

# Companies Committee



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL



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Tuesday, 22 September 2020 at 2.00 pm  
Virtual meeting - This meeting is being held remotely using  
Skype for Business

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## Supplementary Papers

### Virtual Meeting - Joining Arrangements

Councillors should access the meeting using the link in their calendar.

Members of the press and public can gain access to the meeting by using the following link:

[Companies Committee - 22 September 2020](#)

If you are using a smartphone or tablet it may be necessary to download the Skype for Business app before you can enter the meeting; please allow yourself time to do this. If you are using a laptop or desktop computer, you should be able to access the meeting via your web browser.

When you follow the link to the meeting you will enter a virtual lobby; you will be invited into the meeting from the lobby just before the meeting begins. Members of the public should not use the Chat function in Skype for Business. This is for use by Councillors, who will use it to indicate that they would like to speak.

If you have any questions about how to join the meeting, please e-mail  
[democracy@southkesteven.gov.uk](mailto:democracy@southkesteven.gov.uk).

- 5. Formation of LeisureSK** (Pages 3 - 9)  
Report of the Deputy Leader of the Council

*This report is exempt under Paragraph 3, Schedule 12A of the Local Government Act 1972 (as amended) because it contains information relating to the financial or business affairs of an individual or organisation.*

- 6. Gravitas Housing Limited** (Pages 11 - 14)  
Report of the Deputy Leader of the Council

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Published and despatched by [democracy@southkesteven.gov.uk](mailto:democracy@southkesteven.gov.uk) on Monday, 14 September 2020.

☎ 01476 406080

**Karen Bradford, Chief Executive**

[www.southkesteven.gov.uk](http://www.southkesteven.gov.uk)

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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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**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

## Companies Committee

22 September 2020

**Report of:** Councillor Barry Dobson

The Deputy Leader of the Council



## Gravitas Housing Limited

This report provides an update with respect to the Wherry's Lane Bourne development project for the period up to 31 August 2020.

This report also requests that four additional directors be appointed to Gravitas Housing Ltd.

### Report Author

Richard Wyles, Interim Director of Finance



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Corporate Priority:	Decision type:	Wards:
<b>Growth</b>	<b>Key</b>	<b>Stamford St Mary's</b>

<b>Reviewed by:</b>	Richard Wyles - Interim Director of Finance	8 September 2020
<b>Approved by:</b>	Paul Thomas - Strategic Director for Growth	11 September 2020
<b>Signed off by:</b>	Councillor Barry Dobson, The Deputy Leader of the Council	14 September 2020

### Recommendation (s) to the decision maker (s)

- 1) Companies Committee is asked to note the update on the Wherry's Lane Bourne Development.
- 2) Companies Committee is asked to recommend to Cabinet the following as directors of Gravitas Housing Limited.
  - a) Councillor Kelham Cooke, Leader of the Council
  - b) Councillor Barry Dobson, Deputy Leader of the Council
  - c) Paul Thomas, Strategic Director
  - d) Director of Housing and Property

# 1 The Background to the Report

- 1.1 Gravitas Housing Limited is a wholly Council owned company limited by shares that was incorporated on 30<sup>th</sup> January 2017 in order to deliver quality new housing in the District. To date one scheme at Wherry's Lane Bourne has been approved by the shareholders (the Council) and financing for this scheme was approved by Council on 2<sup>nd</sup> March 2017. The Business Plan that set out the delivery plan for the Wherry's Lane development and covered the period 2017 – 2021 was approved by the Shareholder Committee on 9<sup>th</sup> January 2017. The vision was agreed as '*To develop and manage quality homes in the district supported by responsive and customer focused services that customers' value*'.
- 1.2 At the present time this project is the only one approved for delivery although Gravitas Housing Ltd has previously presented proposals in order to develop a pipeline of new development opportunities including the former Police Houses at Stonebridge Road Grantham. At the present time, the focus continues to be on the delivery of the Wherry's Lane project in order that the Council can recoup the financial outlay it has invested into Gravitas by way of shares and a commercial loan.

