

**Broadway Living RP
Business Plan**
June 2020 - 2025



**BROADWAY
LIVING**

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1. Introduction

This business plan sets out the objectives, activities, and forecasts the financial performance for Broadway Living Registered Provider (BLRP). It covers the operating period to 2025 in detail, and provides an insight to work beyond that date. It is a rolling five-year plan, to be updated at least annually, to accommodate an anticipated expanding development programme and any changes in Council policy, or other external factors.

BLRP was registered with the Regulator of Social Housing in October 2020. BLRP will develop, own and manage affordable housing, working closely with Broadway Living (BL) and the Council to be part of its ambitious plans to provide more good quality affordable homes for local residents.

The London Borough of Ealing has excellent transport links, first-rate schools and a longstanding status as 'Queen of the Suburbs'. It is a very desirable place to live, offering a combination of the best of the vibrancy of inner London, with the green spaces and quality of an outer London suburb. It is, however, in the grip of an unprecedented housing shortage.

Ealing has been hit hard by the national housing crisis. Rents are rising, benefits are being cut and there is not enough social housing to meet demand. But it is not just the lowest income households struggling – many mid-market renters and buyers are also being priced out.

This was why in 2014, Ealing Council set up BL to address the lack of high quality, public-funded, affordable rental accommodation in the borough. Through BL the Council let some homes at intermediate rent levels to support a mixed housing offer.

Six years on, BL is an award-winning developer – and a key component in the Council's plans to deliver 2,500 genuinely affordable new homes by 2022. The registration of BLRP has created a group structure with BL as the parent company. The Council recently updated its commission to BL, to make house-building a core council activity, and has tasked BL with delivering the Greater London Authority's (GLA) £99.4m grant to the borough (from the GLA's Building Council Homes for Londoners programme), which will deliver over 1,100 of these new homes. While that commission is being finalised the Council is still providing the development management services to BLRP.

This represents a crossroads in the story of BL group, and this business plan sets out how BLRP, with the assistance of BL, will help the Council tackle the housing crisis over the coming years.

BL will expand to become the Council's main vehicle for housing development services. Its subsidiary, BLRP, is a registered provider. This will enable it to access grant funding, and administer the investment of the GLA's £99.4m grant awarded to the Council.

BL group will transform the way in which the Council benefits from its housing and land assets. It will support the Council's commitment to create 2,500 genuinely affordable new homes by 2022, make best use of the Council's land and work with partners to increase the number of high-quality socially rented homes. It will also develop a future, sustainable long-term programme of housing development; using profits from private sales to subsidise more genuinely affordable homes.

In addition to the schemes driving this business plan, the Council has also identified land with potential for up to a further 6,000 new homes. BL (providing the development services) will assess this additional land and progress opportunities using agreed diligence and governance processes between BL, BLRP and the Council, to form a new programme of activity to bring into a future business plan.

This business plan sets out the ways in which BLRP will achieve these aims, along with the controls, protections, structures and forecasts that will deliver sustainable, high-quality, affordable homes for the communities of Ealing.

2. Executive summary

The growing need for more affordable homes in Ealing and the availability of £102 million grant in total (see section 3.6 below) mean Broadway Living group is at a crossroads and needs to evolve to deliver the Council's objectives for housing and regeneration, which is why BLRP has been established and this business plan has been prepared. The plan covers both the short term period (to 2025) as well as the long-term 50-year funding and development period. The headings in this executive summary below reflect the structure of this plan and summarise the sections they relate to.

2.1 Operating context

Ealing's foremost commitment is to ensure that each of its residents has the opportunity to live in a good-quality home that is affordable and suitable for their needs. However, there are not enough homes, particularly affordable homes, to meet the identified need for 18,100 new social and affordable homes over the next 20 years. Rents and prices have increased dramatically in recent years. The last Census showed overcrowding at 23% of households, with 14,000 households on the housing register and only 800 social rented homes becoming available to let each year. Stock continues to be lost through Right to Buy and 100 new social homes are needed annually to sustain provision.

Ealing's Council Plan 2018-22 commits the Council to create 2,500 new good quality affordable homes in the borough by 2022 - a threefold increase on 2016-17. Funding has been secured through the GLA's Building Council Homes for Londoners Programme, and the Council has updated its commission to BL group to deliver this grant. BL has already demonstrated its efficacy in helping the Council deliver its housing and regeneration ambitions for the borough. BL is designed to assist the Council achieve its ambition of restoring council house-building as a core activity, alongside the continued commitment to making homes available through the Housing Revenue Account (HRA).

BLRP will focus on delivering housing that is financially viable and aligned with the Council's wider priorities, including maximising its quality, social and economic sustainability while minimising its environmental impact. Subsidy additional to the GLA grant will be required and will be generated from the sale and rental of new market homes to cross-subsidise the provision of affordable tenures, and contribute long term value to the Council's asset base. BLRP's delivery of private housing enables development surpluses generated to be reinvested in Ealing.

Various impacts of the Coronavirus pandemic made themselves apparent as this plan was being developed and are summarised at section 3.7. This plan will be reviewed when impacts and mitigations are better understood and the findings reported.

2.2 Company structure

The BL group is made up of Broadway Living (BL) and Broadway Living RP (BLRP). BL and BLRP have been established within the Council 'family' of businesses to deliver the Council's vision and strategic objectives. BLRP will own and manage affordable homes acquired and developed as part of BL and Ealing Council's growth and regeneration activities.

