



# **WOKINGHAM BOROUGH COUNCIL**

A Meeting of the **COMMUTED SUMS ADVISORY PANEL** will be held at the Civic Offices, Shute End, Wokingham, RG40 1BN on **THURSDAY 12 MAY 2016 AT 1.00 PM**

A handwritten signature in black ink, appearing to read 'Andy Couldrick'.

Andy Couldrick  
Chief Executive  
Published on 4 May 2016

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

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## **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 COMMUTED SUMS ADVISORY PANEL

### Councillors

Prue Bray  
Ian Pittock

Philip Houldsworth  
Wayne Smith

David Lee

ITEM NO.	WARD	SUBJECT	PAGE NO.
1		<b>ELECTION OF CHAIRMAN</b> To elect a Chairman for this meeting.	
2		<b>APOLOGIES</b> To receive any apologies for absence.	
3		<b>OVERVIEW OF ROLE OF PANEL</b> To receive an overview of the role of the Panel	5 - 16
4	None Specific	<b>CURRENT FINANCIAL OVERVIEW OF COMMUTED SUMS</b> To receive a financial overview of the current commuted sums.	17 - 18
5		<b>REVIEW OF BIDS</b>	
5a	Norreys	Garage Block adjacent to 13 Barrett Crescent Wokingham Planning Application F/2015/0060	19 - 22
5b	Winnersh	Grovelands Avenue Workshops, Planning Application F/2014/2611	23 - 24
5c	Shinfield North	1 Anson Walk, Shinfield, Planning Application F/2015/0073	25 - 26

### CONTACT OFFICER

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# Agenda Item 3

<b>TITLE</b>	<b>Overview of Role of Panel</b>
<b>FOR CONSIDERATION BY</b>	Commuted Sums Advisory Panel on 12 May 2016
<b>WARD</b>	None Specific
<b>DIRECTOR</b>	Stuart Rowbotham, Director of Health and Wellbeing

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

Commuted sums will enable the delivery of much needed affordable homes across the Borough.

## **RECOMMENDATION**

That the Panel notes the role of the Panel, as set out in the Executive Report of 26 March 2015.

## **Background**

Over the coming years, the Council is expecting to receive significant sums of affordable housing Section 106 contributions. On 26 March 2015, the Executive approved a governance process for this money. This included establishing a new advisory panel to monitor receipts and recommend affordable housing commuted sum allocations to Executive.

## **Analysis of Issues**

Full details on the agreed governance process, including Terms of Reference for the Panel, are included in the March 2015 Executive papers (appended to this Report).

## **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)	No Cost	Yes	Not Applicable
Next Financial Year (Year 2)	No Cost	Yes	Not Applicable
Following Financial Year (Year 3)	No Cost	Yes	Not Applicable

<b>Contact</b> Louise Strongitharm	<b>Service</b> Environment
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<b>Date</b> 4 May 2016	<b>Version No.</b> 0.1

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<b>TITLE</b>	<b>Commuted Sums Advisory Panel</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 26 March 2015
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Stuart Rowbotham, Director of Health and Wellbeing and Heather Thwaites, Director of Environment
<b>LEAD MEMBER</b>	John Kaiser, Executive Member for Planning and Highways

**OUTCOME / BENEFITS TO THE COMMUNITY**

To ensure that the Council uses its commuted sums for affordable housing to provide homes that best meet the needs of the Borough.

**RECOMMENDATION**

That the Executive approves the establishment of a Commuted Sums Advisory Panel to make recommendations to the Executive about the allocation of commuted sums for affordable housing.

**SUMMARY OF REPORT**

The Council could receive over £60 million of affordable housing commuted sums over the coming years. There is a need to formalise the governance structure to ensure that resources are targeted effectively to develop new affordable housing. As part of this process a new advisory panel would be established to recommend affordable housing commuted sum allocations to Executive for their approval.

There is a presumption that the Council would commission Wokingham Housing Limited to be the delivery vehicle for commuted sums funded schemes, but in exceptional cases the Housing Service (HRA) or a Registered Provider may be chosen.

## **Background**

In recognition of the changing role of local authorities in the provision of affordable housing in recent years, the Council has established Wokingham Housing Limited (WHL), its own Local Housing Company, in June 2011. Wokingham Housing Limited is overseen by the holding company, which provides governance over the Council's trading companies through a board of directors. Over the same period, the introduction of the National Planning Policy Framework (NPPF) has provided the Council with more flexibility over the way we secure affordable housing through the planning process, particularly the ability to attract commuted sums.

