

Report Title:	Cedar Tree House, 90 St Leonards Road, Windsor
Contains Confidential or Exempt Information	Yes - Part II appendices only Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.
Cabinet Member:	Councillor Hilton as Member for Property and Finance
Meeting and Date:	Cabinet – 25 th August 2022
Responsible Officer(s):	Adele Taylor, Executive Director of Resources and Section 151 Officer
Wards affected:	Eton and Castle

REPORT SUMMARY

The report provides Cabinet with an overview of the options for the property at Cedar Tree, 90 St Leonards Road, Windsor. The property was a privately owned Bed and Breakfast. It was acquired by the council in May 2021 having been used since the first National lockdown in March 2020 as temporary accommodation.

The property has been vacant for a year, whilst a development proposal to refurbish the property into 8 self-contained units has been developed and a Planning Application submitted. The application has not yet been determined. It is intended that the refurbished property would provide temporary accommodation for people in housing need.

As a result of the full due diligence to implement the refurbishment of the property the construction works have significantly grown and exceed the original agreed Capital budget. To proceed with the original approval to invest in council owned assets for temporary accommodation will require an additional budget of £490,000. This would ensure that the building is fit for the intended purpose and compliant with current regulations and reflects construction inflation risk in the current market.

Alternatively, the council could reconfigure the building for affordable or key worker use or look to sell the property on the open market as a single-family house, following some minor improvement works to optimise the sale price that can be achieved. The market value of the property as a house unimproved is £800,000 or fully refurbished to current market standards is £1.15m. The sale of the property would seek to mitigate the ongoing financial risks to the council however result in the loss of opportunity to provide 8 self-contained units for temporary accommodation.

The options have a financial impact, either to commit to unplanned additional capital expenditure or a sale receipt that does not recover the full capital cost expended to date. Further, there remains the Planning risk, if refused there would be additional costs and the loss of a social asset to help meet the Borough's Housing requirements.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet notes the report and:

- i) Notes the risk in relation to the grant of planning consent
- ii) Approves the virement of £490,000 from the Ray Mill Road East Capital budget (option A) to complete the refurbishment project for 7 temporary accommodation units OR
- iii) Approves the virement of £490,000 from the Ray Mill Road East Capital budget (option B) to complete the refurbishment project for 3 affordable / key worker units
- iv) Notes the option to sell Cedar Tree House (option C) as a family dwelling for best market consideration
- v) Delegates authority to the Director of Resources in consultation with the Managing Director of the Property Company to enter a works contract.

2. REASON FOR RECOMMENDATION AND OPTIONS CONSIDERED

Options

Table 1: Options arising from this report

Option	Comments
<p>1. Agree to the virement of £490,000 from Ray Mill Road East capital budget to enable the full refurbishment of the property for temporary accommodation.</p> <p>This is the recommended Option (A)</p>	<p>This option subject to planning consent, enables the property to be brought into operational use providing good quality temporary accommodation as per the council's priorities.</p>
<p>2. Agree to the virement of £490,000 from Ray Mill Road East capital budget to enable the full refurbishment of the property for reduced number of rooms for affordable/key worker accommodation</p> <p>This is option B</p>	<p>This option, subject to planning consent, enables the property to be brought into operational use for 3 affordable/key worker accommodation. Although differing from the initial intended use it still supports the council's wider priorities.</p>
<p>3. Sale of the property on the open market.</p> <p>This is not the recommended option</p>	<p>This option provides a strategy that minimises the financial risk of proceeding with the refurbishment project. Some refurbishment works will still be required to achieve the valuation price.</p>
<p>4. Do nothing.</p>	<p>The asset would be retained with no rental income and ongoing maintenance liability, and limited options for alternative use.</p>

Temporary Accommodation Refurbishment Option (A)