As sole shareholder in BL group and primary source of funding, the Council retains control over major decisions as set out in the BLRP Scheme of Delegations which sets out decisions for BLRP that need approval of either BL or the Council, or both, including the appointment of Council representative directors, the approval of the BLRP business plan and actions of BLRP outside the scope of the business plan.

Although part of the BL group, as a registered provider BLRP retains its own independence as required by the Regulator. An Intra-Group Agreement between the Council, BL and BLRP confirms BLRP's independence of decision-making.

Within this business plan references to the development services are those that BLRP is responsible for, although BL will provide the services through a service level agreement (SLA). Until that SLA is completed the Council will provide the development services in the interim.

Both BL and BLRP will be provided with working capital to continue and establish their respective functions. BLRP will receive short term development funding to initiate schemes up to an agreed stage, which will then be replaced by long-term investment funding. The Council will provide all funds initially.

2.3 Governance

BL is a company limited by shares, with the Council being the sole shareholder. BL operates under its Memorandum and Articles of Association, through which the shareholder retains control. BL, with the Council as shareholder, is currently drafting a Shareholder Agreement.

BLRP is a wholly-owned subsidiary of BL, a company limited by guarantee, and operates under its own Articles of Association.

The Council and BL Boards have agreed a Scheme of Delegations setting out what is retained for approval by BL's shareholder, and what sits within the accountability of the BL and BLRP Boards. The Council's agreement is required to amend delegations of authority for BL or BLRP.

Key functions retained by the Council as BL shareholder are the appointment to, or removal of, directors on the BL board; the Council representatives on the BLRP board; and the approval of their business plans. Both BL and BLRP Boards have independent directors, and Council officer representatives. Directors' details are set out in Section 4 below.

The BLRP Board is required by the Regulator of Social Housing (RoSH) to demonstrate good governance in accordance with the principles set out in the regulator's Governance and Financial Viability Standard. The Boards will seek independent advice to support good governance and decision making.

This business plan will be recommended to the BLRP board and the BL board, and to the Council's Cabinet. It will be reviewed and reapproved at least annually.

Once BLRP, BL and the Council approve this business plan, BLRP can then operate within the parameters of the plan. BLRP is only required to seek additional approvals if the schemes fall outside the plan, or have significant variations.

The Council has established a committee of the cabinet, which will take decisions affecting the delivery of affordable housing schemes, including the sale of land to BLRP, and the provision of loan finance.

2.4 Broadway Living Registered Provider's vision, objectives and key activities

BL group's key driver is to help the Council re-establish house-building as a core Council activity and BLRP has been established to help achieve that objective. The Council's objective for BL group is to build its organisational and financial capacity so that it becomes a centre of development expertise, innovation and advice for the Council in tackling housing shortage and regeneration.

BLRP's vision is therefore to provide sustainable high-quality affordable homes and places for communities in Ealing. BLRP's vision, corporate values and objectives are detailed in Section 5. BLRP's three main objectives, agreed with the Council, are to:

- deliver the GLA grant programme
- to secure a sustainable development programme of 250 affordable homes each year from 2023
- deliver homes and services that enhance the wellbeing of communities and minimise climate impacts

Delivering all the schemes in this business plan will result in 1,380 homes being held by BLRP with a positive cash balance at year 50 of £96.3 million, and all outstanding loan funding to the Council will have been repaid.

A key objective is to deliver a sustainable programme of 250 affordable homes each year. Assuming reduced grant funding beyond March 2023 suggests an overall programme of around 500 homes a year, and this is the assumption. Delivering this objective will be covered in detail when this plan is updated in 2021.

Critical to this activity is BLRP securing Investment Partner status with the GLA, so GLA grant can be received and invested in new homes. This application has been submitted and is subject to approval of this business plan.

A series of enabling activities has been completed to get BL group to this point, detailed in section 5, which also sets out a list of BL group activities that it will pursue to achieve its objectives in future. One point worth highlighting is that a Broadway Living Development Guide, including design guidance, is being developed that will set standards for all BL group developments relating to quality and achieving zero carbon. A panel of experts from across design, construction, health and housing fields is contributing to this guide.

2.5 The schemes: delivery objectives, priorities and programme

A total of 23 schemes or phases across 18 sites will deliver a total of 1,471 new homes and forms the basis of this business plan. All schemes will provide affordable or sub-market housing, the majority will be GLA grant-funded, with some Right-to-Buy funding from the Council. In addition, 42 homes owned by BL will be transferred to BLRP.

The Council's successful 2018 GLA grant bid requires 1,138 affordable homes to start on site by March 2022, with a programme extension to March 2023 and additional grant funding subsequently confirmed. A large proportion of the GLA funded homes will be developed by BLRP in this business plan, with the Council developing and retaining a proportion in the Housing Revenue Account (HRA).

Of the 18 sites involved, 14 will be directly developed by BLRP (of these, 12 are currently Council-owned, and two are on Council land plus adjoining private land); two are Council major projects (Perceval House, Gurnell Leisure Centre), where the affordable homes will be transferred to BLRP; one is a Council estate regeneration (Copley Close) where some homes will transfer to BLRP; and one is a S106 acquired from a developer (Westgate House). The average size of development is 75 homes, with sizes ranging from six to 214 homes. Most of the homes will be completed by March 2025, with the later phases of Perceval House completing by March 2028.

