

Consilio Property Limited

Review of the 21-23 Business plan activity.

- 1.0 The 21-23 business plan described three sites for viability investigations by Consilio, with a view to possible affordable residential development. Two additional sites were also considered. Only one site, the proposed development at Stoke Mandeville for which the Council has submitted an outline planning application, was considered viable as a development opportunity for Consilio. A summary of the site assessment work undertaken by Consilio is shown below.

Stoke Mandeville former sports and social club – A proposed mixed residential development with potential for 100 residential units with a high proportion of affordable and key-worker housing, including a potential for housing for vulnerable adults and children. Around 25% of the houses would be sold on the open market to help deliver affordable housing. The Council has submitted an outline planning application for this site, which is currently pending. Consilio has undertaken a viability assessment and has drafted a proposal for the company to act as master developer at this location, should planning consent be achieved. This draft proposal, or ‘offer’ for the site, which includes a financial business case, will be submitted to the Council’s property team for consideration, in February 2024. More information can be found in the 2023-29 draft Consilio Business plan.

Horns Lane, High Wycombe – A site in High Wycombe with outline planning permission for a mixed residential development of up to 50 dwellings. Consilio could not compete financially for this development that was in line with Consilio’s current business model to bring forward an affordable housing element at this location. The opportunity was therefore not considered further.

The Courtyard, Cressex, High Wycombe. Different viability assessments for this potential site showed that the site was not financially viable for Consilio to bring forward discounted market rent or affordable housing on without additional financial support in the form of government grants, which Consilio cannot access as it is not an RP. The opportunity was therefore not considered further.

Wooburn Mead, Wooburn Green. Viability assessments for this potential development site demonstrated that the return for Consilio would be minimal as the site was on a relatively small scale and it faced some challenges in respect of ecology and parking. The opportunity was therefore not considered further.

- 2.0 **Financial objective**

2.1 The 21-23 business plan also stated the intention to maintain a sustainable financial self-sufficiency, with the mid to long term objective to deliver a year-on-year net portfolio return, after interest payments but before tax and dividends, of at least 3% from investment activities. Progress is shown in table 1, below.

2.2 Table 1. Net portfolio return after interest, before tax and dividends.

		<i>Property</i>	<i>Direct property</i>	<i>Net portfolio return</i>	<i>Year on year increase</i>
		<i>Income</i>	<i>Expenses (incl. interest)</i>		<i>(target 3% per 2022 Business Plan)</i>
		£	£	£	£
<i>Actual</i>	Y/E March 2022	1616218	-	563,819	
<i>Actual</i>	Y/E March 2023	1704405	-	580,317	2.9%
<i>Forecast</i>	Y/E March 2024	1739559	-	640,457	10.4%

Total increase from March 2022 to March 2024 forecasted net portfolio return is 13.6% over a 24-month period, in excess of the 3% year on year target in the 2022 Business Plan due in part to the rent review on Travelodge in 2023.

3.0 Obtaining Registered Provider (RP) status

3.1 To achieve final planning compliance for the affordable housing at Tatling End, it has been agreed that the affordable units may be subject to a long-term management lease to an RP. This would bring planning compliance as the units would be subject to the same regulatory regime as other 'affordable housing' for the term of the management lease. However, upon expiry of the management lease, the property could return to Consilio, as the freeholder, as an asset. Some preparatory work has been done in this respect and an RP has been approached to gauge interest, with positive feedback.

3.2 However, this matter is currently in abeyance, until a further steer is obtained from the shareholder regarding the potential disposal of the units to an RP. This is likely to be in the near future. As well as delivering a capital receipt for Consilio, this route would also bring full planning compliance in respect of the affordable housing aspect.

3.3 Legal advice has been obtained on gaining future RP status, and it appears that the most advantageous status would be as a 'not for profit' RP. A new subsidiary of Consilio would need to be established, as the RP is required to have an independent board of directors. This new board could have Consilio directors in its membership, but they would have to be in a minority to ensure independence of the board. The independent board would have to approve all activity in respect of any property vested with the RP and unless minded otherwise, the board could retain the asset indefinitely.

- 3.4 However, a major advantage of the RP status is that grant funding may be accessed by Consilio to future subsidise the creation of affordable and socially rented housing. Establishing a new RP entails a considerable administrative burden, with the final cost likely to be in excess of £100k, as professional legal and property advice will be required. The anticipated timescale is 12 to 18 months to completion, provided all governance requirements can be met and formally demonstrated to the regulatory body.
- 3.5 Owing to the above resource and financial implications, the RP application process has not yet been started. The prospect of access to grant funding is a compelling reason to obtain RP status at a future date as this would enable the Consilio RP subsidiary to compete more effectively with other RPS and providers and deliver more units of affordable housing for Buckinghamshire. Once the direction of travel for the company is agreed by the shareholder, and if this involves preferential consideration for unused council owned sites, and an active role as an affordable housing delivery arm for the Council, the RP application status might be commenced.