



# WOKINGHAM BOROUGH COUNCIL

An Extraordinary Meeting of the **EXECUTIVE** will be held at the Civic Offices, Shute End, Wokingham on **THURSDAY 30 JULY 2015** at the Conclusion of the scheduled Executive Meeting

A handwritten signature in black ink, appearing to read 'Andy Couldrick', written in a cursive style.

Andy Couldrick  
Chief Executive  
Published on 22 July 2015

This meeting will be filmed for inclusion on the Council's website.

Please note that other people may film, record, tweet or blog from this meeting. The use of these images or recordings is not under the Council's control.

## **Our Vision**

***A great place to live, an even better place to do business***

### ***Our Priorities***

**Improve educational attainment and focus on every child achieving their potential**

**Invest in regenerating towns and villages, support social and economic prosperity, whilst encouraging business growth**

**Ensure strong sustainable communities that are vibrant and supported by well designed development**

**Tackle traffic congestion in specific areas of the Borough**

**Improve the customer experience when accessing Council services**

### ***The Underpinning Principles***

**Offer excellent value for your Council Tax**

**Provide affordable homes**

**Look after the vulnerable**

**Improve health, wellbeing and quality of life**

**Maintain and improve the waste collection, recycling and fuel efficiency**

**Deliver quality in all that we do**

## MEMBERSHIP OF THE EXECUTIVE

Keith Baker	Leader of the Council
Julian McGhee-Sumner	Deputy Leader and Health and Wellbeing
Charlotte Haitham Taylor	Children's Services
Pauline Jorgensen	Resident Services
John Kaiser	Planning and Highways
Philip Mirfin	Regeneration and Communities
Anthony Pollock	Economic Development and Finance
Angus Ross	Environment

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**43. APOLOGIES**  
To receive any apologies for absence

**44. DECLARATION OF INTEREST**  
To receive any declarations of interest

**45. PUBLIC QUESTION TIME**  
To answer any public questions

The Council welcomes questions from members of the public about the item included within this Agenda.

Subject to meeting certain timescales, questions can only relate to the item which is on the Agenda for this meeting. For full details of the procedure for submitting questions please contact Democratic Services on the numbers listed below or go to [www.wokingham.gov.uk/publicquestions](http://www.wokingham.gov.uk/publicquestions)

Explanatory leaflets are also available in the Civic Offices and Libraries.

**46. MEMBER QUESTION TIME**  
To answer any member questions

A period of 20 minutes will be allowed for Members to ask questions relating to the Agenda item.

Any questions not dealt with within the allotted time will be dealt with in a written reply

## MATTERS FOR CONSIDERATION

<b>47.</b>	Bulmershe and Whitegates; Norreys	<b>COUNCIL OWNED COMPANIES BUSINESS - PHOENIX AVENUE AND FOSTERS</b> <i>(Part 2 sheet)</i>	<b>5 - 10</b>
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## **EXCLUSION OF THE PUBLIC**

The Executive may exclude the public in order to discuss the Part 2 sheet above and to do so it must pass a resolution in the following terms:-

That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act as appropriate.

A decision sheet will be available for inspection at the Council's offices (in Democratic Services and the General Office) and on the web site no later than two working days after the meeting.

### **CONTACT OFFICER**

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# Agenda Item 47.

<b>TITLE</b>	<b>Council Owned Companies Business – Phoenix Avenue and Fosters</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 30 July 2015
<b>WARD</b>	Norreys and Bulmershe and Whitegates
<b>DIRECTOR</b>	Graham Ebers, Director of Finance and Resources
<b>LEAD MEMBER</b>	Keith Baker, Leader of The Council

## **OUTCOME / BENEFITS TO THE COMMUNITY**

The regeneration of Phoenix Avenue will provide high quality, flagship, mixed tenancy housing development that will promote a cohesive, safe and sustainable community for local residents. It will contribute to meeting housing needs for the Borough. Fosters will provide much needed older people's housing options in the Borough. It will allow older people in Woodley to remain in the community they are familiar with, and be close to their friends and families.

## **RECOMMENDATION**

The Executive is asked to:

- 1) note the resolution of WBC (Holdings) Limited to approve further funding for the build of Phoenix Avenue and Fosters;
- 2) approve confirmation of further funding of up to £2.141million for the development of Phoenix Avenue and Fosters Extra Care from Council capital resources and to on-lend to WBC (Holdings) Limited at interest rate of 6%.