All schemes are subject to viability and value-for-money assessments, with agreed parameters, hurdles and gateways agreed by the BL and BLRP Boards, and included in this BLRP business plan, and agreed with the Council.

Tenure mix across all schemes will optimise financial viability and programming while seeking to maximise affordable housing provision. The programme relies on cross-subsidy from the sales homes (shared ownership and private sale) along with grant to enable new affordable homes to be built. The object has been to create, as far as possible, a viable, affordable homes led programme that balances tenures to generate sufficient cross-subsidy to provide a sustainable programme of development.

Expected tenure mix

London Affordable Rent	963	63.6%
London Living Rent	45	3.0%
Intermediate Rent	178	11.8%
Shared Ownership	184	12.2%
Market Rent	10	0.6%
Private Sale	133	8.8%
Total	1,513	

Shared ownership and private sale introduces sales risk into the programme, with the potential to impact viability. The assumptions in the business plan are based on total sales of £92.372 million from 2023 to 2025, from 184 shared ownership and 133 private sale homes. Achieving these sales is critical to the success of the business plan, and a continual strong focus on optimising design, product, phasing, cost, delivery, marketing and sales, supported by external advice, will be in place to ensure success.

2.6 Investment

An investment policy is being finalised for approval by BL and BLRP boards. The financial model used in this business plan has been prepared using an agreed set of scheme appraisal assumptions and hurdle rates. Approval of this business plan includes approval to these assumptions and hurdles set out in section 7 below. These will be included in the investment policy to be brought to Board for approval.

Sound financial control is critical to the success of BL and BLRP given the complexity and scale of their activities. BL and BLRP Boards will approve financial regulations for implementing schemes that will establish financial controls, authorities and delegations commensurate with BLRP objectives and the regulatory context it operates within. Growth and risk will be carefully managed.

The basis of financial viability for each site will be agreed prior to drawdown of funds by the BL and BLRP Boards and the Council as lender, and will be regularly monitored throughout the delivery period. The RoSH will, as regulator of BLRP, have an interest in the financial management of BLRP to ensure compliance with the Financial Viability Standard and to ensure that affordable housing assets are not put at risk. The BLRP Board will oversee this compliance.

The Council and BL group will take a strategic approach to identifying Council land and other opportunities to deliver more affordable housing. Generally, homes developed on surplus land in the HRA will be retained in the HRA, while homes developed on General Fund (GF) land will be transferred to BLRP, though exceptions to this are considered. There may also be opportunities for BLRP to acquire homes being developed in the estate regeneration programme. In addition, BLRP is not constrained to operate only on Council land.

The Council intends to retain freehold ownership of land and enter into head leases with BLRP on land for 250-year terms, at peppercorn rents. Land transfer structures have been assumed to minimise both VAT and SDLT charges.

Total acquisition and development costs for the 1,513 homes in this business plan are estimated at £475.951 million, with total grant receivable of £102.712 million, with open market and shared ownership sales receipts of £92.372 million.

Funding agreements for all schemes will be put in place. Development finance will be in place at varying rates to reflect the tenures and, once under way, affordable housing schemes will be charged a 3.5% interest rate. Details of all investment assumptions made are set out in Section 7.

As shareholder in BL, Ealing Council is the ultimate backstop for the obligations of BL and BLRP. It has signed an Inter Group Agreement with BL and BLRP which ring fences and protects the affordable housing assets in BLRP in the event of any failure by BL, BLRP's parent company.

2.7 Funding and budgets

BLRP's activity will be funded by a combination of capital grant, sales receipts, debt and working capital funding from the Council on terms that do not breach state aid rules. Annual budgets and cashflows will be approved by the Board, and managed under the SLA with BL. Performance against budget will be monitored and reported to each Board meeting. The Council and BL, as parent, will provide letters of support as necessary.

2.8 Enabling activities

BLRP will enter into a Service Level Agreement (SLA) with BL for the provision of development management services and support for governance and regulatory compliance. BLRP therefore needs to understand and have confidence that BL has the capacity and capability to provide services to deliver this plan. Until the proposed SLA is in place and BL operational with the required resources, BLRP will continue to receive development management and support services from the Council under its existing SLA.

The BL Board approved a headline resource plan in December 2019 and a more detailed resource plan in August 2020, including the proposed organisational structure, its employment policy framework, and a strong offer on pay and other rewards. The resource plan includes optimal resourcing needs through the first year to ensure resources are brought in as needed. The plan and annual budget will be approved by BL Board.

The resource plan anticipates a complement of 32 staff resourced through direct recruitment and through Transfer of Undertakings (Protection of Employment Regulations) (TUPE) from Ealing's Housing and Regeneration department.

It is proposed that Service Level Agreements between BL and the Council and between BL and BLRP will be required for the provision of HR, IT, legal, finance, property management and tenancy management services. The tenancy and management arrangements are covered in a separate housing management contract, and BLRP already has such a contract with the Council.

The anticipated date for BL to become operational is April 2021 and it is proposed development management services will be provided by BL to BLRP from that date. The BLRP and BL boards will review and approve the SLAs with BL and the Council ahead of their implementation.

Other activities include the preparation of a communications strategy, development of BL's existing website and branding, establishment of appropriate insurances, professional, taxation and regulatory registrations, the development of a procurement policy and the development of a range of key agreements and contracts.

2.9 Risk management and mitigation

BLRP has a risk-mapping process which covers all BL group companies. This is routinely updated and reviewed by the boards of BL and BLRP.