The Council will accrue significant financial sums, which under the Section 106 agreement, must be spent on "affordable housing provision within the Borough". Affordable housing is defined in Appendix 2 of the NPPF and can include: -

1. Social and affordable rented homes;
2. Intermediate housing (which could include self-build) via: -
  - a) shared equity loans; or
  - b) low Cost Mortgages

As further development comes forward in the borough it is anticipated that commuted sums for affordable housing will continue to grow significantly.

The process outlined in this paper seeks to implement a clear process by which commuted sums are recommended for allocation to affordable housing projects and to develop the Council's commissioning role.

## **Analysis of Issues**

As stated earlier, the Council could receive over £60 million of affordable housing commuted sums over the coming years. It is therefore proposed that a governance process (summarised in the flowcharts in Annexes 1, 2 & 3) be developed for this money. As part of this process a new advisory panel would be established to approve and recommend affordable housing commuted sum allocations to Executive. A proposed Terms of Reference for this panel is set out in Annex 4.

The key points for this process would be as follows:

1. Opportunities/Proposals for the use of commuted sums for affordable housing are invited in the first instance from Council Departments and Wokingham Housing Limited. Proposals are collated and screened by the affordable housing commissioning function of the council in the Housing Service (Head of Housing and Executive lead)
2. There is a presumption that WHL will be the delivery vehicle for commuted sums funded schemes (Annex 1), but in exceptional cases the Housing Service (HRA) (Annex 2) or a Registered Provider (Annex 3) may be chosen as above.
3. Proposers will be asked to develop a business case (standard template) for proposals not 'screened out'. Proposers will need to consult with Finance and Environment services to establish the capital funding: -

- a. Bid for commuted sums
  - b. Bridge finance requirements through council borrowing and on-lending
4. WHL will separately need to seek approval from the Holding Company prior to developing a business case
  5. In the event that neither WHL nor the Housing Service (HRA) are able to take forward the development opportunity, Registered Providers will be invited to express an interest
  6. The Affordable Housing Implementation Group will be consulted on all business cases
  7. Completed business cases will be submitted to the Commuted Sums Advisory Panel
  8. Recommendations from the panel will be received by the Executive, which will make a final decision.

It is proposed that the bids be evaluated against the following criteria:

- a) Fit with Housing Strategy and other corporate objectives (40% weighting)
- b) Deliverability (20% weighting)
- c) Value for Money (20% weighting)
- d) Financial return/savings generated to the Council (20% weighting) – There is an expectation that all WHL projects generate a 4% return for the Council (effectively a finance charge on the basis the commuted sum does not need to be repaid).

If agreed, it is envisaged that the process would run in a similar way to the Homes and Communities Agency 2015-2018 National Affordable Housing Programme with an initial bid round followed by continuous acceptance and evaluation of new bids going forward.

#### **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)	£0	N/A	N/A
Next Financial Year (Year 2)	£0	N/A	N/A
Following Financial Year (Year 3)	£0	N/A	N/A

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

The Council could receive over £60 million of affordable housing commuted sums over the coming years. This will ensure a clear, transparent process for the allocation of those funds.

**Cross-Council Implications**

This is an opportunity to provide a range of affordable housing to meet the needs of all our residents including those with disabilities, our young people and others with a specific housing need. It will ensure transparency, accountability and the targeting of funding at the greatest need.