## Current Update

- 1.3 In January 2020 Gravitas Housing Ltd completed a 25-unit development in Bourne. The development provides five town houses and twenty apartments across 2 blocks. Two independent local estate agents have been appointed to market and sell the properties on behalf of the company. The affordable housing provision has been met with off-site commuted sums and these are being delivered as part of the HRA development new build programme. There are also 4 units at the development that are subject to discounted market sales (i.e. 80% of market price) to fulfil the s106 requirements under the Government's Help to Buy initiative.
- 1.4 At the time of compiling the report there have been five completed sales and seven deposits secured, representing 48% of the total development. It is noted that the Coronavirus (Covid-19) outbreak has had a detrimental impact on the sales forecast with no sales or deposits during the period April – July 2020. However, there is good reason for optimism following the Chancellor's temporary waiving of stamp duty for sales below £500k and local evidence that the housing market is performing at pre-covid levels. The sales to date total £762,500 following the completion of five sales.
- 1.5 There is ongoing dialogue and communication with the appointed estate agents to ensure that the marketing remains strong and focussed on securing the remaining sales and there are a number of options the agents are putting forward to stimulate interest in the properties. These options will be discussed by the Company Board once the new directors have been appointed.
- 1.6 At the present time the company advises to continue with the strategy of marketing the units for sale in order to generate capital receipts that are necessary for financing the Council loan and meet other contractual costs. Clearly this needs to be kept under review in order to reflect and respond to market changes. These options include the consideration of selling the development to an investor, entering the rental market and varying the sale prices (or offering discounts in specific circumstances). The Board, following appointments of the directors, will explore all options and present back to the Committee at a later date.

## Directors of the Company

- 1.7 Article 13.1 of the Company's Articles of Association states that the quorum for the transaction of Gravitas business shall be three Directors. This means that there must be at least three Directors voting on any decision.
- 1.8 The three Directors previously listed for the company were Harry Rai, Jane McDaid and Richard Wyles. Harry Rai and Jane McDaid are no longer employed by the Council and have consequently resigned as Directors of Gravitas. This means that Gravitas currently has only one Director in post, making it inquorate and therefore unable to take decisions.
- 1.9 In order for Gravitas Housing Limited to be able to lawfully make any decision, it must appoint at least two more Directors.
- 1.10 The Companies Committee remit includes to '*Make recommendations to the Cabinet on the appointment or removal of Council appointed company directors*'.
- 1.11 Following the resignation of Harry Rai and Jane McDaid as directors of Gravitas Housing Ltd, members are asked to recommend to Cabinet the appointment of:
- Councillor Kelham Cooke, Leader of the Council
  - Councillor Barry Dobson, Deputy Leader of the Council
  - Paul Thomas - Strategic Director for Growth
  - Director of Housing and Property (subject to approval of the post by Council)
- 1.12 These proposed appointments will bring the political and professional strategic support to enable Gravitas to successfully deliver the Wherrys Lane development and bring forward a pipeline of strategic housing development proposals for Committee consideration.

## **2 Consultation and Feedback Received, Including Overview and Scrutiny**

- 2.1 None.

## **3 Available Options Considered**

- 3.1 The report provides the latest position with respect to the delivery of the approved Business Plan from Gravitas Housing Ltd. Therefore, there are no other options necessary. The appointment of directors is required in order to replace the two previous directors who resigned on 31 July 2020.

## **4 Preferred Option**

- 4.1 This is set out in the report.

## **5 Reasons for the Recommendation (s)**

- 5.1 The current Business Plan is still valid as it focuses on the delivery of the Wherry's Lane project. This report sets out the progress being made. The report also recommends nominated directors who, if appointed, will provide the political and professional focus to enable the company to continue to develop quality housing in the district.

## **6 Next Steps – Communication and Implementation of the Decision**

- 6.1 Cabinet will consider the recommendations of Companies Committee at their next meeting.
- 6.2 Any changes to the directorships of the company will be communicated to companies House to ensure up to date information is being held for the company.

## **7 Financial Implications**

- 7.1 The Directors of the company are charged with delivering the Business Plan, the financial implications of any change in re-financing the loan from the council for the Wherry's Lane development will be discussed at a board meeting and negotiated with the Council.
- 7.2 The financial implications for projects contained in the project pipeline will be subject to their own business case and financial implications presented this Committee prior to formal adoption as projects that can be delivered by Gravitas Housing Ltd.

**Financial Implications reviewed by: Richard Wyles, Interim Director of Finance**

## **8 Legal and Governance Implications**

- 8.1 The appointment of additional directors is important to ensure the board can function properly.

**Legal Implications reviewed by: Shahin Ismail, Director of Law and Governance**

## **9 Equality and Safeguarding Implications**

- 9.1 An Equality Impact Assessment has not been completed, however, it is recognised that Gravitas will promote and deliver the 'lifetime' homes standard that are adaptable and accessible resulting in a positive equalities impact on the occupants.

## **10 Risk and Mitigation**

- 10.1 Development carries inherent risk which will be managed by the Directors Board as outlined in the Business Plan.

## **11 Community Safety Implications**

- 11.1 None

## **12 Other Implications (where significant)**

- 12.1 None

## **13 Appendices**

- 13.1 None

<b>Report Timeline:</b>	Date of Publication on Forward Plan (if required)	Not applicable
	Previously Considered by: Companies Committee	Not applicable
	Final Decision date	14 September 2020