BL Boards are individually and collectively required to maintain risk registers, to support them in monitoring and managing the risks associated with all business activities proposed in this business plan. Risks are assessed in accordance with established Ealing Council risk management guidelines for capital projects, including the application of a pre- and post-mitigation risk score.

When recommending this business plan to the Council's Cabinet for approval, the BL Boards will bring to the Council's attention (as shareholder) the key, or headline risks associated with this plan. There are two main types of such risk:

- Risks that may impede delivery of the business plan and
- Risks to the shareholder arising from delivery of the business plan

More detail is set out in section 11 below.

2.10 Beyond 2025 and conclusions

BLRP is not restricted to developing on Council land and market opportunities are considered. Two sites in the existing programme are market sites, for example, and a third involves acquiring adjacent land to maximise development opportunity. It is anticipated opportunities will continue to arise in the market to acquire new homes for affordable housing, and these will be pursued where they are acceptable in terms of design, location and viability. BLRP is also being approached by landowners and developers who can see a real benefit in working with BLRP on affordable led housing schemes due to the BLRP's strong links to the Council.

BLRP is working on two specific proposals for large-scale development for future approval into the business plan. The first is the redevelopment of a number of school sites across the borough to provide new housing and new facilities; the second is a partnership with a private developer to acquire a significant number of new affordable homes across a number of years.

In addition to these schemes, the Council has also identified additional land that could be developed in the longer term with the potential for a further 6,000 new homes. BLRP will assess this additional land and progress opportunities using the agreed diligence and governance processes between BLRP, BL and the Council, to form a programme of starts in 2022/23 and beyond. Completions in this new programme will be from 2023/24, and for the larger or more complex schemes, will be in 2024/25 and beyond.

3. Operating context

This section presents a summary of the key strategic and contextual drivers that have, and will continue to, underpin the Council's rationale for forming the BL group, of which BLRP is part.

3.1 Evidence of need for BLRP's products

Ealing is committed to ensuring that every one of its residents has the opportunity to live in a good-quality home that is affordable and suitable for their needs. However, there are simply not enough homes, particularly affordable homes, to meet the needs of people in Ealing, and in the context of this challenge, the Council is seeking to improve both the quality and quantity of the housing in Ealing.

Ealing set up the BL group to contribute towards achieving these aims and to help reduce the substantial pressures on the Council's housing waiting list. It will form an important part of the wider delivery mechanisms for building more and better homes in the borough, alongside the Council's direct delivery and collaborations with developers and housing associations.

Ealing has a high level of need for affordable rented homes. Its 2018 Strategic Housing Market Assessment identified a need for 18,100 new social rent, London Living Rent and Affordable Rent properties in the 25 years between 2016-41. Over the period 2011-17 average private rents increased by 31% to around £1,500 per month and lower quartile house prices increased by 51% to £355,000.

The last census showed overcrowding at 23% of households. With nearly 14,000 households on the council's housing register (May 2018), and only around 800 social rented homes coming available to let each year, it is clear that many households are living in accommodation that is unaffordable, of poor quality, or otherwise does not meet their needs. An additional challenge is the loss of social housing stock through Right to Buy sales, which requires around 100 new social homes each year just to sustain provision.

3.2 The Council Plan

Through its Council Plan 2018-22 (https://www.ealing.gov.uk/info/201033/council_and_local_decisions/300/council_plan/1), Ealing Council has committed to creating 2,500 new good quality affordable homes in the borough by 2022. This would be a threefold increase in output compared to 2016-17 figures. These must be genuinely affordable, and so will be at social rent, London Affordable and London Living Rents. Ealing has also set clear commitments to maintain socially-mixed communities in the borough, and prevent homelessness by placing people in suitable, affordable, permanent homes as quickly as possible.

These will be delivered through a range of activities, such as the Council attracting private investment to develop sites, identifying new sites through the local plan, strengthening planning obligations, and using council land. Some will be delivered by registered provider partners, and others by the Council itself and its subsidiary companies. By using a range of methods, including facilitation and direct delivery, the Council will maximise the potential output of affordable homes and will closely monitor delivery.

In terms of direct delivery, funding has been secured through the GLA's Building Council Homes for Londoners Programme, with a number of named and indicative sites identified.

The role and activities of BL have been reviewed and strengthened to support delivery of the Council Plan, and this business plan sets out ambitious growth plans for new affordable housing development through BLRP.

3.3 Short and long term aims

In the immediate term, BLRP will become a provider of social housing by taking ownership of 26 new affordable homes at Westgate House in Ealing. BLRP will let these at London Affordable Rents and establish quality housing management provision to benefit households that secure accommodation through Ealing's housing register and choice-based lettings system.

BLRP is progressing its growth through an ambitious programme of nearly 1,000 identified starts by March 2022, and it will have started the whole of the programme included in the business plan by March 2023, making a significant contribution to the achievement of the Council's affordable housing strategy.

In the longer term, BLRP will play a significant role in continuing to increase the supply of affordable housing provision in Ealing, working with the Council and developer partners to acquire and develop new additional new schemes.

