

# Gloriana Thurrock Ltd



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## **Thurrock: A place of opportunity, enterprise and excellence, where individuals, communities and businesses flourish**

- **Create a great place for learning and opportunity;**
- **Encourage and promote job creation and economic prosperity;**
- **Build pride, responsibility and respect;**
- **Improve health and well-being; and**
- **Promote and protect our clean and green environment.**

**Underpinned by:**

**26,000 new jobs being created**

**18,500 new homes being built**

# The Need for Intervention:



# Gloriana: The Proposal

## Use financial freedoms

We will:

- Intervene where the market is broken
- Establish a wholly owned housing company
- Leverage the Council's assets and resources
- Prudentially borrow where developers are nervous
- Kick-start the house building and regeneration needed in Thurrock

# Gloriana: Why a Wholly Owned Company

Options:

- HRA, Leasing, Development Partner or General Fund?

Clarity of control and risk:

- Wholly owned – so separate but no third-party stakes or interests

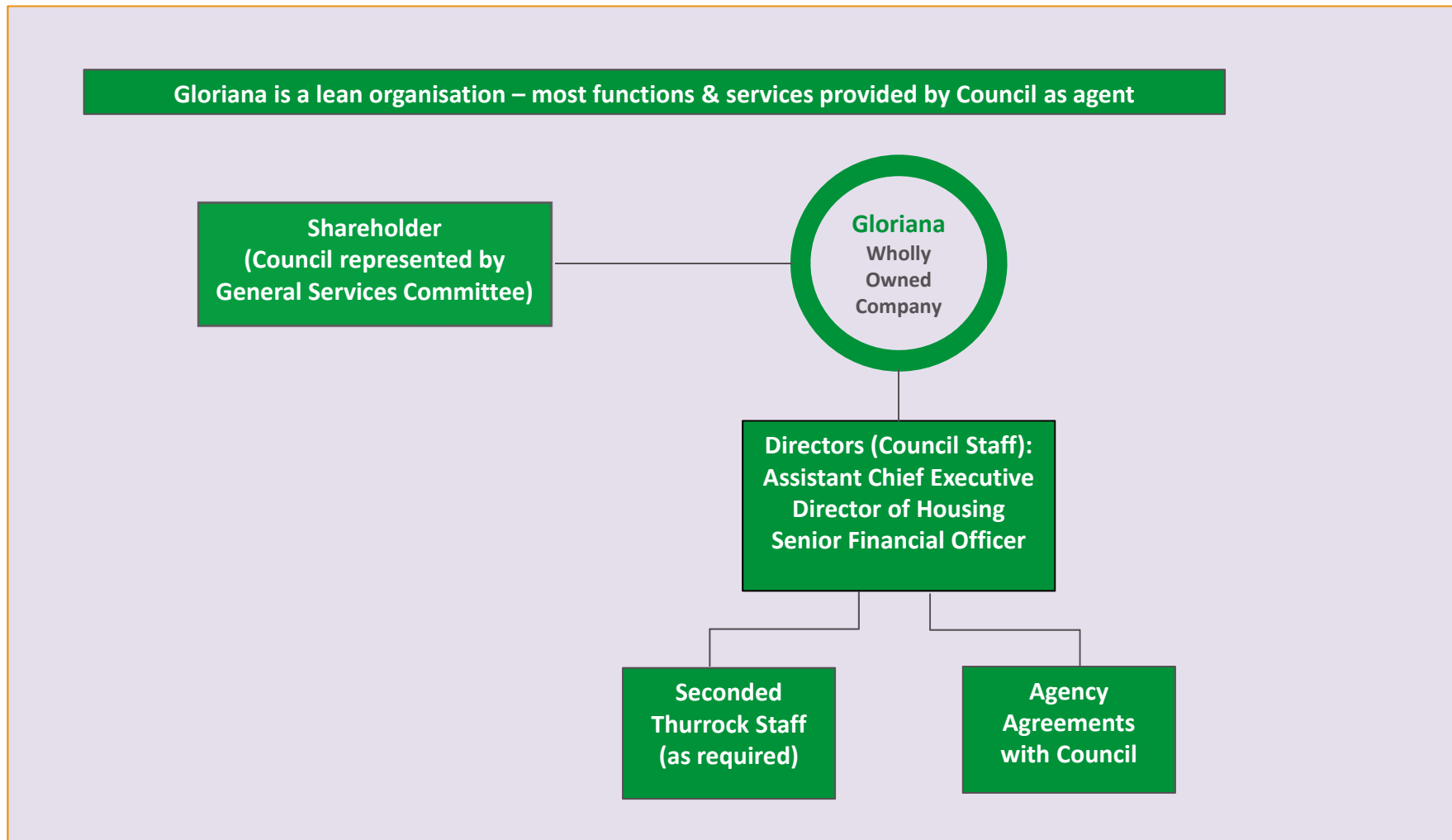
Clarity of funding:

