High Level Review of Wokingham Borough Council's Local Housing Companies

FINAL REPORT – September 2023

Altair

LODDON HOMES

BERRY BROOK HOMES

Contents

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1. Introduction and methodology

1.1. Introduction

1.1.1. Wokingham Borough Council ("WBC" or "the Council") is the sole shareholder of a group of wholly owned local housing companies ("WOCs," "LHCs" or "the companies"). Altair was appointed by the parent company of the group, WBC (Holdings) Ltd to undertake a review of the companies. Currently, WBC (Holdings) Limited has three subsidiary companies; Loddon Homes Limited ("Loddon"), Berry Brook Homes Limited (Berry Brook) and Wokingham Housing Limited ("WHL").

1.1.2. We are advised that WHL, the former development vehicle in the group, has largely been wound down with development management responsibility now transferred to the Council under a service level agreement ("SLA"). Therefore, our focus has been on the two asset holding entities, Loddon and Berry Brook.

1.1.3. We were advised upon being commissioned that this review will be shared with and is also for the benefit of the Council. Therefore, much of the content speaks directly to the perspective and interests of WBC as the report sets out and discusses options that are available to the Council in relation to affordable housing delivery generally, and the future operation of the companies specifically.

1.1.4. The original terms of reference for the review were as follows:

1. A high-level assessment of the degree to which the LHCs are meeting their strategic objectives and delivering for WBC;
2. An options appraisal of the available delivery routes for affordable housing, including developing within the housing revenue account ("HRA") and a revised (potentially merged) group structure of companies;
3. To diagnose any factors which may have prevented the LHCs from performing better within the current approach.

1.2. Methodology

1.2.1. The methodology for our review has been as follows:

- A detailed document review;
- Stakeholder interviews (see Appendix 1);
- Internal review and discussion by the Altair team drawing upon our experience of advising both local authorities and their wholly owned housing companies on optimal delivery routes.

1.2.2. As background to this assignment, we were advised that both the Council and WBC (Holdings) Ltd have an open mind and that all options should be considered at this initial stage. Our understanding is that identifying the route to successful delivery of affordable housing will override any other factors.

1.2.3. For the avoidance of doubt Altair has been commissioned to undertake a "high level" or "strategic" review at this stage. Therefore, we have not undertaken any financial modelling on the various options available to the Council. This will be necessary however before the review is concluded. We have set out a recommended sequence of events in the final sections of the report. For reasons we explain, there is currently no concrete proposal, programme or pipeline that could effectively be modelled. Therefore, we have not assessed and commented at this stage on the financial viability of the different options. Further, the absence of financial modelling at this stage means that only items 1. and 3. in the review terms of reference have been completed. Although we have identified the three primary strategic options for the future along with a wider list of potential development delivery routes, a robust options appraisal, which will include financial modelling, remains outstanding.

1.2.4. We would like to acknowledge and thank all the interviewees as well as other colleagues at the Council and within the Companies for their support and for their candid approach to the interviews. It has enabled us to gather a rich evidence base upon which to base our findings, conclusions and recommendations.

2. Context

2.1. The emergence of local housing companies

2.1.1. It is well documented that not enough homes are being built across the UK to meet projected demand. The long-term trend of house price growth outstripping incomes has contributed to an acceleration of trends away from owner-occupied housing and fuelled the growth of private market rent. Many households find themselves unable to afford to get on the property ladder and / or struggle to find appropriate, good quality, well-manged private rented housing.

2.1.2. Many local authorities have therefore sought new mechanisms for housing market interventions and significantly, new house building programmes have become increasingly common with local authorities often undertaking development through LHCs.

2.1.3. The Smith Institute's report, *Delivering the Renaissance in Council-Built Homes: The Rise of Local Housing Companies*, published October 2017, remains the seminal study on LHCs and it concluded that the approach offers councils a potential "triple dividend" through:

- Greater opportunities to influence the provision of affordable housing addressing need locally.
- Taking a greater stewardship role in place-shaping.
- Creating a revenue stream for the council.

2.1.4. Establishing and operating a LHC can provide numerous benefits to local authorities. Such an approach can allow Councils to:

- Contribute directly to new build targets set out within its new emerging Local Plan.
- Supplement its current social rent HRA build programme through the provision of a broader housing offer that includes market tenures.
- Help address any current or future local market failures or shortfalls in terms of type, tenure, and quality of housing.
- Through the LHC, take strategic control over sites, providing greater certainty over site delivery, quality, and design.
- Have greater flexibility in terms of who it lets homes to, the types of tenancy agreements it offers and the level of rents it charges to different groups of people (for example, key workers), when compared to its current social rent housing provision through the HRA.
- Foster well-being, regenerative and local economic benefits for neighbourhoods and communities (for example, ensuring good standards of design and quality, adopting energy efficient designs and methods of construction, working with local companies, and fostering training and apprenticeship opportunities, as appropriate).
- Provide an additional revenue stream for the Council through, for example, margins on possible Council on-lending to the LHC or payment of dividends from surpluses in time.
- Leverage the potential perception and branding advantages of having a standalone property specific company, separate to the Council.

2.2. Local context

2.2.1. With a population of over 170,000 people, there is a pressing need for new homes across a range of tenures, particularly affordable housing within the local authority area. The Council estimates that around 770 new homes are needed per year to meet housing need in the borough. Wokingham is ambitious for growth with a target to build 15,513 new dwellings in the borough by 2038, of which up to 50% should be affordable housing[1]. Figures 1 and 2 below highlight the projected completions against local housing need in Wokingham on a cumulative and annual basis.

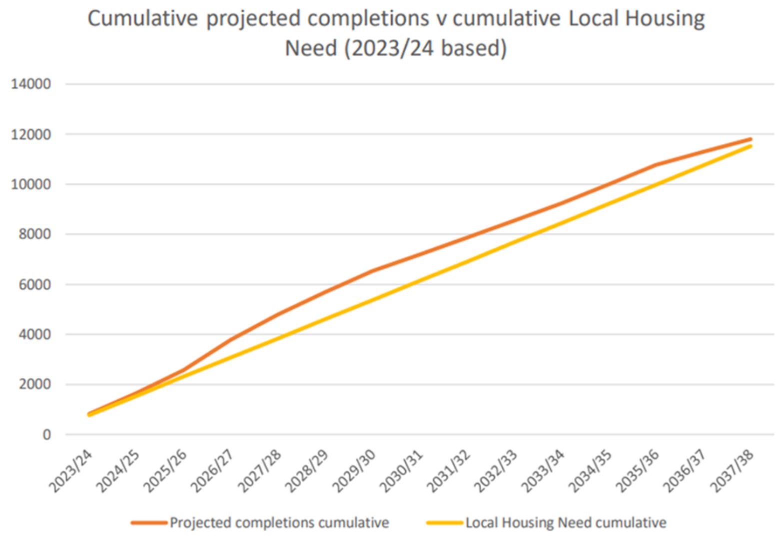

Figure 1: Cumulative projected completions vs Local Housing need in Wokingham (2023/24 based)