**Reasons for considering the report in Part 2**

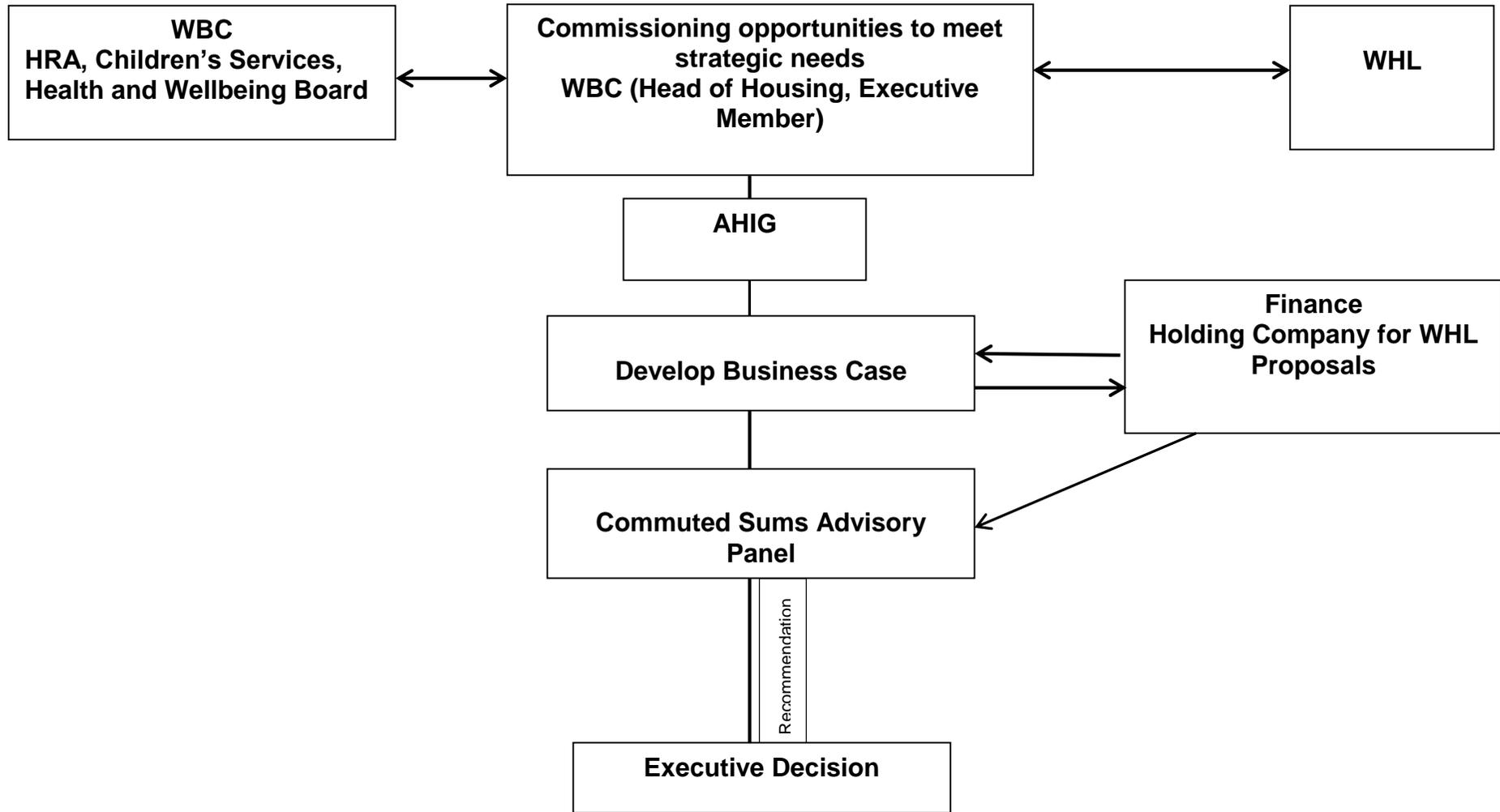
Not applicable

**List of Background Papers**