- 2.1 Completing the refurbishment project requires an additional £490,000 which includes contingency of 15% on the works budget to consider construction inflation risk. This represents an uplift from the initial cost plan which informed the budget in March 2022. Given the volatility of the construction market the updated budget provides a buffer against rising costs in the immediate term. The proposed works need to move forward quickly to mitigate inflation and construction cost increases if the project is retained for temporary accommodation.
- 2.2 The benefits of this property being retained following the refurbishment are:
 - a) A reduction in revenue costs of temporary accommodation (TA) by bringing back the decanted occupants into council owned accommodation.
 - b) The ability for the housing team to manage placements to ensure efficient use of the rooms and retain placements within the borough.
- 2.3 The planning strategy has evolved and the initial application for the change of use C1 (B&B) to C3 (Residential) and addition of a dormer will be withdrawn. The LPA has concerns on the design within the conservation area and so a revised application is due to be submitted for a dormer more sympathetic to the local area. This has resulted in a reduction of units from 8 to 7 self-contained studios.

Affordable/Key Worker Refurbishment Option (B)

- 2.4 The option for refurbishment for affordable/key worker accommodation provides an alternative use option that supports the council's needs for provision of affordable options in the borough.
- 2.5 To meet national space standards, 3 flats could be provided for residential use. The impact of this is a reduced income due to the lower number of units. This option also requires an additional budget of £490,000 as per the above option.

Sale Option (C)

- 2.6 The sale of the property would minimise the financial exposure of the council to increased construction cost and the Planning risk. However with the property's current condition, requiring improvement and purchaser sentiment interest may be limited, hence the sale value required to mitigate the full costs work to date would not be achieved. The price advice provided in the independent valuation is that the property would achieve £800,000 as is or, £1.15m full restored to current market standards.
- 2.7 Some works to the property will need to be carried out to ensure it is marketable. The asbestos within the property has been removed and remedial works are required to reinstate parts of walls and ceilings. Some further mechanical and electrical works would be required followed by a redecoration of the property to support the sale of the property.

- 2.8 The sale of the property will result in the loss of opportunity to own temporary accommodation which is a strategic priority of the Council.

3. KEY IMPLICATIONS

Table 2: Key Implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
Provide 7 self-contained units for use as temporary accommodation	February 2023	December 2022	November 2022	n/a	30 December 2022
Provide 3 flats for affordable or key worker housing	February 2023	December 2022	November 2022	n/a	30 December 2022
Disposal of property	November 2022	September 2022	August 2022	n/a	30 September 2022

4. FINANCIAL DETAILS

- 4.1 If the property is sold on the open market, the existing budget will be used to carry out the improvement works and pay the associated sale fees. The Sale proceed would not provide a sufficient capital to render the project cost neutral.
- 4.2 If the property is retained, this report requests the virement of £490,000 from the Ray Mill Road East capital budget to complete the project. The expenditure will be incurred in 2022/23 with an anticipated project completion date of 30 December 2022.
- 4.3 The Ray Mill Road East project is no longer proceeding as CALA have withdrawn from the scheme. The approved budget for Ray Mill Road East is £4.45m to deliver affordable housing. The virement of £490,000 will ensure that the aim of part of the funding is still met. The remainder of the budget is intended to support other projects and will be presented to Cabinet in due course.
- 4.4 The initial budget request of £360,000 was based on cost plan provided in March 2022 for an 8-unit scheme. Following a review of the design to 7 units and the increase in construction costs the table reflects the required budget to proceed with the refurbishment. The base position as of June 2022 considers the current market position with some construction inflation built in until August 2022. With the uncertainty in the market a healthy contingency is needed to ensure that the project is completed to the standard required for the intended use.

- 4.5 Sensitivity table:

As at March 2022	Base position as at June 2022	+5%	+10%	15%

£1,971,072	£2,017,788	£2,045,163	£2,072,538	£2,099,913
Capital Request				
£360,000	£410,000	£435,000	£462,000	£490,000

- 4.6 The table above highlights the impact of cost increases on the project budget and supports the recommendation for the addition of £490,000 to the capital programme for 2022/23.
- 4.7 If option A is chosen, the completed project will provide 7 self-contained units for temporary accommodation use. This will reduce the reliance on private landlords and make a saving of c.£39,000 per annum in revenue costs.
- 4.8 If option B is chosen, the completed project will provide 3 flatted units for affordable/key worker accommodation. No revenue savings will be achieved with this option.
- 4.9 The council will use available balances and capital receipts before undertaking borrowing to reduce any unnecessary revenue costs. If it is necessary to borrow to support the achievement of this proposal, then the estimated revenue implication of this would be approximately £17,500 p.a. over the borrowing period of fifty years.