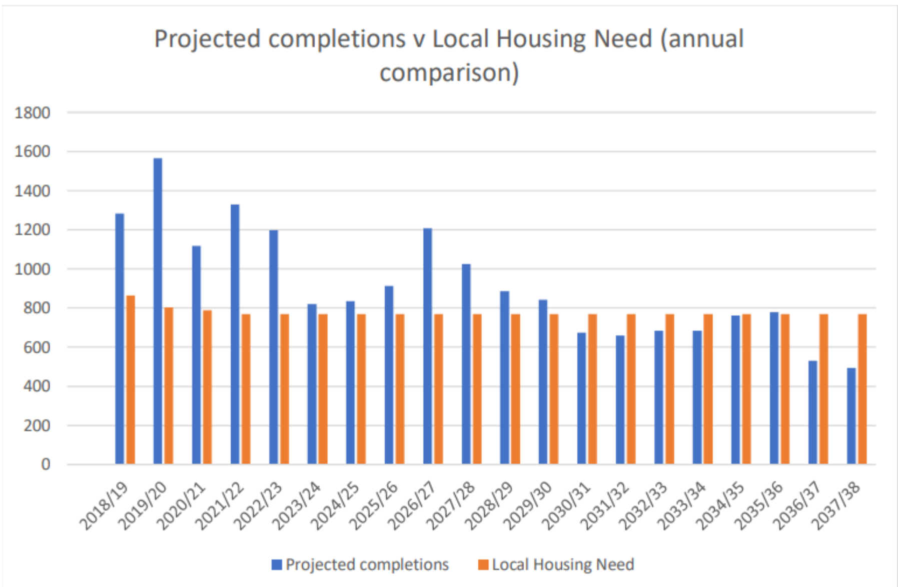

Figure 2: Annual comparison of projected completions against local housing need from 2018/19 to 2037/38

[1] 'Right Homes, Right Places': Local Plan Update, Wokingham Borough Council, November 2022

2.2.2. Note that these are projected completions and although updated recently the charts do not replace projected with actual completions.

2.2.3. Figure 3 shows actual completions.[2]

Table 4 - Housing Completions (excluding communal accommodation adjustment) 2006/7 to 2020/21 compared to the Core Strategy Policy CP17

Year	Completions (Annual)	Completions (Cumulative)	Core Strategy CP17 (Annual requirement)	Core Strategy CP17 (Cumulative requirement)
2006/7	1,011	1,011	600	600
2007/8	482	1,493	600	1,200
2008/9	369	1,862	600	1,800
2009/10	226	2,088	600	2,400
2010/11	217	2,305	600	3,000
2011/12	267	2,572	700	3,700
2012/13	390	2,962	700	4,400
2013/14	488	3,450	700	5,100
2014/15	454	3,904	700	5,800
2015/16	675	4,579	700	6,500
2016/17	967	5,546	723	7,223
2017/18	1,528	7,074	723	7,946
2018/19	1,284	8,358	723	8,669
2019/20	1,555	9,913	723	9,392
2020/21	**1,167**	**11,080**	**723**	**10,115**

Figure 3: Actual housing completions from 2006/07 to 2020/21.

2.2.4. There are currently just over 73,000 homes in the local authority area which has increased by around 10,000 homes since 2013. The private sector accounts for 92% of total homes in the borough, amounting to 67,686 homes[3].

2.2.5. Over the past four years, there has been an increase of 1,500 new affordable homes provided by private registered providers in the borough. Homes provided by the local authority and private registered providers totals over 5,200, equally split at 2,600[4].

2.2.6. In 2022, there were 1,481 net additional dwellings delivered in Wokingham. This has greatly increased in the last ten years, for example there were just 401 net additional dwellings in the borough in 2013. However, since 2018 the number of net additional dwellings constant at around 1,500 per annum[5].

2.2.7. Generally, delivery overall in the borough has been impressive and has kept pace or exceeded estimated need, including on numbers of affordable homes.

[2] Wokingham Borough Council Authority Monitoring Report 01/04/2020 – 31/03/2021
[3] Government Live Tables on Dwelling Stock (Table 100)
[4] Government Live Tables on Dwelling Stock (Table 100)
[5] Government Live Tables on Net Additional Dwelling by Local Authority (Table 122)

2.2.8. However, at the same time the waiting list for affordable housing has also increased rapidly from 1,613 in 2018 to 2,592 in 2022.[6] Therefore there remains an imperative to continue to develop increasing numbers of affordable housing.

2.2.9. Properties in Wokingham had an overall average price of £510k over the last year. Overall, sold prices in the last year were 5.3% up on the previous year and 26% up on the 2019 average of £405k[7].

2.3. Wokingham Borough Council's Local Housing Company Strategy

2.3.1. The Council was and is forward thinking as it was a relatively early adopter of the LHC model. The business case for the establishment of the first company was clearly articulated as wanting to:

"contribute to meeting housing needs through the provision of well-designed, high quality and sustainable affordable and private housing in the Wokingham Borough."

2.3.2. The initial intention was very much that delivery of private housing would help support the creation of a self-sustaining company without recourse to public subsidy beyond an initial investment by the Council to get the company up and running.

2.3.3. The company's objectives were originally established as:

- To provide a range of high quality affordable and market housing for the people of Wokingham Borough and beyond;
- To deliver market housing in order to cross-subsidise the provision of affordable housing and maximise affordable housing delivery on sites without government grant;
- To ensure that housing developed in the Borough is of the appropriate quality, type and affordability to meet the needs and aspirations of the Borough's residents;
- To provide suitable accommodation for vulnerable residents, including those with disabilities and homeless households, that ensures a better quality of life, promotes independence and minimises the need for costly service interventions;
- To provide or procure landlord services to the tenants of any rented housing;
- To carry out any other activities specifically or generally designed to promote the economic, environmental or social well-being of Wokingham Borough;
- To encourage and promote house building activity during the recession and future economic downturns;
- To maximise the potential of Council-owned assets for the delivery of affordable housing; and
- To complement other trading services and council operations (including Tenant Services).

2.3.4. We understand this was later amended slightly (with Council and WBC (Holdings) Ltd approval) to "provide high quality, sustainable and affordable homes in the Borough to meet local housing need whilst at same time providing a financial return to the Council."

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[6] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1164473/LT600_accessible.ods
[7] HM Land Registry

Financial returns were defined as being enhanced interest payments on loans or through purchasing of services - housing management, development and finance etc.

2.3.5. Although not specifically referenced in the original business case, we are also aware that there was a concern amongst LAs about the continuing loss of stock to right to buy which could be mitigated through development in arms' length vehicles. This may also have also been an issue that WBC wished to address. In addition, Homes England (previously HCA) grant was at the time not available to local authorities. That policy of course has now changed since 2018. At the same time, the HRA borrowing cap was also abolished which gave WBC more freedom to borrow (subject to HRA viability) to provide more council homes. These factors represent significant changes since the rationale for the companies was first developed.

2.3.6. Before deciding to pursue the wholly owned company, the Council, as is best practice, conducted an options appraisal against which the WOC option was compared to direct delivery within the Housing Revenue Account ("HRA") and various forms of joint venture with both developers and registered providers.

2.3.7. The original business plan and strategy was predicated on direct delivery of sites transferred into the company and it was also envisaged that there would be s106 acquisitions to complement the direct delivery. Fig 3 contains the original organisational and governance structure for the company.

