

AGENDA



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

For a meeting of the
SHAREHOLDER COMMITTEE
to be held on
TUESDAY, 8 JANUARY 2019
at
2.00 PM
in
**STUDIO 1, GUILDHALL ARTS CENTRE, ST. PETER'S HILL,
GRANTHAM, LINCOLNSHIRE, NG31 6PZ**
Aidan Rave, Chief Executive

Chairman
Councillor Barry Dobson
Councillor Kelham Cooke
Councillor Nick Craft
Councillor Graham Jeal
Councillor Jacky Smith (Vice-Chairman)

Committee Support Jo Toomey Tel: 01476 40 61 52
Officer: E-mail: j.toomey@southkesteven.gov.uk

Members of the Committee are invited to attend the above meeting to consider the items of business listed below.

1 MEMBERSHIP

The Committee to be notified of any substitute members.

2 APOLOGIES

3 DISCLOSURE OF INTERESTS

Members are asked to disclose interests in matters for consideration at the meeting.

4 MINUTES OF THE PREVIOUS MEETING

Minutes of the meeting held on 2 October 2018.

(Pages 3 - 5)

Exclusion of the press and public

It is anticipated that the press and public will be excluded during consideration of agenda items 5 and 6 because of the likelihood that information that is exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) would be disclosed to them.

5 UPDATE ON WHERRY'S LANE DEVELOPMENT

Progress update on the Wherry's Lane development project. (Pages 7 - 11)

6 PIPELINE OF FUTURE PROJECTS

Consideration of the Gravitas Housing Development Pipeline Programme. (Pages 13 - 21)

7 SCHEME OF DELEGATION

Verbal discussion on the aspects of the company's Articles of Association that cause delay in delivering and progressing company business.

8 ANY OTHER BUSINESS THAT THE CHAIRMAN, BY REASON OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT

MINUTES

SHAREHOLDER COMMITTEE
TUESDAY, 2 OCTOBER 2018



SOUTH
KESTEVEN
DISTRICT
COUNCIL

COMMITTEE MEMBERS PRESENT

Councillor Ashley Baxter
Councillor Barry Dobson (Chairman)

Councillor Graham Jeal
Councillor Jacky Smith (Vice-Chairman)

OTHER MEMBERS

Councillor Nick Neilson

GRAVITAS

Jane McDaid (Director)
Harry Rai (Director)
Richard Wyles (Director)
Andrew Sweeney
Gemma Harte

OFFICERS

Solicitor to the Council (Lucy Youles)
Principal Democracy Officer (Jo Toomey)

14. APOLOGIES

An apology for absence was received from Councillor Kelham Cooke.

15. DISCLOSURE OF INTERESTS

No interests were disclosed.

16. MINUTES OF THE MEETING HELD ON 11 SEPTEMBER 2018

The minutes of the meeting held on 11 September 2018 were proposed, seconded and agreed as a correct record.

EXCLUSION OF THE PRESS AND PUBLIC

It was proposed, seconded and agreed that the press and public be excluded from the meeting for the following two items of business because of the likelihood that information would be disclosed to them which is exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended). This is information that relates to the financial or business affairs of an individual or an organisation.

17. GRAVITAS - WAY FORWARD

The Directors presented the paper circulated with the agenda, which asked Members for an indication of what they considered an acceptable return (including monetary returns against the bottom line, other income for the

Council and wider additional benefits for the Council Tax payer). The Directors would use this as the basis for assessing which potential future projects to bring before the Committee.

Members were mindful of the need to deliver new housing in the district and of the opportunities for the Council to generate income. In addition to the return on investment, other benefits the Council might enjoy could include additional income from Council Tax, Section 106 contributions and income from re-charges paid by the company for officer time. Developments could also provide wider social benefits, including the development of land that would not otherwise be developed and disrupting the housing market; this type of benefit was more difficult to quantify than the monetary returns but Members suggested that there should be some form of measure so that they could sell the benefits of any particular scheme both to the wider Councillor cohort and council tax payers.

An example was given of the Wherry's Lane development which was being undertaken by the company; while the return on investment was projected to be lower than initially indicated, by developing the site the company had disrupted the local housing market by developing a site that may not otherwise have been developed.

Members stated that they were not unhappy with the existing rates of return against which projects were assessed, noting that some schemes that offered low rates of return could bring greater community benefits. Questions were asked about how any future projects would be funded; the possible options were through Council reserves or by the Council borrowing the funds and lending those to the company on a commercial basis.

The Committee also discussed opportunities for development through the Housing Revenue Account (HRA) and whether the Council could use the company as the delivery vehicle for HRA projects.

Members were also asked for their thoughts about whether the company should explore the rental market. Members were supportive of the principle of renting out houses however further work would need to be done to determine an appropriate vehicle through which this could be delivered.

The final matter the Directors asked the Committee to consider was the idea of changing the company's name to bring it in line with the Council's other companies. It was suggested that this meeting provided a timely opportunity to consider its name before the marketing of properties at Wherry's Lane began. Following brief debate, Members proposed, seconded and agreed to change the name of the company to Homes SK.

Decision:

The name of the company should be changed from Gravitas to Homes SK

The Directors agreed that they would come back at the next meeting of the

Committee with potential schemes that conformed to the returns and benefits that the Committee had indicated would be acceptable.

Committee Members discussed the refresh of the company's business plan. The original Gravitas business plan had recently been recirculated for reference. Members asked for the development of an up-to-date, forward-looking business plan that incorporated project plans, together with targets and milestones that were challenging but deliverable.

18. WHERRY'S LANE - PROJECT UPDATE

Representatives from the Company updated Committee members on progress against the Wherry's Lane project. Once approval had been given to appoint a contractor, further discussions had been undertaken on additional value engineering exercises and opportunities to identify savings without compromising the quality of the development.

The land purchase was progressing and discussions were underway with the marketing agents for the project. Pre-commencement works would run prior to commencement of the full programme. It was the intention that the main build work would begin on site during late October or November 2018. The build programme was expected to last 12-months.

Members appreciated the level of detail that was included in the report that had been circulated with the agenda but asked that any slippage, changes to costs or unexpected costs be listed separately. Members noted the timing adjustments that had been made since the commencement of the project.

19. ANY OTHER BUSINESS THAT THE CHAIRMAN, BY REASON OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT

Following a recent Cabinet decision to commission a review of the governance arrangements for all of the Council's companies, Members were advised that work was underway to review the terms of reference of the Shareholder Committee. The remit would have to be sufficiently adapted to enable it to review a range of companies with different structures (two companies limited by shares, a company limited by guarantee and a joint venture).

20. CLOSE OF MEETING

The meeting was closed at 15:00.

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Agenda Item 5

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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Agenda Item 6

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