BEDFORD BOROUGH COUNCIL

DECISION NO. 1308

RECORD OF EXECUTIVE DECISION TAKEN BY AN EXECUTIVE MEMBER

This form **MUST** be used to record any decision taken by the Elected Mayor or an individual Executive Member (Portfolio Holder).

The form must be completed and passed to the Service Manager (Committee & Administrative Services) no later than NOON on the second working day after the day on which the decision is taken. No action may be taken to implement the decision(s) recorded on this form until 7 days have passed and the Service Manager (Committee & Administrative Services) has confirmed the decision has not been called in.

1. Description of decision

1 Recommend to Full Council the establishment of a wholly owned Council Company limited by shares in accordance with the business case set out in the report.

2 Subject to Full Council approving the above:

(a) Delegate to the Chief Executive the authority to take all necessary steps to establish a wholly owned Council Company limited by shares.

(b) Agree in principle to the disposal of assets (land/buildings) to the Company at market rates noting the determination of the principles and processes by which the said assets shall be disposed of and the terms of disposal will be approved by the Mayor.

(c) Agree in principle to provide to the Company funding through state aid compliant loans, subject to such funding being in line with the Council's financial strategies, noting that the Mayor will approve the Heads of Terms of loan agreements following consultation with the Assistant Chief Executive & Chief Finance Officer.

(d) Approve the establishment of a Shareholder Board as an Executive sub-Committee with Members to the Board appointed by the Mayor.

2. Date of decision

4th October 2016

3. Reasons for decision

To enable the establishment of a Council owned company.

4. Alternatives considered and rejected

The strategic business case has demonstrated there is value to the Council in establishing a company and therefore the alternative option of not establishing a Council owned company was considered and rejected.

5. How decision is to be funded

The start-up costs of the Company will be met through a draw down loan facility to the Company.

6. Conflicts of interest

Name of all Executive members who were consulted AND declared a conflict of interest.	Nature of interest	Did Standards Committee give a dispensation for that conflict of interest? (If yes, give details and date of dispensation)	Did the Chief Executive give a dispensation for that conflict of interest? (If yes, give details and the date of the dispensation).

The Mayor has been consulted on this N/A decision

Signed ....Dan Hodgson.... Date 4th October 2016 Name of Decision Taker - The Mayor

This is a public document. A copy of it must be given to the Service Manager (Committee & Administrative Services) as soon as it is completed.

Date decision published: ....4th October 2016....

Date decision can be implemented if not called in: .... N/A FULL COUNCIL TO CONSIDER 12 OCTOBER 2016

(Decision to be made exempt from call in......... ~~NO~~.... YES as this is a recommendation to full Council

For publication

Bedford Borough Council – The Mayor

Date: 30 September 2016

Report by: Executive Director Environment & Sustainable Communities

Subject: COUNCIL OWNED COMPANY

1. Executive Summary

1.1. The purpose of this report is to propose the creation of a Council owned company to generate income by assisting in the delivery of the Council's housing development and regeneration objectives including creating a legal structure and appropriate governance arrangements.

1.2. The Council has taken both legal and financial advice from specialist consultants to ensure that it properly applies its legal powers and adequately considers the financial matters associated with creating and funding a Council owned Company (NewCo) in line with relevant legislation.

1.3. This report summarises the work which has been undertaken to develop the Strategic Business Case to set up a company structure to generate income through developing new homes. The NewCo will focus on Council owned land and properties. A second focus will be on residential lettings of properties held by the NewCo on a freehold or leasehold to be let on a commercial basis including the refurbishment of properties as required. The proposal to establish a NewCo can contribute fully to strategic priorities and through residential lettings ensure a supply of good quality homes for people to rent.

1.4. An additional benefit of the NewCo is that it will increase the options available to ensure that new housing development is delivered. The Strategic Business Case is considered to be sound and the proposal to generate income through housing development deliverable. Therefore, it is recommended that the Council proceeds with the formation of the NewCo. Once formed the NewCo will develop its Business Plan on the basis of specific sites and properties.

2. Recommendations

1 Recommend to Full Council the establishment of a wholly owned Council Company limited by shares in accordance with the business case set out in the report.

2 Subject to Full Council approving the above:

(a) Delegate to the Chief Executive the authority to take all necessary steps to establish a wholly owned Council Company limited by shares.

(b) Agree in principle to the disposal of assets (land/buildings) to the Company at market rates noting the determination of the principles and processes by which the said assets shall be disposed of and the terms of disposal will be approved by the Mayor.

(c) Agree in principle to provide to the Company funding through state aid compliant loans, subject to such funding being in line with the Council's financial strategies, noting that the Mayor will approve the Heads of Terms of loan agreements following consultation with the Assistant Chief Executive & Chief Finance Officer.

(d) Approve the establishment of a Shareholder Board as an Executive sub-Committee with Members to the Board appointed by the Mayor.

3. Reasons for Recommendations

3.1 Since the autumn of 2015 Officers, supported by external resources (provided by Trowers and Hamlins and PricewaterhouseCoopers) have been assessing the potential of the Council participating in the development of market rent and sale homes in the borough. The advice is summarised in this report on the basis that, if the Council were so minded, this would be sufficient to justify recommending the creation of the NewCo and the development of the NewCo Business Plan.

3.2 The Council's main objective for creating a vehicle to enter this market would be to generate a financial return to the Council by operating a business. The Council continues to face financial challenges over the forthcoming years.

Addressing this challenge will require the Council to consider new forms of income generation and to develop its under-utilised and surplus assets to generate value. A company structure would add to the range of means by which the Council could go some way to meeting that financial challenge, as well as improving service delivery to residents. Instead of disposing of assets and giving up any future increase in values, a company structure would offer a way for the Council to retain control through its ownership of the company and, in this way, secure returns from development and potentially long term value in the form of rental income and, through appropriate disposals, capital growth.

3.3 The NewCo would also bring the benefit of contributing to housing supply in the borough with its implications for the economic and social well-being of residents and the local economy.

3.4 The Council transferred almost all its housing stock to bpha in 1990 and had transferred to the General Fund or disposed of all its remaining Housing Revenue Account (HRA) property by 31 March 2000. The Council obtained consent to close the HRA on 31 March 2001. Legal advice has confirmed that direct ownership of new housing outside the HRA (in the general fund) would be very difficult and be subject to legal challenge. To date there are no known precedents of an authority that has chosen to hold newly developed housing directly in the general fund.

3.5 At a meeting on 14 September 2016 the Housing Committee considered a report that presented a discussion of the issues set out in this report.

