

Report Title:	RBWM Property Company Ltd – Q1 Report 2018-2019
Contains Confidential or Exempt Information?	NO
Member reporting:	Cllr Rankin – Lead Member for Economic Development and Property
Meeting and Date:	Cabinet 27 th September 2018
Responsible Officer(s):	Russell O’Keefe – Executive Director
Wards affected:	All

www.rbwm.gov.uk



REPORT SUMMARY

1. The report provides an operational update on RBWM Property Company Ltd covering:
 - Delivery plans
 - Governance
 - Human resources
 - Value for money/added value
 - Health and safety
 - Property Portfolio
 - Development programme update.
2. A delivery plan has been established for 2018/2019 targeting key tasks and milestones. A detailed review of the overall business plan has been undertaken and approved by Cabinet on 28th June 2018.
3. The company is currently projecting a pre-tax profit of £248,000 for 2018/19.

1 DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet notes the report and:

- i) Considers the update report and performance to date.

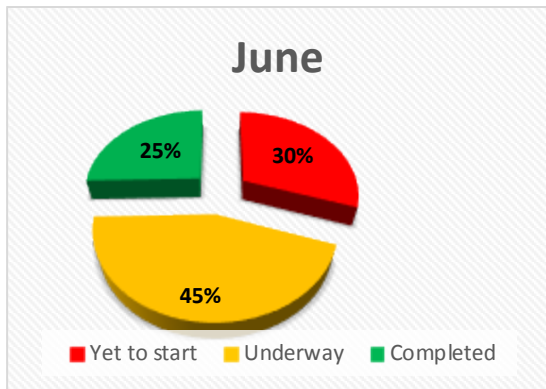
2 REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 Operational reports go to the company board on a monthly basis, and include all key elements of business operations. The latest position is summarised in this report.

Delivery plans

- 2.2 Delivery plans have been established for 2018-2019 financial year to enable the company to focus on key milestone and outputs that need to be completed by March 2019. Progress is summarised in table 1 below.

Table 1: Delivery of key milestones and outputs 2018-2019



Task	%
Yet to Start	30%
Underway	45%
Completed	25%
Total	100%

2.3 The above performance puts the company on track with its key milestones up to and including the end of June 2018, with 25% of our delivery plans completed, and 45% well underway. Areas which have yet to start include projects where planning permission needs to be submitted and are not due for submission at this time.

2.4 In September 2018 the company will seek to start to establish the delivery plan for 2019-2020. A review of the business plan will be undertaken in November, in order to take into considerations any changes that may affect the budgetary requirements for 2019-2020.

Governance

2.5 The existing company structure for the company is currently limited to one company that is limited but not Vat registered. This is due to the fact that this company holds assets for rent, and rental income is not a vatable supply.

2.6 The company currently works through a shareholders agreement and a dividend policy. It is the intention of the Board to review both of these documents this year, to make sure that they are fit for purpose and still reflective of the shareholders aspirations and objectives.

Human resources

2.7 The staffing structure currently includes the Managing Director plus 4 staff. The company is in the process of recruiting an additional special project manager and a support post.

Value for money/added value

2.8 Savings on professional fees for 2018-2019 have already been made of £366,000, based on less reliance of external professional consultants, and changes made to contracts to make them more commercial and tax efficient.

Health and safety

2.9 The company currently own 11 properties and manages 1 on behalf of the Council. Properties are 100% compliant in all the following areas:

- Asbestos
- Legionella
- Landlord Gas Safety (LGSR) – CP12
- EPC (Energy Performance Certificate)
- Electrical Testing

Property Portfolio

2.10 All properties were let up to and including end of June 2018.

2.11 The company monitors on a quarterly basis the financial performance of its property portfolio. The current mix of market, affordable and local housing allowance tenures determines that the overall existing loan commitments of £1,458,000 repays the debt in 14 years. This assumes rent increases at 3% per annum, interest costs at 5% fixed for the duration and base assumptions for responsive and planned maintenance as per the approved parameters in the business plan. It also demonstrates a blended IRR (Internal Rate of Return) of 9.85%.

