

 <b>EXECUTIVE</b> <b>2<sup>nd</sup> July 2014</b>		<b>Agenda Item No.</b>  <b>3</b>
<b>Title</b>	Review of the Warwick District Council/Waterloo Housing Group Joint Venture (W2)	
<b>For further information about this report please contact</b>	Andrew Jones <a href="mailto:Andrew.jones@warwickdc.gov.uk">Andrew.jones@warwickdc.gov.uk</a> (01926) 456830	
<b>Wards of the District directly affected</b>	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No - The appendix is marked as confidential but both parties are comfortable with it being in the public domain.	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Executive Meeting 8 <sup>th</sup> June 2011, minute 17	
<b>Background Papers</b>	None	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	Yes
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes 591
<b>Equality &amp; Sustainability Impact Assessment Undertaken</b>	No

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive	10 <sup>th</sup> June 2014	Chris Elliott
CMT	10 <sup>th</sup> June 2014	Chris Elliott, Bill Hunt, Author
Section 151 Officer	10 <sup>th</sup> June 2014	Mike Snow
Deputy Chief Executive/Monitoring Officer	22 <sup>nd</sup> May 2014	Author
Portfolio Holder(s)	11 <sup>th</sup> June 2014	Cllr Vincett
<b>Consultation &amp; Community Engagement</b>		
See review content.		
<b>Final Decision?</b>		Yes

## **1 SUMMARY**

- 1.1 The report advises Members as to the outcome of a review of the first 30 months of the W2 joint venture and recommends that the agreement continues but with some revisions.

## **2 RECOMMENDATIONS**

- 2.1 That Executive notes the evaluation of the first 30 months of the W2 joint venture at Appendix A and agrees that the partnership should continue for a further three years.
- 2.2 That subject to agreeing recommendation 2.1, Executive delegates authority to Deputy Chief Executive (AJ), with appropriate advice from Warwickshire County Council Legal Services and in consultation with the Portfolio Holder, to agree changes to the contractual agreement that reflect the experience of the previous three years.

## **3 REASONS FOR THE RECOMMENDATIONS**

- 3.1 In November 2011, Warwick District Council entered into a contractual joint venture agreement with Waterloo Housing Group for the design and build of affordable housing in Warwick district. The aim of the venture ("the project" and referred to as W2) was the development of at least 300 homes in Warwick district over an initial three year period. As part of the contract it was agreed that a review of W2's performance would take place six months before the expiry of the initial period (3 years) to determine whether the venture should continue for a further three years. The review was commissioned by W2 at a cost of £1,500 and awarded to Campbell Tickell.
- 3.2 The review's finding can be seen at Appendix A and are by-and-large very positive. Whilst the aspiration of three hundred units within the first three years will not be achieved, it is possible that c600 homes will be delivered over a six year period (the total is particularly sensitive to the outcome of the Station Approach negotiations). The main issue with delivering the housing numbers has been the difficulty in converting most of the sites originally identified (which are on Council-owned land) for development, into housing schemes. There is no common reason for this other than each individual site having presented more challenges than originally anticipated.
- 3.3 With the difficulties encountered in trying to develop Council owned land, officers have proactively sought third party land from the private sector and Warwickshire County Council which Waterloo Housing Group has then purchased. This approach has enabled c340 units to be brought into the project. Work will continue to identify other such sites.
- 3.4 The headlines from the report can be detailed as follows:
- 3.41 Housing delivery
- 55 units have been delivered over the period November 2011- December 2013 (26 months).
  - 72 units are "on-site"; 34 units with planning permission; 418 units at pre-purchase/land assembly stage.

- As a comparator, all the other Registered Providers in the District delivered a total of 52 homes over a similar period broken down as 29 rented and 23 shared ownership.

#### 3.42 Rent levels

- Properties at a social rent have proven more difficult to deliver although affordable rent levels are lower than the 80% market average encouraged by Central Government.
- Comparisons with a (limited) number of Registered Providers indicate that rent levels are at (one bedroom), or well below (two and three bedrooms) the average.