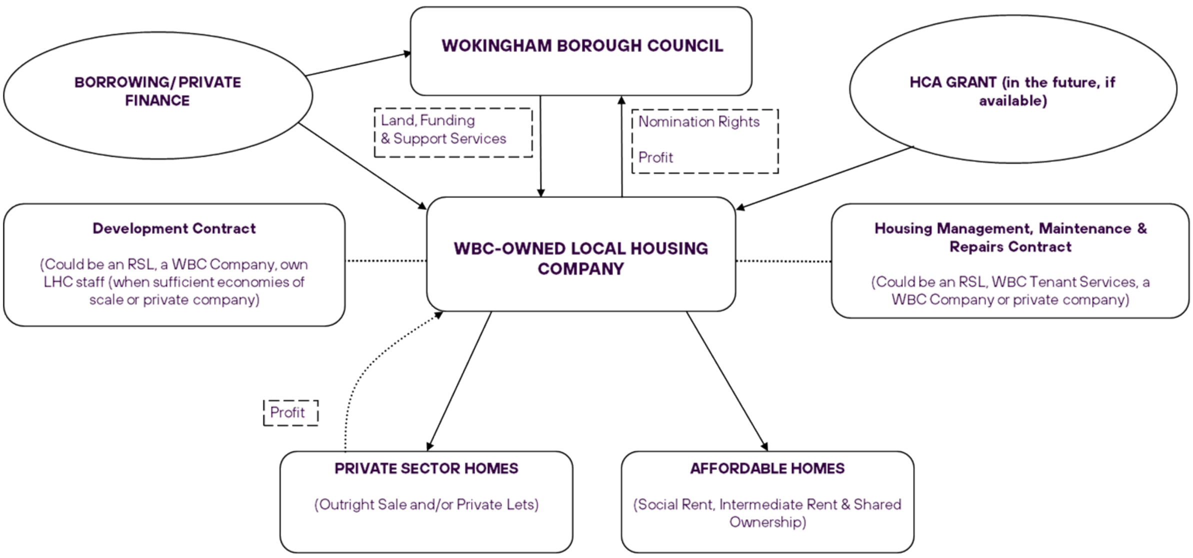

Figure 3: Governance structure originally proposed for the first local housing company.

2.3.8. The plan was the company build housing using commuted s106 monies. Effectively this would allow the Council to retain the asset on its balance sheet, albeit owned at arms' length. The Council could also control the quality and timing of delivery.

2.3.9. The structure developed over time such that the original LHC became the development vehicle for the group, Wokingham Housing Limited. Two asset owning vehicles were created.

Loddon, a profit-making registered provider of social rented and shared ownership homes, whilst the discounted market rent homes were transferred to Berry Brook. In additional a parent company, WBC (Holdings) ltd was introduced. Figure 4 shows the current structure[8].

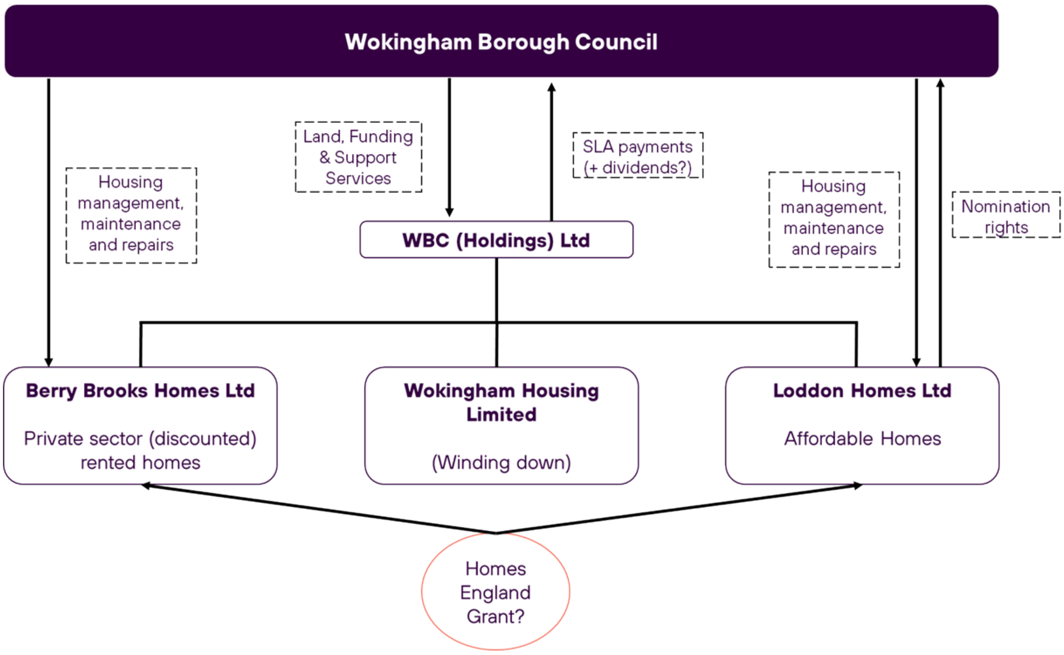

Figure 4: Current structure of the LHCs

2.3.10. To simplify and summarise the original strategic objectives, the purpose was to create additional affordable homes of various types and as a result provide financial returns to the Council.

[8] We note that WBC (Holdings) Ltd is also the parent company of other commercial companies. For simplicity we have only included the housing companies in this diagram.

3. Findings and key themes

3.1. Introduction

3.1.1. We have organised our findings from the review around a small number of (7) key themes as follows:

- Strategy
- Company structure
- Ownership, governance and control
- Development delivery and pipeline
- Finance, funding and risks
- Operations and service provision
- Compliance with RSH requirements

3.1.2. In setting out our findings under these themes it is worth noting that although there is obviously a local specificity and WBC context to the issues, nothing we have identified is unusual or particularly surprising. We have seen them all in one form or another in a number of other contexts as they seem to regularly affect local authorities and the way they operate their local housing companies.

3.1.3. While the configuration of these issues and the way they manifest may be unique to Wokingham, each of them individually is familiar to us and this gives us reason to be confident on the required approaches to resolve them.

3.2. Strategy

3.2.1. The original strategy is consistent with the approach taken by a number of local authorities, that is via a mixture of equity, debt, commuted section 106 sums and social housing grant. Schemes were intended to be developed at arm's length but within the control of the Council enabling cost, quality, design and programme to all be carefully controlled and profits retained. It is a tried and tested mechanism by which commuted sums can be efficiently used and also the potential risk of future right to buy stock losses avoided.

3.2.2. However, although the initial strategy was clear, more recently, the pipeline has diminished. It was a recurring theme throughout all our discussions and is fundamental to the review. In short, the companies do not appear to have a clear growth or investment strategy and they lack any financial plan outside of the current budget year[9]. This is not to say is there is no "operational strategy" – indeed we saw and heard plenty of evidence as to the efforts being made to run the companies in an efficient and compliant manner – more of which below.

3.2.3. The precise reasons for pipeline diminishing so quickly over a short period of time are difficult to ascertain. We understand it may have been due to a number of factors including an assumption that an MRP was required, that HRA delivery produced better appraisal

[9] We are aware that long term long term financial plan models have been prepared in the past. Our comment relates to the fact that there is currently no board approved plan that is being used for modelling and forecasting future financial performance and viability.

results, and also competing priorities for land. Strategic leadership failures may have also played a part.

3.2.4. Importantly, we did not get a sense that the Council currently sees the companies as being a central element of its strategic approach to housing delivery. On the contrary, the current focus is very much on in house direct delivery via the HRA and there is a feeling both within the Council and the companies that, at least in relation to new delivery, that there is currently a state of 'limbo.' Although Loddon has just been reselected as an approved "Registered Provider" we wonder whether the Council has given thought to it being its "Preferred Provider."

3.2.5. This has caused frustration particularly on the part of the companies who feel that they have the skills and capacity to deliver more for the Council but are being held back by a lack of support. The Council's current view is that potential future schemes do not stack with the companies as the exit route. This was clearly not always the case and the Council acknowledges that initially WHL, funded via a mixture of debt and s106 commuted sums, managed to develop a number of schemes successfully.

3.2.6. The companies have never paid a dividend. There was a feeling amongst some stakeholders that this should be considered a failing. However, payment of dividends by LHCs to their parent local authorities is quite rare, at least in the initial years of investment. In our experience any financial returns to councils are almost always via one or both of two routes:

- A margin charged on the lending; and
- A contribution towards overheads, particularly support services through SLA payments.

