

Report Title:	RBWM Property Company Ltd – Q2 Report 2018-2019
Contains Confidential or Exempt Information?	NO
Member reporting:	Cllr Dudley – Leader of the Council and Maidenhead Regeneration and Maidenhead
Meeting and Date:	Cabinet – 31 January 2019
Responsible Officer(s):	Russell O’Keefe – Executive Director
Wards affected:	All

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REPORT SUMMARY

1. The report provides an operational update on RBWM Property Company Ltd covering:
 - Delivery plans
 - Governance
 - Human resources
 - Health and safety
 - Property Portfolio
 - Development programme update.
2. A delivery plan has been established for 2018/2019 targeting key tasks and milestones. The report gives the Q2 position of the delivery plan.
3. The company is currently projecting a pre-tax profit of £290,000 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

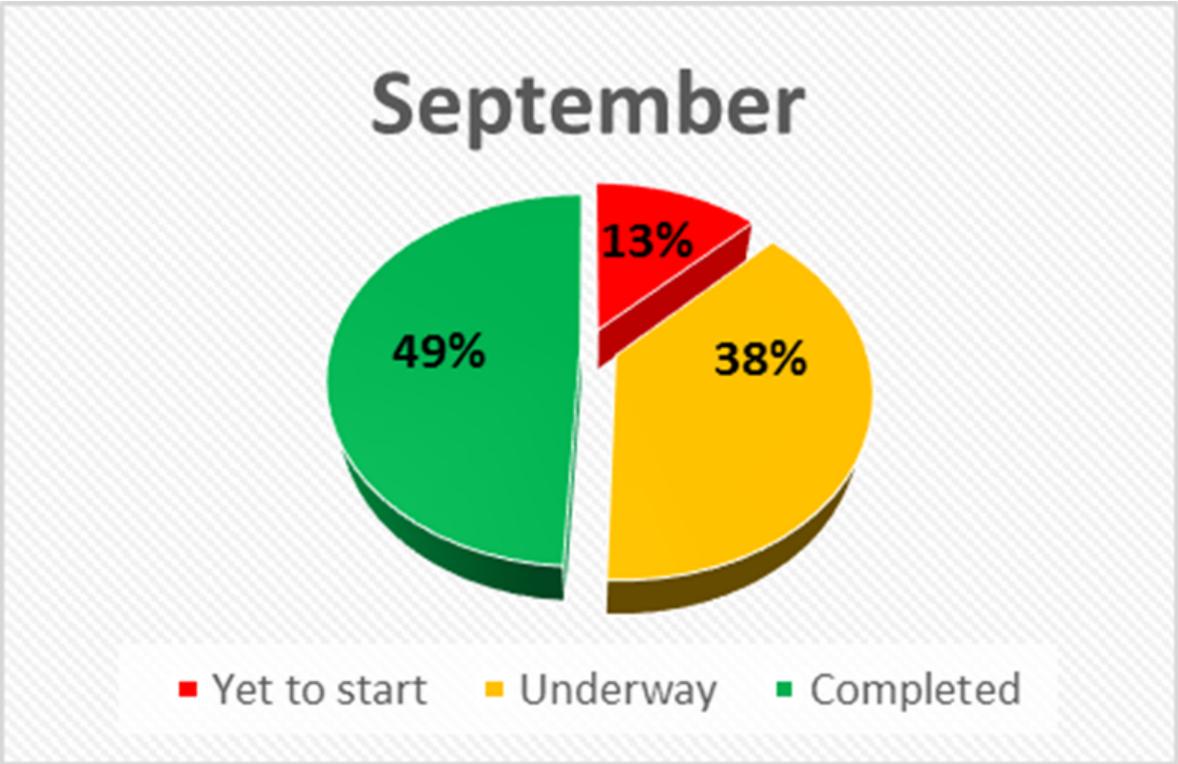
- 2.1 Operational reports go to the company board on a monthly basis, and include all key elements of business operations. The latest position is summarised in this report.

Delivery Plans for 2018/19

- 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 Diagram 1.
- 2.3 The above performance puts the company on track with its key milestones up to and including the end of September 2018, with 49% of our delivery plans completed, and 38% 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 January 2019, in order to take into considerations any changes that may affect the budgetary requirements for 2019-2020.

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



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 protocol. It is the intention of the board to review all governance documents each 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 5 staff. The company has recruited an additional special project manager and a support post, which will better enable the Managing Director to deliver on the aspirations of the shareholder.

2.8 The Property Company has been asked to take on the line management function of the Council’s commercial property portfolio, and in doing so, to take on board the existing property services team. The existing services team is made up of 5 permanent surveying & support staff, and 1 interim Health & Safety Compliance Manager.

