



Leicester
City Council

WARDS AFFECTED
All Wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Cabinet

13th June 2005

HomeCome Issues

Report of the Corporate Director of Housing

1. Purpose of Report

- 1.1 To agree the Council's position regarding membership of the HomeCome Board of Directors and whether HomeCome should be allowed to buy properties outside the Council's own boundaries.

2. Report

- 2.1 HomeCome is a private company originally set up by the Council to create and manage affordable housing. The Council is a member of HomeCome along with the Leicester Federation of Tenants and Residents Associations and the Leicestershire Chamber of Commerce.
- 2.2 The HomeCome Board of Directors includes a Council nominated HomeCome Director and Cabinet is asked to consider which member should be the Council's representative. The current Council nominated HomeCome Director is Councillor Metcalfe.
- 2.3 At the HomeCome AGM on 19 July, 2005 2 Directors, Chris Cronogue and Ian Harkness resign, by rotation, and have both sought re-election. The Cabinet are asked to indicate whether the re-election of the two Directors is supported.
- 2.4 During the first year of operation HomeCome has made good progress but finds opportunities to make good value purchases are arising in adjoining Council areas and HomeCome would wish to buy such properties in the same way it buys properties in Leicester. However the minute of Cabinet of 1st March 2004 precludes this. Cabinet is asked to agree that HomeCome can purchase properties within practical operational range of the Council's housing maintenance depots in the same way that it buys properties within Leicester City Council's own boundary, provided they are let to tenants from the Council's Housing Register, through the Councils Allocation Policy.

3. Recommendations

3.1 It is recommended that:

- (a) the Councils nominated Director on the HomeCome Board of Directors is determined.
- (b) The Council's position on the re-election of the 2 retiring Directors at the forthcoming HomeCome AGM is determined.
- (c) HomeCome be allowed to buy properties, with the support of an Affordable Rent Grant, in adjoining Council areas, within practical operational range of the Council's housing maintenance depots, in the same way that HomeCome buys properties in Leicester's City Council's own boundary, provided it lets the properties to tenants from the City Council's Housing Register, through the Councils Allocation Policy.

4. Financial Implications (Rod Pearson Ext 7108)

4.1 Council has approved £3m for Affordable Rent Grant in the Housing Capital Programme 2005/06, and any expenditure on houses within and outside of the City's boundary would have to be contained within this figure.

5. Legal Implications (Joanna Bunting Ext 6450)

5.1 The maximum number of HomeCome Directors is twelve, and the minimum number is six. The minimum number is the minimum required so that the Council can have a Director and the Company not be a Local Authority Company, and the maximum was set because realistically any meeting with more than this number was thought to be ineffective.

The Directors are required to retire by rotation. At the first Annual General Meeting all the Directors are required to retire and are subject to re-election. For subsequent Annual General Meetings one third of the Directors (or the number nearest to one third) are subject to retirement by rotation. The Directors subject to retirement by rotation are those who have been longer in Office. For those appointed on the same day, the Director to retire would be decided by lot. The Council's Director is in a separate class and is not subject to the rules on retirement by rotation.

The Council's Director is the appointee of the Council and this is presently done by the Town Clerk in consultation with the Whips Office. The Council can remove its current Director and appoint another by simply giving notice in writing to the Company.

Members in General meeting and the Board of Directors can also make casual appointments to the Board of Directors (although these would be the first to retire under the rotation rule at the next Annual General Meeting).

In order to avoid the Company becoming a Local Authority Company the votes of “Associated Person” on the Board of Directors are restricted to one less than 20% of the votes, and if accidentally the number of Associated Persons exceeds that number there are vote reduction provisions in the articles.

Otherwise removal of Directors can be done on the standard ground in the Companies Act, for example on the grounds of mental disorder, bankruptcy, or six months absence. The Companies Act also provides that the Members in General Meeting can remove a Director from Office even before his term of Office has expired.

The articles contain provisions on the direct or indirect interests of Directors. Basically these follow the Local Government Code in that if the Director has a prejudicial interest or the interest would reveal a breach of the model code, he/she cannot vote and must withdraw from the room etc. However, the articles specifically say that the Council’s Director shall not be regarded as having a prejudicial interest where the interest arises from the possession of the exercise (whether actual, proposed or potential) of public functions by the Council or from a matter of general, national, regional or local public policy in which the Council is or maybe interested. However, if the Council’s Director is a Council Member, then the rules on direct and indirect interests would apply to that Councillor but of course the Councillor may regard himself as not having a prejudicial interest in a matter relating to HomeCome, merely because he has been appointed or nominated by the authority as its representative, although of course the other provisions of the code would still apply.

6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	No		
Policy	No		
Sustainable and Environmental	No		
Crime and Disorder	No		
Human Rights Act	No		
Elderly/People on Low Income	No		

7. Report Author/Officer to contact:

Dave Pate – Principal Service Director Housing Resources – Ext 6801

DECISION STATUS

Key Decision	No
Reason	
Appeared in Forward Plan	No
Executive or Council Decision	Executive (Cabinet)

