

Your options for raising funds – A legal perspective

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A legal perspective

- Working within the legal framework
- Minimising uncertainty
- Creating (and demonstrating?) a robust business plan
- Satisfying funders' requirements
- Clubbing together?



Working within the legal framework

- Localism bill powers/provisions
- Re-opening the settlement(s)
- The borrowing cap
- The ring fence
- Regulation



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Minimising uncertainty

- Managing rent (and benefit) risks
- Anticipating interest rate rises
- Assessing the loan terms on offer – especially fixed/variable rates
- Evaluating the bond issue option – against market risk
- Considering mitigation strategies – e.g. a bond with a (bridging) loan facility



Creating (and demonstrating?) a robust business plan

- Building on your responses to the Prospectus and formalising any Stock Options work
- Securing external validation (including a warranted stock condition survey)?
- Setting out an asset management strategy – including ‘difficult’ decisions about stock
- Looking at sensitivities – especially future rents (and national rent/benefits policy)
- Putting governance arrangements in place – ring-fenced/arms length decision-making (or at least scrutiny)?



Satisfying funders' requirements

- 2003 Act regime
- Section 1 for your power to borrow
- Section 6 for lenders' protection – key
- Section 13 for security – over revenue (not property) – simplifying documentation
- Notwithstanding Section 6, be prepared to warrant your decision-making



Clubbing together

- Strength (safety?) in numbers
- County/area relationships and characteristics
- Avoiding cross-Council risks
- Preserving statutory protections – and your ‘covenant’ strength
- A separate vehicle?



Further information

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