

OVERVIEW AND SCRUTINY COMMITTEE

7 July 2020

- * Councillor Paul Spooner (Chairman)
- * Councillor James Walsh (Vice-Chairman)

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| Councillor Dennis Booth | * Councillor Ramsey Nagaty |
| * Councillor Colin Cross | * Councillor George Potter |
| * Councillor Graham Eyre | * Councillor Tony Rooth |
| * Councillor Angela Goodwin | * Councillor Deborah Seabrook |
| * Councillor Tom Hunt | * Councillor Fiona White |

*Present

Councillors Angela Gunning, Julia McShane (Lead Councillor for Community), Maddy Redpath, Caroline Reeves (Leader of the Council and Lead Councillor for Housing and Development Control), and James Steel (Lead Councillor for Environment) were also in attendance.

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OS7 LOCAL CODE OF CONDUCT AND DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS

There were no declarations of Disclosable Pecuniary Interests.

In relation to item 5, North Downs Housing Limited, four Councillors disclosed a non-pecuniary interest and indicated it would not affect their objectivity in relation to the matter: the Chairman, Councillor Paul Spooner, as Leader of the Council when North Downs Housing Limited was set up; Councillor Tony Rooth as Lead Councillor for Housing and Social Welfare when North Downs Housing Limited was set up; Councillor Angela Goodwin as a recently appointed director of North Downs Housing Limited; and Councillor Tom Hunt as a director of Guildford Borough Council Holdings Limited.

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OS10 NORTH DOWNS HOUSING LIMITED

The Chairman thanked two directors of North Downs Housing Limited (NDH) for attending the meeting: Sarah Creedy, the Chair of directors, and Mike Parsons. The meeting was reminded that a member of the Committee, Councillor Angela Goodwin, had declared a non-pecuniary interest as a newly appointed director of NDH. In addition, the Chairman welcomed the Council's Director of Operational Services and the Council's Landlord Services Manager.

The Landlord Services Manager gave a presentation outlining the purpose of NDH, its relationship with the Council, the objectives of NDH and progress to date, and its plans for 2020/21.

The Chair of directors at NDH indicated that the organisation's business plan published in 2016 had been updated in the report submitted to the Committee. She advised the Committee that NDH had not grown as fast as planned. The meeting was informed that NDH was seeking to meet the housing needs of residents in the third income quartile –

people thought to be unable to access market housing in the Borough and unlikely to qualify for social housing.

The Leader of the Council, Lead Councillor for Housing and Development Control, indicated that NDH was a valuable tool to help address a particular demand for housing in the Borough.

The Chairman invited questions from the Committee members and during the ensuing discussion a number of points were made and clarifications offered:

- The Council's Landlord Services Manager indicated that until March 2020 NDH tenancies had been over ninety percent stable; since COVID-19, turnover of tenancies had increased.
- The Chair of directors of NDH indicated that the company was funded entirely by the Council through Guildford Borough Council Holdings Ltd. She advised that the income generated from NDH properties had to cover the running costs of the company and that a gross initial yield of 4.5 percent was sought on each property. She confirmed that the net yield figure for each property was established by calculating the expenditure required to enable it to be let.
- The Chair of directors of NDH indicated that the company was not subject to the Right to Buy scheme and that the properties acquired by NDH stayed within its ownership for the benefit of its tenants.
- The Council's Landlord Services Manager indicated that NDH properties were advertised on Rightmove and the company did not keep a waiting list for its properties. In addition, the Committee was advised that the Council's social housing waiting list was used to identify potential tenants for NDH properties.
- The Committee was informed that the Council's funding for NDH was currently unaffected by COVID-19 and that NDH provided a favourable financial return to the Council on its investment, that is to say, a borrowing rate of Bank of England base rate plus 5 percent.
- The Council's Landlord Services Manager advised the Committee that help and support had been offered to those people unable to pay rent due to COVID-19.
- The Council's Landlord Services Manager stated that current NDH tenants took little management and only one tenant had been evicted (and that this had been due to behaviour issues).
- The Committee was advised that NDH had been set up to deliver 4 objectives and that these could be summarised as meeting identified housing need, generating returns for the Council, accelerating development in the Borough, and to do such other things that helped deliver the first three objectives.
- The Committee was informed that a small number of NDH properties were outside the Borough boundary and these had been let to people that worked in the Borough.
- The Committee was advised that NDH currently had 50 properties while its original business plan aimed for 125 properties by 2020 and 200 properties by 2021. The availability of suitable property, the need to let at genuinely affordable rents, and the

lack of personnel at NDH were put forward as the main factors limiting the growth of the portfolio.

- In response to a question, the meeting was advised of the need for the Council to adhere to state aid rules. The meeting discussed the benefit and possibility of NDH accessing funds at a lower borrowing rate than currently agreed with the Council.
- The Committee was updated on progress with the plans to recruit a member of staff to grow the NDH portfolio.
- The meeting was informed that the effects of COVID-19 on the housing market and the consequent availability of properties to NDH was not clear, although there did not seem to be a reduction in the number of people wanting properties in the Borough. The Council's Landlord Services Manager informed the Committee that more properties were now becoming available in the Borough. A member of the Committee indicated the value in monitoring the situation to ensure opportunities to increase NDH's portfolio were developed.
- In reply to a question about brownfield development in the Borough, the Committee was informed that the scarcity of land was the main factor limiting NDH building its own properties.
- The possible involvement of NDH in providing properties for the most vulnerable in society was discussed.
- The Chair of directors of NDH offered to provide future updates on the company to the Committee.

The Chairman thanked Sarah Creedy and Mike Parsons from NDH, the Council's Director of Operational Services, and the Council's Landlord Services Manager for attending.

RESOLVED: (I) That the four objectives of North Downs Housing Limited, as set out in its 2016 - 2046 Business Plan, be supported.

(II) That the Executive be requested to explore the provision of increased resources, particularly personnel, to enable NDH to deliver its ambitions more quickly.

(In accordance with Council Procedure Rule 19(e), Councillor Angela Goodwin requested that her decision to take no part in the vote due to her position as a director of NDH be recorded in the minutes.)