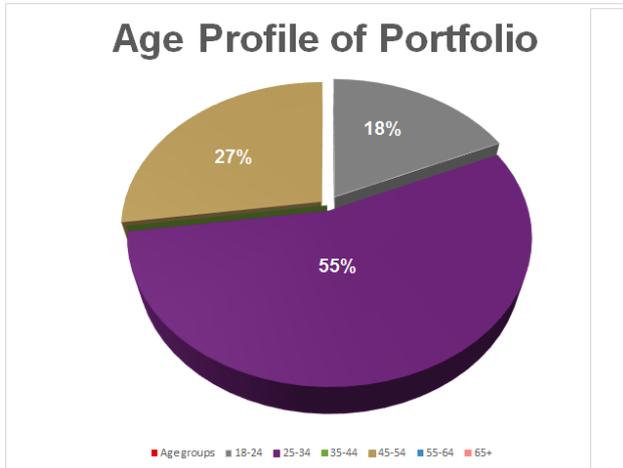
2.9 Incorporating this business into the RBWM Property Company’s team, is a strategic move on the basis of the RBWM Property Company being set up as a Property

Management and Development Company, and there are a lot of links and cross over, when assessing current council assets, thus giving the opportunity to look at putting into place a Strategic Asset Management Plan for the existing commercial portfolio in the future.

Health and safety

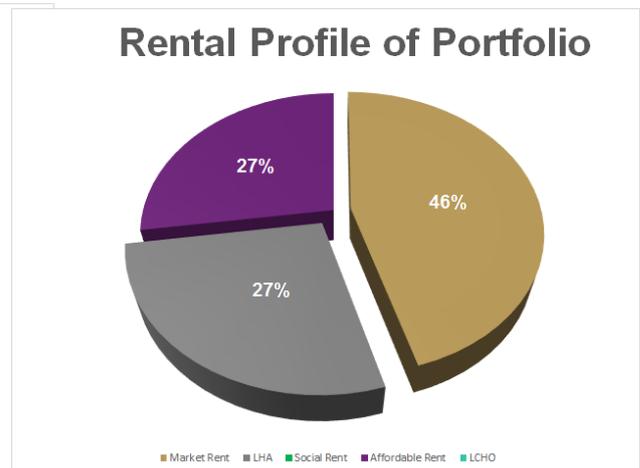
- 2.10 The company currently own 11 properties and manages 1 on behalf of the Council. Properties are 100% compliant in all the following areas:
- Asbestos
 - Legionella
 - Landlord Gas Safety (LGSR) – CP12
 - EPC (Energy Performance Certificate)
 - Electrical Testing
- 2.11 All properties were let up to and including end of September 2018. The company monitors on a quarterly basis the financial performance of its property portfolio.
- 2.12 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 15 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.
- 2.13 It also demonstrates a blended IRR (Internal Rate of Return) of 9.76%. Loan to value is currently estimated at 52.71%.
- 2.14 Diagram 2 demonstrates that the need for properties for the age group between 25 – 35 years old is higher than those of over 55+.
- 2.15 Diagram 3 demonstrates that 54% of the portfolio have rents set at either affordable or Local Housing Allowance levels.
- 2.16 Local housing allowance (LHA) is the broad rental market assessment (BRMA) for East Thames Valley area, which covers Maidenhead and the BRMA for Walton, which covers Windsor. The LHA is the level at which housing benefit can be paid. Affordable rent means rents are set at 80% of market rent.
- 2.17 The company provides affordable housing options for people who live and work in the borough with a priority focus for key workers who are not able to access housing through private rent or home ownership. Diagram 4 demonstrates that 72% of the tenants are keyworkers.

Diagram 2: Age Profile of Portfolio



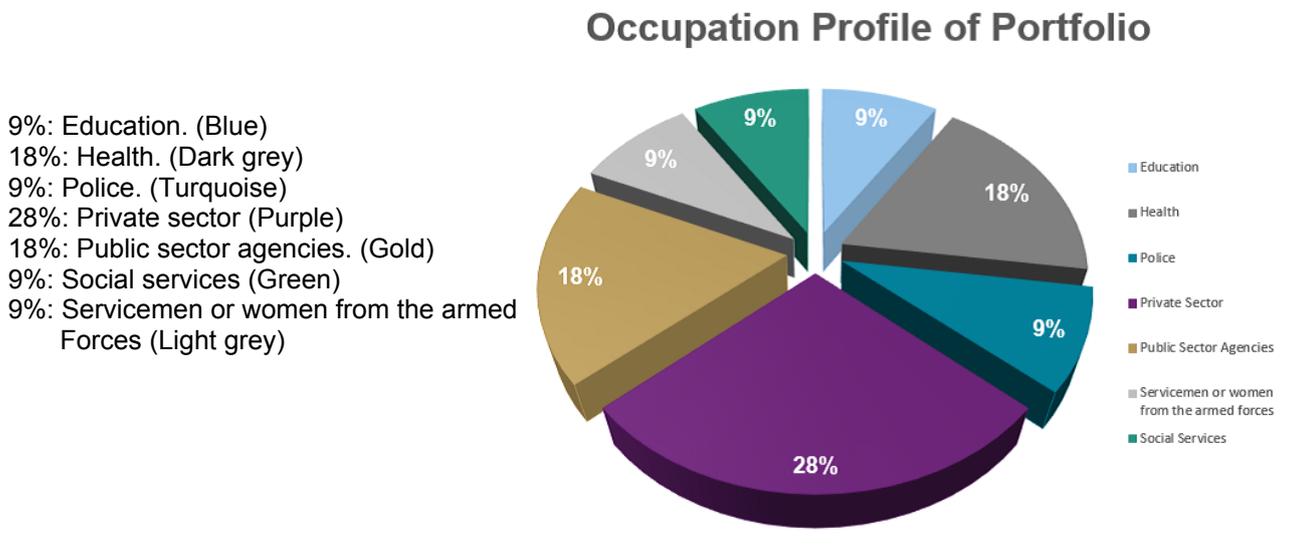
18%: age group between 18-24 years. (Grey)
 55%: age group between 25-35 years. (Purple)
 27%: age group between 45-54 years. (Gold)

