.

6. That delegated authority be given to the Chief Executive in consultation with the Leader with Portfolio for Housing Services to appoint additional independent directors at a future date should the need arise.

7. That authority to finalise the articles of association and shareholder agreement be delegated to the Corporate Head of Housing in consultation with the Legal Services Manager, the Leader with Portfolio for Housing Services and external legal advisors.

8. That, to ensure that the company is able to commence trading from October 2019, authority to undertake all remaining steps detailed at Table 5 be delegated to the Corporate Head of Housing in consultation with the Legal Services Manager and Leader with Portfolio for Housing Services.

6. **EXEMPT BUSINESS:**

RESOLVED:

1. That in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2. That the public be excluded from the meeting during the consideration of the following items of business because it is likely that, if

members of the public were present, there would be disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

<u>Minute Number</u>	<u>Item</u>	<u>Description of Exempt Information</u>
10	Hookpit Farm, Kings Worthy – New Homes Scheme	) Information relating to the ) financial or business affairs of ) any particular person (including ) the authority holding that
8	Final Business Approval – The Valley, New Homes Development (exempt appendices)	) information). (Para 3 Schedule ) 12A refers) ) )
7	Establishing the Winchester Housing Company (exempt appendices)	) ) ) )
7	Establishing the Winchester Housing Company (exempt appendices)	) Information in respect of which a ) claim to legal professional ) privilege could be maintained in ) legal proceedings. (Para 5 ) Schedule 12A refers)

7. **ESTABLISHING THE WINCHESTER HOUSING COMPANY (EXEMPT APPENDICES)**  
(CAB3139(HSG))

The Committee considered the content of the exempt appendices.

The Committee agreed to the following for the reasons set out in the report.

RESOLVED:

That the contents of the exempt appendices be noted.

8. **FINAL BUSINESS APPROVAL – THE VALLEY, NEW HOMES DEVELOPMENT (EXEMPT APPENDICES)**  
(CAB3112(HSG))

The Committee discussed the content of the exempt appendices to the report which contained further details regarding the financing of the scheme. In response to Members' questions, the Strategic Director: Services (Interim) emphasised that the scheme was more expensive than other schemes because of the complexities of developing on this particular site. However, it was

considered having regard to the wider benefits and the subsidy provided by Homes England, on balance it should be recommended for approval.

RESOLVED:

That the contents of the exempt appendices be noted.

9. **HOOKPIT FARM, KINGS WORTHY – NEW HOMES SCHEME**  
(CAB3147(HSG))

Cabinet considered the content of the above report which set out proposals for a new homes scheme at Hookpit Farm, Kings Worthy (detail in exempt minute).

The meeting commenced at 4.30 pm and concluded at 5.35 pm