4. Key Implications

Legal Issues

Powers to form the Council Company

4.1 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. A local authority may exercise the "general power of competence" for its own purpose, for a commercial purpose and/or for the benefit of others. In exercising this power, a local authority is still subject to its general duties (such as the fiduciary duties it owes to its rate and local tax payers) and to the public law requirements to exercise its powers for a proper purpose.

4.2 In the exercise of its powers under the Localism Act 2011 for a commercial purpose, the Council is obliged under that Act to do so via a company. The Council can therefore rely upon the general power of competence within the Localism Act 2011 to form a company for operating a business to develop land, to provide homes for sale either on market or sub market terms and to let homes at market rent.

4.3 Alternatives were reviewed by the Council's legal advisers and the outcome is that the most appropriate legal structure for the NewCo will be a company limited by shares (CLS), as this will enable it to trade, generate surpluses from trading activity and distribute proceeds back to the Council as the only shareholder.

4.4 CLS is considered an appropriate form of vehicle for the NewCo for a number of reasons, including:

(i) CLS is the most common corporate vehicle used in England for profit distributing bodies and is a very tried and tested model;
(ii) The Council will look (in the longer term) to receive a return out of the profits of the NewCo and the CLS model is a typical form of commercial vehicle established with a view to making a profit;
(iii) The ability for the Council to invest in the NewCo by way of share equity as well as loan debt;
(iv) The general power of competence, being used for a commercial purpose as is intended here, does not allow for local authorities to participate directly in a limited liability partnership, which would be the other most obvious corporate form for a body established with a view to profit. This type of structure is widely accepted as more commercially appropriate.

4.5 The Council must approve a business case before a company commences any activities. The business case is a key document to inform the decision making process. A Strategic Business Case has been developed broadly following the five case model methodology based on the Green Book approach used by the Treasury:

(i) **Policy case** - (the case for change – often referred to as the strategic case but the term policy case is preferred here to avoid confusion) covering the rationale, background, policy context and strategic fit and providing a clear definition of outcomes and the potential scope for what is to be achieved.
(ii) **Commercial case** - Is the proposal commercially feasible / deliverable?
(iii) **Economic case** - to demonstrate that the proposal provides good value and is affordable.
(iv) **Technical considerations** – considers the legal, tax and accounting issues.
(v) **Governance and delivery arrangements** – describes the governance structure, the procurement arrangements and that it is capable of being delivered successfully.

4.6 This Strategic Business Case is presented within this report is organised in the standard format that Members are familiar with:

(i) **Legal:** Governance and delivery arrangements – describes the governance structure, the procurement arrangements. Technical considerations –legal issues.

(ii) **Policy:** Policy case **-** (the case for change) covering the rationale, background, policy context and strategic fit and providing a clear definition of outcomes and the potential scope for what is to be achieved.

(iii) **Resources:**

- Commercial case **-** Is the proposal commercially feasible / deliverable?
- Economic case **-** to demonstrate that the proposal provides good value and is affordable.
- Technical considerations – tax and accounting issues.

(iv) **Risk:** Is it capable of being delivered successfully?

4.7 The Strategic Business Case contained within this report is sufficient to merit establishing the NewCo. Prior to commencing trading the NewCo will need to develop a Business Plan in accordance with its governance arrangements and this will be agreed with the Shareholder Board. The NewCo Business Plan will depend upon resources being made available by the Council and, in order to approve the allocation of financial resources in accordance with the Council normal financial procedure, this will need to be supported with a detailed business case.

4.8 All dealings between the Council and the NewCo must be on a commercial basis so as to avoid the provision of unlawful state aid by the Council.

Governance

4.9 Any company established would be a separate legal entity wholly owned by the Council. It would have the power to undertake anything a company can do. As a company wholly owned by the Council it is imperative that an appropriate governance structure is put in place to ensure the sound and robust management of the NewCo alongside protection of the Council's financial and reputational investment in the NewCo. However, the governance must not hinder the NewCo and must allow it to act swiftly and pro-actively as a separate legal entity. The Strategic Business Case sets out a proposed governance structure to achieve this.

Shareholder Board

4.10 The role of Shareholder Board is to exercise the Council's role as shareholder in the NewCo. The Board acts with the delegated authority of Executive to ensure the performance of the NewCo is satisfactory.

4.11 The Shareholder Board will, amongst other things,

(i) Have the power to appoint and remove NewCo Directors.
(ii) Approve and monitor NewCo Business Plans.
(iii) Exercise any reserved powers in the Articles of the NewCo.
(iv) Endorse any amendments to NewCo Business Plan.
(v) Periodically evaluate financial performance of the NewCo.
(vi) Agree significant capital or revenue investments proposed by the NewCo.
(vii) Determine the distribution of any surplus or the issue of any dividends from the NewCo.
(viii) Consider any recommendation from NewCo Directors to cease trading.
(ix) Report to the Council annually on trading activity.
(x) Review the risks associated with trading activities.

4.12 The Shareholder Board will not have operational control over the NewCo. All decisions regarding the day to day operation of the NewCo , its business developments and commercial opportunities, staff terms and conditions and the development and implementation of its internal procedures, rests with the Directors of the NewCo.

4.13 The NewCo will require Articles of Association and a Memorandum of Association to be prepared. These will be prepared by the Chief Executive in setting up the company in consultation with external Legal Advisers and agreed by the relevant Executive Member.

Company Directors

4.14 The Directors would have responsibility for the operation and management of the NewCo but their decision making would be constrained by a Shareholders Agreement which would define the limits the Council wants to place on the ability of the Directors to make decisions and in particular the decisions that would need shareholder consent and how the process of approving the NewCo Business Plan will be managed.

4.15 At least one Director needs to be appointed in order to enable the NewCo to be registered and basics to be established (such as setting up banking arrangements).

4.16 Any Council officer appointed as a company director would not normally be remunerated (although it may be appropriate for Non-Executive Directors to receive modest remuneration). Advice received is that that the Council's Chief Finance Officer (as designated under section 151 of the Local Government Act 1972) and Monitoring Officer should not be appointed as a Director to ensure a clear separation of their roles in their advice to the Council. There will be other areas where there will need to be clear separation of the roles between all Officers on the Board of Directors and Officers providing advice to the Shareholder on behalf of the Council.

4.17 In acting as Directors of the NewCo Officers will need to understand their duties and responsibilities, including identifying and managing conflicts of interest. The Cabinet Office 'Guidance for Directors of companies fully or partly owned by the public sector' published in January 2016 provides guidance in these issues.