3.4 Why BLRP and not the Housing Revenue Account?

The Council continues to operate its homes through its Housing Revenue Account. The establishment and activities of the BL group since 2014 has demonstrated that it provides the Council with greater freedom to creatively manage its assets and engage in commercial activity more effectively, while contributing to the continued and improved operation of the HRA. It will also help to mitigate the effects of changes in Government policy. It will be easier to attract staff and expertise and brings with it the added value of external board members, while providing greater future flexibility. But the establishment and expansion of the BL group also brings potential downsides, such as complexity, transaction costs, possible value leakage, risk management and governance. This business plan addresses and explains how the Council and BLRP will manage these and other detailed issues.

3.5 The Council's commission to Broadway Living Group

The Council's commission to BL group is driven by a core objective to make house-building a core activity of Ealing Council once more so that the housing crisis that affects its residents (like the rest of London) can be tackled effectively. In doing this it will be able to apply GLA grant to deliver new homes. It will be able to make new, better, environmentally and economically sustainable places using the schemes that deliver the homes to be owned by BLRP.

And to do this effectively, the Council needs an entity like BL to act as a centre of development expertise that can help it manage commercial relationships with development partners on its behalf and provide expert advice to the Council. To do this well, BL needs to project the right public sector values and ethos.

The BL and BLRP Boards and six senior Ealing Council officers discussed the Council's commission to BL group in two workshops in November 2019 and January 2020 and as a result, the Council has refreshed its commission to the BL group as follows:

- Develop a sustainable and long-term pipeline of genuinely affordable homes, starting with GLA programme of c.1,100
- Re-establish housing development as part of the Council's core business
- Build homes that meet the needs of the climate emergency and enhance the health and wellbeing of communities
- Manage the commercial relationships with development partners on behalf of the Council
- Act as a centre of expertise, advice and innovation for the Council

While these objectives apply to the group as a whole, BLRP will be central to the achievement of the first three objectives.

3.6 Delivering new homes and value

BLRP will focus on delivering housing that is financially viable and aligned with the Council's wider priorities, including maximising its quality, social and economic sustainability while minimising its environmental impact.

BL group and the Council have both a partnering and commercial relationship. As sole shareholder in BL and the primary source of funding for BLRP, the Council has a strong interest in its activities and retains control over major decisions as set out in the Scheme of Delegations (see Governance, Section 4 below) including appointment of BL and BLRP directors, the approval of the BL and BLRP business plans and the land transactions and loan agreements they contain.

The Council has secured GLA grant funding for £99.4 million for the provision of 1,138 new affordable homes. The rate of grant is £100,000 per dwelling for homes at London Affordable Rent levels, and £28,000 per dwelling for shared ownership or London Living Rent homes. BLRP and the Council will have separate GLA grant contracts and BL (as development services provider) will continue to seek opportunities to maximise grant use within their programmes including submitting development schemes for additional grant under the GLA's continuous market engagement process.

The grant required to deliver this business plan totals £102.712 million and includes the following:

- £84.944 million from the original GLA allocation of £99.4 million (remaining allocation taken up by HRA schemes)
- £13.6 million additional funding agreed with GLA for balance of additional delivery on agreed schemes
- £4.168 million additional funding from RTB receipts

Additional subsidy is also required, generated through the sale of market and shared ownership homes. BLRP is therefore delivering private housing alongside its new build affordable homes to cross-subsidise the cost of providing the affordable tenures and contribute long term value to the asset base. The exposure to private housing will be limited by provisions in the Investment Policy.

Ealing remains a highly attractive borough for development, but much of the financial surplus generated by private development can often leave the local economy. BLRP enables development surpluses to be generated in Ealing and reinvested in Ealing, to deliver more and better affordable homes that meet the needs of Ealing's communities.

3.7 Impact of Coronavirus

Various impacts of the Coronavirus pandemic made themselves apparent as this plan was being developed. Key impacts noted were:

- Delays on site as contractors were initially unable to work
- Reduced contractor productivity on restarting work
- Contractors' reluctance to tender for new work
- Unpredictable supply chain capacity/workforce availability/difficulties in pricing
- Initial slowing of sales and uncertainty in sales pricing
- Market-related impacts in terms of values, rents, and on the wider economy

This business plan is based on costs, values and programme assumptions applicable at Q3 of 2020 and takes account of Coronavirus impacts apparent at this date. Potential future impacts could include programme delays, increases in delivery costs, and reductions in sales/rental values. This impact will be mitigated as far as possible by scenario planning of potential outcomes, with fair amendments to construction contract terms, contingency allowances and exit strategies.

The business plan will be reviewed annually, or as required to introduce additional schemes, or when a change in scheme assumptions results in a material change in the total borrowing requirement.

4. Company structure and governance

Broadway Living (BL) and Broadway Living Registered Provider (BLRP) have been established within the Council 'family' of businesses to deliver the Council's vision and strategic objectives and its commission to Broadway Living group. BLRP will own and manage affordable homes that are acquired and developed as part of Ealing Council's growth and regeneration activities.

BL is a company limited by shares, with the Council the sole shareholder. BLRP is wholly-owned by BL. It is a company limited by guarantee and operates under its own Memorandum and Articles of Association which set out the company's status and activities. Its objects are to provide and manage social housing. It is non-profit making and is a subsidiary of its parent, Broadway Living.

BL is proposed to be the development agent providing development services via respective SLAs, to BLRP, and to the Council, helping it to deliver its wider regeneration programme, developments to be retained in the HRA, and the new housing funded by GLA grant - some elements of which will be retained by the HRA, and some transferred to BLRP. BL is bringing forward a business plan for approval by the Council as shareholder, to enable it to offer this development management service to the Council and BLRP.