## **SUMMARY OF REPORT**

### **1. Background**

- 1.1. Executive has authorised on 30<sup>th</sup> January 2014 a sum of £10.5million to develop Phoenix Avenue (formally Eustace Crescent) and further authorised £5.923million for Fosters Extra Care scheme. The Fosters Care scheme includes a sum of £1.4m of grant funding secured provisionally through the HCA. Both these developments are due to be funded by the Council through commuted and general funds by Loddon Homes Limited.
- 1.2. Executive Item 98 on 30<sup>th</sup> January 2014 also agreed a further sum of £18m should be made available for future Wokingham Housing Limited (WHL) developments. Use of this fund required further authority from Executive following a recommendation from WBC (Holdings) Limited (Holdco).

### **2. The latest position**

- 2.1. Since these reports were submitted, WHL has refined the scheme and obtained better and up to date pricing through the tendering process for Phoenix Avenue.

The tenders for Phoenix Avenue have been returned. The estimated scheme costs are £12.094million. Cost consultants have also recommended that allowance be added for theoretical contingencies in the sum of £350,000

- 2.1. On Fosters Extra Care scheme the internal specification has been refined to meet stakeholders' requirements. WHL has advised the Holdco of the current position with tendering and the current market increase in price for build costs being driven by a more buoyant housing market. Therefore WHL's Employers Agent has advised them that estimated costs for the scheme will be in the region of £6.470million.

### **3. The case for requesting additional funding**

- 3.1. Presently Executive has provided Holdco with approval of £16.423million to develop both Phoenix Avenue and Fosters. WHL's current estimate to deliver both schemes is £18.564million. This leaves a shortfall of £2.141million.
- 3.2. The final differential between the estimate and the current approved amount is likely to be less when considering the £1.4million of HCA grant. WHL's current negotiations over the final contract sum is also anticipated to identify potential savings as value engineering is expected to reduce the actual gap. Allowance is also to be made for contingencies, as a prudent precaution that may not need to be spent.
- 3.3. The request to approve additional funding at this stage is to guarantee full funding regardless of any grant provision thus enabling WHL to submit its submission for Registration Provider (RP) status for Loddon Homes by demonstrating to the HCA that the funding to deliver both projects will be available irrespective of any other funding or savings that may or may not materialise. Without this authorisation and approval it may be difficult to register Loddon Homes. The impact of this is that the most secure way to use the Council's commuted sums through Loddon Homes as a For-Profit Registered Provider may not be available to the Council and put the best route to develop both Phoenix Avenue and Fosters at risk.

### **4. Approval process**

- 4.1. Executive exercises its shareholder rights in WHL through its wholly owned company Holdco. Holdco has reviewed WHL's request for funding, approved the business case and passed a resolution to approve the request at a board meeting dated 17<sup>th</sup> July 2015.
- 4.2. Holdco is requesting that funding is available immediately for drawdown when required by the development timetable. Holdco will utilise the funding through Loddon Homes Limited or WHL as necessary to secure the development.
- 4.3. The sums will be lent to Holdco under a loan agreement with interest payable at 6%. Holdco will on-lend to WHL when required by the build timetable.

### **5. Recommendation**

- 5.1. Executive is asked to note the resolution of 17<sup>th</sup> July 2015 of Holdco Board to approve the funding request from WHL.

5.2. Executive is asked to approve the authorisation of a further £2.141million for the development of Phoenix Avenue and Fosters Extra Care scheme from Council capital resources and to on-lend to WBC (Holdings) Limited at interest rate of 6%.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

*The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.*

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£2.141 million	No	Capital
Next Financial Year (Year 2)	£2.141 million	No	Capital
Following Financial Year (Year 3)	£2.141 million	No	Capital

### Other financial information relevant to the Recommendation/Decision

The Council will benefit from reduced costs in commissioning services and receive income from securing services within the Council (via WHL).

### Cross-Council Implications

No Cross-Council Implications

### Reasons for considering the report in Part 2

The report contains references to commercially sensitive information that would compromise Wokingham Housing Limited in procurement of contractors. These references are provided in a separate Part 2 schedule.

### List of Background Papers

None

<b>Contact</b> Graham Ebers	<b>Service Resources</b>
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<b>Date</b> 27 July 2015	<b>Version No.</b> 1

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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