#### 3.43 Impact on the Registered Provider Sector

- Although only obliquely referred to in the report, officers can report that since W2 came into being, advances have been made from three high-profile Registered Providers arranging meetings for senior personnel to meet with Council chief officers to discuss their ideas for housing development in the District. Unfortunately at the time of writing, the ideas have not developed into anything concrete but officers will remain open to any ideas/suggestions that come forward.

#### 3.44 Project Management

- The project is being well managed and relationships are considered to be dynamic with bureaucracy not getting in the way. Areas identified as being particularly positive are:  
 Responding to issues;  
 Quick decision making;  
 Focus on delivery;  
 Shared vision with a collaborative approach;  
 Encouraging a one-council approach to solving problems;  
 Relationships based on trust have developed.
  - There were some areas identified where things could be improved:  
 Project administration to sign-off new projects;  
 Agreement around scheme financing and viability issues;  
 Minute taking that reflects decisions of the Project Board.
- (NB. All of these matters have now been addressed and the Feasibility Group has been re-established)

#### 3.45 W2 Partners' Perception of Performance

- The agreement sets out 5 key principles by which the project will be managed. The table below shows the scores awarded by those interviewed during the review. The results provide further evidence that the partnership is functioning well:

#	Key Principle	Average Score*
1	Openness and trust	4.75
2	Skills and creativity	4.40
3	Developing and adaptive	4.40
4	Commitment and drive	4.25
5	Effective relationships	4.25

\* 1 = not at all effective, 5 = highly effective

### 3.46 Waterloo Housing Group's view

- Waterloo's view is that W2 is proving to be a success and at its meeting of 17<sup>th</sup> June 2014, its Board agreed that subject to Warwick District Council agreeing, the partnership should continue.
- Waterloo believes that the partnership has enabled them to undertake/ bid for developments that they would previously have ignored. This has benefited the organisation in terms of skills development, relationship building and risk management.

3.5 Given the findings of the review, it is officers' view that W2 should continue for a further three years and in helping Members make their decision it is useful to reflect on paragraph 5.9.6 of the report:

*"In considering whether to continue with the Partnership for a further phase, the Council must balance the theoretical potential gains it might achieve from other providers against the inevitable loss of momentum that would occur if the Partnership was dissolved and new relationships had to be built."*

3.6 Should Members decide to continue with W2 then there are some changes to the joint venture agreement which will need to take place to reflect experience and learning over the past three years and particularly to ensure that the Council is not exposing itself to any State Aid issues. It is proposed that Executive delegates authority to the Deputy Chief Executive (AJ), following the appropriate advice and consultation, to agree these changes with Waterloo.

## **4 POLICY FRAMEWORK**

4.1 The Council's Housing Strategy has as one of its key aims "Meeting the need for housing across the district". The W2 initiative is making a positive contribution to this aim and so supports the Housing Theme as detailed in the Council's Sustainable Community Strategy.

## **5 BUDGETARY FRAMEWORK**

5.1 A recommendation from the review is that a more forensic analysis of the financial model for each housing scheme should take place before sign-off. This change has already been made.

5.2 The Council's contribution to the project is through a deferred capital receipt (should WDC land be sold), a recycling of New Homes Bonus monies for further housing schemes and commuted sums contributions where a scheme may have viability issues. These contributions are in accordance with the Council's budget for any particular year. Where the contribution is not immediately available, reports have been submitted to Executive seeking its approval for the funding.

## **6 ALTERNATIVE OPTIONS CONSIDERED**

6.1 The option not to continue with W2 was discussed but this was rejected as the findings of the review and the views of the personnel involved in the project are that the evidence demonstrates that the partnership is proving to be a success.

## **7 RISKS**

- 7.1 The major risk to the Council is that W2 does not deliver the affordable housing hoped for. This will be managed through careful project management and an ambitious and proactive approach to housing delivery.