Diagram 1 Non-Personalised Property Statistics

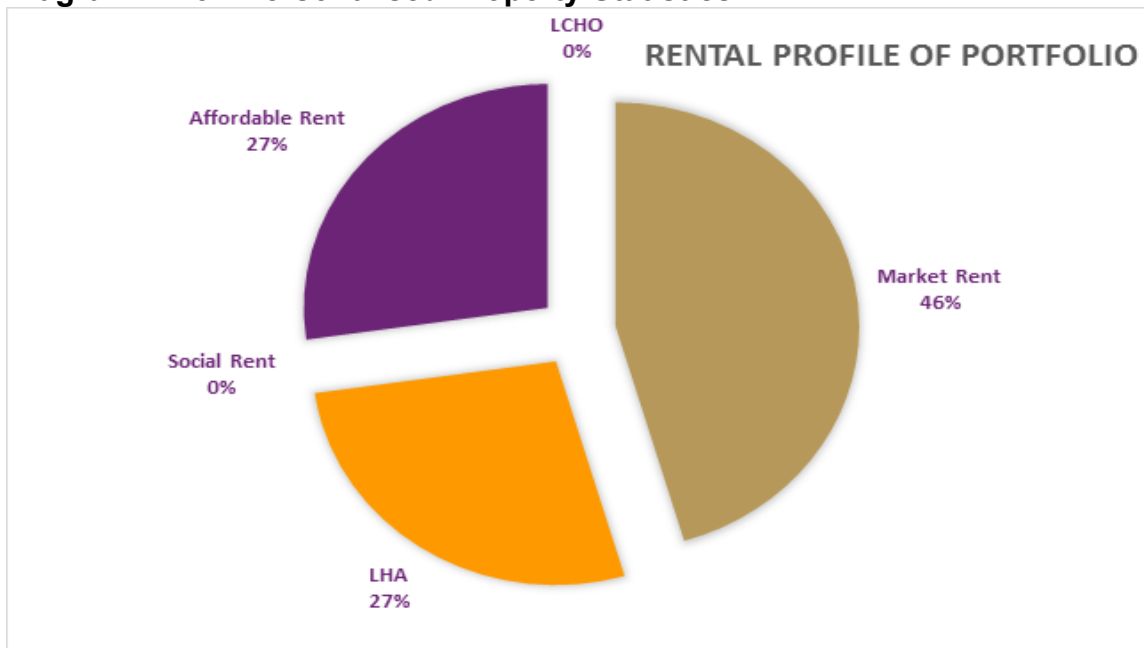
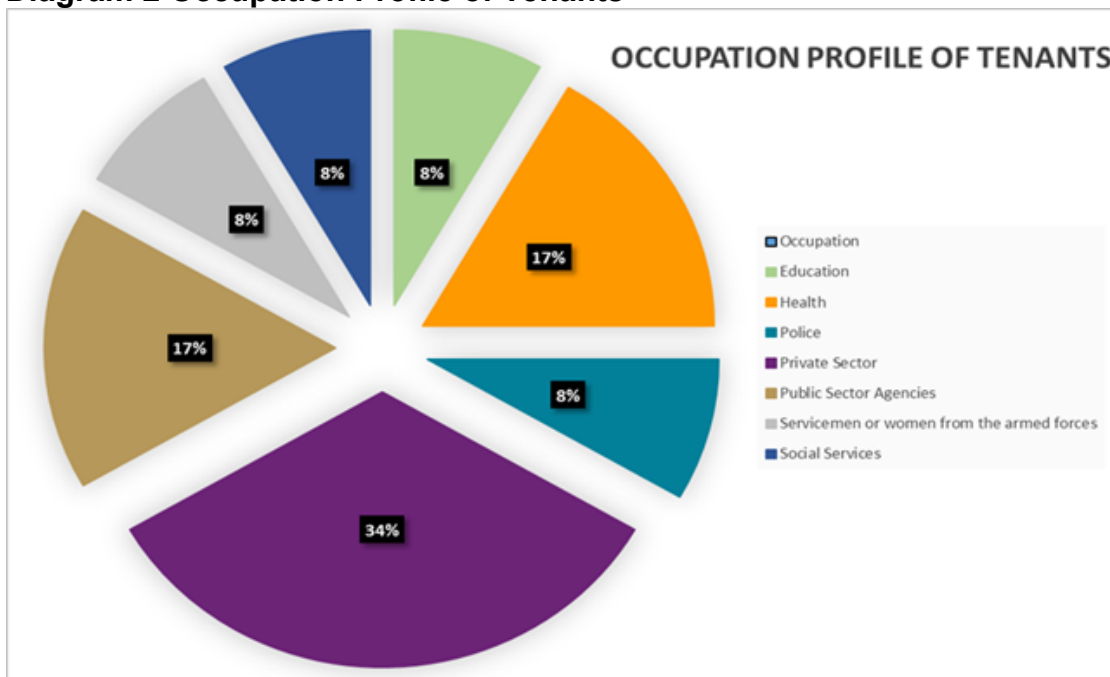


