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| TITLE | Peach Place Residential Call-In Response |
| FOR CONSIDERATION BY | Overview and Scrutiny Management Committee on 16 October 2017 |
| WARD | Wescott |
| DIRECTOR | Graham Ebers – Director, Corporate Services |
| LEAD MEMBER | Julian McGhee-Sumner – Executive Member for Adults’ Services, Health, Wellbeing and Housing |

OUTCOME / BENEFITS TO THE COMMUNITY

The scheme will assist in meeting housing needs through the provision of high quality affordable housing for essential workers at the earliest opportunity. It will particularly assist with the recruitment and retention of key workers, who are vital to the delivery of public services and supporting the local economy.

RECOMMENDATION

That the Overview & Scrutiny Management Committee uphold the decision of the Executive.

SUMMARY OF REPORT

On 28 September 2017, the Executive agreed to transfer 22 apartments at Peach Place, Wokingham to one of its housing companies to deliver as key worker housing. The decision has been called-in by five non-executive elected Members. This report provides clarification on the points raised within the call-in. A separate, Part 2, paper addresses those aspects of the call-in which relate to exempt information.

Background

Investing in regeneration of towns and villages is a key priority for Wokingham Borough Council. As part of the Wokingham Town Centre Regeneration project, planning permission was granted for Peach Place in March 2015 with work starting on site in January 2017. The development includes 26 residential units which were planned to be sold on the open market.

The report to Executive in September 2017 sought approval to transfer the 22 completed apartments to a Council-owned housing company with the remaining 4 town-houses to be sold on the open market. The properties will be funded through Section 106 affordable housing commuted sums. This will allow the homes to be provided as much-needed key worker housing at intermediate rents (up to 80% of private rents) in this prime town centre location. The residential units are made up of 3 x 1-bedroom apartments and 19 x 2-bedroom apartments.

The in principle decision to convert the apartments at Peach Place to key worker housing has been called-in by five non-executive elected Members. Within the call-in notice, the following four specific grounds relating to the Councils decision making principles have been stated:

1.4.2 Principles of Decision Making

All decisions of the Council will be made in accordance with the following principles:

- a) proportionality (i.e. the action must be proportionate to the desired outcome);
- d) a presumption in favour of openness;
- e) clarity of aims and desired outcomes and
- f) when decisions are taken by the Executive, details of the options which were taken into account and the reasons for the decision will be recorded.

Analysis of Issues

Below are the stated reasons for the Call-In and a response to clarify the Council's actions in taking this decision.

Reason 1:

The decision has contravened Section 1.4.2 a) of the Council's constitution, in that the action being proposed is not proportionate to the desired outcome. The reasons why this is the case relate to the Part 2 information supplied with the report and therefore are given separately in a confidential addendum to this call-in notice.

Response:

The Council's response is included on the Agenda as a separate Part 2 Report as it contains commercially sensitive information.

Reason 2:

The decision has contravened Section 1.4.2 d) of the Council's constitution, in that openness has not been observed. Details of the decision have been placed in Part 2 which should have been disclosed in Part 1. The reasons why this is the case relate to the Part 2 information supplied with the report and therefore are given separately in a confidential addendum to this call-in notice. We are able to say in Part 1 that neither the discussion in Part 1 at the Executive meeting and the press release subsequently put out by the council referred to an important aspect of the plan which is mentioned in Part 2 and that the public may have been misled as a result. In addition we believe that under the definition of exempt information, some of the information which has been withheld from the public should have been disclosed.

Referring to paragraph 3.2.12.4 of the Constitution, "*information is not exempt information if it relates to proposed development for which the local planning authority may grant itself planning permission*" pursuant to regulation 3 of the Town and Country Planning General Regulations 1992. Peach Place is a development for which the local planning authority has given itself permission. Whether or not affordable housing could be provided on-site or off-site was a material consideration at the time planning permission was granted. The proposals in this report go against part of what was submitted, considered and

agreed as part of the planning process. While the bare fact that the flats are to become affordable housing is being dealt with in Part 1 of this report, the financial considerations and terms under which it is being done are not in Part 1. Had this been proposed at the time planning permission was granted, much more information would have been placed in the public domain. It is therefore wrong to hide all the details now.

Response:

Information is not exempt “... if it relates to proposed development for which the local planning authority may grant itself planning permission...” This rule only applies to information which concerns development which is clearly envisaged to be subject to a planning decision at some future time. It does not apply to development which already has planning permission. There is nothing in the Report to Executive which concerns any development which is going to be subject to planning permission.

The provision of Affordable Homes at Peach Place is not a requirement imposed through a legally binding planning permission. The case was made and accepted by the Local Planning Authority in 2015 that financial viability was in question if Development Plan Policies for the provision of Affordable Homes were imposed. The incorporation of affordable homes at Peach Place is a choice of the Council, acting as Developer and Landlord. The financial considerations of this decision are not a planning matter. The information in the Part 2 relates to a specific financial transaction between the Council and one of its companies. The solution to convert the Peach Place apartments to key worker housing using commuted sums was formulated long after the scheme gained planning consent in response to public concerns around the lack of affordable housing being provided through the regeneration. It could not have been put forward any earlier.

Structure and terms of the lease and associated financial information are deemed to be commercially sensitive and therefore withheld from publication within Part 1 of the report. It is clear that this is a proposal which is yet to be concluded. If the deal didn't reach conclusion and the Council chose to go to the wider market, it would be disadvantaged if the market had sight of this information. This would result in the Council not being able to maximise the return, thus adding additional burden to the Wokingham tax-payer.

Reason 3:

The decision has contravened Section 1.4.2 e) of the Council's constitution, in that clarity of aims and desired outcomes has not been achieved. The reasons why this is the case relate to the Part 2 information supplied with the report and therefore are given separately in a confidential addendum to this call-in notice.

Response:

The Council's response is included on the Agenda as a separate Part 2 Report as it contains commercially sensitive information.

Reason 4:

The decision has contravened Section 1.4.2 f) of the Council's constitution, as details of the options which were taken into account have not been recorded. No other options are mentioned either in Part 1 or Part 2, yet we know that this item was previously scheduled for the Executive and was withdrawn. No explanation as to why or what was changed has been provided.

Response:

The report published for Executive in July 2017 proposed that all 26 residential properties at Peach Place be converted to key worker housing using commuted sums. After further discussion, it was proposed that the 4 town houses be sold on the market as originally planned. It was felt that there may be limited demand from key workers for these larger units (other than potentially as shared houses) and the town houses would be better sold on the open market.

The report is clear that the intention was to sell all of the completed units on the open market, so by inference, this would be the alternative option. In this case, no affordable housing would be delivered on this site.

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) | Part 2 Report | Yes | Capital |
| Next Financial Year (Year 2) | Part 2 Report | Yes | Capital |
| Following Financial Year (Year 3) | Part 2 Report | Yes | Capital |

Other financial information relevant to the Recommendation/Decision

Funding is likely to come from a number of different Section 106 agreements for affordable housing. The matching of new affordable housing projects to specific Section 106 agreements will occur before start-on-site to ensure that we optimise the use of available receipts.

Cross-Council Implications (how does this decision impact on other Council services, including properties and priorities?)

Affordable housing is a priority for the Council. Access to good quality, affordable housing is key to residents' health and wellbeing, education, employment, etc. The provision of key worker accommodation will also assist with the recruitment and retention of staff delivering essential public services, for example, teachers, care workers and social workers.

Reasons for considering the report in Part 2

Commercially sensitive information, relating to the funding and contract sums, is included on the Agenda as a separate Part 2 Report.

List of Background Papers

None

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