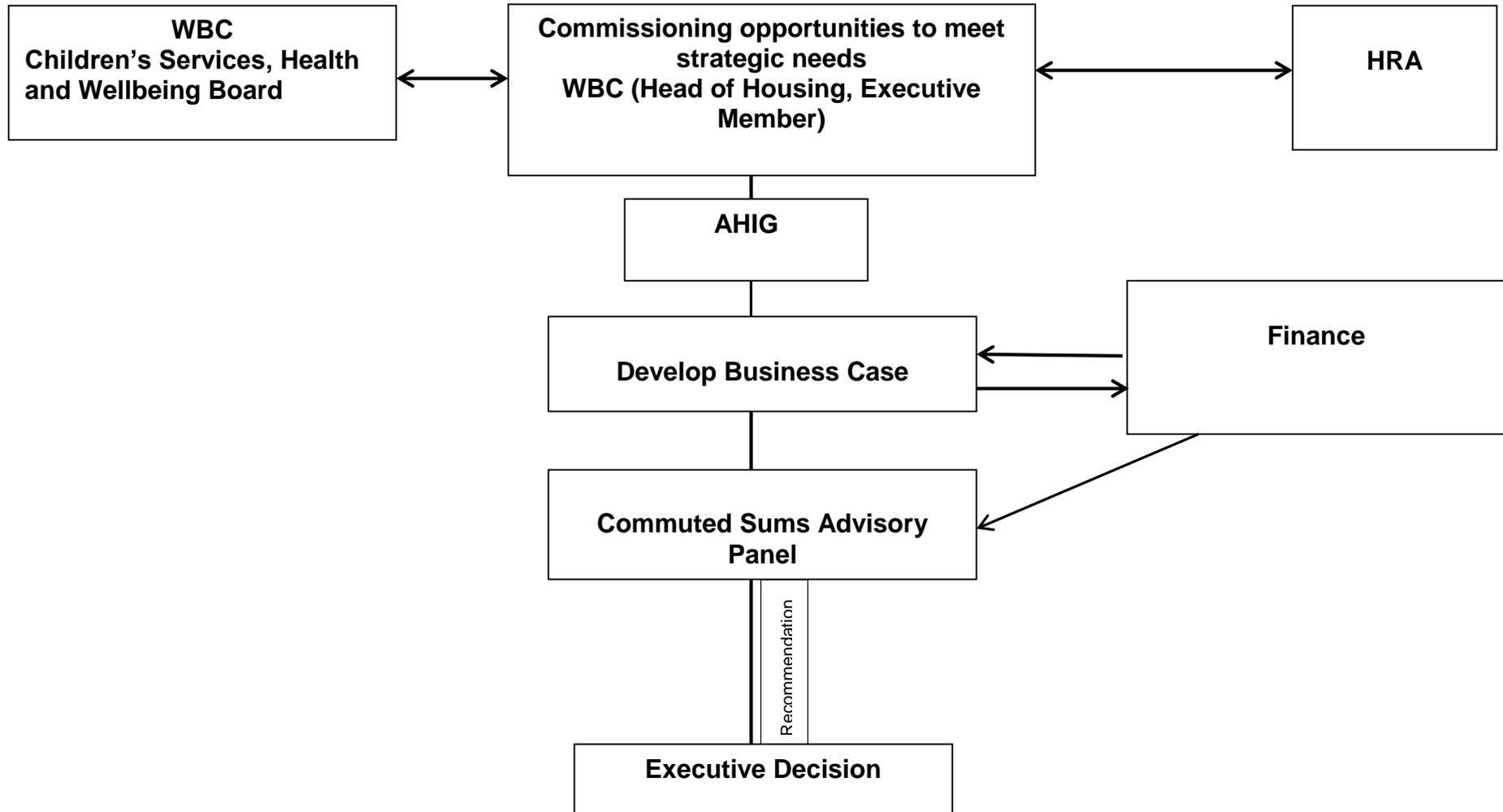
None

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<b>Date</b> 13 March 2015	<b>Version No.</b> 2

