

Proposed addition to the Treasury Management Strategy Statement

Re: Housing Development Company

1. At its meeting of May 2015 Cabinet agreed to:

- Delegate to the Leader of the Council and Cabinet Member for Housing Company Development & One Source Management, supported by a Senior Council Officer other than Group Director of Communities & Resources, to release funds through such loans needed to meet the requirements of the agreed business case.
 - Delegate to the Leader of the Council and Cabinet Member for Housing Company Development & One Source Management to agree to Heads of Terms of the Shareholder Agreement and authorise the Group Director for Communities & Resources, in conjunction with the Director of Legal and Governance, the authority to negotiate and finalise the Shareholder agreement.
2. The Council's draft capital programme includes a provision of £100m for Development and Regeneration projects. The equity investment and loans to be made for capital purposes to the company will be met from this provision. This level of planned expenditure and the consequential impact upon the Council's prudential borrowing is reflected in the TMSS.
3. Some aspects of the Housing Company's expenditure included within the approved business plan will not meet the statutory definition of capital expenditure (i.e. they will be treated as revenue spending in the company's accounts). Nevertheless, it is intended that these sums will be funded through the Council's Treasury Management arrangements and it is also intended that these sums will count towards the £100m provision referred to in para 2 above for the purposes of financial control.
- 7.4. It is anticipated that the Housing Company loan(s) will include a working capital loan facility. The terms of this loan facility will require approval in accordance with the arrangements described in paragraph 1 above.