Diagram 2 Occupation Profile of Tenants



Development programme update

2.12 A list of all projects that are currently underway and require input, guidance, advice and management by the company have been brought together into an overall development programme. This has been divided into four key categories in order to review better on a monthly basis, and also, to keep track of progress. The work streams have been divided into:

- Potential development programme
- Joint venture programme
- Development consultancy
- Enabling provision.

2.13 Three of these categories specifically target the provision of housing across the borough and one category identifies development consultancy work on special capital projects that require delivery on behalf of the Council.

Potential development programme

2.14 The investment report for three projects at St Edmunds House, the Brocket and 16 Ray Mill Road East was presented and approved by the company's board on 5 June 2018 and subsequently presented and approved by Cabinet and Council in July. These sites has been approved for the release for use as affordable housing and for transfer into the ownership of the company.

Joint venture programme

Maidenhead Town Centre - York Road (Countryside JV)

2.15 The planning application was submitted on 30 May 2018 for detailed consent for a predominately residential led scheme comprising of 229 new residential dwellings over 5 building ranging from 5 to 8 storeys (Use Class C3) 1,930 sqm of commercial and community/cultural floor space (Use Class A1/A3/B1/D1), provision of a new civic square/ AND public realm enhancements. The scheme is expected to go to planning committee on 26th September 2018.

2.16 As part of the consultation process a number of responses have been received. Countryside have met with the planners to discuss these objections and are happy that most of these will be addressed through the planning process.

Maidenhead Town Centre - St Clouds Way (Countryside JV)

2.17 Metropolitan Workshop was appointed as architects to take the scheme forward for the design and planning work. They have also brought in specialist planning, impact assessment, landscape design and ecology consultancy LUC (Land Use Consultants) to work alongside them.

2.18 The first Public Consultation has taken place over a two day period on 19 July 2018 and 20 July. This public consultation will help inform the master plan and design process of the scheme and pre-app discussions with the planners in due course.

Ray Mill Road East, Maidenhead (Cala Homes)

2.19 Legal documents are in their final stages of agreement and exchange is now targeted for end of August 2018 with Cala Homes.

Maidenhead Golf Course

2.20 The final stage three has been concluded for the OJEU procurement process and a report was presented to the Cabinet and Council in July recommending the appointment of Cala Homes.

2.21 Work is now progressing on concluding a development agreement with Cala Homes.

Development consultancy

2.22 Work is progressing on the investment case and procurement route for Broadway Car Park and these will come forward to Council and Cabinet as separate reports for approval.