3.2.7. We haven't studied the debt margins and SLA payments in detail or quantified the amounts but we are aware that the Council has benefited from both of these over the years that the LHCs have been operating.

3.2.8. We recommend the Council works with the company boards to approve appropriate corporate and investment strategies so clearly articulated purpose and ambitions.

3.3. Company structure

3.3.1. Most LHC delivery vehicles are Wholly Owned Companies (WOCs) and take the form of a private company limited by shares, with the local authority as a sole shareholder. They rely on the powers granted under the Local Government Act (2003) which enables the creation of Local Authority Trading Companies, and the general power of competence granted under the Localism Act (2011) which enables local authorities in England to do "*anything that individuals generally may do*", subject to a set of limitations. WBC has relied on these powers and has created its LHCs in a manner which is typical of the sector.

3.3.2. WOCs are normally single entities, however some have been formed as groups, often to allow the creation of a subsidiary Registered Provider (either profit generating or not-for-profit), or for potential tax benefits. Many are funded through borrowing from the parent local authority via General Fund reserves or Public Works Loan Board (PWLB) prudential borrowing (lent at a margin), or purchase of schemes by the HRA. Again, the group structure and funding arrangements is typical. Some have also looked to the private sector, particularly pension and investment funds, for financing purposes but WBC is yet to explore these options. It may be that in the current economic climate funding terms may not be attractive, however as market restabilises, alternative funding mechanisms could then be explored.

3.4. Ownership, governance and control

3.4.1. The legal and governance structures established for the group of companies is reasonable and comparable to other arrangements we have seen, albeit with some areas that require closer scrutiny and potential review as set out below.

What type of control should the Councils have over their LHCs?

3.4.2. As the sole shareholder of the Group, the Council has strategic oversight of all the LHCs and will need to ensure it holds the LHCs to account, monitoring its activities and performance effectively. This is likely to be achieved in several ways including:

- The Council – LHC relationship would be governed by a range of documents which will set out how the Council as 'parent' controls and monitors the WOC.
- The Council will approve the LHC's strategy and business plan, and any matters reserved for shareholder consent.
- Through loan agreements, where the Council is acting as a funder, which will set out the loan terms that the LHC must fulfil.
- Through appointments to the Company Boards.

3.4.3. We have advised on a range of different approaches to the shareholder function, ranging from full delegation to a single officer (often the Section 151 officer) through to the establishment of a shareholder committee made up of either the controlling group or even sometimes a politically balanced number of council members.

3.4.4. Members (who must decide on potentially competing priorities for resources) are also likely to be in the best position to lead on holding the financial and general performance of the LHCs to account.

3.4.5. Several local authorities have therefore decided that members are better placed to hold the company to account in a shareholder or scrutiny role, rather than as Directors of their commercial companies, although this approach is not universal.

3.4.6. The various Boards are accountable for the day-to-day operations of the LHCs, including areas such as resourcing, site identification (albeit shared with WBC), design considerations, procurement of contractors and site delivery. In short it is the individual Boards who are responsible for the execution of the business plans but it is for the Council to approve those plans and provide the necessary funding.

Therefore, who would sit on the LHC Boards?

3.4.7. The Boards will need to be appointed on a skills basis to ensure Directors collectively have the right skills to lead and provide necessary oversight for each of the Companies' corporate strategy and business plans. This is particularly important given the commercial character of the LHCs and the complex risks that the Directors will be responsible for managing. There is always therefore huge benefit from having independent Board members from outside the Council with specific housing, development and business expertise. Of course, in relation to the RP it is also a regulatory requirement to assemble a board with an appropriate degree of independence.

3.4.8. In carrying out the review we met a number of the non-executive directors and it is clear that these have been skills-based appointments as the directors clearly bring the requisite range of skills and experience for any commercial developing housing company(s).

3.4.9. One view was strongly expressed by a number of interviewees which concerns the disruption caused by political changes in the Council which then feed through to changes to the membership of the various board of the companies. We are sympathetic to this feedback having dealt with and advised on similar arrangements in other local authorities. The turnover in board membership created by the fallout from political/electoral processes rather being a function of the actual governance or business requirements of the companies is sub-optimal in our view.

3.4.10. We understand the desire of the controlling political group to appoint council members to the boards, but this is not necessarily good for the efficient operation of the companies.

3.4.11. Our advice is always that company boards are best comprised of individuals with relevant skills and experience. Other mechanisms exist for the local authority to exercise appropriate control over their WOCs and this includes appointing officers with relevant technical skills to the boards instead of members and then establishing (as described above) a proper shareholder committee which seems to us to be a more appropriate structure for the Council to hold the companies to account. It would be the responsibility of such a shareholder committee to monitor and manage the performance of the companies and to approve the annual business plan, budget and investment strategy. For example, the company boards would of course have delegated authority and responsibility to execute those agreed plans. Empowering the boards is crucial and they should have clear targets and budgets to deliver the Council's objectives. We think that having elected members on the boards themselves can blur those lines of accountability. This is particularly important for the RP because of its obligations to comply with regulatory requirements.

3.4.12. It might appear that our recommendation results in the Council relinquishing control to some extent but on the contrary we believe a properly constituted shareholder committee can exert greater influence and control but via a more appropriate relationship. In designing the committee's relationship with the companies ideally the structure will be kept as simple as possible to ensure prompt timeliness for decision making and also reduce the risk of communications between the various governance structures becoming disjointed and unclear.

3.4.13. Therefore, we recommend the Council reconsiders board composition and the role of and location of councillors in providing oversight of the companies. The Council may also consider the terms of reference, membership and role of a strengthened shareholder committee.

3.5. Development delivery

<u>Delivery to Date</u>

3.5.1. WHL is now dormant and staff have transferred back to the Council, providing a Development Agent function back to the companies. Loddon has in recent years become the most active developing entity within the Council's WOC group, using the Development Agent to manage the delivery of schemes and procure contractors or joint venture partners for delivery. Berry Brook has delivered 68 homes at Phoenix Avenue, ,4 at Anson Crescent, 6 at Grovelands and 22 homes at Peach Place, albeit the latter was not constructed by WHL and rather acquired by Berry Brook Homes under a lease agreement as part of the Council's wider town centre regeneration programme.

3.5.2. Delivery within Loddon Homes includes shared ownership homes, social rented/specialised supported housing and affordable rented homes and totals 169 dwellings presently. The company effectively showcases it development delivery on its website, which also includes schemes labelled as supported schemes for a range of users including, adults with physical and learning disabilities, mental health, housing for older people and accommodation for care leavers age 16 – 25.

3.5.3. Based on comparison with other WOCS, delivery is therefore comparable with those, the most direct comparison being with a South Essex WOC which has delivered approx. 150 homes since 2016.

Delivery Routes

3.5.4. The schemes have been delivered through a combination of land led and S106 opportunities. For the latter, Loddon Homes has bid competitively amongst a highly competitive cohort of affordable housing developers for development opportunities. However, it has been noted that in recent months and since financial assumptions have been changed, there is a perception that Loddon has become uncompetitive and has fallen behind other local developing organisations in bid rankings for S106 schemes. This is often a common perception as assumptions are adjusted to reflect the realities of the economy earlier than others.

3.5.5. In respect of 'land led' schemes, Loddon is largely reliant upon the Council to provide land for it to bring forward schemes in the absence of schemes materialising from S106 opportunities. Some of these land led schemes have been acquired on long leases from the Council.