Table 3: Financial impact of report's recommendations (refurbishment option)

REVENUE COSTS	2022/23	2023/24	2024/25
Additional total	£8,750	£17,500	£17,500
Reduction*	£(20,000)	£(39,000)	£(39,000)
Net Impact	£(11,250)	£(21,500)	£(21,500)

*Reduction is revenue is achieved only with Option B

CAPITAL COSTS	2022/23	2023/24	2024/25
Additional total	£490,000	£0	£0
Reduction	£0	£0	£0
Net Impact	£0	£0	£0

5. LEGAL IMPLICATIONS

Sale Option

- 5.1 The Council has the power to dispose of land in its ownership under s123 of the Local Government Act 1972 provided that the property is sold at a consideration not less than the best that could reasonably be obtained in the market. The RBWM Property Company team will undertake the necessary due diligence to appoint an agent and complete the sale to achieve best value.

Refurbishment Procurement

- 5.2 A Joint Contracts Tribunal (JCT) Intermediate Building Contract 2016 is proposed to be entered into with the successful Tenderer/Contractor whereby the Contractor carries out the construction works. RBWM Property Company

Limited will ensure contractual safeguards are put in place with the contractor including Defects Liability Period, Ascertained Damages and Retention Payment.

6. RISK MANAGEMENT

Table 4: Impact of risk and mitigation

Risk	Level of uncontrolled risk	Controls	Level of controlled risk
Increased expenditure on refurbishment works	Medium	Cost planning advice and Design to stage 4 prior to tender stage for cost certainty and control.	Medium
Planning consent not granted for change of use or dormers / Local objection	High	Pre-application consultation and implementation of planning advice has provided some mitigation although planning consent still a risk.	High
Contractual risk of contractor going insolvent	High	Financial vetting of contractor. Contractual safeguards including, up to date contractor's insurances, payment retention, insolvency cover.	Medium
Minimum sale price not met and as a result, costs to date not recovered	High	Valuation carried out to inform expected sale value and scope of works to maximise return	Medium

7. POTENTIAL IMPACTS

Equalities

- 7.1 An Equality Impact Assessment was carried out and is attached in Appendix 2.
- 7.2 The council has a responsibility to support those in need of accommodation. This property would enhance the portfolio of housing options available to residents ensuring that no one is left behind. The provision of affordable housing should be a mix of longer and shorter-term options to support the Corporate Plan priority of providing a ladder of housing opportunity. It will enable the housing team to support families and individuals to establish independence and move on to alternative longer term affordable accommodation.

Climate change/sustainability

- 7.3 This project brings an existing property into more efficient use. The building is being retained and improved for use and as a minimum, the Energy Performance Certificate will achieve a rating of C in accordance with current Building Regulatory requirement following the refurbishment works. As a result, the project does not have a negative impact on sustainability.

Data Protection/GDPR

- 7.4 The project does not have a Data Protection requirement.

Asset Management

- 7.5 The Property will be transferred to RBWM Property Company on completion of the works for management of future maintenance.

8. CONSULTATION

- 8.1 The purchase of Cedar Tree House was considered at Council in April 2021. Ongoing consultation has taken place between the Housing and Property teams.
- 8.2 Further consultation is being undertaken as part of the statutory planning process.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1 Implementation date if not called in: 9th May. The full implementation stages are set out in table 5.

