

Cherwell District Council

Council

16 December 2019

<p>Notification of Decision Taken Under Urgency Powers Crown House Update</p>

Report of the Chief Executive

This report is public

Purpose of report

To inform the Council of a decision taken under urgency powers by the Chief Executive.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the decision taken under urgency powers by the Chief Executive in consultation with the Leader of the Council, in lieu of a recommendation to Council, to provide additional funding of £0.5m to support the final completion of the apartments at Crown House.

2.0 Introduction

- 2.1 The construction works at Crown House are nearing completion, which has resulted in the letting agents assessing the final finish and quality of the apartments. This assessment has identified a number of urgent improvements to secure the highest market value for possible. This assessment has established that the final finishing and completion works will cost an additional £0.5m, which Crown House have requested the Council to consider a further loan of £0.5m. This request requires the Chief Executive to urgently approve a further loan of £0.5m, in consultation with the Leader of the Council, in lieu of a recommendation to Council.

3.0 Report Details

- 3.1 Crown House have, as part of the final part of the programme, been preparing the apartments for letting and as part of that process the contracted letting agents have stated that improvements to the finish and fittings are required, to ensure that the units achieve the highest market value possible. This assessment has established

for example, that improvements to the bathrooms, with more tiling, shower screens etc. are needed, along with improvements to the finish and fittings in the kitchens.

3.2 With the imminent opening and marketing of the apartments urgent improvements need to be made. Crown House have requested an additional loan of £0.5m on the same terms as the earlier loan approved at the 3 April 2018 meeting of the Executive, where Members received a report providing an update on the Crown House project in Banbury. The loan will allow the apartments to be let in line with market expectations and allow the company to maximise it's return via letting the units.

3.3 In order to ensure that the company continues to operate within the boundaries of State Aid the Council has had to consider the impact of the recent change to the Public Works Loan Board interest rates, increasing the rate that the Council can borrow by 1% on all rates. The assessment, which included seeking the advice from the Council's Treasury Management Advisers, has considered the Crown House loan requirement, the loan position of the Council and the interest rates available in the market now. The Council has determined that the rate offered will continue to satisfy not only the commercial viability of the facility over an extended period, but also the State Aid rules. The assessment is that no change is required to the interest rates offered to Crown House in order to comply with State Aid rules.

3.4 Due to the value, the decision to approve additional funding would ordinarily be taken by Council, however as the next meeting of Council is not until 16 December 2019, the Leader of the Council supported the use of urgent action by the Chief Executive, to approve additional loan funding of £0.5m to support the final developments of Crown House and to ensure that there is no delay to the continuation and completion of the project.

3.5 In accordance with the Constitution, this report is being submitted to Council advising of the urgent action taken.

4.0 Conclusion and Reasons for Recommendations

4.1 In line with the Constitution this report is informing Council of a decision that was taken under urgency powers in relation to additional funding of £0.5m to support the completion and finishing work at Crown House.

5.0 Consultation

The Leader of the Council, Councillor Barry Wood, in relation to the taking of the urgent action

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not to note the report. This is not recommended as the urgent action has been taken and it is a constitutional requirement for it to be reported to Council.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no financial implications arising directly from this report as it is reporting urgent action already taken.

Comments checked by:

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Legal Implications

- 7.2 There are no legal implications arising directly from this report as it is reporting urgent action already taken.

Comments checked by:

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8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

N/A

Lead Councillor

Councillor Barry Wood, Leader of the Council

Document Information

Appendix No	Title
One	Urgent decision notice – restricted at time of publication but now public
Background Papers	
None	
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