3.5.6. However, there is competition 'at source' from other Council departments for land and of course there is a limited supply of readily available land. From this perspective, in the absence of S106 opportunities from external third-party developers, the Council's HRA programme is therefore now the main competitor to housing delivery through the WOC / Loddon Homes, whilst recognising that the HRA itself may have capacity issues in delivering more in the future. There appears to be a lack of clarity as to the suitability of sites that Loddon should develop, and the benefits of delivery through Loddon as opposed to the HRA. This is demonstrated by the fact that no land has been allocated to Loddon for development in recent months. There is a perceived presumption in favour of the HRA as a delivery route yet it is also recognised that the HRA does not have the capacity to deliver increased pipeline alone.

3.5.7. In summary, clear criteria and clarity of objectives of the WOCs is required to be able to easily assess which sites or schemes are best suited to be taken forward by Loddon / WOCs and which should be delivered by the HRA.

Development Pipeline

3.5.8. Loddon has a notional target of 300 affordable dwellings and an additional 60 supported dwellings in 3 years (2023 – 2026). Whilst this appears to be an appropriate aspiration in terms of number of units, the capacity and willingness to finance these developments will be dependent on a financial plan and funding being available, and crucially the supply of land being made available to enable development. The company can consider opportunities outside of borough, within a 30-minute radius of the office, although we noted from our discussion that there is no interest to pursue out of borough opportunities from either the Council or the companies.

3.5.9. However, there is a lack of clarity over development objectives and what forms of development Loddon is best suited to deliver. In interviews it was also stated that the Council has provided S106 receipts gained from commuted sums on developments elsewhere to fund affordable housing delivery by its companies, but this is not clearly identifiable within the accounts. In any event we understand that the commuted sums that were available have now been used up.

3.5.10. As part of this review, we have been provided with a schedule of schemes totalling c. 360 homes which were being considered for Loddon Homes prior to the development programme being paused. However, there were noted competing potential outcomes or uses for these sites, for example, inclusion within the HRA programme or other uses, such as schools, or even outright sale in return for a capital receipt. Therefore, a fuller and more concrete pipeline of sites, aligned with the objectives of the WOCs to support a programme of development is required.

Development Capacity

3.5.11. Loddon uses the Council as its Development Agent. This is a standard approach that many WOCs and local authorities adopt. There is a Service Level Agreement (SLA) in substantive draft form which governs this relationship which exists between Loddon and Wokingham Borough Council Commercial Property. The SLA states a number of functions that are provided as Development Agent to Loddon:

"WBCCP will act on behalf of LHL as 'Development Agent' to comprehensively manage the construction or acquisition of affordable housing from inception to completion. WBCCP will procure the project team on behalf of LHL required for each project to enable the development to be completed to the agreed quality, budget and timescale.

WBCCP will provide all development services such as attending site meetings, arranging payments of invoices, acting as the client for LHL or dealing with the handover process at PC.

WBCCP will act on behalf of LHL to bid for s106 schemes from house builders and to project manage the specification and build standards and hiring and managing the technical team to the point of transfer to LHL."

3.5.12. A development fee is chargeable but may be varied to allow flexibility in modelling schemes and to improve scheme viability. Where the development fee is varied, it will be mutually agreed in writing by both parties.

3.5.13. In respect of the approval process of schemes, the Development Agent is required to present details to the Loddon Board of proposed projects at Feasibility, Pre-App, Planning Application and Procurement Stages of a contractor. It is commendable that approval stages are in place, however, industry leading approaches have employed a more rigorous gateway process to allow for evaluation and review up to and beyond handover. This would help manage the potential for abortive costs by Loddon and provide greater control as client over scheme development.

3.5.14. Therefore, we recommend the introduction of approval stages and potentially implementing Gateway approval processes with associated development procedures which would provide further client assurance and strengthen the governance of development activity.

3.5.15. Previously WHL had its own development staff, however these were transferred back to the Council which now provides services under the SLA. The team includes members which have experience gained from a Registered Provider setting, which is valuable and which provides the Council and Loddon with necessary skills and experience with regard to industry best practice and coherence of approach.

3.6. Finance, funding and risks

3.6.1. We understand from our interviews, that the financial oversight has improved in recent years, with WBC employees taking a greater role. This has helped provide an understanding of the current position, the budget year and the timing of repayment of loans (reducing the debt and interest rate burden on the companies). We understand that this has taken a significant amount of hard work from the finance team to reach this position. It is recognised that there is more to do and that WBC and the housing companies are supportive of the finance team and resource in this area.

3.6.2. Haslers, we understand, both prepared and audited the statutory accounts, with Chinese Walls in place. This is highly unusual, due to the conflict of interest, and this has now been removed.

3.6.3. The housing companies are funded via grants, loans and equity. This investment is partially supported via funding from the Public Works Loan Board (PWLB). On one occasion the Housing Revenue Account (HRA) also acquired a scheme from WHL.

3.6.4. The loans are noted as being provided at a fixed rate of 3.5% for all historic schemes within the 2022 statutory accounts although any new schemes are charged at 4% or 4.75%, as agreed with WBC to provide enhanced interest rate returns, and rates are also subject to whether schemes are s106 or land led). The recent increase reflects the recent shift in gilt rate.

3.6.5. It is understood that the acquisition payments from the HRA are at a fixed fee with standard payment terms. A fixed fee acquisition is not unusual and indeed is preferred to protect affordable housing providers, with any price provided mirrored by back-to-back arrangements with contractors to ensure a loss is not incurred within the group’s development company.

3.6.6. We have been unable to identify the early review mechanism for potential impairment and the process for tenure or planning review to adjust the scheme accordingly to improve performance. If not in place, it is recommended that this is considered.

Scheme investment – financial oversight

3.6.7. It is not clear whether the finance team is fully responsible for setting assumptions and hurdles, this is expected to be the domain of finance rather than development. However, there was some general concern from some of those interviewed that the financial expertise is not available within Loddon and therefore their influence is limited. We understand this weakness has developed quite recently. Previously there have been scheme financial performance hurdles agreed by the boards. These were based on positive NPV, an agreed level of IRR and a positive cash flow. The boards also agreed key assumptions to feed into the appraisals.

3.6.8. There is the suggestion that Loddon is no longer competitive in the bidding process due to the interest rate assumption. However, it is clearly recognised by finance colleagues that development assumptions should not be based on those required to win a bid but ones that are realistic and deliverable post bidding (ensuring on going viability for the Housing Companies). Therefore, interest rates should be based on the weighted average cost of borrowing (equity and lending). The discount rate applied also does not appear to build in differential risk for different tenures. It is standard practice to apply a small risk buffer or margin above the cost of funds, but for a more sale-based product, open to changes in house price inflation (market sale or shared ownership), values can be volatile in changing economic times, a greater risk buffer should be applied, this seeing the future expected cashflows discounted accordingly at the higher discount rate for riskier schemes. We could not see that there was a risk-based approach to the discount rate.

3.6.9. We note that Net Present Value (NPV) is used as benchmark over 60 years, this is higher than some in the sector at 40 years, so ensuring a more positive NPV. However, it is important that this is not viewed in isolation and in order to gauge the return on investment an Internal Rate of Return (IRR) % should be applied to ensure that cost of funds are met – this also takes into consideration the size of the scheme - whereby schemes which produce a small NPV due to their size may have been discounted when in IRR returns they produce a relatively high return.