Table 5: Implementation timetable

Date	Details
15 th March 2022	Planning application submitted
31 st March 2022	Tender pack prepared
19 th August 2022	Tender pack issued
29 th September 2022	Contractor appointment (subject to planning consent)
30 th December 2022	Completion of works and preparation for transfer to Property Company
30 th November 2022	Service Level Agreement in place between Council and RBWM Property Company

10. APPENDICES

- 10.1 This report is supported by 2 appendices:

- Appendix 1 – RBWM Property Company Investment Report (**Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.**)
- Appendix 2 – Equalities Impact Assessment

11. BACKGROUND DOCUMENTS

11.1 This report has no supporting background documents.

12. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory: Statutory Officers (or deputies)</i>			
Adele Taylor	Executive Director of Resources/S151 Officer	20.05.22	26.05.22
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	20.05.22	26.05.22
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)		
Elaine Browne	Head of Law (Deputy Monitoring Officer)	20.5.22	
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)		
<i>Mandatory: Procurement Manager (or deputy) - if report requests approval to award, vary or extend a contract</i>			
Lyn Hitchinson	Procurement Manager		
<i>Other consultees:</i>			
<i>Directors (where relevant)</i>			
Duncan Sharkey	Chief Executive	20.05.22	26.05.22
Andrew Durrant	Executive Director of Place		
Kevin McDaniel	Executive Director of Children's Services		
Hilary Hall	Executive Director of Adults, Health and Housing		
<i>Heads of Service (where relevant)</i>			
Tracy Hendren	Head of Housing and Environmental Health	25.05.22	
<i>External (where relevant)</i>			
<i>Insert as appropriate or N/A</i>	N/A		

Confirmation relevant Cabinet Member(s) consulted	Cabinet Member for Growth and Opportunity	Yes
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REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Key decision First entered the Cabinet Forward Plan: May 2022	No	No

Report Author: Kiran Hunjan, Project Manager, 07800 715 485

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD
EQUALITY IMPACT ASSESSMENT

EqIA : Title of EQIA

Essential information

Items to be assessed: (please mark 'x')

Strategy		Policy		Plan		Project	x	Service/Procedure	
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Responsible officer	Adele Taylor	Service area		Directorate	Resources
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Stage 1: EqIA Screening (mandatory)	Date created: 22/03/2022	Stage 2 : Full assessment (if applicable)	Date created : N/A
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Approved by Head of Service / Overseeing group/body / Project Sponsor:

"I am satisfied that an equality impact has been undertaken adequately."

Signed by (print): Ian Brazier – Dubber

Dated: 27th May 2022

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqlA : Title of EQIA

Guidance notes

What is an EqlA and why do we need to do it?

The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advancing equality of opportunity between those with 'protected characteristics' and those without them.
- Fostering good relations between those with 'protected characteristics' and those without them.

EqlAs are a systematic way of taking equal opportunities into consideration when making a decision, and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups. All completed EqlA Screenings are required to be publicly available on the council's website once they have been signed off by the relevant Head of Service or Strategic/Policy/Operational Group or Project Sponsor.

What are the "protected characteristics" under the law?

The following are protected characteristics under the Equality Act 2010: age; disability (including physical, learning and mental health conditions); gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

What's the process for conducting an EqlA?

The process for conducting an EqlA is set out at the end of this document. In brief, a Screening Assessment should be conducted for every new or reviewed strategy, policy, plan, project, service or procedure and the outcome of the Screening Assessment will indicate whether a Full Assessment should be undertaken.

Openness and transparency

RBWM has a 'Specific Duty' to publish information about people affected by our policies and practices. Your completed assessment should be sent to the Strategy & Performance Team for publication to the RBWM website once it has been signed off by the relevant manager, and/or Strategic, Policy, or Operational Group. If your proposals are being made to Cabinet or any other Committee, please append a copy of your completed Screening or Full Assessment to your report.

Enforcement

Judicial review of an authority can be taken by any person, including the Equality and Human Rights Commission (EHRC) or a group of people, with an interest, in respect of alleged failure to comply with the general equality duty. Only the EHRC can enforce the specific duties. A failure to comply with the specific duties may however be used as evidence of a failure to comply with the general duty.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqlA : Title of EQIA

Stage 1 : Screening (Mandatory)

1.1 What is the overall aim of your proposed strategy/policy/project etc and what are its key objectives?

The aim of the project is to provide council owned accommodation for temporary housing placements while individuals are supported through the housing pathway.