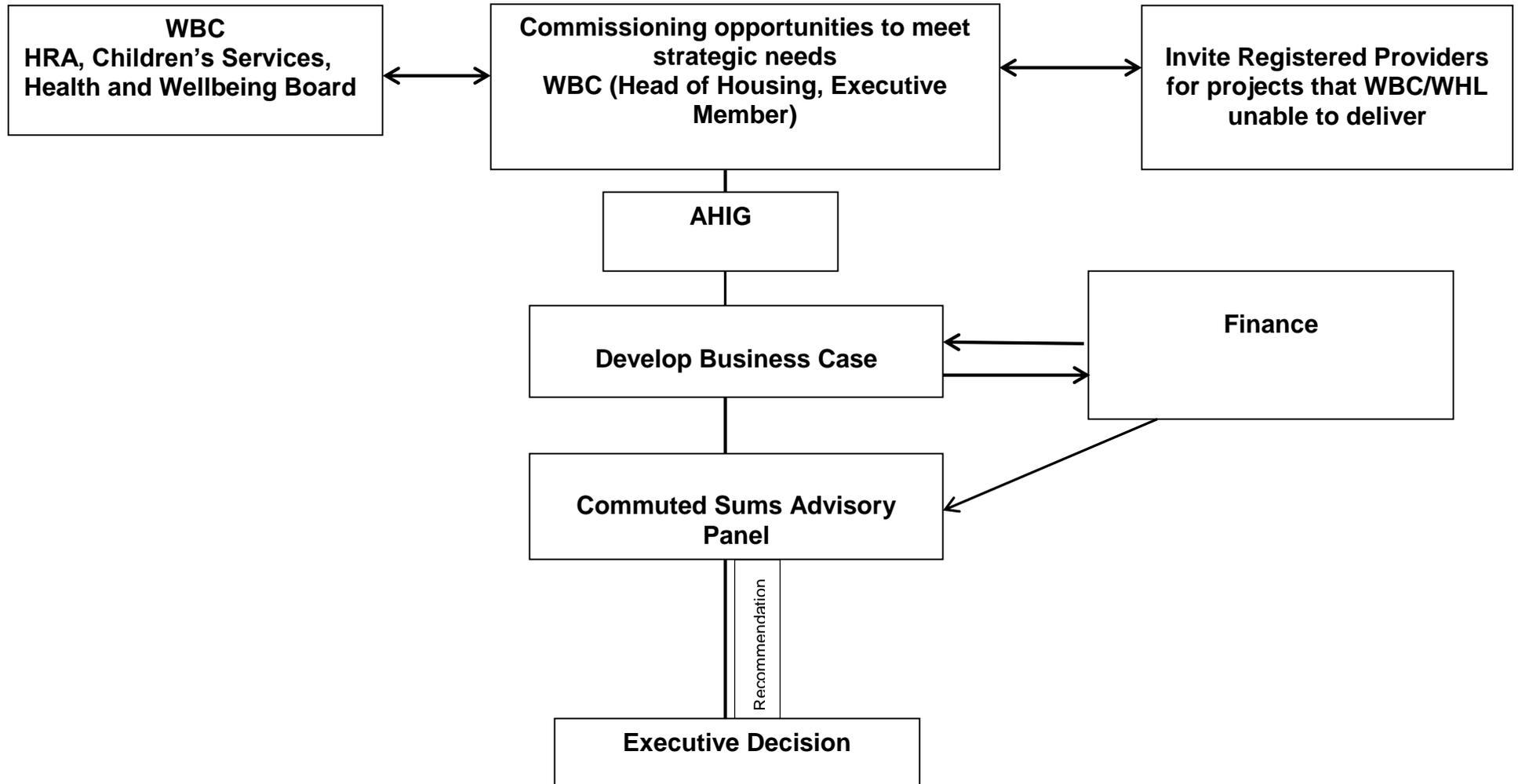
**ANNEX 1 - AFFORDABLE HOUSING COMMUTED SUM GOVERNANCE FLOWCHART FOR WHL**



**ANNEX 2 - AFFORDABLE HOUSING COMMUTED SUM GOVERNANCE FLOWCHART FOR HRA**



**ANNEX 3 - AFFORDABLE HOUSING COMMUTED SUM GOVERNANCE FLOWCHART FOR EXTERNAL PROVIDERS**





**WOKINGHAM  
BOROUGH COUNCIL**

## **TERMS OF REFERENCE FOR THE COMMUTED SUMS ADVISORY PANEL**

### **Purpose**

To make recommendations on affordable housing commuted sums to Executive.

### **Duties and responsibilities**

The Commuted Sums Advisory Panel must work within the context of Wokingham Borough Councils constitution.

### **The specific remit of the Commuted Sums Advisory Panel will be:**

- i. To make recommendations to the Executive for the allocation of affordable housing commuted sums
- ii. To monitor and report on the allocation of commuted sums to the Capital Finance Team and Wokingham Housing Limited Holding Company

### **Meeting frequency**

The Commuted Sums Advisory Panel to meet as required but every three months as a minimum. The meetings are to be public, with attendance in an observatory capacity. The quorum for the meetings will be 3 members.

### **Membership**

The membership the Commuted Sums Advisory Panel will be appointed at the Annual Meeting of the Council and will consist of;

- Five members of the Council, allocated in accordance with political balance rules, but not to include the Executive Member for Planning and Highways
- Involved Tenant, nominated from the Tenant and Landlord Improvement Panel.

### **Administration and support**

The meetings will be formally minuted and will be available on the Council's website. Administration and support of the Commuted Sums Advisory Panel will be undertaken by the Housing Service at Wokingham Borough Council.

**Agenda setting**

The Commuted Sums Advisory Panel will send out agenda and papers for each meeting, one week in advance.

**Circulation of minutes**

The papers will be circulated to all members of the Commuted Sums Advisory Panel will be sent within two weeks of each meeting.

**To receive agenda, minutes and associated papers**

All members

Heather Thwaites, Director of Environment

Stuart Rowbotham, Director of Health and Wellbeing

Anne Hunter, Service Manager Democratic Services

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# Agenda Item 4

<b>TITLE</b>	<b>Current Financial Overview Of Commuted Sums</b>
<b>FOR CONSIDERATION BY</b>	Commuted Sums Advisory Panel on 12 May 2016
<b>WARD</b>	None Specific
<b>DIRECTOR</b>	Stuart Rowbotham, Director of Health and Wellbeing

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

Commuted sums will enable the delivery of much needed affordable homes across the Borough.