4.18 Consideration will need to be given on which are the appropriate Officers to act as Directors of the Company.

Power to transfer land and properties to the NewCo

4.19 The Council is entitled to dispose of land and properties held by it in its General Fund provided it complies with Section 123 of the Local Government Act 1972.

Policy Issues

4.20 The Council is facing a significant financial challenge as set out in the Medium Term Financial Strategy (MTFS). A transformational approach is required to address the funding gap identified in the MTFS and to ensure the ongoing sustainability of Council services. The challenge is both to identify ways of reducing costs and to identify ways of increasing income. The extent to which potential financial returns will impact on the gap identified within the current MTFS period will be further assessed in the context of the Detailed Business Case. Initial work indicates that returns from initial build to sell schemes would be deliverable within the period of the MTFS; returns from build and hold will be longer term.

4.21 The Corporate Plan states: *"The Council must spend every pound as efficiently as possible. This may mean providing services in different ways and certainly means the Council must respond to service needs as quickly and effectively as possible."* One theme identified as a focus is Protecting and preserving the natural and built environment whilst enabling and supporting sustainable growth. The NewCo is a vehicle for investment and the management of assets. Its aim is commercial and it is essential that it has the freedom to function commercially. To the extent that it delivers additional homes it will be aligned with the Corporate Plan objective: *To deliver a balanced supply of homes through an integrated housing system through more effective partnerships with statutory and non-statutory services, shaped by an effective housing strategy, to meet the needs of our growing and increasingly ageing population*.

4.22 The proposal is also aligned with the Housing Strategy to 2020 which while recognising the leading role of private sector development says that the Council will consider direct engagement in bringing forward housing developments through new investment vehicles created by the Council or in partnership. The Housing Strategy also recognises the growing importance of the private rented sector and the need for positive engagement with it.

Policy case: Pressures on the Council General Fund

4.23 In common with local authorities throughout England, Bedford Borough Council is operating in a period of constrained public finances. Despite having made reductions in spending of over £87m since 2009 the Council must make further savings by 2020. In addition to meeting the challenges of operating on a reduced budget the Council is also keen to identify additional sources of income for the General Fund.

4.24 One potential source of income identified and pursued by a number of local authorities nationally is the creation of a housing development company – either wholly-owned or owned in partnership with, for example, a housing association or house-builder. A variety of models have been used to generate income from the development of residential property on Council-owned and other land, with the choice of model dependent on local circumstances and market conditions, risk appetite and strategic objectives. In this instance, the Council has a clear primary strategic objective which is to use capital assets to generate revenue for the Council's General Fund.

4.25 To achieve this, a model is proposed whereby land owned by the Council will be transferred to a housing development company in return for equity and developed on a commercial basis, supported by loan finance from the Council, with income returning to the Council through repayment of interest and principal on loans and dividends and share capital repayment. The NewCo will be owned by the Council but operate at arm's length from it, with a commercial-style and approach.

Policy case: The Bedford Housing Market

4.26 The Council's current Housing Strategy (reviewed in 2016) recognises that as well as generating income for the Council a NewCo has a potentially valuable role in generating housing supply. The Bedford Borough Strategic Housing Market Assessment undertaken in 2015 identified a need for 884 new homes per year in the Borough (during the period 2012-32) to meet housing need. By creating the NewCo the Council will have the means in response to local market conditions to directly influence the supply of good quality housing, control the housing product and speed of delivery and contribute to place-making and regeneration objectives. It is critical to place this objective in context, however, by recognising that the NewCo will operate on a commercial basis, and at arms-length. Although it will be wholly-owned by the Council, it will have its own Board of Directors who must make decisions in the best interests of the NewCo.

4.27 The prime activity of the NewCo will be to develop housing for sale and potentially for market rent. It will also develop affordable housing where this is required through planning policy. It may or may not hold or dispose of these assets. In the future, based on market considerations, the NewCo may also consider intermediate tenures as part of a balanced portfolio of commercial risk and return. There is also scope for the NewCo, where it makes commercial sense, to assist the Council in achieving other housing-related objectives: for example, the provision of short-term rented housing for homeless people ('temporary accommodation', or 'TA') and the letting of Council-owned properties on short-term tenancies ('street properties'). The Council has an existing portfolio of temporary accommodation which could be transferred into the NewCo; this could appropriately be the subject of a future Business Plan and Detailed Business Case.

4.28 The Council's Corporate Strategy (2016-2020) sets out three priority areas of focus:

- A thriving local economy.
- Empowering communities.
- Supporting people.

4.29 A strong, responsive local housing market underpins these three areas through meeting diverse housing needs and aspirations, providing and supporting employment, and helping to strengthen and regenerate local communities. Whilst the local housing market will provide the operating context for the proposed NewCo, the NewCo will also, as above, have the potential to contribute to shaping that market.

4.30 Two key documents set out the local housing market context within which the proposed NewCo will operate:

- Housing Strategy Review 2016-2020 (building on the Housing Strategy 2012-2017)
- Bedford Borough Strategic Housing Market Assessment 2015 ('SMHA')

4.31 The SHMA identifies key features of the local housing market:

- Local lower quartile house prices are higher than the national average;
- Local private sector rents are lower than the national average but have experienced recent sharp rises in line with national trends;
- Affordability (defined as the ratio between lower quartile house prices and lower quartile earnings) is slightly worse than the English average (7.2 compared to 6.5);
- Rates of development are higher than the English average (with 9.9% increase in dwelling stock over 10 years compared to average 8.3%);
- 7.7% of households are over-crowded locally compared with 8.7% nationally and this proportion has remained constant over 10 years.

4.32 The SHMA identifies a need for 884 new homes per year. The SHMA is currently being reviewed further to form part of the evidence base for the Local Plan 2035. This will lead to a further increase in the annual requirement over and above the 884 already identified. This compares with current average delivery rates of 730 dwellings annually (2009-14), an increase from a previously stable average of 500-600 dwellings annually (2001-10). Ensuring that the new housing requirement is delivered is a key challenge. The framework for the location for the residential development is set by the Local Plan. The actual delivery of dwellings is dependent upon commercial developers. At 31 March 2016 the outstanding supply of planning permissions stood at 8,574.

4.33 Within the objective of a commercial return there are a number of secondary benefits which vary across projects but which often have a connection to a Council's wider strategic objectives, for example:

- Providing intermediate tenure products to attract key demographics required for the local economy to an area;
- Addressing other strategic housing issues such as homelessness;
- Interventions to address perceived market failure;
- A positive investment in the context of wider place-shaping and regeneration.

