

Cherwell District Council

Shareholder Committee

12 October 2023

Crown House Banbury Limited

Quarter One Business Report 2023/24

Report of Steve Hinds, Shareholder Representative

This report is public with an appendix which is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.

Purpose of report

To note, comment and approve recommendations in response to Crown House Banbury Limited Quarter One Business Report and 23/24 Budget Plan.

1.0 Recommendations

The **Shareholder Committee** is recommended:

- 1.1 To note and comment on the Crown House Banbury Ltd Quarter One 2023/24 Business Report as contained in this report.
- 1.2 To approve the Crown House Banbury Ltd 23/24 Budget Plan (**Appendix 1**)

2.0 Introduction

- 2.1 This report sets out the in-year key strategic risks, performance, and financial update for the Crown House Companies for Quarter One 2023/24.
- 2.2 The Crown House Companies Directors will attend the meeting to present an update on the operational delivery of Crown Apartments for comment and approval by the Shareholder Committee.

3.0 Report Details

- 3.1 This report contains information on the current financial position, revised year end position, progress against key performance indicators, key issues, risks, targets, and activities for current and the next quarter for the Crown House Companies for Quarter One 2023/24.

3.2 The performance of Crown House continues to improve with voids and tenant turnover rates down and steady monthly rental income.

Key Performance Indicators

KPI	Performance Measure	Current Performance
% of Voids (at any one time)	5% or less of total residential units	6% as of the end of the last quarter. This is due to there being 3 unavailable units with maintenance issues for which work is currently underway.
Voids	5.	There are currently 3 voids as of the end of the last quarter.
% of Rent Arrears (excluding Utilities) for residential units	5% or less of Gross Income	13% as of the end of the last quarter. Legal action is currently being taken with two court cases being heard on 03.10.23
% of Rent Arrears for car parking spaces	5% or less of Gross Income	0% as of the end of the last quarter.
% of Bad Debt (Apartments)	1% or less of total income due from the 50 residential units	30% at end of last quarter (vacated arrears). Legal action is currently being taken with two court cases being heard on 03.10.23
% of Tenant Turnover Rate	10% for the full year	0.66% per month based off last quarter.
Tenant Turnover Rate	3	2 tenants have vacated in the last quarter.
Time taken to let new tenancies	20 working days – (allowing for references and works required between tenancies)	40 days approx. (excl. unavailable units).
Monthly Reports to be submitted to Client	To be submitted no later than the next working day following the 9th of each month.	10 th working day of the month.

3.3 The proposed budget for 2023/24 shows a net operating profit of £0.159m before interest. After interest costs, there is a budgeted net loss of £0.462m. Shareholder Committee has previously agreed to look to sell Crown House at the appropriate time (current market conditions indicate that a sale now would result in a significant loss to the Council). Operating with a loss of this scale is clearly not sustainable in the medium term. As such, the Council is considering options to address this position and will look to bring options to the next committee meeting.

4.0 Conclusion and Reasons for Recommendations

4.1 The electricity sub-metering programme has been re-started with National Grid and progress over the next quarter is anticipated.

4.2 All contracted support will be reviewed by year end. An internal governance review will commence in October. Cherwell District Council have agreed to provide additional professional services to the company to effect changes in the delivery of the company's business plan. These services have been costed into the budget.

4.3 Draft accounts have been prepared and the annual audit is currently underway.

5.0 Consultation

5.1 The recommendations in this report have been discussed between the Shareholder Representative, the Council's Section 151 Officer and Monitoring Officer and the Directors and Officers of the Crown House Companies as part of the regular Shareholder Liaison meetings which take place throughout the year.

6.0 Alternative Options and Reasons for Rejection

6.1 None

7.0 Implications

Financial and Resource Implications

7.1 The Council's finance team is in regular contact with the Directors and Officers of Crown House to ensure the latest financial projections have been considered and considered in the formulation of the Medium-Term Financial Strategy. As set out in paragraph 3.3 the budgetary position for Cron House is not sustainable and so the Council will bring forward proposals for the medium term to support the company until market conditions are right to consider a sale.

Comments checked by:

Michael Furness, S.151 Officer & AD – Finance. Telephone: 01295 2216845, Email: Michael.furness@cherwell-dc.gov.uk

Legal Implications

7.2 There are no legal implications arising directly from this report. Legal and governance advice is provided as required by the internal legal services team.

Comments checked by:

Shiraz Sheikh, Monitoring Officer & AD – Law, Governance & Democratic Services. Telephone: 01295 227981, Email: Shiraz.sheikh@cherwell-dc.gov.uk

Risk Implications

7.3 The risk implications are identified within Strategic Risk section of this report, these risks are managed and monitored between the Council as Shareholder and Crown House Companies as the Company. The regular reporting of risks is made to the Shareholder Committee. Where it is appropriate, the strategic risks relevant to the Shareholder (Council) will be monitored and managed as part of the corporate risk register and governance arrangements.

Comments checked by:

Celia Prado-Teeling, Performance and Insight Team Leader. Telephone: 01295 221556, Email: Celia.Prado-Teeling@cherwell-dc.gov.uk

Equalities and Inclusion Implications

7.4 There are no equalities and inclusion implications arising directly from this report.

Comments checked by:

Celia Prado-Teeling, Performance and Insight Team Leader. Telephone: 01295 221556, Email: Celia.Prado-Teeling@cherwell-dc.gov.uk

Sustainability Implications

7.5 There are no sustainability implications arising from this report.

Comments checked by:

Jo Miskin, Climate Action Manager. Telephone: 07900227103, Email: Jo.miskin@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

Banbury Wards

Links to Corporate Plan and Policy Framework

Business Plan - *Housing that meets your needs*

Lead Councillor

Not Applicable

Document Information

Appendix number and title

- One - Draft operating budget 23/24
- Two - Exempt KPI data

Background papers

- None

Report Author and contact details

Nicola Riley

Nicola.riley@cherwell-dc.gov.uk