

CL168 – APPENDIX A

Extract from Cabinet Committee: Housing Committee held 10 July 2023

7. **ESTABLISHING A LOCAL HOUSING COMPANY (LESS EXEMPT APPENDICES)**
(CAB3406(H))

Councillor Westwood introduced the report which set out the financial business plan for consideration and referral to Council for approval.

Ian Tait spoke during public participation as summarised briefly below.

He highlighted the number of years the council had been discussing the proposal for a local housing company and queried what the benefits would be. He was unsure about the financial modelling and believed that the additional housing proposed could have been offered in conjunction instead with a registered housing provider. He also queried why the housing company had not been used to purchase the 16 HMOs referred to under the chairperson's announcements above.

The Strategic Director responded to the comments made, including outlining the benefits to the HRA of the housing company.

The Strategic Director, Corporate Head of Housing and Corporate Head of Finance responded to questions and comments from members and TACT representatives on the following:

- a) The acknowledged potential risk and impact on the General Fund through the VAT treatment on expenditure;
- b) The requirement to produce financial accounts in two different formats.
- c) The level of the proposed management charges to be deducted by Venta Living Ltd from rent collected prior to passing over to the council.
- d) Whether the company had sufficient flexibility to take on different housing projects in the future.
- e) The liability of the company directors.
- f) The governance arrangements for monitoring and reports back from the housing company.
- g) The calculation of the fee for services provided by the council to the housing company, including confirmation that this would be reviewed annually.

The Committee members (including invited councillors) then moved to exempt session to discuss the contents of the exempt appendices before returning to open session to consider the recommendations as set out below.

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

RESOLVED:

1. That the draft financial business plan included at exempt Appendix B of the report be recommended for approval at full council.
2. That subject to approval of the financial business plan by full Council, the Strategic Director with housing responsibility be authorised to:
 - a) Finalise the lease of one block of 41 one-bedroom flats at Winnall from the council to Venta Living Ltd.
 - b) Approve General Fund capital expenditure of £150,000 for the equity investment in Venta Living Ltd by the council, which is a sufficient level of funding for working capital purposes.
3. That the soft marketing of the units at Winnall by Venta Living Ltd be authorised so tenancies commence with the minimum of delay following completion subject to full Council agreeing the reserved matters.
4. That appointment of Fiander Tovell Ltd as external auditors be referred for approval to full Council.

That it be recommended to Council*:

5. **That the draft financial business plan included at exempt Appendix B of the report be approved.**
6. **To approve the appointment of Fiander Tovell Ltd as external auditors to Venta Living Ltd as recommended by Cabinet Committee: Housing.**

[NB following is open minute summarising discussion on exempt appendices]

10. **ESTABLISHING A LOCAL HOUSING COMPANY (EXEMPT APPENDICES)**
(CAB3406(H))

The Strategic Director, Corporate Head of Finance and the Monitoring Officer responded to questions from members and provided further assurance on the following some concerns expressed regarding the potential risk and impact of the VAT treatment on expenditure and whether there were any further risks created by the government's current rent reform proposals. It was confirmed that the model proposed for the housing company had been used previously by other local authorities and the council had sought and received assurances from external legal advice.

RESOLVED:

That the contents of the exempt appendices be noted.