Policy case: Competition Analysis

4.34 The NewCo will be taking advantage of market opportunities to deliver commercial benefit in what may become an increasingly competitive environment. To achieve its objectives through the NewCo, the Council will need to be cognisant of the wider market dynamics including the activities of competitors: private developers, other local authorities and housing associations.

4.35 The 2008 recession had a negative impact on small and medium sized house-builders nationally and this has also been observed locally with the loss of Relmfield, Deejak, McCann Homes, Amberley Homes and Crestel Partnerships (Bedford Borough Council Housing Strategy Review 2016-2020). As a result the private housebuilding sector is now characterised by a high level of concentration as a result of recessions over a long period which have reduced the range of businesses active in the sector leaving a reliance on those with greater financial stability and an ability to create land banks.

4.36 This concentration has a significant impact on:

- The land market, the values paid and the use of concentrated resource to control options.
- Challenges to planning policy requirements notably affordable housing but other community infrastructure as well.
- The selection of sites that are brought forward for development.
- The pace of development which is heavily influenced by the business strategies of a limited number of players.
- The range of products (there has been a strong focus in recent years on larger executive homes).
- The ability to drive down supplier costs.

4.37 Housing associations have scaled back development of affordable housing in response to Government rent policy (which has reduced the rent housing associations can charge, and therefore their income and surpluses). In addition to local authority projects there is evidence that housing associations are increasingly active in developing homes for open market sale although many are focussing on strengthening their shared ownership offer which the government is encouraging. Housing associations have the advantage, compared to many local authorities, of already having active development arms, access to development finance through pre-agreed financing arrangements, and opportunities to partner widely; they are not constrained by a narrow geography, and have a focus on land acquisition as well as development.

4.38 A number of local authorities are actively pursuing wholly-owned housing company models along with a number of other commercially-orientated initiatives designed to generate a medium-term return to the General Fund. Regionally a number of local authorities attend regular meetings of the East of England LGA Housing Company group. Most of the Housing Companies, but not all, have confined their focus to their own local authority areas and would not complete directly in the Bedford Borough market

4.39 The above factors point to sustained competition and the Council and NewCo will need to underpin the next phases of this project with further up-to-date insight focussed on the opportunities and challenges offered by particular sites. It is important to recognise that higher than average local house prices and the upward pressure on rent indicate continuing affordability pressures and the other organisations engaged in development in Bedford Borough clearly see this as a profitable activity. Whilst the NewCo will in the main be subject to the same market pressures and uncertainties as other house-builders there is scope for commercially successful development that can also play an important role in boosting local housing supply.

4.40 The NewCo will have the benefit of access to Council owned sites, although these must be transferred at market value. The Council has carried out and published Asset Management Review of sites in its ownership. The sites that the Council owns are varied in size, complexity and other characteristics and the timing of their development will necessarily be influenced by a range of factors. Not all of them will be suitable for development but analysis drawing on values in viability appraisals that have been submitted to the Council indicate that the Council does hold sites that could be brought forward compliant with planning policy including the delivery of affordable housing. Not all the sites will be as favourable as the hypothetical example that has been reviewed for the Strategic Business Case. There will be some sites where the development challenges are so great that viability will be an issue and this will have to be tested as for other developers.

Resource Implications

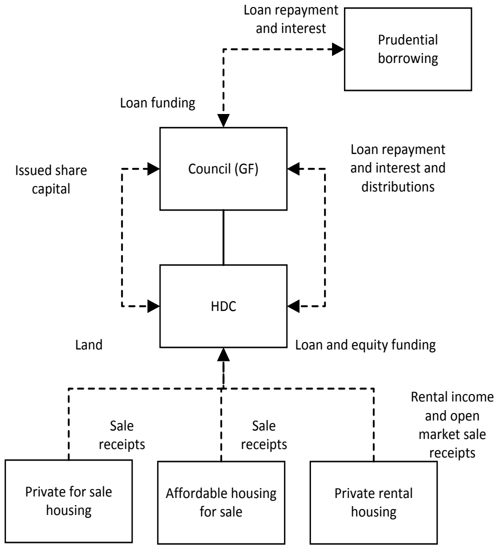
Commercial case

4.41 The purpose of the Commercial Case is to set out what the key commercial principles are, or could be, that underpin the creation of the NewCo that could undertake a range of activities, including short term development activity, such as building homes to sell, and longer term investment activity, such as building homes to rent. It is envisaged at this stage that the NewCo will be capable of both types of activity.

4.42 This section considers a number of matters in relation to the commercial arrangements between the Council and the NewCo. these in turn, including:

- How the General Fund may seek to finance its investment in the NewCo;
- How the NewCo could be financed by the General Fund via loans and equity investment;
- How land may be transferred from the General Fund to the NewCo to unlock development;
- A summary of the key financing principles underpinning how the NewCo could operate in practice.

4.43 The diagram below sets out a possible commercial relationship and flows of funds that could take place between the General Fund and NewCo:



4.44 The key points to note include:

- The Council, via its General Fund, secures capital to support its investment in the NewCo;
- The Council invests both land and cash into the NewCo to capitalise the vehicle and provide it with the funds necessary to undertake development activity. These investments are structured as debt and equity instruments and;
- The NewCo develops residential units, either for sale or for a range of rental products, and uses the returns from this activity to service its loan from the General Fund and provide an equity return to the Council;

Each of these elements of the proposed commercial arrangement is considered in further detail below.

4.45 General Fund borrowing from the Public Works Loan Board:

- The structure above assumes that the Council draws upon PWLB borrowing to finance the NewCo's development and construction activities;
- In this instance, the General Fund will be required to service the interest and principal repayment of the loan, at the prevailing PWLB rate at the time of funds being drawn down. The revenue impact of this approach will form a key part of the Detailed Business Case that is developed for the NewCo;
- The funds required for the General Fund to service the PWLB loan are anticipated to be generated from the commercial activities of NewCo and received by the Council in the form of interest and principal on the loan, and dividends in relation to the equity investment; and,

4.46 Transfer of land from the General Fund to the NewCo:

- The General Fund could also transfer land to the NewCo in exchange for a capital receipt that it can then use to purchase share capital in the NewCo;
- The Council will be required to demonstrate it has complied with its statutory duty to obtain Best Consideration on its disposal of the land to the NewCo. The Council is advised to obtain legal advice from its advisors on this matter;
- It is assumed that the land transferred to the NewCo will be used for the development of residential units

4.47 Financing of NewCo activities by the General Fund:

- The approach set out above assumes that the General Fund on-lends a proportion of the PWLB funds to the NewCo as debt ("NewCo Loan"). In addition to this, the General Fund may also utilise PWLB funds to purchase share capital in the NewCo. The exact details of the financial structuring will be considered in further detail in the developing the NewCo Business Plan;
- The financing of the NewCo activities will be structured as a blend of debt and equity, optimised to deliver a commercial rate of return for each instrument and balanced with requirements and considerations in relation to both State Aid and tax regulation on capitalisation (each to be considered in further detailed business case evaluation);
- It is worth noting that potential does exist for the NewCo to leverage third party sources of finance should this be required and offer benefit to the NewCo and the Council. For example, it may be possible to leverage investment from local government pension schemes or commercial lenders operating in this market.

