

**Bracknell Forest Council
Record of Decision**

Work Programme Reference	I110505
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1. **TITLE:** Future of Downshire Homes Limited

2. **SERVICE AREA:** Resources

3. **PURPOSE OF DECISION**

To consider different options and propose the most appropriate future management arrangements for residential properties purchased by Downshire Homes Limited, with funding provided by Bracknell Forest Council, recognising that a similar number of properties are owned directly by the Council. Operational management of both portfolios is provided by the Council's Housing Team.

4 **IS KEY DECISION** Yes

5. **DECISION MADE BY:** Executive

6. **DECISION:**

- i. to consolidate the ownership and management of the Council's housing portfolio by transferring (at market price) the Downshire Homes Ltd properties to the Council by March 2024 is agreed.
- ii. that the 4 properties currently occupied by tenants holding assured shorthold tenancies (ASTs) are offered for sale to registered social landlords is agreed, noting that they will be included in the transfer of properties to the Council if sales cannot be secured in the timescale above.
- iii. to facilitate the consolidation in the most tax efficient way, supports the director(s) of DHL to progress a solvent liquidation of the company, through which its assets will transfer to the Council as shareholder and agrees to indemnify the directors, the company and the appointed liquidator against any potential claims arising from this act.
- iv. a key factor in the proposed approach will be the value of the existing loans from the Council to DHL compared with their original purchase price and funding from Council loans and that current expectations based on indicative valuations of a sample of the properties are that the sums will broadly match;
- v. in the event that the value of the properties has increased materially at the time of the transfer compared with the original purchase price, its agreed that the Executive Director: Resources be authorised to use Council reserves to settle any resultant capital gains tax liability, as set out in paragraph 5.20.
- vi. the Legal Services Manager be authorised to conclude the appropriate legal agreements to enact the proposals above.

7. **REASON FOR DECISION**

The transfer of stock from DHL to the Council is recommended on the basis that this will facilitate a more streamlined and simplified approach to managing temporary accommodation and the small volume of supported housing properties held in the DHL portfolio, reducing the administrative burden and additional overhead costs created by the current arrangement.

8. ALTERNATIVE OPTIONS CONSIDERED

- i. Do nothing - retain housing stock both with the Council’s wholly owned housing company DHL and with the Council directly. This is not recommended since the proposed approach enables the benefits obtained by having the DHL housing stock to be retained at a lower overall cost to the Council.
- ii. Trickle transfer – to gradually transfer properties from DHL to the Council over time. This option has been discounted due to the additional costs that would be incurred in Stamp Duty Land Tax, which can be avoided by taking the recommended approach.
- iii. To transfer the Council’s directly owned housing stock to DHL. This is not recommended because the Council would need to undertake additional borrowing to on-lend to DHL for the company to fund the purchase of its properties for “best consideration”. In addition, the company needs to pay VAT on its expenditure which the Council does not, meaning that such a transfer would cost more than currently, with no added benefit.

9. **DOCUMENT CONSIDERED:** Report of the Executive Director: Resources

10. **DECLARED CONFLICTS OF INTEREST:** None

Date Decision Made	Final Day of Call-in Period
17 October 2023	24 October 2023