

Cherwell District Council

Council

20 July 2020

Capital Programme Virement - Graven Hill

Report of Director of Finance

This report is public

Purpose of report

To approve the virement of capital programme funding to support a Graven Hill development pilot part exchange scheme, recently approved by the Shareholder Committee.

1.0 Recommendations

The meeting is recommended:

- 1.1 To approve the virement of £2m from the existing ceased Bespoke Mortgage Scheme capital programme to finance a loan arrangement with Graven Hill Village Development Limited to support the offering of pilot part exchange scheme.

2.0 Introduction

- 2.1 The Shareholder Committee has approved a proposal from the Graven Hill Village Development Limited Managing Director to offer on a pilot basis a part exchange scheme, which is to be funded by the virement from a ceased scheme within the capital programme.
- 2.2 This report now seeks the approval of Council to approve the virement of funding to support the scheme.

3.0 Report Details

- 3.1 The Shareholder Committee when it met in May, approved a proposal from the Graven Hill Village Development Limited Managing Director to offer a pilot part-exchange scheme, which will allow the company to continue to secure its objectives in allowing individuals to take up the opportunity of a self-build arrangement that they might be otherwise unable to progress.

- 3.2 Cherwell District Council will support Graven Hill Development Limited with a loan arrangement to facilitate the purchase of up to five properties via a Part Exchange Pilot (£2m value) which would run for twelve months. The loan will be funded from unutilised funding from within the Council's existing Capital Programme, with a virement from the Bespoke Custom Mortgage Scheme which has now ceased.
- 3.3 The loan arrangement between the Council and the Graven Hill Development Company Limited will be on terms equivalent with other loan arrangements between the Council and the company and be agreed and finalised between the company, the Shareholder Representative and the Council's Director of Finance (S151).

4.0 Conclusion and Reasons for Recommendations

- 4.1 Through agreeing to the virement of available capital funding the Council will be able to support Graven Hill Development Limited in achieving its objectives in securing sales and facilitating families and individuals to move to the development via a part exchange arrangement.

5.0 Consultation

- 5.1 None applicable.

6.0 Alternative Options and Reasons for Rejection

- 6.1 None applicable.

7.0 Implications

Financial and Resource Implications

- 7.1 The existing ceased capital programme Bespoke Custom Mortgage Scheme has £2m available to allow the virement to finance the loan to Graven Hill Development Limited to support the pilot scheme approved by the Shareholder Committee in June 2020.
- 7.2 The terms for the loan arrangement to fund the part exchange arrangement, between the Council and Graven Hill Development Company Limited will need to ensure that the Council and the company secure appropriate conditions, including the State Aid requirements and that the arrangements meet the wider requirements of both the company and Council.

Comments checked by:

Michael Furness, Assistant Director Finance. Telephone: 01295 221845, Email: michael.furness@cherwell-dc.gov.uk

Legal Implications

- 7.3 A virement does not create additional overall budget liability. It changes the purpose for which the budget will be used compared to that originally intended

Comments checked by:

Richard Hawtin, Team Leader – Non-contentious, Telephone: 01295 221695, Email: richard.hawtin@cherwell-dc.gov.uk

Risk Implications

- 7.4 The Council will ensure that the loan to the company is secured against the properties purchased thereby minimising the risk to the Council. Close liaison with Graven Hill will continue to monitor progress with the pilot and the management of risk.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes. Telephone: 01295 221786 Email: Louise.tustian@cherwell-dc.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

Not applicable

Lead Councillor

Tony Ilott, Lead Member for Financial Management and Governance

Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Authors	Dominic Oakeshott - Finance
Contact Information	01295 227943 dominic.oakeshott@cherwell-dc.gov.uk