4.48 It is anticipated that funding will be drawn down by the NewCo during the construction phase to finance development of the project. Debt service and repayment will be met through the commercial activities of the NewCo, and so the repayment of loans will only commence as and when the NewCo begins to generate revenues from its activities. When considering a future scheme's indicative financing principles it is important to consider how the profile of financing and returns differ between the two scenarios under consideration: that is the sale of open market units (build and sell) and the rental of open market units (build and hold). In both cases it is assumed that affordable housing provided as a result of Planning Policy is sold to a Registered Provider:

- Under a **build and sell scenario** – The NewCo immediately sells all private and affordable units upon construction completion. The interest and principal repayments of the NewCo Loan, as well as generation of profits from the unit sales, will occur over a short period of time due to the short period after construction of when the disposal of all units takes place. This would result in an accelerated profile of returns relative to the build and hold scenario. As such, any revenue receipts the Council does receive will be over a shorter period of time.

- Under **a build and hold scenario** – The NewCo would retain private units after construction completion and would not have generated sufficient cash from the sale of the affordable units to fully repay the NewCo Loan. Thus the interest and principal repayment of the NewCo Loan, and the generation of profits from its private rental activities, would occur over a longer period of time (25+ years). The profile of returns in this scenario is focussed on a longer term view, relative to the build and sell scenario.

4.49 The desirability of the profile of investment returns under each of the scenario is largely dependent on Council preference and what it wants to achieve from its investment into the NewCo. A programme of schemes, or an individual scheme, could include a mix of tenures and therefore a range of returns. This will need to be explored in the NewCo business plan and the detailed business case for the proposed development.

4.50 The NewCo has a range of repayment options to service its Loan. The structuring of the debt instrument will be considered in further detail as part establishing the company and evaluating development opportunities. For the purposes of the Strategic Business Case it can be assumed that the following repayment principles are likely to apply for the NewCo:

(i) During the period where the NewCo is constructing properties it is assumed, from a cash flow perspective, that interest due on the NewCo Loan will be rolled-up and added to the overall debt balance.

(ii) It is assumed that interest begins to be paid by the NewCo when it begins to generate positive net operating cashflow, which is expected to occur after construction completion and when the private units are sold and affordable units are transferred to a Registered Provider.

(iii) It is assumed that funds available within the NewCo are applied in the following sequence:

- To service interest on the NewCo Loan;
- To repay any outstanding principal on the NewCo Loan;
- To make dividend payments, subject to the NewCo having sufficient distributable reserves; and,
- To repay share capital at the end of the project when the NewCo is wound up.

4.51 Similarly, the following repayment principles might apply for the General Fund:

(i) During the construction period, the interest on the PWLB loan is assumed to be rolled up into the principal amount as there are no cash flows generated by the NewCo during this period (that is, no cash inflows to the General Fund from the NewCo).

(ii) The Council would manage this loan as part of its wider portfolio of borrowings rather than on a project specific basis.

(iii) Once the units have been developed and are generating cash flows that allow the NewCo to service debt and / or make dividend payments to the Council, it is possible that these revenue inflows exceed the interest payable on the PWLB loan and that the General Fund will realise a net interest receivable in its accounts.

(iv) It is assumed that the sequence used to apply all receipts by the General Fund could be as follows:

- To service interest on the loan from the PWLB to the General Fund;
- To repay any outstanding principal on the loan from PWLB to the General Fund; and,
- Any remaining amounts can be used at the General Fund’s discretion in line with its capital and revenue policies.

4.52 Under the anticipated scope of activity for the NewCo, the net returns generated by the NewCo on the General Fund's cash and land equity would come from the sale of private and affordable units following construction completion, and any rental income derived from its holding of properties. Once all operating and financing costs of the vehicle have been satisfied, and corporation tax paid where due, any remaining profits will be accounted for as retained earnings.

4.53 NewCo has a range of options as to how its retained earnings are utilised, including:

(i) Distributing retained earnings as dividends to the General Fund (subject to distributable reserves constraint) –
- These dividends would be recognised as a revenue receipt by the General Fund, and results in a positive inflow to the Council's revenue account.
- However, if all retained earnings are distributed, the NewCo may not have sufficient funds to finance future development schemes and may need to borrow further, additional funds from the General Fund (or from external sources of finance);

(ii) Held within the vehicle as cash reserves –
- These cash reserves could be used to finance future developments, reducing the requirement to draw down further, additional funds from the General Fund.
- The cost efficiency of this approach will be considered as part of the Detailed Business Case.

(iii) Mix of the options above, with the balance of benefits and risks to be considered further to understand what would be the most appropriate option for the NewCo. It would be good practice to Policies will be developed in relation to distributing profits.

Economic case

4.54 An analysis of an illustrative site of 60 dwellings has been carried out based on assumptions about values and costs for the Bedford Borough area. The illustrative scheme demonstrated a significant benefit to the General Fund. However it should be noted that the scale and the profitability of schemes will vary and the validity of the assumptions will require scrutiny in in the NewCo Business Plan. It will be necessary to evaluate the detailed business case for developments in view of the soundness of the NewCo Business Plan.

