

Wokingham Town Centre Regeneration – Financial Plan

Report on Meeting 13.12.2013

1. Purpose of Meeting

The purpose of the meeting was to understand the top level financial plan assumptions for the Regeneration: the main items of expenditure and income; the management of risk to public funds.

2. Attendees

The meeting was requested by Robin Cops, Committee Member of Great Langborough Residents' Association (GLRA) following an offer for such a meeting made at the Extraordinary Council Meeting on the 4th December. He was accompanied by David Nash, Secretary of GLRA.

Wokingham Borough Council was represented by Councillor Anthony Pollock, Executive Member for Finance; Graham Ebers, Director of Finance & Resources; Keith McKenzie, Financial Lead Officer for the Regeneration.

3. Income & Expenditure

The regeneration of Wokingham will cost £95m and this includes the original purchase price paid for property around the proposed Peach Place. The development is designed to break even (i.e. debt free) after 15 years. The financial planning period is 30 years. Thereafter, there would be a substantial net annual income from commercial rents, business rates, and council tax from residential properties. There would be an initial New Homes Bonus income from HMG for the first 6 years. All capital generated by this project will only be used for the town centre regeneration i.e. Peach Place and Elms Field and not for any developments outside the town including roads,

4. Investment & Risk

WBC is the developer for Elms Field and Wilson Bowden and David Wilson Homes (all part of Barratt Homes) are contractors. WBC's investment in the project will be financed by the HMG Public Works Loan Board – see <http://www.dmo.gov.uk> for further details. This offers to local authorities borrowing rates below those commercially available, particularly property developers. WBC will satisfy itself and the Board that the 4 year project is viable and if all project assets had to be sold to repay the debt a substantial surplus income would remain. However it was emphasised that this is not the current intention as WBC is keen to keep all the commercial assets. If assets are to be sold after four years to mitigate debt, formal approval would need to be obtained at a full Council meeting.

The commercial property building costs will be financed by WBC, under the above finance arrangements. The Elms Field project build will not start until the rental income from the food store and hotel are guaranteed. Other commercial properties will be pre-let before completion. The size of the retail units is mixed to encourage individual owners as well as retail chains.

Thus, the major project debts will be covered by committed lease or rental income (mechanisms not yet decided) as building proceeds. The land ownership of the portion of Elms Field covered by the commercial properties will remain with WBC. The residential properties with a footprint on Elms Field will probably be offered freehold. The residential properties will be built by David Wilson Homes (DWH). DWH will cover construction costs.

5. Numeric Data and Further Action

Some financial amounts were discussed in confidence at the meeting. They have been omitted from this report. Anthony Pollock agreed to supply a briefing paper in January with such figures as can be released that are not regarded as commercially sensitive. This report may be updated when the released figures become available.

Robin Cops requested a definitive statement on the percentage of Elms Field area to be sold for residential development. Anthony Pollock agreed to supply this.

Robin Cops offered assistance in disseminating further financial details to RAs and other interested bodies and it was agreed that a follow up meeting in January would be useful.