3.6.10. The delivery of any development should provide good value for money. Each development assessed on its own merits, both financial and non-financial, and the risk associated with any development project gauged to determine whether it is within the risk appetite of the Board. Once schemes are approved the performance of those schemes should be monitored to assess that the overall development portfolio is within the parameters set by the Board. If these are maintained at portfolio level, there could be justification for schemes of a lesser financial return to progress for non-financial reasons if the financial performance of the programme is within the expected parameters set by Board.

3.6.11. A portfolio approach will enable the funding requirement to be assessed and made available for the delivery of the portfolio rather than as currently allocated on a scheme-by-scheme basis. Each scheme will still need to be assessed but the level of capacity can be monitored and assessed as schemes are approved to gauge the remaining level of funding available and indicate when new funding needs to be put in place.

3.6.12. To assess the financial performance of any scheme it is recommended a dedicated finance person should be available to act as gatekeeper to ensure schemes are appraised appropriately and accurately and that all risks have been assessed and costed accordingly. The scheme could be signed off by the finance expert, who is then responsible for monitoring that scheme and its performance against the expected return at approval stage throughout the development period to ensure that any deviations to its viability can be addressed immediately and averted. On completion, there should be a post completion review of lessons learned and assessment of outturn performance against that the initial approval stage.

Financial planning and stress testing

3.6.13. We are aware the HRA has a detailed financial model and is stress-tested to understand capacity. The housing companies have an agreed budget and monitoring of performance against the budget is undertaken.

3.6.14. However, as noted above, there are no forecast financial plans (income & expenditure, balance sheet and cashflow forecasts) for the housing companies individually and combined. This reduces WBC and the housing companies' ability to fully understand the capacity to support future investment, the level and timing of that investment and the return of that investment.

3.6.15. There is significant concern about the Minimum Revenue Provision (MRP) calculation required for WBC. This is the requirement that a local authority must make a minimum level of provision against its Capital Financing Requirement (CFR), which incorporates debt from borrowing and credit arrangements (this includes any borrowing it undertakes to finance the cost of a wholly-owned company or commercial investment). It is possible for a council to make an exception if there is no risk of default and a cast iron guarantee that any loan to the company is repaid in full (as evidenced via a financial plan). However, this would be subject to the authority's S151 officer being happy with the approach and associated risks. We therefore strongly recommend the introduction of an entity and combined financial plan.

3.6.16. Not having a financial plan, also limits the ability to develop mitigation strategies or indeed understand how different strategies may impact performance and value for money. For example, there is the potential for different tenure mixes or structures to be applied to improve returns - particularly for Loddon and Berry Brook.

3.6.17. Therefore, it is difficult to judge whether the Council is making best use of their resources, or indeed is the PWLB funding is being wisely invested in the overall companies and whether this investment is at any risk in future. In terms of Loddon (being a registered provider), there is a regulatory expectation that a stress tested financial plan would be in place with approved assumptions and cashflow forecasts - the plan evidencing the ability to repay debt and interest.

3.6.18. We strongly recommend the creation of financial plan to provide additional comfort over the long-term financial viability of the companies and an understanding of the benefits of considering different mixes and structures.

Wokingham Housing Limited

3.6.19. We can see from the accounts, the administrative expenses and finance costs produced a loss in this company in 2022/23, this is due in part to the lower levels of development. These types of development companies can provide a tax benefit for those social housing providers who cannot reclaim VAT on development activities.

3.6.20. In pricing schemes via WHL, who offer a fixed price, who then in turn appoint subcontractors, Loddon homes is not only exposed to build cost inflation but also paying a margin or profit on top of the build price for the subcontractor. To reduce costs, Loddon Homes could look to develop in partnership with a private developer who provides the build expertise and Loddon Homes (via WBC) provide the land and payment for the affordable units. This will not only give Loddon Homes access to a cheaper build as provided directly by the developer but also access to relevant skills and expertise required in the development and the sharing of the costs and risks associated with any development. This will also reduce any costs of funding for Loddon Homes. We understand that WHL is currently dormant, but we have included these comments as we recommend that a separate development vehicle is retained as one of the future potential options.

HRA Capacity

3.6.21. We understand that there are capacity issues in respect of the HRA delivering more homes or acquiring properties, particularly where these homes do not fall under Housing Act requirements. Therefore, financially any transfer of homes back into the HRA would need to be considered carefully, we would also recommend a review of the opportunities available in retaining the existing structure before any decision is made.

3.6.22. In addition, we understand that any returns from the investment in homes are provided to the general fund rather than back to the HRA which could improve the capacity within the HRA to deliver more homes. However, it is recognised in turn that the flexibility of investment and delivery will be reduced.

3.7. Operations and service provision

3.7.1. There are seven employees in total including the part time managing director. We had the pleasure of meeting the team who are all employed by Loddon but who provide services to both Loddon and Berry Brook. Despite a limited interaction, we got a strong impression of a highly motivated and customer focused team.

3.7.2. A detailed assessment of team performance and service quality was outside the scope of this review but even though without any independent verification it seemed that a good standard of service was likely being provided by the team in relation to the companies' homes and residents.

3.7.3. When discussing with the non-executive directors, elected members and council employees there was a consensus view that the team were very effective. The feedback was similar for the way in which the companies' non-customer activities and operations were carried out and particularly the way in which the information flows to the boards were managed.

3.7.4. Without undertaking any independent verification, or reviewing performance reports, it seemed likely that a good standard of service was being attained by the team in relation to both homes and tenant services. Most of the direct services are in fact provided by the Council or by the Council's contractors via an SLA. The reactive repairs and maintenance service is sub-contracted to Reading Council's DLO as per the arrangements in place for the Council's HRA stock. However, it was also reported to us that the team are not unduly constrained by these arrangements and will act outside the SLA to get things done for the benefit of the companies and their residents. This flexibility is a feature of small company structures and it is unlikely that such flexibility would be available to council officers.

3.7.5. We would however also provide a challenge to the current arrangements in one respect. It appears that a proportion of the team's time is spent chasing the Council and its contractors to ensure good services are provided. Although the outcome may be positive, this clearly adds an extra layer of administration and cost. In effect the team are 'man marking' the Council's work. This added layer of coordination and chasing does not exist for council tenants. Cleary, the finances of the companies are able to support this and we are reticent to criticise it too much given the positive outcomes. This is especially important in the delivery of specialised supported housing. Altair has experience of advising registered providers on these types of schemes, so we have first-hand knowledge of the management and support challenges inherent in this type of accommodation. A small, flexible, focused and committed team is in our view an essential requirement for managing this type of specialised provision.

3.7.6. It would however make sense in the next stage of the project to assess the cost of management in the LHCs to benchmark against both the Council's provision but also other social housing providers in the region.

3.7.7. There has been some churn in the managing director position over the past few years. There is a consensus that a recent appointment which was short lived was not in the best interests of the companies. We think it would be wrong to conclude that the current difficulties can be attributed to this, although it certainly did not help matters. Rather, the issues are to do with a more fundamental and longstanding changes in the relationship between the companies and the Council. If anything, we get the impression that the churn was more of a symptom than a cause.

3.8. Compliance with RSH requirements

3.8.1. Although not part of the terms of reference for this review, we would also draw attention to some compliance challenges within Loddon. These relate to some of the fundamental aspects of the regulator's regulatory framework, specifically the Governance and Financial Viability Standard.

3.8.2. As referred to elsewhere, all registered providers must have some form of long-term financial plan covering a minimum period of five years, although the standard in the sector is generally 30 years. All RPs must have a rigorous risk management and controls framework and the financial plan must be stress tested to model the impact of single and multivariate risk scenarios based upon the financial risks recorded in the company's risk register. Loddon should also have an up-to-date assets and liability register to enable the board to easily value the business.