4.55 The indicative impact to General Fund accounts of the illustrative scheme in a build and sell scenario (including the sale of planning policy requirement affordable dwellings to a Registered Provider is shown by the following table:

Impact of NewCo to General Fund's profit and loss account					
	2017 - 2018	**2018 - 2019**	**2019 - 2020**	**2020 - 2021**	**Cumulative**
Investment income	**0**	**0**	**0.9**	**1.4**	**2.2**
Interest payable	*0*	*0*	*(0.1)*	*0*	*(0.1)*
Interest receivable	*0*	*0.1*	*0.3*	*0*	*0.4*
Net interest income	**0**	**0.1**	**0.2**	**0**	**0.3**
Sub-total	0	0.1	1.1	1.4	2.5
Minimum Revenue Provision (see bullet 4)	0	0	0	0	0
Net impact on General Fund I&E	**0**	**0.1**	**1.1**	**1.4**	**2.5**

- Investment income from NewCo reflects the dividends received from NewCo as a result of the equity investment made by the General Fund using PWLB funds, generated by the sales proceeds of the private and affordable unit less development costs, vehicle costs, financing costs and tax. Thus, the majority of investment income is received in 2019-2020 (£0.9m) and 2020-2021 (£1.4m) as units are sold;

- Net interest receivable/ (payable) – reflects the net position of interest receivable from NewCo and interest payable on the PWLB loan. The General Fund recognises a net interest receivable from April 2017 to March 2020 as the interest received from NewCo exceeds the interest payable on the PWLB loan, due to the differential in the interest rate charged on the NewCo Loan of 6% and the General Fund's PWLB borrowing rate of 1.10%. The cumulative net interest income amounts to £0.3m across those 3 years;

- In this illustration the NewCo is assumed to be effectively wound up at the end of the project life. As a result, in addition to the investment income and net interest income received throughout the project life, the Council receives £2.5m back as capital redemptions from its cash (£0.3m) and land (£2.2m) equity investment into the NewCo at the end of the project;

- For the purposes of this analysis no Minimum Revenue Provision has been assumed. The Council will need to seek accounting advice on MRP in determining the final financial arrangements;

- The net revenue impact to the General Fund in this illustration is positive. However a sensitivity analysis shows the significance of the variables that at incorporated into an analysis of this kind and will need to be taken into account. This is considered further under 'Risk' below.

4.56 The comparable illustration for building the properties and then holding them for 25 years is shown below. The timescales and the impact of inflation mean that a direct comparison of the two tables could be misleading.

Impact of NewCo to General Fund's income and expenditure account							
General Fund I&E position	**2017 - 2022**	**2022 - 2027**	**2027 - 2032**	**2032 - 2037**	**2037 - 2042**	**2042 - 2047**	**Cumulative**
£m							
Investment income	**0**	**0**	**0**	**0**	**0**	**29.2**	**29.2**
Interest payable	*(0.5)*	*(0.6)*	*(0.4)*	*(0.2)*	*0*	*0*	*(1.7)*
Interest receivable	*1.2*	*1.6*	*1.5*	*1.3*	*0.9*	*0.3*	*6.8*
Net interest income	**0.7**	**1**	**1.1**	**1.1**	**0.9**	**0.3**	**5.1**
Sub-total	**0.7**	**1**	**1.1**	**1.1**	**0.9**	**29.5**	**34.2**
Minimum Revenue Provision (see bullet 4)	0	0	0	0	0	0	0
Net impact on General Fund I&E	**0.7**	**1**	**1.1**	**1.1**	**0.9**	**29.5**	**34.2**

- Investment income from NewCo – this reflects the dividends received from NewCo as a result of the equity investment made by the General Fund using PWLB funds, generated by the sales proceeds of the affordable unit and rental revenues from the private units, less development costs, vehicle costs, rental managements and maintenance costs, financing costs and tax. A dividend distribution is made in the period 2042 – 2047 from to the disposal of private units assumed in the financial model.

- Net interest receivable/ (payable) – this reflects the net position of interest receivable from NewCo and interest payable on the PWLB loan. The General Fund recognises a net interest receivable from April 2017 to March 2047 as the interest received from NewCo exceeds the interest payable on the PWLB loan, due to the differential in the interest rate charged on the NewCo Loan of 6% and the General Fund's PWLB borrowing rate of 2.24%.

- The NewCo is assumed to be effectively wound up at the end of the project life. As a result, in addition to the investment income and net interest income received throughout the project life, the Council receives £3.0m back as capital redemptions from its cash (£0.8m) and land (£2.2m) equity investment into the NewCo at the end of the project.

- For the purposes of this analysis no Minimum Revenue Provision has been assumed. The Council will need to seek accounting advice on MRP in determining the final financial arrangements.

- The net revenue impact to the General Fund is positive. However a sensitivity analysis shows the significance of the variables that at incorporated into an analysis of this kind and will need to be taken into account in the Detailed Business Case. This is considered further under 'Risk' below.

4.57 There are multiple risks associated with development projects. The 'Risk Implications identified for this report concern the establishment of the NewCo and the development of schemes through feasibility and planning stages. In developing the schemes themselves both the NewCo and the Council will need to assess the specific risks associated with each scheme. As an extension of the illustration a sensitivity analysis has been undertaken on both scenarios to demonstrate the susceptibility of the scheme to negative movements in the underlying assumptions and variables. Key risk areas include:

- Capital costs – an increase in build costs would increase the cost of the scheme and thereby reduce its profitability. It would also require additional funding to meet these costs – either through debt or equity – with the former increasing debt service obligations which might put pressure on available income.

- Sales values – capital receipts account for the majority of the income in the scheme. Any reduction in these will therefore impact profitability. Accordingly, we have looked at a total reduction in sale values (at any point in the project) of 10%. We have also assessed the impact of lower than forecast House Price Inflation (constant at 2.5% or 4% rather than the assumed 5%).

- Operational income / costs – debt service of both the General Fund loan and the PWLB loan is predominantly met from net rental income. In the event that operating costs increased, or rental income failed to increase in line with assumed inflation, this could impact the ability of both the NewCo and General Fund to service their debt. As such, these two variables have also been flexed (a 10% increase in operating costs and a 1% decrease in rent inflation relative to the base case assumption)

4.58 The impact of these sensitivities on a number of key financial indicators is shown across both the build and sell scenario and the build and hold scenario in the tables that follow. There are 5 different sensitivities against the build and sell scenario to test the robustness of the equity returns to the Council in the event of macroeconomic variations, such as changes in House Price Index levels and rent inflation, as well as changes to more project specific variables, such as construction costs and operating costs. The financial impact of these sensitivities are shown below:

The financial impact of five sensitivity tests						
KPIs	**Base case**	**Build costs +10%**	**Sales values (all tenures) – 10%**	**Opex +10%**	**Rent inflation -1%**	**HPI constant (2.5%)**
Figures £m						
PWLB drawdown	5.1	5.5	5.1	5.1	5.1	5.1
PWLB loan retirement	31-Mar-20	31-Mar-20	31-Mar-21 (+1 year)	31-Mar-20	31-Mar-20	31-Mar-20
NewCo loan	4.8	5.1 (+0.3)	4.8	4.8	4.8	4.8
Cash equity	0.3	0.5 (+0.2)	0.3	0.3	0.3	0.3
Land equity	2.2	2.2	2.2	2.2	2.2	2.2
NewCo loan retirement	31-Mar-20	31-Mar-20	31-Mar-21 (+1 year)	31-Mar-20	31-Mar-20	31-Mar-20
Equity return	18%	13% (-5%)	10% (-8%)	18%	18%	12% (-6%)

4.59 The value of this exercise is that it illustrates that development has the potential to secure a positive return to the general fund but also that there are risks to be taken into account that can have a significant impact on that return.