2.23 Work is well underway to deliver the two temporary car parks in order to free up surface car parking in the York Road development area. This will allow Countryside access to this site area by February 2019, in order for site preparation to begin. Planning applications have been submitted and approved for Clyde House Warehouse and the Tenpin Bowling site. The two sites combined will provide 170 spaces. The dilapidations will also be completed at Hines Meadow before the end of this calendar year freeing up an additional 100 spaces for staff car parking.

Enabling provision

2.24 These include sites where there is no direct involvement but where the company seeks to enable the delivery of sites owned by private organisations to support a joined up approach to regeneration in the borough. These are generally discussed through the Maidenhead Developers Forum which meets bi-monthly.

3 KEY IMPLICATIONS

Table 2: Key implications for sites in development programme

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
Planning Submission	Not secured	Achieved by key milestone	Achieved within key milestone	Achieved 2 months prior to key milestone	Project specific
Resolution to Grant	Not secured	Achieved by key milestone	Achieved within key milestone	Achieved 2 months prior to key milestone	Project specific
Start on Site	Not secured	Achieved by key milestone	Achieved within key milestone	Achieved 2 months prior to key milestone	Project specific
Budgets	Over budget	On budget	Within budget	Outperforms by 10% of more	Ongoing
Practical Completion	Not secured	Achieved by key milestone	Achieved within key milestone	Achieved 2 months prior to key milestone	Project specific
Letting or	Not	Achieved	Achieved	Achieved 2	Project

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
sales of Properties	secured	by key milestone	within key milestone	months prior to key milestone	specific

4 FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 The overall financial monitoring report for month ending June 2018 shows a projected gross profit before tax of £248,000.
- 4.2 The Council's Medium Term Financial Plan assumes a dividend of £160,000 for 2018/19.

5 LEGAL IMPLICATIONS

- 5.1 The Council has the authority to commission the company to undertake work on their behalf to deliver projects should they wish to proceed. RBWM Prop Co is a wholly owned subsidiary of the Council and work of this nature would fall under Teckal regulations and a tendering process would not be necessary.

6 RISK MANAGEMENT

- 6.1 The company has a strategic risk register which is regularly monitored and reviewed. The register is divided into 5 key areas;
- Governance
 - External
 - Strategic
 - Operational
 - Financial.
- 6.2 In total 35 risks are profiled, each risk assessed to ensure common agreement and understanding of its description and then prioritised on a matrix. The risk matrix measured each risk for its likelihood and its impact in terms of its potential for affecting the ability of the organisation to achieve its objectives. For the risks that were assessed with higher likelihood and impact, the company validated the risk scenarios and determined actions to manage them, including assessing the adequacy of existing actions and identifying the need for further actions in order to move the risk down the matrix.
- 6.3 There are currently no extreme/catastrophic or significant risks identified in the strategic risk register.
- 6.4 The detailed risks of each scheme is identified in an investment report as each scheme has its own risk profile.

7 POTENTIAL IMPACTS

- 7.1 All sites being progressed have the ability to improve and contribute to housing supply in the borough and financial returns to the Council through initial sales receipts and/or long term income streams.

8 CONSULTATION

8.1 This report will be considered by Corporate Overview and Scrutiny Committee.

9 TIMETABLE FOR IMPLEMENTATION

9.1 The work of the company is ongoing with projects progressing to different timetables.

10 CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Commented & returned
Councillor Rankin	Lead Member for Economic Development and Property	21 August 2018	06/09/18
Alison Alexander	Managing Director	20 August 2018	06/09/18
Russell O'Keefe	Executive Director	20 August 2018	06/09/18
Andy Jeffs	Executive Director	20 August 2018	06/09/18
Rob Stubbs	Section 151 Officer	20 August 2018	06/09/18
Nikki Craig	Head of HR and Corporate Projects	20 August 2018	06/09/18
Elaine Browne	Law and Governance	20 August 2018	06/09/18
Louisa Dean	Communications and Marketing Manager	20 August 2018	06/09/18
	Other e.g. external		