The Council and BL Boards have agreed a Scheme of Delegations setting out what is retained for approval by BL shareholder, and what sits within the accountability of the BL and BLRP Boards. The Council's agreement is required to amend the delegations of authority for either BL or BLRP.

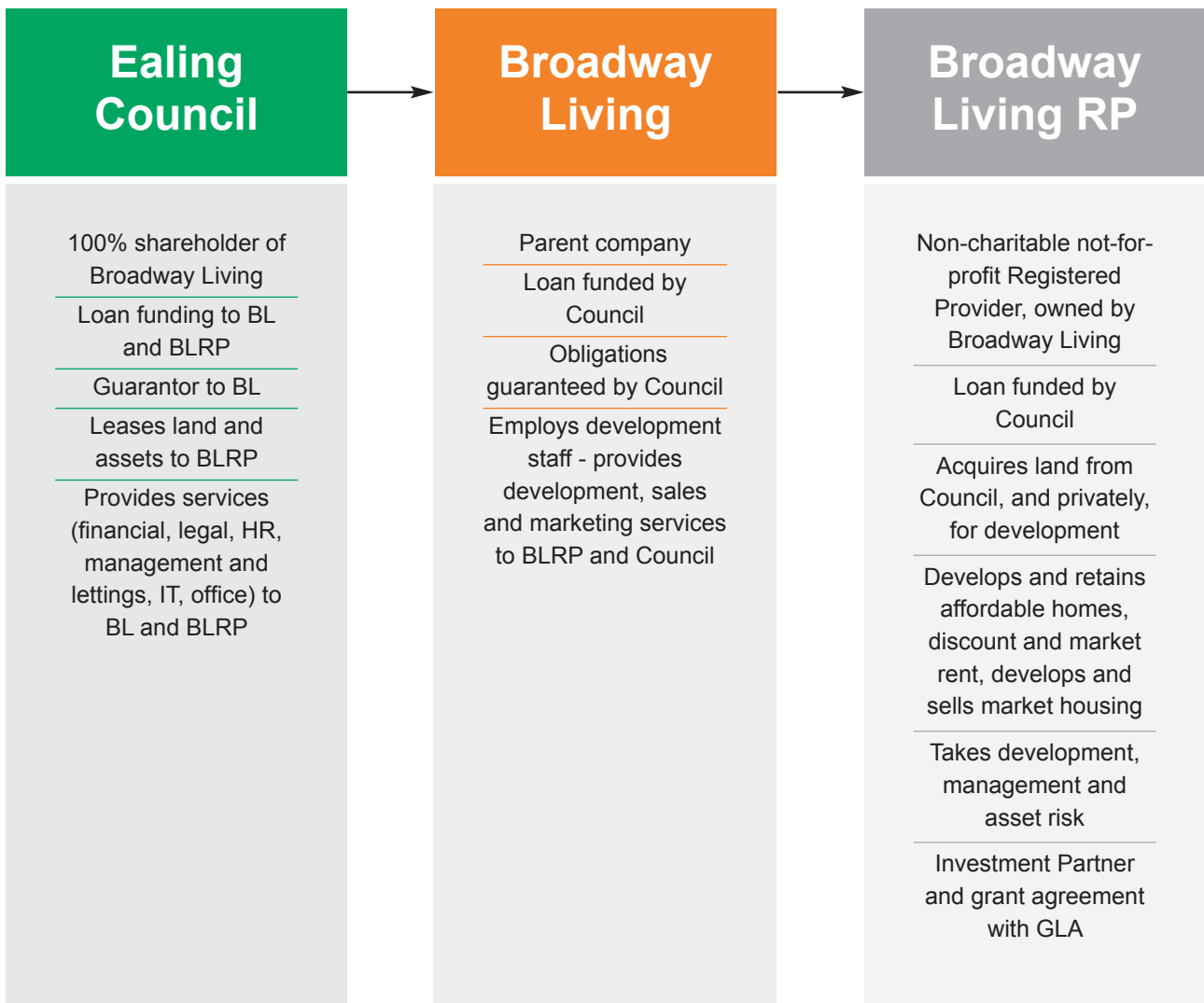
Key functions retained by the Council as shareholder is the appointment to, or removal of directors on BL and BLRP's boards; and the approval of the business plan. By setting out the governance framework in this way, it enables the BL group to run the companies in a commercial way as it sees fit whilst still being sighted on the views of the shareholder.

In addition, as a registered provider, the Regulator of Social Housing will oversee the activities of BLRP to ensure they follow the regulatory standards. These are categorised into 'economic' and 'consumer' standards. They include the Governance and Viability Standard which generates governance and viability ratings that are published regularly by the Regulator. They are regarded as key performance indicators across the industry.