## **RECOMMENDATION**

That the Panel notes current and anticipated commuted sum funds available for affordable housing provision.

### **Background**

In recent years, the Council has taken a more proactive role in enabling new homes to be developed throughout the Borough. To facilitate this, the Council is securing financial payments instead of on-site affordable housing on some private schemes to help fund affordable housing elsewhere in the Borough (commuted sums). This approach allows the Council to bring forward a wider range of sites for affordable housing development.

### **Analysis of Issues**

The table below summarises the commuted sums received and anticipated (correct at 29 April 2016):

<b>Affordable Housing Commuted Sums (off-site)</b>			
	<b>2016/17</b>	<b>2017/18</b>	<b>2018 Onwards</b>
Commuted Sums Received/Available	£4,646,711	-	-
Anticipated Commuted Sums	£6,749,571	£11,475,713	£68,164,994
<b>Total</b>	<b>£11,396,282</b>	<b>£11,475,713</b>	<b>£68,164,994</b>
<i>Cumulative</i>	<i>£11,396,282</i>	<i>£22,871,994</i>	<i>£91,036,988</i>

There is currently over £4.6 million received in commuted sums, with a further £6.7 million anticipated this financial year. Approximately £91 million has been secured in total through signed Section 106 agreements for affordable housing commuted sums. Due to the scale of many of the sites, payment of these will be phased over many years and in some cases, will not come forward at all (for example, if a consent is not implemented).

The table below summarises committed expenditure of commuted sums (correct at 29 April 2016):

<b>Affordable Housing Commuted Sums Expenditure Profile</b>				
<b>Project</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018 Onwards</b>	<b>TOTAL</b>
Grant to WHL - Phoenix Avenue	£1,112,052	£900,166	£3,187,782	£5,200,000
Grant to WHL - Fosters Extra Care	£2,500,000	£0	£0	£2,500,000
Feasibility Work by WBC	£12,000	£0	£0	£12,000
<b>Total</b>	<b>£3,624,052</b>	<b>£900,166</b>	<b>£3,187,782</b>	<b>7,712,000</b>
<i>Anticipated Balance available for Projects</i>	<i>£7,772,230</i>	<i>£18,347,777</i>	<i>£83,324,989</i>	

There is money available to allocate to affordable housing projects, both in terms of money in the bank and money that is anticipated.

#### **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)	No Cost	Yes	Not Applicable
Next Financial Year (Year 2)	No Cost	Yes	Not Applicable
Following Financial Year (Year 3)	No Cost	Yes	Not Applicable

<b>Contact</b> Louise Strongitharm	<b>Service</b> Environment
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<b>Date</b> 29 April 2016	<b>Version No.</b> 0.1

<b>TITLE</b>	<b>Garage Block adjacent to 13 Barrett Crescent, Wokingham</b>
<b>FOR CONSIDERATION BY</b>	Commuted Sums Advisory Panel on 12 May 2016
<b>WARD</b>	Norreys
<b>DIRECTOR</b>	Stuart Rowbotham, Director of Health and Wellbeing

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

The release of commuted sums will enable the delivery of 2 affordable homes in a sustainable location close to Wokingham town centre, thus assisting local people wishing to access low-cost home ownership.

## **RECOMMENDATION**

That the Panel recommends that the Executive allocate Section 106 receipts (commuted sums) for the provision of affordable housing towards the development on land adjacent to 13 Barrett Crescent, Wokingham.

## **Background**

A bid for commuted sums funding has been submitted by Wokingham Housing Limited (WHL) to enable the development of 2 affordable homes on land adjacent to 13 Barrett Crescent, Wokingham. The garage site is currently disused and deteriorating and no long-term use has been found for it. The proposal for the site to be transferred into WHL for nil monetary consideration on a 125-year lease was previously approved by the Executive in May 2011.

WHL gained full planning permission for two affordable two-bedroom flats in June 2015. The scheme was designed in accordance with the Council's Borough Design Guide and includes flexible accommodation built to Code level 4 and meeting the Lifetime Homes standard. The scheme will also be Secured by Design, which focuses on crime prevention at the design, layout and construction stages of a home. The scheme has been designed to take account of the neighbouring properties as well as to improve the general site area and environment.

## **Analysis of Issues**

Wokingham Housing Limited (WHL) has bid for up to **£577,000** of commuted sums funding to deliver the project. This amount will cover the total scheme cost for Barrett Crescent, including design and planning fees, build cost and WHL on-costs. The building has an awkward orientation, unique footprint and a complex roof design which has increased the build costs when compared with other schemes.

