

Budget Proposal



Date: November 2019 **Version:** 1.0 **Author:** Janice Gillespie



2020-2024 Budget Proposal

Title	Trading Companies
Business Case Number	
Cabinet Member	Elected Mayor, Norma Redfearn
Responsible Chief Officer	Phil Scott
Growth or Saving	Saving
Council Plan Theme	<p>Our places will:</p> <p>Offer a good choice of quality housing appropriate to need, including affordable homes that will be available to buy or rent.</p>

Summary of proposed change to Service

- Increase in the charges made by the Authority to the Trading Companies in respect of Technical and Project Management Services by 2.5% above annual inflation.
- Interest Income from loans made by the Authority to Aurora Properties (Sales) Limited in line with the latest approved Investment Plan to enable the construction of properties for outright market sale. Loan interest will arise from primarily in respect of the development at 13 – 16 Northumberland Square in North Shields; currently, the construction/building phase of the scheme is forecast to be completed by October 2020, with sales forecast to be complete by the end of July 2021. A limited amount of interest income will also be generated from costs incurred on the initial stages of the acquisition of land and construction of the site at the former Backworth Primary school, as approved by Cabinet on 14th October 2019.
(Numbers shown are net income to the Authority after deducting the Authority's own cost of funds in respect of providing the loans)

Impact for Customers

N/A

Impact for Partners

N/A

2020-2024 Budget Proposal

Engagement

Engagement has taken place with the North Tyneside Development Company who will work to provide the financial savings

Financial Implications (if part year effect please include the number of months in first year)	Part year?	2020/21	2021/22	2022/23	2023/24
		£'000	£'000	£'000	£'000
Increase in Charges to Trading Companies		5	5	5	5
Loan Interest from Aurora Properties (Sales) Ltd		230	15		
TOTAL		235	20	5	5

Staffing Implications

Number of posts Reduction (-), Increase (+) WTE	2020/21	2021/22	2022/23	2023/24
N/A				
TOTAL				

What is the Risk Assessment for this proposal (see guidance notes for descriptions)?

Red (High)

Amber (Medium)

Green (Low)



What are the Key Milestones and Outcomes?

Milestone

Lead Officer

Completion Date

Completion of all sales at Northumberland Square

Richard Brook

July 2021

Aurora Affordable Homes to increase from 50 to 100 homes

Richard Brook

March 2022

Equality Impact Assessment

Attached

2020-2024 Budget Proposal

Sign off

Financial Business Manager	David Dunford
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Head of Service(s)	Janice Gillespie
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Mayor / Cabinet Member(s)	Elected Mayor Norma Redfearn
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