



**Urgent Decision by Chief Executive
Published on 31 October 2019**

Decision: Crown House Completion and Finishing

Decision taker: Chief Executive

Decision Date: 31 October 2019

Is decision subject to Call-in? No

Deadline for Call-in: N/A

Is decision Exempt? No

Is decision urgent? Yes

Summary

To agree further loan investment of £0.5m in order to complete the Crown House project in Banbury.

Decision

Resolved

That, the Chief Executive in consultation with the Leader of the Council urgently, in lieu of a recommendation to Council, provide additional funding of £0.5m to support the continued development and completion of Crown House.

Reasons for Decision

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.

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.

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 its return via letting the units.

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 an additional loan funding of £0.5m to support the continued contractual responsibilities and final finishing development of Crown House to ensure that there is no delay to the completion of the project and letting the apartments at the earliest opportunity.

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.

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

Options Considered

Option 1: Not to provide additional funding.

Should additional funding not be approved, Crown House will need to reduce the finishing and availability of the apartments, resulting in longer term viability issues as it will be more challenging to achieve the required levels of occupancy anticipated.

Conflicts of Interest Declared and Dispensations Granted by Head of Paid Service

None

Information about this decision

This decision is not subject to call in.

The report to Council is attached as an annex to the decision notice.

A handwritten signature in blue ink, appearing to read 'Yvonne Rees', written in a cursive style.

Yvonne Rees
Chief Executive

RESTRICTED