

CABINET

DATE OF MEETING: 4 MARCH 2021

TITLE OF REPORT: CORPORATE VEHICLE FOR PROPERTY HOLDING
PURPOSES: DRAFT BUSINESS CASE

Report of: Head of Corporate Services

Cabinet Member: Councillor James Radley, Deputy Leader and Finance

1 PURPOSE OF REPORT

1.1 The Council has agreed to establish a corporate vehicle for property holding purposes. The company will take the form of company wholly owned by the Council limited by shares. The purpose of this report is to set out the draft business case and to ask Cabinet to recommend to Council that the Business Plan is approved.

2 RECOMMENDATION

That Cabinet recommends to Council that the Business Case is approved.

3 INTRODUCTION

3.1 The Council has resolved to set-up of a local housing company as a vehicle to allow the Council to participate directly in the provision of housing. A business case is now required to underpin the decision to set up the company. The approach recommended in this report is to articulate the business case for the company in line with the approach recommend in the HM Treasury Green Book Five Case Model.

3.2 The Business Case is made up of five key elements:

- The Strategic Case
- The Economic Case
- The Financial Case
- The Management Case
- The Commercial Case

4 CONCLUSION AND NEXT STEPS

4.1 Council has agreed that a wholly owned company limited by shares is the best vehicle to assist the Council in meeting its housing objectives. The Council has the power powers to both create the company and to provide funding. Financial modelling demonstrates the potential to make a return on investment in the company from three principle sources:

- (i) dividends deriving from surpluses,
- (ii) interest on loans to the company, and
- (iii) charges for services provided to the company by Council staff.

4.2 Discussions from members are invited to set out any comments or recommendations they would wish to be passed on to the Cabinet when this business case is considered for approval.

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APPENDICES:

Appendix 1 – Draft Business Case