4.60 It is important to note that these illustrative sensitivity outputs are for the development of hypothetical scenarios. The NewCo Business Plan will assess potential investments through a defined "gateway" process that will allow for consideration of a detailed business plan. As and when a scheme is brought forward there will be an evaluation of the key assumptions informed by historic and current data which should provide further confidence for any assessment as to the viability of a scheme and a detailed business case with an accompanying NewCo Business Plan and additional consideration of the General Fund position.

4.61 In addition to the returns to the General Fund as set out above it is likely that the Council will gain a net benefit from additional income through Council Tax and from New Homes bonus where development is brought forward that would not otherwise come forward or comes forward more quickly than would otherwise be the case.

4.62 The Council could potentially benefit from income generation resulting from the provision of services to the NewCo, e.g. financial services, property maintenance etc., subject to capacity existing within these services and the arrangements that are made.

4.63 There will be start-up costs. There will be some limited administrative costs but the principal costs will be in developing feasibility studies and planning submissions for potential sites. The start-up costs of the Company will be met through a draw loan facility to the Company. The feasibility and planning costs should ultimately be funded by the schemes. There is a risk of abortive costs.

Technical considerations – tax and accounting issues

4.64 There will be a number of tax and accounting issues that both the Council and the NewCo will need to consider before commencing developments. These have been reviewed for the Strategic Business Case but further work will be required as part of each detailed business case to ensure that all the issues are captured and resolved.

4.65 The main tax considerations will predominately be in relation to the VAT implications of any land being transferred and for the NewCo, VAT on costs relating to exempt supplies (for example, private rental properties), SDLT and corporation tax liabilities.

4.66 To make some of the necessary decisions it will be important to understand the order of priorities for both the Council and the NewCo, and to develop a coherent tax strategy that aligns with the commercial objectives. In relation to the Council's VAT position, for example, remaining within the partial exemption *de minimis* limit is always likely to be a major consideration but opting to tax to achieve this has implications for the NewCo.

4.67 Set out below are comments on the tax implications of the hypothetical scheme which is covered by this Strategic Business Case.

4.68 The key assumptions are as follows:

- (i) The Council has not opted to tax its interest in the land being transferred to the NewCo.
- (ii) The NewCo will be wholly owned by the Council and will be a company limited by shares.
- (iii) The Council will need to determine whether it will need to opt to tax any land being transferred to the NewCo in order to protect its partial exemption limit.

4.69 VAT

- (i) The Council will need to charge VAT to the NewCo on any supplies of staff or support services.
- (ii) The outright sale of the residential properties can be expected to qualify for zero-rating. This will mean that it can recover the VAT on all attributable costs.
- (iii) The short-term rental of residential properties will be an exempt supply by NewCo. This will mean that any VAT incurred on attributable costs will not be recoverable and will, therefore, be an additional cost to the NewCo. This VAT will need to be quantified and will include VAT on staff or support costs provided by the Council.

4.70 Stamp Duty Land Tax (SDLT)

- (i) SDLT– the NewCo should be able to take advantage of group relief from SDLT in respect of land transferred to it from the Council.
- (ii) SDLT will arise on the acquisition of any street properties (at the buy to let rates) or land on the open market.

4.71 Corporation Tax

(i) The Council is exempt from corporation tax but the NewCo will not be. The corporation tax impact would need to be calculated to ensure that any detailed business case is sound. The so-called "thin capitalisation" rule will need to be taken into account (i.e. any loan funding from the Council will need to reflect market practice in order to ensure that it is set at such a level as to not be deemed to be a dividend and thus not tax deductible). Corporation tax costs will be modelled carefully and taken into account in the detailed business cases.

4.72 Procurement

(i) The Business Plan and Detailed Business Cases will consider this further. The most likely route will be that the Council and the NewCo would seek to rely upon the Teckal exemption to procure services and works between the parties without the need for OJEU procurement. However, the NewCo would, potentially, be a contracting authority when procuring works and services from third parties, (meaning it would be subject to the Public Contract Regulations 2015).

(ii) It is likely that the NewCo will rely on Design and Build contracts and Joint Ventures to deliver schemes, particularly in the early years as it develops the capacity to manage projects. Joint Ventures with Housing Associations or private sector developers are likely to be particularly significant for larger schemes but may also be an appropriate way to deliver a portfolio of smaller schemes. The procurement process and the potential for Joint Ventures will be an important element in the development of detailed business cases.

4.73 State Aid

(i) The provision of funding or other support from the Council to the NewCo for the purpose of providing either affordable or market rental/sale homes are economic activities and are subject to State Aid law. Where the Council provides the NewCo with financial assistance provided that the finance is offered on commercial lending rates then it will not be considered to be State Aid.

(ii) Detailed business case for proposed developments will be required to ensure compliance. In summary:

- the disposal of land to a housing company, where that land is to be used for market housing or another a commercial purpose, should be done at a market premium in accordance with EU guidance;

- loans to a housing company, which are to be used for a commercial purpose, must be on the terms (including financing terms) which a notional market lender would require, taking into account the credit worthiness of the company and any security given for the land;
- a notional market lender may not be prepared to provide 100% debt finance for development and the councils, in our experience, will also be required to invest equity;
- loans given or land transferred to a housing company, for affordable housing, do not have to be made on market terms though any subsidy is effectively limited to the gap between the costs to the company of developing/financing the development of and operating the affordable homes and the income which it is expected to receive (mainly rents) from those assets; and
- a guarantee provided by a council to support a subsidiary is an aid/benefit and EU Commission guidance must be compliant.

4.74 Disposals consent

(i) Disposals of land and buildings held in the General Fund must comply with section 123 of the 1972 Act. This requires the Council to obtain a consideration which is not less than the best it can reasonably obtain. If the Council disposes of a property at an under-value it does require the consent of the Secretary of State (except for limited circumstances such as short term leases). In any event there would be State Aid concerns if the Council did sell to the company at an under-value. To prove that the land has been disposed of at not less than best consideration and to fulfil State Aid requirements the Council should obtain a valuation from a qualified independent valuer.