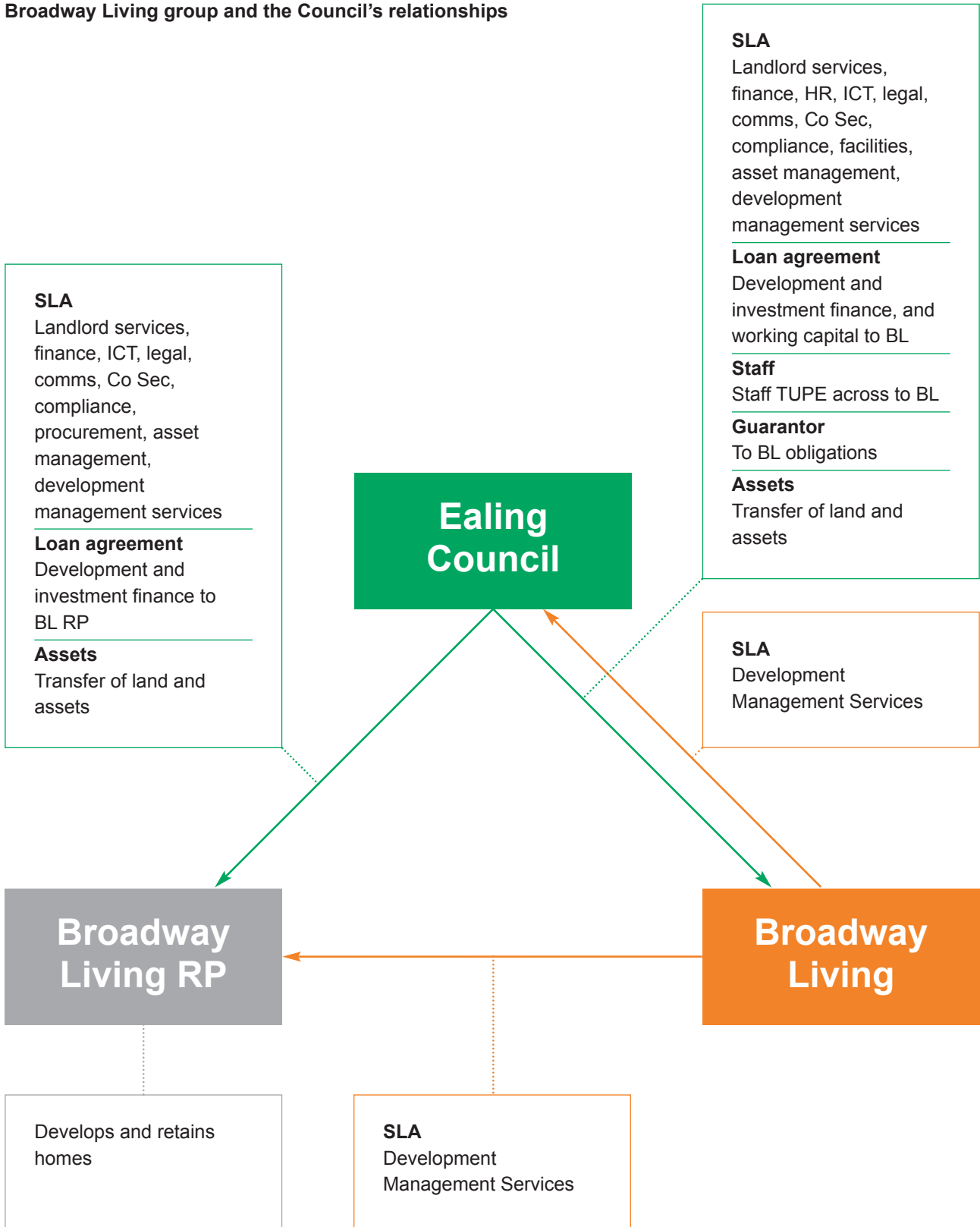
The board of BLRP will ensure that the business acts in the best interests of residents and complies with the regulatory standards.

Broadway Living group structures, roles and responsibilities and respective relationships with the Council and BLRP are shown in the diagrams below.

Broadway Living group structure, roles and responsibilities



Broadway Living group and the Council's relationships



4.1 Broadway Living (BL) and BLRP boards

The BL board currently has four directors, two of which are independent and two are Council employees.

The BLRP board currently has five directors, three independent (one from the BL board), and two being Council employees

The chair of BLRP and the BL independent directors are paid £5,000 per annum, plus expenses, as is usual across the Local Housing company and Registered Provider sector. Council directors are not paid any additional amounts to undertake this work.

Non-Council directors have been and will continue to be recruited using an open process, to ensure there is a broad skill set and relevant experience to effectively oversee the business. Directors' names and backgrounds of the non-council directors are shown below.

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Broadway Living and Broadway Living Registered Provider Boards

Broadway Living Board

<p>Director of Growth & Sustainability (Chair)</p>	<p>John Higgins Chief Executive of First Priority HA 20 years+ strategic finance, housing and business development experience in social housing and care sectors at senior management and director level Held non-exec director positions, including with Reading council's housing company</p>	<p>Michael Hill Over 40 years' experience in local government planning and central government 35 years at Countryside where he was New Business Director and Business Strategy Director Non-exec director at Bexley council's housing company</p>	<p>Director of Community Development</p>
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Broadway Living RP Board

<p>Colin Sherriff (Chair) Non-exec board member at two RPs Over 20 years at CEO and Board Director level in housing sector Has held interim and CEO positions at national housing associations ranging in size from 6,000 to 60,000 properties</p>	<p>Tomasin Renshaw Director of Development at Grosvenor 20 years' experience in large scale mixed use developments Mentor for Women in Property and 30% Club</p>	<p>John Higgins</p>	<p>Director of Community Development</p>	<p>Head of Housing (Prevention)</p>
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The BLRP Board is required by the Regulator of Social Housing (RoSH) to demonstrate good governance in accordance with the principles set out in the regulator's Governance and Financial Viability Standard (<https://www.gov.uk/guidance/regulatory-standards>). This standard requires it to 'ensure effective governance arrangements that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner.'