3.8.3. If Loddon was subject to regulatory engagement then it is likely is that these areas would be the first lines of enquiry. Although Loddon is still too small to be subject to the In-Depth

Assessment framework (being under 1,000 homes) all the regulatory requirements still apply to all providers, irrespective of their size.

4. Future options

4.1. Introduction

4.1.1. In this section we have set out the broad strategic options that are now available in relation to the future operation of the companies and we have provided our initial view on the potential advantages and disadvantages of each. As we say elsewhere in our report a complete options appraisal cannot be carried out until the Council has completed a strategic asset review and proposed a viable pipeline for taking forward affordable housing delivery (see section 5).

4.1.2. We consider there to be three primary options, but it is also possible to construct other variations and combinations of options based on these underlying principles:

- Option 1 - Collapse the companies into a more streamlined group structure based around Loddon Homes and Wokingham Housing Limited
- Option 2 - Absorb the assets into the HRA and close the companies
- Option 3 - Sell the companies as asset owning going concerns

4.1.3. As a general comment we advise the Council and the companies to keep an open mind given the fast-changing external environment. The sector continually throws up new opportunities (for example, grant for regeneration and more specific allocation for pure social housing, i.e. social rent from Homes England than previously) as well as risks. This means not throwing out “the baby with the bath water” simply because interest rates are much higher now than in previous years, as that scenario can obviously change very quickly.

4.2. Option 1

4.2.1. The option here is to create a more streamlined and efficient corporate structure by collapsing the group into a simpler structure with a single asset owning vehicle (Loddon) to retain the benefit of the for-profit registered provider status. This approach would also somewhat reduce the administration overheads with fewer boards, legal agreements, SLAs, insurances, financial statements and other various burdens.

4.2.2. This option could also involve transferring all the social rented homes (that adhere to Housing Act requirements) into the HRA. The shared ownership homes and supported housing would be retained by Loddon (these will likely deliver the return needed) along with the discounted market rent homes held in Berry Brook. The development vehicle could then be used as a JV investor. This must be separate from the other companies to ring fence the risk. That could mean that the risk is isolated and higher returns are generated. It would also be tax efficient.

4.2.3. There are of course also some disadvantages. Transferring the Berry Brook homes into Loddon would potentially subject them to RSH’s rent setting regime, including the risk of rent reductions / caps on rent increases. However, the sub-market key worker rents that Berry Brook currently offers are likely to fit the definition of Intermediate Rent housing which, as with supported housing, have historically been exempted from the restrictions on rent increases.

4.2.4. This option carries the obvious benefit of retaining a LHC. Although at various points in the economic cycle the LHC may not be utilised, it might be short sighted to close or sell as the conditions for its beneficial existence may return. If retained, it can be considered as one of several development delivery routes available to the Council. If it took the decision to close down or sell (options two and three) it would then no longer have this as an option and reopening the LHCs in future would likely be prohibitively expensive.

4.2.5. It is worth noting that at the time that Loddon was registered with RSH the barriers to registration were far lower than currently. We advise a number of clients on the registration process and the timescales and costs are currently around two years and £150K to register a new vehicle. The fact the for-profit registered provider is such a valuable entity is considered under option 3.

4.3. Option 2 – HRA transfer and close down the companies

4.3.1. This option involves transferring all the housing assets from Loddon and Berry Brook into the HRA and closing down the companies. While on the face of it this appears to simplify the Council's current ownership and management of social housing and at the same time reduce the administrative burden and cost of maintaining the companies, we think this option will be almost impossible to achieve.

4.3.2. Although we have not done a detailed analysis it is likely that some of the housing assets would not be compatible with being owned by the HRA. Secondly from our discussions with the Council’s HRA modelling consultant the HRA is unlikely to have the capacity to absorb these units as it currently stands.

4.3.3. While we make a general recommendation that some HRA modelling should be undertaken to test its future capacity for asset acquisitions and development of new homes, we suspect this option is not viable.

4.4. Option 3 – Sell

4.4.1. The Council may consider cashing in on the net asset value that has been built up in the companies to receive a one-off windfall to the Council's general fund. This could be achieved by selling the companies still containing their assets. The challenge here of course would be the practical implications of finding willing buyers for a diverse range of housing assets in a complicated group structure. These difficulties may in part be mitigated by individual company sales or even individual asset sales to a range of different investors including other RP's.

4.4.2. From our recent client work we are aware that a market is emerging for the sale of profit-making registered provider vehicles. Recent transactions have priced the value of just the registered company (irrespective of owned assets) at anywhere between £400k and £1m. The fact that Loddon is currently a provider of specialised supported housing may make it less attractive to some investors but nonetheless we think there would be strong interest.

4.4.3. As with the other options various configurations to suit the Council’s precise needs could be considered and modelled.

Option	Advantages	Disadvantages/challenges
1. Collapse the companies into a more streamlined group structure based on Loddon and WHL	• Easier and cheaper administration • Fewer boards • Fewer service agreements • Utilisation of the structure to support needs and joint investment opportunities • Potential for receipt of HE grant • Strong covenant for lending based on RSH registration • Able to acquire s106 schemes • Combined strengthened balance sheet (Loddon and Berry Brook) may create additional borrowing capacity	• Transferring Berry Brook stock would subject them to the RSH rent setting regime. • Identifying viable pipeline of further schemes
2. Absorb the assets into the HRA and close the companies	• Greater control and clarity • Simplification	• Not all properties can be transferred under Housing Act provisions • The transfer of assets and liabilities may further weaken the HRA's capacity • Removes benefits of alternative delivery vehicles • Risk of stock loss to right to buy • Resident consultation, this may be an unpopular proposal
3. Sell the companies as asset owning going concerns	• A one-off windfall to the Council's general fund • A market is emerging in the transfer of	• The practical implications of finding willing buyers for a diverse range of housing assets in a complicated group

	profit-making registered providers	• Resident consultation – transfer to a non-LA investor (private equity?) may not be popular with residents. • Might not be acceptable politically

5. Conclusions and recommendations

5.1. Conclusions

5.1.1. Overall, we think the companies have achieved more than is given credit for. Several hundred homes have been delivered of various tenures including specialised accommodation for vulnerable adults. A significant net asset value has been built up within the companies. Services are good quality with satisfied tenants. Although returns to the Council have not delivered quite as expected (although the margins on borrowing are not insignificant either), when compared to other local housing companies this is not uncommon and we do not think this should detract from the achievements that have been made.

5.1.2. However, there has been something of a breakdown in trust and in effective collaboration and communication between the Council and the companies. From the review we have undertaken, there is no obvious single event that has caused this. We do not believe that at this stage a more forensic investigation is of value as the mechanisms and actions to address the current situation would in any event be the same.

5.1.3. Altair's view is that the next steps are very clear (we note that some of the steps may already be in train or complete):

- First, the Council needs to be clear about its development aspirations and affordable housing targets in terms of size, tenure, quality and location etc.
- Second, it needs to conduct a strategic asset review to ensure it is making efficient and profitable use of its land assets, particularly in the pursuit of additional affording housing delivery. It is critical that this review if executed by individuals with the necessary skills and experience and the Council should consider doing this exercise in collaboration with the companies.
- Third, upon completion of the strategic asset review, the Council can then assess how it can use its land assets to develop a realistic pipeline of schemes which can go towards meeting its strategic housing ambitions.
- Fourth, and only once the first three steps have been concluded, a robust options appraisal can be carried out on the optimal route for each of those pipeline opportunities. Such an options appraisal to include not only scheme modelling but also long-term financial modelling at the entity/organisational level. It may well be that some types of schemes are ideally suited for development within a local housing company while others may well best be left to the private sector via a disposal of the land or delivered via various joint venture arrangements. Subject to the capacity within the HRA, it may also be possible for the council to do direct delivery and retain ownership within the HRA (but note our earlier comments about financial capacity and limits on potential borrowing).
- Fifth, the three strategic options (or variations thereof) set out in section 4 can then be assessed to conclude the review of the LHCs. It may be practical to undertake step 5 concurrently with step 4 as the pipeline schemes may need to be assessed within different scenarios of strategic option 1.