- General Fund borrowing – no impact on capital financing rules

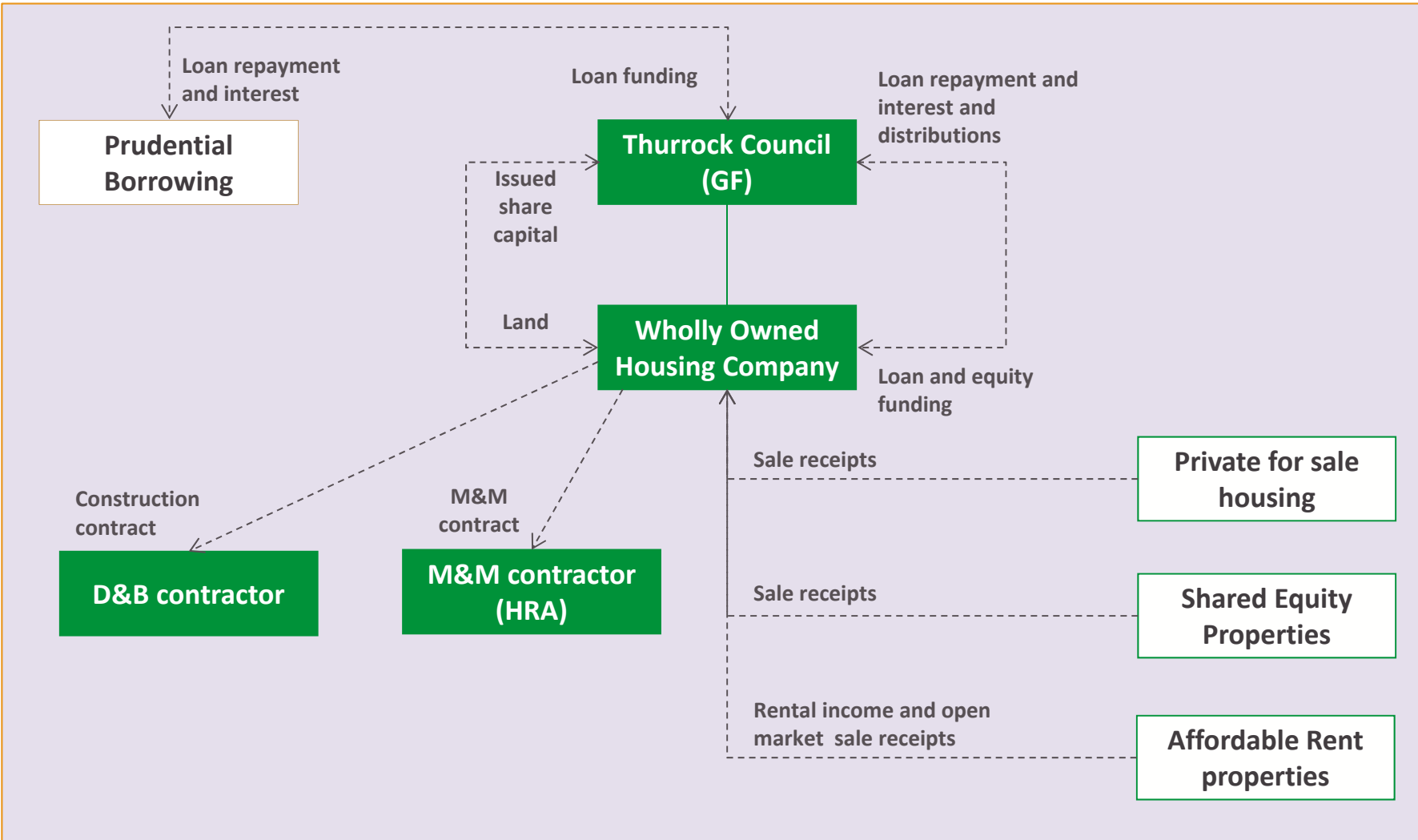
Clarity of purpose:

- About housing but not HRA housing - no secure tenancies
- About development and growth – a catalyst but not a competitor

# Gloriana: Company Structure



# Gloriana: Commercial Structure





# Gloriana: Governance Structure

## Governance Structure:

**Gloriana** will be a legally constituted entity wholly owned by Thurrock Council

<b>Cabinet</b>	Strategic direction and viability via sign-off of Business Plan and individual schemes
<b>Partnering Board</b>	Six monthly review of Business Plan and schemes, remedial actions recommended to Cabinet: Chief Executive Members: 1 Labour, 1 Conservative , 1 Independent S151 Officer
<b>Strategic Property Board (SPB)</b>	Recommend General Fund sites for Cabinet approval
<b>Housing Development Board (HDB)</b>	Recommend HRA sites for Cabinet approval



# Gloriana: Delivery/Operating Model

**Gloriana** uses contractors to build using Council Frameworks. Housing department act as agent and provide same service as for conventional council home programme

## Housing Development Services Agreement

Housing department will provide project management and client services to the design and construction process

## Housing Management Agreement

Housing department manages the letting/sale, the management of homes and organises repairs and maintenance services

## Delivery Framework

Housing staff will use the Housing Capital Programme Consultant and Contractor Frameworks to procure consultants and contractors for the Company (for construction and maintenance works)

## Outputs

Affordable  
Rent

Sale  
Housing

Shared  
Ownership\*\*

\*\*The Company will not offer part buy/part rent shared ownership but shared equity

NB AGENCY WITH COUNCIL WILL BE ON FULL COMMERCIAL TERMS

# Gloriana: Financial Parameters 1

## Viable for Council:

- Transfers land at market value in return for equity
- Council borrows and on-lends to Gloriana at commercial rates
- Housing staff provide all development services (using Frameworks) – charged at commercial rate
- Housing staff provide M & M services – charged at commercial rate
- Interest “turn” covers Council interest costs
- No MRP charge in relation to equity or loan – and charges are offset by net income from Gloriana
- Profits returned to Council and makes commercial return

## **Gloriana: Financial Parameters 2**

### **Viable for Gloriana:**

- Normal 86:14 (loan : equity) commercial gearing
- Access to loan funding at good commercial rates
- Economies from use of Council staff
- Net rental income covers interest on debt
- Sales over time enable repayment of loans and dividend distributions

# Gloriana: Current Progress

- Final Business Case for 350 homes over 4 sites
- One project on site – 128 homes
  - Housing Design Awards 2015 Winner
- One project in development - c 80 homes
- Business Plan shows each site viable on stand alone basis
- Land purchase by Gloriana under consideration
- Development of S 106 housing an option
- Has raised interest in house building in Thurrock – is stimulating the market

# Gloriana: Spreading the Word

## Other Local Authorities could use this model to:

- Increase supply of housing where market failing
- Create local jobs
- Lead innovation in housing design and quality
- Diversify tenure and introduce new tenures
- Develop/de-risk more difficult sites
- Flexible to local circumstances – scale & tenure, governance & structure, Council appetite for risk
- Other Regeneration Activity

## But:

- Analyse the advantages and risks against other options
- Apply to the context of each Authority and Match to own objectives and opportunities

# The Future: Noble, Glorious, Prudent



Queen Elizabeth I - troops at Tilbury hailed her with cries of "Gloriana, Gloriana, Gloriana", after the defeat of the Spanish Armada in 1588