The scheme is intended to provide 2 flats for shared ownership. This is based on the Council's model of 35% first tranche sale and 1.5% rental charge on the residual unsold equity. The Council will have full nomination rights to the completed properties. Given the proposed tenure, there may be an opportunity for WHL to bid for grant from the HCA's Shared Ownership and Affordable Homes Programme 2016-2021 for these units, which, if successful, could reduce the commuted sum funding requirement by circa £60,000.

Market research shows that a market value for the 2 x 2-bedroom flats is currently

around £315,000 each, giving a Gross Development Value of around £630,000. On a shared ownership basis, the homes should be affordable to households with an annual income of circa £31,000. As at 1 April 2016, there were 1,228 households on the shared ownership (Help to Buy South) register looking for properties in Wokingham Borough. Of these, 44% of households have an income in the £20,001 - £35,000 range and 31% in the £35,001 - £50,000 range. 55% of applicants are looking for 2-bedroom properties. It would therefore appear that there would be strong local demand for the homes proposed at Barrett Crescent.

Based on the criteria and weighting approved by the Executive in March 2015, the bid has been scored as follows:

Criteria	Score	Commentary
Fit with Housing Strategy and other corporate objectives	36 (out of 40)	Delivering affordable homes, promoting intermediate tenures and supporting WHL are all priorities identified in the Housing Strategy 2015-2018. Strong local demand for product.
Deliverability	20 (out of 20)	The scheme has full planning consent. WHL has undertaken a tender exercise to select a preferred contractor, and subject to the funding decision, should be able to commence on site in June/July 2016.
Value for Money	8 (out of 20)	The total scheme cost is high due to the unique design of the building. HCA funding may help to bring down the commuted sum requirement.
Financial return/savings generated to the Council	10 (out of 20)	The scheme itself will generate a low return. However, in fully funding the development, WHL will have an asset upon which it can borrow in future to deliver more affordable homes.
<b>Total</b>	<b>74 (out of 100)</b>	

#### **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)	£577,000	Yes	Capital
Next Financial Year (Year 2)	£0	Yes	Not Applicable
Following Financial Year (Year 3)	£0	Yes	Not Applicable

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<b>Date</b> 3 May 2016	<b>Version No.</b> 0.1

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<b>TITLE</b>	<b>Land between Grovelands Avenue Caravan Park and Grovelands Avenue Workshops, Winnersh</b>
<b>FOR CONSIDERATION BY</b>	Commuted Sums Advisory Panel on 12 May 2016
<b>WARD</b>	Winnersh
<b>DIRECTOR</b>	Stuart Rowbotham, Director of Health and Wellbeing

**OUTCOME / BENEFITS TO THE COMMUNITY**

The release of commuted sums will enable the delivery of 6 affordable homes on previously unused land, thus assisting those in housing need.

**RECOMMENDATION**

That the Panel recommends that the Executive allocate Section 106 receipts (commuted sums) for the provision of affordable housing towards the development on land between Grovelands Avenue Caravan Park and Grovelands Avenue Workshops, Winnersh.

**Background**

A bid for commuted sums funding has been submitted by Wokingham Housing Limited (WHL) to enable the development of 6 affordable homes on land between Grovelands Avenue Caravan Park and Grovelands Avenue Workshops, Winnersh. The site consists of a vacant piece of scrubland, which is neither utilised nor managed. The site is held within the general fund. The proposal is to transfer the site to Wokingham Housing Limited (WHL), or a subsidiary, for nil monetary consideration on a 125 year lease.

WHL gained full planning permission for six two-bedroom semi-detached houses in July 2015.

**Analysis of Issues**

Wokingham Housing Limited (WHL) has bid for **£1,371,000** of commuted sums funding to deliver the project. This amount will cover the total scheme cost for the Grovelands project, including design and planning fees, build cost, planning obligations and WHL on-costs.

The scheme is intended to provide 6 houses for rented accommodation (at either social or affordable rents). The Council will have full nomination rights to the completed properties.

As at 26th April 2016, there were 1,430 people on Wokingham Borough Council's Housing Register. 31% of these applicants need a 2-bedroom property. Therefore, these new-build homes will meet an acute and evidence need for rented accommodation.