Diagram 3: Rental Profile of Portfolio



27%: Local Housing Association (LHA). (Grey)
 27%: Affordable rent. (Purple)
 46%: Market rent. (Gold)

Diagram 4: Occupation Profile of Portfolio



9%: Education. (Blue)
 18%: Health. (Dark grey)
 9%: Police. (Turquoise)
 28%: Private sector (Purple)
 18%: Public sector agencies. (Gold)
 9%: Social services (Green)
 9%: Servicemen or women from the armed Forces (Light grey)

Development Programme Update

2.18 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.

2.19 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

2.20 The investment report for three projects at Mokattam, Altwood Bailey, Ray Mill Road East, and School House, Riverside Primary School, West Dean was presented and approved by the company's board on 25 September 2018 and subsequently presented and approved by Cabinet and Council in September 2018. 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)

2.21 Following the planning committee meeting on 26 September, a resolution to grant consent was approved for the site comprising of 229 units with 30% affordable housing (68 homes). The scheme will also deliver a further 8% affordable housing (20 homes) assisted with local authority subsidy for shared ownership tenure, delivering a total of 38% affordable and 88 homes (this subsidy will be provided to the registered provider Housing Solutions).

2.22 The draft Section 106 agreement has been issued and Countryside are currently in in discussions with the local planning authority to agree terms. There are also clarifications to be resolved in terms of the issues raised by the EA (Environmental Agency) in respect of the flood storage on site and suitable access to the stream/canal required by the EA. Countryside will be looking to start archaeological investigations early to achieve the programme and the anticipated start on site date is February 2019.

2.23 Countryside are now progressing with the design development of the project as well as highway works, stopping up, etc. The company are assisting the site assembly strategy to deal with any legal/ title requirements with Gowlings solicitors.

Maidenhead Town Centre - St Clouds Way (Countryside JV)

2.24 Countryside have instructed their design team and consultants to work up a draft scheme. Careful consideration is being given on the approach to height and massing to make sure that it demonstrates good quality design, sustainable built environment, and appropriate community offer. A second public consultation for the proposed scheme will be undertaken.

Ray Mill Road East, Maidenhead (CALA Homes)

2.25 An investment report has been approved for the purchase of the additional 17 units for affordable housing (100% shared ownership) and an offer will be put in writing to CALA once exchange has taken place and are in contract. It is likely that the submission for planning will be in early 2019.

Maidenhead Golf Course

- 2.26 Legal meetings are progressing to conclude the development agreement and the agreement of the building lease with CALA homes. Work on the Housing Infrastructure Fund bid is also progressing with the expected submission to Homes England in March 2019.

Development consultancy

- 2.27 Broadway Car Park - Cabinet and Council approved the capital budget for this project in September. The planners have requested an EIA (Environmental Impact Assessment), this will slightly delay the submission of planning. There is a target to submit by the beginning of 2019. If a resolution to grant is obtained, this project will then go out to tender the contract for demolition and build. This will keep on track for a demolition in January 2020 of the existing building.
- 2.28 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

- 2.29 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

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
Practical Completion	Not secured	Achieved by key milestone	Achieved within key milestone	Achieved 2 months prior to key milestone	Project specific
Letting or sales of Properties	Not secured	Achieved by key milestone	Achieved within key milestone	Achieved 2 months prior to key milestone	Project specific

4 FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 The overall financial monitoring report for month ending September 2018 shows a projected gross profit before tax of £290,000.
- 4.2 The Council's Medium 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 Property Company 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 were profiled, each risk was 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 MD 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.

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 Dudley	Leader of the Council	31.12.18	04.01.19
Russell O'Keefe	Acting Managing Director	31.12.18	04.01.19
Andy Jeffs	Executive Director	04.01.19	10.01.19
Rob Stubbs	Section 151 Officer	04.01.19	10.01.19
Nikki Craig	Head of HR and Corporate Projects	04.01.19	10.01.19
Elaine Browne	Law and Governance	04.01.19	10.01.19
Louisa Dean	Communications and Marketing Manager	04.01.19	10.01.19
	Other e.g. external		