

**RECOMMENDATIONS/ COMMENTS TO CABINET ON 11 JUNE 2014 FROM THE  
RESOURCES AND PERFORMANCE PANEL AT ITS MEETING  
ON 27 MAY 2014**

**RP12: CABINET REPORT: LOCAL AUTHORITY HOUSING COMPANY**

The Chief Executive presented the report which considered the potential benefits of the Borough Council establishing a Local Authority Housing Company. It was explained that the primary purpose for establishing the company would be to act as a vehicle to secure new affordable housing units in the Borough utilising 'off site' Section 106 planning funds granted by developers who in exceptional circumstances provided off site financial contributions in lieu of onsite affordable housing units. The company would retain ownership of the units, but sub contract the management to a suitable housing association. This approach would enable the Borough Council to retain ownership of the assets and benefit from revenue stream.

Members' attention was drawn to the following sections of the report:

- Background and Context.
- Utilising existing and future affordable housing capital funds derived from Section 106 Development Agreements.
- Indicative Investment Analysis.
- Purchase Price.
- Options Considered.
- Governance Issues.
- Policy Implications.
- Financial Implications.
- Risk Management Implications.

In response to questions from Councillor Cousins, the Chief Executive explained that the Borough Council could possibly purchase the affordable units on the second phase of the joint venture project on the NORA site.

Councillor Gourlay asked how the properties would be managed. In response, the Chief Executive explained that it was likely that a private agency or housing association would manage the properties. However, a tender exercise would be required.

**RESOLVED:** That the Panel support the recommendations to Cabinet as follows:

Cabinet is recommended to:

- 1 Give delegated authority to the Property Services Manager to create a simple company limited by shares, to act only to own or lease from the Borough Council residential properties, wholly owned by or on behalf of the Local Authority – in consultation with the Portfolio Holders for Regeneration and Community, Chief Executive, Deputy Chief Executive

and Chief Finance Officer.

- 2 Instruct the Property Services Manager to develop a basic Business Plan for the Company identified within this report.
- 3 To give delegated authority to approve the Articles of Association and Business Plan to the Legal Services Manager in consultation with the Portfolio Holders for Regeneration and Community, Chief Executive, Deputy Chief Executive and Chief Financial Officer.
- 4 To give the Legal Services Manager delegated authority to draft and finalise all necessary documentation, contractual or otherwise associated with the creation of the company.
- 5 The sum of £761,840 is allocated to the company once established for the purposes of acquiring affordable housing units, representing the funds currently held for 'off site' affordable housing contributions as part of existing Section 106 Agreements, together with any future similar Section 106 off site affordable housing contributions.

RP13: **CABINET REPORT: BANK TENDER**

In presenting the report, the Chief Financial Officer explained that the Council's current banking contract with the Co-operative Bank terminated on 31 March 2015. The Co-operative Bank had informed the Council that it would not be re-tendering for any future banking services to local authorities and the Council would therefore have a new banking provider from 1 April 2015. Members were advised that the Council was currently undertaking a joint procurement exercise in conjunction with all the other Norfolk District Councils, Norfolk County Council, the Norfolk Police and Crime Commissioner and Alive Leisure. The procurement timetable aimed to make a provisional award of the new banking contract in early July 2014.

The Panel was provided with background information as set out in section 1 of the report.

The Chief Financial Officer explained that the work of drawing up the new banking contract specification, advertising and assessing the tender submissions, was being divided amongst the participants, such that the workload on any individual council was substantially reduced. All participants were represented on the project group and attended the regular meetings, and would be on the evaluation and interview panels. Legal advice was being provided by NPLaw with the charges being divided amongst the participant authorities, the estimated cost for King's Lynn was £600. The timetable was outlined as detailed at section 3 of the report.

In conclusion, the Chief Financial Officer explained that the joint procurement exercise for a new banking service provider was progressing well, but flexibility was needed to ensure that the contract award was made in accordance with the timescales.

In response to questions from Councillor Cousins regarding Santander, the Chief Financial Officer explained that a Viability Day had been held and five banks had attended. Whilst Santander had indicated an interest in local authority work, it did not appear that they would currently be in a position to enter the local authority market.

In response to questions from Councillor A Tyler on re-tendering the contract for the Council's banking services, the Chief Financial Officer explained that the Council currently banked with the Co-operative Bank under a five year contract which terminated on 31 March 2015. In June 2013, the Co-operative Bank announced that they had a £1.5 billion shortfall in their capital funding arrangements, causing speculation in the markets that the bank might collapse overnight. Following the downgrading of the bank the Council's treasury team in consultation with Capita Treasury Services put in place procedures to minimise the Council's exposure. On 5 November 2013 the Co-operative Bank announced that they would cease to provide banking services to the local authority sector. In January 2014 all Norfolk District Councils and Norfolk County Council began discussions towards the joint procurement of banking services. In conclusion, the Chief Financial Officer advised that in normal circumstances the Borough Council would not look to change the banking arrangements before the current contract came to an end.

**RESOLVED:** That the Panel support the recommendations to Cabinet as follows:

It is recommended that Cabinet delegate the decision to award the new banking contract to the Chief Financial Officer in consultation with the Leader and Chief Executive to ensure that the joint procurement timetable can be met.