Based on the criteria and weighting approved by the Executive in March 2015, the bid has been scored as follows:

<b>Criteria</b>	<b>Score</b>	<b>Commentary</b>
Fit with Housing Strategy and other corporate	37 (out of 40)	Delivering affordable homes and supporting WHL are priorities identified

objectives		in the Housing Strategy 2015-2018. Rented accommodation meets the predominant need in the Borough.
Deliverability	20 (out of 20)	The scheme has full planning consent. WHL has undertaken a tender exercise to select a preferred contractor, and subject to the funding decision, should be able to commence on site in June/July 2016.
Value for Money	10 (out of 20)	The total scheme cost is relatively high, but it will deliver spacious family homes.
Financial return/savings generated to the Council	10 (out of 20)	The scheme itself will generate a low return. However, in fully funding the development, WHL will have an asset upon which it can borrow in future to deliver more affordable homes.
<b>Total</b>	<b>77 (out of 100)</b>	

### **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)	£1,371,000	Yes	Capital
Next Financial Year (Year 2)	£0	Yes	Not Applicable
Following Financial Year (Year 3)	£0	Yes	Not Applicable

<b>Contact</b> Louise Strongitharm	<b>Service</b> Environment
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<b>Date</b> 3 May 2016	<b>Version No.</b> 0.1

<b>TITLE</b>	<b>Land adjacent to 1 Anson Walk, Shinfield</b>
<b>FOR CONSIDERATION BY</b>	Commuted Sums Advisory Panel on 12 May 2016
<b>WARD</b>	Shinfield North
<b>DIRECTOR</b>	Stuart Rowbotham, Director of Health and Wellbeing

**OUTCOME / BENEFITS TO THE COMMUNITY**

The release of commuted sums will enable the delivery of 4 affordable homes, thus assisting those in housing need.

**RECOMMENDATION**

That the Panel recommends that the Executive allocate Section 106 receipts (commuted sums) for the provision of affordable housing towards the development on land adjacent to 1 Anson Walk, Shinfield.

**Background**

A bid for commuted sums funding has been submitted by Wokingham Housing Limited (WHL) to enable the development of 4 affordable homes on land adjacent to 1 Anson Walk, Shinfield. The site currently provides 5 unallocated parking spaces with an access road and turning head area. Some of the site is laid to grass, but it exhibits signs of fly tipping and other unsociable behaviour and does not form a meaningful contribution to the open space provision in the area. The site is held for housing purposes under Part II of the 1985 Act (i.e. within the Housing Revenue Account). The proposal is to transfer the site to Wokingham Housing Limited (WHL), or a subsidiary, for nil monetary consideration on a 125 year lease.

WHL gained planning permission for two 2-bedroom flats and two 1-bedroom flats in June 2015.

**Analysis of Issues**

Wokingham Housing Limited (WHL) has bid for **£695,000** of commuted sums funding to deliver the project. This amount will cover the total scheme cost for the Anson Walk project, including design and planning fees, build cost, land assembly and WHL on-costs.

The scheme is intended to provide 4 flats for rented accommodation (at either social or affordable rents). The Council will have full nomination rights to the completed properties.

As at 26<sup>th</sup> April 2016, there were 1,430 people on Wokingham Borough Council's Housing Register. 50% of these applicants need a 1-bedroom property and 31% need a 2-bedroom property. Therefore, these new-build flats will meet an acute and evidence need for rented accommodation.

Based on the criteria and weighting approved by the Executive in March 2015, the bid has been scored as follows:

<b>Criteria</b>	<b>Score</b>	<b>Commentary</b>
Fit with Housing Strategy and other corporate objectives	37 (out of 40)	Delivering affordable homes and supporting WHL are priorities identified in the Housing Strategy 2015-2018. Rented accommodation meets the predominant need in the Borough.
Deliverability	20 (out of 20)	The scheme has full planning consent. WHL has undertaken a tender exercise to select a preferred contractor, and subject to the funding decision, should be able to commence on site in June/July 2016.
Value for Money	12 (out of 20)	The unit cost for these 4 flats is lower than the other bids submitted.
Financial return/savings generated to the Council	10 (out of 20)	The scheme itself will generate a low return. However, in fully funding the development, WHL will have an asset upon which it can borrow in future to deliver more affordable homes.
<b>Total</b>	<b>79 (out of 100)</b>	

#### **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)	£695,000	Yes	Capital
Next Financial Year (Year 2)	£0	Yes	Not Applicable
Following Financial Year (Year 3)	£0	Yes	Not Applicable

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<b>Date</b> 3 May 2016	<b>Version No.</b> 0.1