

FORMATION OF DERBY HOMES LIMITED

Report of the Chief Executive, Acting Director of Housing Services, Director of Corporate Services and Director of Finance

SUMMARY OF REPORT

1. This report contains proposals to formally establish Derby Homes, authorises the Director of Corporate Services to, if necessary, amend the draft Memorandum and Articles, to sign them on the Council's behalf and appoint the Chief Executive as the Council's representative.

RECOMMENDATIONS

- 2.1 That the draft Memorandum and Articles of Derby Homes be approved.
- 2.2 That the Director of Corporate Services be authorised to, if necessary, amend and then sign the draft Memorandum and Articles.
- 2.3 That the Director of Corporate Services be authorised to sign the Memorandum and Articles on behalf of the Council to form the Company, Derby Homes Limited.
- 2.4 That the Chief Executive be appointed as the Council's representative for the purposes of General Meetings of the Company under Section 375 of the Companies Act 1985.

REASON FOR RECOMMENDATIONS

3. The recommendations will enable a programme of improvements to council housing to be funded which would not otherwise have been carried out.

MATTER FOR CONSIDERATION

- 4.1 At its July 2001 meeting, the Council resolved in principle to establish a local authority controlled company to manage and maintain Council housing in Derby.
- 4.2 A satisfactory allocation of £31 million in additional capital resources for 2002-04 has since been announced, on 29 November 2001.
- 4.3 A ballot of tenants and leaseholders has been conducted by Electoral Reform Ballot Services in the period 14 January – 11 February 2002. It

asked if they supported the management of their homes by Derby Homes. Members will be advised orally of the result of the ballot.

- 4.5 Appendix A attached contains the proposed Memorandum and Articles for Derby Homes. It is recommended that these now be approved, subject to any changes that may be required by DTLR.
- 4.6 It is recommended that the Director of Corporate Services be authorised to, if necessary, amend and then sign the Memorandum and Articles on behalf of the Council to form the company, Derby Homes Limited.
- 4.7 Section 375 of the Companies Act 1985 allows the Council to appoint a person as its representative for the purposes of attending General Meetings of the company and voting on its behalf as the sole member of the company. This person is distinct from the five nominees of the Council who will serve on the Board of Directors. It is proposed that the Chief Executive be appointed as the Council's representative.

FINANCIAL IMPLICATIONS

- 5. Derby Homes Limited will attract additional housing resources to maintain Derby City Council's housing stock, provided it meets certain criteria.

LEGAL IMPLICATIONS

- 6.1 The power to form Derby Homes Limited is derived from Section 2 of the Local Government Act 2000.
- 6.2 Derby Homes Limited will operate in accordance with legislation covering local authority controlled companies contained in Part V of the Local Government and Housing Act 1989 and regulations made thereunder.

PERSONNEL IMPLICATIONS

- 7. It is anticipated that staff will transfer from the City Council to Derby Homes Limited under arrangements to protect their existing terms and conditions.

ENVIRONMENTAL IMPLICATIONS

- 8. The programme of work to be carried out by Derby Homes will improve the quality of the environment and contribute towards improved energy efficiency.

EQUALITIES IMPLICATIONS

- 9. It is anticipated that equal opportunity practices and procedures will be agreed by Derby Homes in line with Council practices.