5.1.4. By following these steps it will be possible for WBC and the companies to redefine their respective strategic and operational roles in housing delivery. Given our conclusions and particularly the requirement to conduct an options appraisal of delivery routes and strategic options, we believe it would be premature at this stage to begin any course of action that would remove the LHCs as a potential delivery route. If action was taken now it would be based more on relationships, rather than on hard evidence about whether they can deliver for the Council.

5.1.5. When conducting the options appraisal, the Council should consider widening its view on what might be appropriate forms of delivery as the market has continued to develop and evolve over the past decade. More and more local authorities have continued to get more involved in housing delivery via an increasing variety of delivery routes and structures.

5.1.6. Therefore, it might be that a solution is a combination of various approaches. Delivery routes we would recommend assessing would include:

- Direct Delivery by the Council
- Development Agreement with Developer (non-corporate Joint Venture)
- Corporate Joint Venture with Developer
- Traditional land sale, and land sale options
- Development Company (LHCs)
- Investment Partnership of various forms

5.1.7. It may also make sense at this stage given how much the local authority development sector has moved on to consider undertaking research and peer review work to understand the "tried and tested" delivery approaches for councils in similar positions to WBC and with similar aspirations.

5.1.8. We have at this stage assumed that the LHC(s) will be retained in some form therefore we have also made a series of recommendations to improve the way they operate. However, it might be prudent to delay implementing these recommendations until the bigger strategic questions have been resolved.

5.2. Recommendations

5.2.1. For ease of reference, we have extracted our recommendations from the main body of the report and listed them in Table 1. The theme refers to the section headings under which we organised our findings in sections 3, 4 and 5 of the report.

Table 1 - Recommendations

No.	Recommendation	Theme	Proposed lead
1.	The Council to provide clarity on its development aspirations and affordable housing targets in terms of tenure, quality and location.	Main conclusion	WBC Assistant Director Economy & Housing
2.	The Council to conduct a strategic asset review to ensure it is making efficient and profitable use of its land assets, , and to create a realistic pipeline of schemes which	Main conclusion	WBC Assistant Director Commercial Property

	can go towards meeting its strategic housing ambitions.		
3.	Conduct a robust options appraisal on the optimal route for each of the pipeline opportunities. To include not only scheme modelling but also long-term financial modelling at the entity/organisational level.	Main conclusion	WBC & LBBH Housing & Finance Pipeline Sub-group
4.	Assess the three strategic options (or variations thereof) set out in section 4 to conclude the LHCs review.	Main conclusion	WBC Deputy Chief Executive Officer and Director of Resources & Assets and Loddon & Berry Brook Homes Managing Director
5.	Develop an appropriate action plan to take the recommendations to the Council and the housing company boards in a timely fashion. The action plan to have SMART aims and targets and to set out clearly the responsible persons/groups for delivery against each agreed recommendation and with a proposed realistic deadline.	Main Conclusion	WBC Assistant Director Economy & Housing and Loddon & Berry Brook Homes Managing Director
6.	The Council to work with the company boards to approve an appropriate corporate and investment strategy	Strategy	WBC Deputy Chief Executive Officer and Director of Resources & Assets
7.	The Council to reconsider board composition and the role of and location of councillors in providing oversight of the companies.	Ownership, governance and control	WBC (Holdings) Ltd.
8.	The Council to consider the terms of reference, membership and role of a strengthened shareholder committee.	Ownership, governance and control	WBC (Holdings) Ltd.
9.	Clear criteria and clarity of objectives of the WOCs is required to be able to easily assess which sites or schemes are best suited to be taken forward by Loddon / WOCs and which should be delivered by the HRA or other routes.	Development delivery	WBC Assistant Director Economy & Housing and Assistant Director Commercial Property

10.	A fuller more concrete pipeline of sites, aligned with the objectives of the WOCs to support a programme of development is required.	Development delivery	WBC Assistant Director Economy & Housing and Assistant Director Commercial Property
11.	Reviewing approval stages and potentially implementing Gateway approval process with associated development procedures would provide further client assurance and reinforced development governance approach.	Development delivery	Housing Company Operations Group
12.	Review development assumptions and hurdles to ensure the risk and return is considered	Finance, funding and risks	Housing Company Operations Group
13.	Early impairment reviews are undertaken to identify any potential impairment and mitigating action taken	Finance, funding and risks	Housing Company Operations Group
14.	Finance act as gatekeeper to ensure schemes are appraised appropriately and accurately and that all risks have been assessed and costed accordingly. The scheme could be signed off by the finance expert who is then responsible for monitoring that scheme and its performance against the expected return at approval stage throughout the development period to ensure that any deviations its viability can be addressed immediately and averted. On completion there should be a post completion review of lessons learned and assessment of outturn performance against that the initial approval stage.	Finance, funding and risks	Housing Company Operations Group
15.	A financial plan and stress testing is put in place for the companies and at a combined level to ensure clarity and understanding of future performance, funding requirements and investment returns, and the impact of different tenures and structures. This will enable strategic decision making and a portfolio approach to delivery.	Finance, funding and risks	Housing Company Operations Group

16.	Review and benchmark costs of management and administration to ensure value for money.	Operations and service provision	Loddon & Berry Brook Homes Head of Operations
17.	Review Loddon's compliance against RSH's regulatory framework.	Compliance with RSH requirements	Loddon & Berry Brook Homes Head of Operations

Appendix 1 Interviewees

Interviewee	Job Title
Councillor Stephen Conway	Leader of the Council and Executive Member for Housing
Councillor Prue Bray	Deputy Leader of the Council and Executive Member for Children's Services
Graham Ebers	WBC Deputy Chief Executive Officer and Director of Resources and Assets
Kajal Patel	Head of Finance (Loddon Homes and Berry Brook) on secondment from WBC
Karen Howick	Head of Operations (Loddon Homes & Berry Brook)
Michelle Johnson	Housing Officer (Loddon Homes and Berry Brook)
Tracey Garner	Service Improvement Officer (Loddon Homes and Berry Brook)
Amy Griffiths	Service and Compliance Officer (Loddon Homes and Berry Brook)
Lisa Standing	Finance Specialist (Loddon Homes and Berry Brook)
Robin Roberts	Non-Executive Director (Berry Brook and Wokingham Housing Limited)
Derek Cash	Non-Executive Director (Loddon Homes)
Fred Wright	Non-Executive Director (Berry Brook and Wokingham Housing Limited)
Nigel Bailey	Non-Executive Director (and former Managing Director, Loddon Homes)
Simon Dale	Managing Director
Graham Cadle	WBC Assistant Director Finance
Mark Thompson	WBC Head of Corporate Finance & Chief Accountant
Glenn Smith	Housing Finance Associates (HRA Modelling)
Katie Meakin	WBC Head of Development
Sarah Morgan	WBC Assistant Director Commercial Property
Rhian Hayes	WBC Assistant Director, Economy and Housing

Frances Haywood	WBC Head of Strategic Housing
Emma-Jane Brewerton	Former WBC Senior Solicitor
Rachal Lucas	WBC Senior Lawyer and Team Leader (WBC (Holdings) Ltd).

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