(ii) If the Council was able to sell at an under-value (and remain State Aid compliant) the Council may be able to rely upon Circular 06/03 (the 1972 Act – disposal of land for less than best consideration) which sets out circumstances in which the Secretary of State pre-approves/pre-consents to the disposal of General Fund land at an under-value. If this consent is to apply then the under-value must not exceed £2m and the Council's purpose in making such disposal must be to contribute to the economic, social or environmental well-being of the Council's area and/or its residents.

Risk Implications

4.75 There is minimal risk attached to setting up a company and this could proceed so that a name can be secured. The NewCo will take no activity until the Business Plan is prepared and approved. The NewCo will be set up so that it can evolve (or wind up) in future as necessary. The risk of not progressing is that the project will lose focus, discussions with potential partners will lack credibility and the opportunities offered by the development company will be lost.

4.76 A high level risk register for the project together with appropriate mitigation actions has been drawn up. This reflects the creation of the NewCo and the development of schemes through feasibility and planning stages. Subject to monitoring of these risks the risk analysis does not indicate any reason for not proceeding with establishing the NewCo. The creation of the NewCo as an entity will allow appropriate governance arrangements to be created. Once the NewCo is established and starts to deliver schemes both the Council and the NewCo will need to maintain their own risk registers. Each scheme will require a comprehensive risk register which will be monitored and updated. There is a risk that the NewCo will not deliver viable schemes on the scale that the Council would wish or that have been identified in the Strategic Business Case.

4.77 It is important to reiterate that the illustrative sensitivity outputs in the ‘economic case’ are for the development of hypothetical scenarios. As schemes are developed there will be a defined “gateway” process for each potential project considered by the NewCo. As and when a scheme is brought forward there will be an evaluation of the key assumptions informed by historic and current data which should provide further confidence for any assessment as to the viability of a scheme and a detailed business case with an accompanying NewCo Business Plan and additional consideration of the General Fund position.

4.78 A key issue of principle in the management of risk is the requirement for a Minimum Revenue Provision. MRP is currently provided for at 4% of an outstanding balance. This assumes that assets financed by the debt taken on by the Council will have a useful asset life of 25 years. It also assumes that the assets have no tradable value. The NewCo will create tradable assets – it is expressly designed to do so. In standard commercial practice higher interest rates and profit margins are the cover for the risk. Once the NewCo Business Plan is developed consideration will need to be given to the approach to risk in relation it and to the Council’s overall management of its investment strategy.

Environmental Implications

4.79 There are no implications arising from this report.
Equalities Impact

4.80 The proposal will have a positive impact on the availability of housing in Bedford Borough. The NewCo, if established, will be required to follow Council policies in relation to diversity and equality.

5. **Details**

Operation of the NewCo

5.1 The NewCo could acquire and develop a portfolio of homes for market rent and sale, although it could expand into other areas of the housing market. The options are that the NewCo will develop new housing itself or through joint ventures. The approach to developments will be determined through the company's business plan and detailed business cases. This is positively aligned with the objectives of the Housing Strategy to increase capacity to deliver new housing in Bedford Borough.

5.2 Dwellings retained in ownership by the NewCo could be let on Assured Shorthold Tenancies and will not be subject to the allocation provisions of Part VI of the Housing Act 1996 or be held within a Housing Revenue Account.

5.3 Initially the NewCo could own and manage properties currently owned by the Council which, for various reasons, it is not possible or advisable to sell. Potentially in the future the NewCo could undertake the letting on Assured Shorthold Tenancies of properties developed by the NewCo or purchased or leased from other owners. Leased properties could include properties owned by Registered Providers for temporary accommodation. All rented housing would let on Assured Shorthold Tenancies excepting that temporary accommodation will be let on license where appropriate.

5.4 The Shareholder Agreement will regulate the relationship between the Council and the NewCo. The Shareholder Agreement will set out the tolerances (e.g. financial and decision making) within which the NewCo may operate.

5.5 The NewCo will develop a Business Plan to be approved by the Shareholder Board. The approval of the Business Plan will include an approved level of funding for the NewCo based on a Detailed Business Case. The Directors of the NewCo will take decisions within this framework.

5.6 The Shareholder Board will monitor the actual and projected operational and financial performance against the objectives agreed between the Council and the NewCo in accordance with the NewCo's Business Plan.

5.7 A proposed name for the NewCo will need to be decided.

5.8 The initial Business Plan for the NewCo would be based on the following:

Potential development sites

(i) In order to develop the Strategic Business Case a theoretical model was developed to enable the Strategic Business Case to validate the benefit of establishing a Council NewCo.
(ii) To develop the Detailed Business Case a development pipeline would need to be established, making use of Council owned land, to enable the Council to benefit directly from any uplift in land values associated with developing sites, rather than simply seeking a capital receipt through disposal on the open market.
(iii) Once the pipeline is agreed the NewCo would undertake site appraisals with a view to bringing them forward as investment proposals for the Council to consider.

Existing council owned residential properties

(i) Existing properties owned by the Council that, for various reasons, the Council is not in a position to sell outright and some of which are vacant could be transferred to the NewCo for letting on Assured Shorthold Tenancies. The transfer would be on the basis that NewCo will not be able to dispose of the properties and will be obliged to let them on Assured Shorthold Tenancies.
(ii) The restriction proposed on the NewCo's ability to use the properties for anything other than letting on ASTs will reduce the capital value of the transfer and the associated borrowing, if borrowing is required.
(iii) A Business Plan and a more detailed business case will be required for this proposal as for the new development proposals.

Timetable

5.9 The proposed timetable could be:

• Establish the NewCo as a legal entity following Full Council approval	30.11.16
• Prepare a remit document for the NewCo	31.12.16
• Approve NewCo Business Plan and Detailed Business Case and transfer existing properties immediately available	31.01.17
• Complete initial review of development sites	31.02.17
• Prepare refreshed remit document for NewCo	31.03.17
• Submit NewCo Business Plan and Detailed Business Case for approval	30.06.17
• Development commences	01.04.18

6. <u>Summary of Consultations and Outcome</u>

6.1 The following Council units or Officers and/or other organisations have been consulted in preparing this report:

Management Team
Relevant Managers

Report Contact Officer:	Stewart Briggs Executive Director Environment & Sustainable Communities
File Reference:	NewCo1
Previous Relevant Minutes:	Housing Committee – 14 September 2016
Background Papers:	None
Appendices:	None