1.2 What evidence is available to suggest that your proposal could have an impact on people (including staff and customers) with protected characteristics? Consider each of the protected characteristics in turn and identify whether your proposal is Relevant or Not Relevant to that characteristic. If Relevant, please assess the level of impact as either High / Medium / Low and whether the impact is Positive (i.e. contributes to promoting equality or improving relations within an equality group) or Negative (i.e. could disadvantage them). Please document your evidence for each assessment you make, including a justification of why you may have identified the proposal as “Not Relevant”.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqlA : Title of EQIA

Protected characteristics	Relevance	Level	Positive/negative	Evidence
Age	Not relevant			<i>Key data: The estimated median age of the local population is 42.6yrs [Source: ONS mid-year estimates 2020]. An estimated 20.2% of the local population are aged 0-15, and estimated 61% of the local population are aged 16-64yrs and an estimated 18.9% of the local population are aged 65+yrs. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]</i>
Disability	Not relevant			
Gender re-assignment	Not relevant			
Marriage/civil partnership	Not relevant			
Pregnancy and maternity	Not relevant			
Race	Not relevant			<i>Key data: The 2011 Census indicates that 86.1% of the local population is White and 13.9% of the local population is BAME. The borough has a higher Asian/Asian British population (9.6%) than the South East (5.2%) and England (7.8%). The forthcoming 2021 Census data is expected to show a rise in the BAME population. [Source: 2011 Census, taken from Berkshire Observatory]</i>
Religion and belief	Not relevant			<i>Key data: The 2011 Census indicates that 62.3% of the local population is Christian, 21.7% no religion, 3.9% Muslim, 2% Sikh, 1.8% Hindu, 0.5% Buddhist, 0.4% other religion, and 0.3% Jewish. [Source: 2011 Census, taken from Berkshire Observatory]</i>
Sex	Not relevant			<i>Key data: In 2020 an estimated 49.6% of the local population is male and 50.4% female. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]</i>
Sexual orientation	Not relevant			

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqlA : Title of EQIA

Outcome, action and public reporting

Screening Assessment Outcome	Yes / No / Not at this stage	Further Action Required / Action to be taken	Responsible Officer and / or Lead Strategic Group	Timescale for Resolution of negative impact / Delivery of positive impact
Was a significant level of negative impact identified?	No			
Does the strategy, policy, plan etc require amendment to have a positive impact?	No			

If you answered **yes** to either / both of the questions above a Full Assessment is advisable and so please proceed to Stage 2. If you answered “No” or “Not at this Stage” to either / both of the questions above please consider any next steps that may be taken (e.g. monitor future impacts as part of implementation, re-screen the project at its next delivery milestone etc).

**ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD
EQUALITY IMPACT ASSESSMENT**

EqIA : Title of EQIA

Stage 2 : Full assessment

2.1 : Scope and define

2.1.1 Who are the main beneficiaries of the proposed strategy / policy / plan / project / service / procedure? List the groups who the work is targeting/aimed at.

2.1.2 Who has been involved in the creation of the proposed strategy / policy / plan / project / service / procedure? List those groups who the work is targeting/aimed at.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Title of EQIA

2.2 : Information gathering/evidence

2.2.1 What secondary data have you used in this assessment? *Common sources of secondary data include: censuses, organisational records.*

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2.2.2 What primary data have you used to inform this assessment? *Common sources of primary data include: consultation through interviews, focus groups, questionnaires.*

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Eliminate discrimination, harassment, victimisation

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqlA : Title of EQIA

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

Advance equality of opportunity

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqlA : Title of EQIA

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD
EQUALITY IMPACT ASSESSMENT

EqlA : Title of EQIA

Foster good relations

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

2.4 Has your delivery plan been updated to incorporate the activities identified in this assessment to mitigate any identified negative impacts? If so please summarise any updates.
These could be service, equality, project or other delivery plans. If you did not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.

**ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD
EQUALITY IMPACT ASSESSMENT**

EqIA : Title of EQIA