BLRP is also required to meet other standards set out by the RoSH, which are categorised as 'economic' or 'consumer'.

The boards are bringing forward an induction and training programme to ensure all Board members have a thorough understanding of their obligations as company directors, and the additional requirements for BLRP Board members as part of the BLRP regulatory framework. This will be provided by an independent firm of solicitors and is being procured.

Both boards have completed a skills audit and have identified areas where additional training is needed. A programme of skills training will be developed to address this.

The boards will seek independent advice to support good governance and decision making. Boards will procure this advice as required. This may include legal, tax, financial and other advice.

4.2 Consents and approvals

To deliver the BLRP business plan, various consents and approvals will be required during the whole development process. This requires effective, coordinated and timely collaboration between the BL group and the Council, acting in their respective interests and remits.

This business plan will be recommended to the BLRP Board; the BL Board, and then to the Council's Cabinet. It will be reviewed and reapproved at least annually by BLRP and the Council, or when necessary to allow for variances, for example, the introduction of additional schemes.

The BLRP board will approve its budgets for 2021/22 and indicative annual budgets for the plan period to March 2025.

Individual schemes within the business plan will be recommended to BLRP board for approval, cross-referencing scheme assumptions, costs and values to those in the business plan. Until delegated authorities and financial regulations are approved by BLRP board, its approval will be required to commit to any expenditure on any activity related to this business plan.

When BLRP has approved entering into the SLA with BL for delivery of development management services, and has agreed financial regulations and delegated authorities, BL officers will act for BLRP within the remit of the SLA's the regulations and delegations.

BL officers will work closely with Council counterparts to ensure timely progress of schemes through the Council's decision-making and governance processes to meet the GLA programme, and the deadlines of this business plan and the Council.

4.3 Supporting strategies

BL group has agreed its vision and strategic objectives. It will also develop a range of strategies and policies to frame and support the delivery of its objectives which will be reflected in BLRP's vision and objectives. These will include, but are not limited to:

- **Development Strategy** - BLRP will approve a detailed development strategy to set out how it will deliver its objectives to deliver more homes and better affordable homes
- **Investment Policy** - Details of this are set out in the confidential appendix
- **Estate and Tenant Management Strategy**
- **Communications Strategy**
- **ICT Strategy**
- **Procurement Strategy** - Further details on these strategies and how services will be provided by the Council to BLRP, via SLAs, are covered in section 10 below
- **Risk Strategy** - BLRP's approach to risk management and mitigation is set out in section 11 below

5. BLRP vision, objectives and key activities

BLRP's vision, objectives and key activities are aligned with the BL group's overall vision, described below.

BL group Vision

Broadway Living's vision is to provide sustainable high-quality affordable homes and places for communities in Ealing.

Sustainable for BL and the Council means the provision over the long term, of mixed tenure homes, partly subsidised by cross-subsidy from the creation of market homes, that deliver good social outcomes and minimise impact on climate change.

High quality means zero-carbon, healthy homes and places that are well-designed and managed. A new Development Guide is being developed.

Affordable means that homes should be affordable to rent or part-buy if no more than one third of the gross income of the average local salary is spent on housing costs.

BL group Corporate Values

The values below reflect the culture that BL group aims to express in all its dealings.

Care and respect

Respect and caring for residents, for people, can be expressed in different ways. For BL this means 'improving the lives of residents' through the creation and long term provision of sustainable, high quality, affordable homes.

Accountable

BL's values will reflect those of the Council. In being accountable, it will encourage and manage effectively the participation of all stakeholders in its decision-making. It will act on feedback to improve performance, and use its best endeavours to deliver the Council's strategies and objectives - to make things happen in the way envisaged by the Council and the BL and BLRP boards.

Collaborative

BL will be ambitious and confident in leading partnerships. It will share knowledge and ideas and challenge constructively and respectfully listen to feedback. It will overcome barriers to develop outcomes for residents and people.

Trustworthy

BL will do what it says it will do, on time and to budget. It will be open and honest and treat all people fairly.

Innovative

BL will explore ways to do things better, faster and for less cost. It will bring in ideas from outside to improve its products and performance and take calculated risks to improve outcomes. It will learn from mistakes and failures

5.1 Key early enabling activities

What we have done

Sustained delivery of identified development opportunities

Identified and secured future opportunities and forward pipeline

Agreed with the Council our vision, objectives and values

Reviewed the legal company structure necessary to deliver objectives

Secured registration with RoSH for BLRP

Submitted draft application to GLA for Investment Partner status

Agreed governance arrangements for current and future activities

Secured multi-tenure landlord (and other support) services from the Council

Agreed the scope of development and regeneration services to be provided to the Council

Agreed heads of terms for acquiring land from the Council for this business plan

Drafted loan terms with the Council

Starting recruitment to the BL staff team structure

What we will do

Develop affordable homes, market and sub-market homes for rent and sale, for itself and on behalf of the Council

Agree with the Council working capital, development and investment funding to deliver this business plan

Acquire land from the Council and progress developments on this land

Secure new development opportunities that meet objectives

Progress residential development schemes in which BL has an interest in the land, or, acting as agent for the Council, appoint consultants, obtain planning consent, procure development and construction partners, progress construction, accept handover of completed homes, secure occupation and management of the homes

Manage the sales process for itself or for the Council where sub-market or market homes are developed for sale

Recruit and manage resources sufficient to deliver our objectives

Research and secure grants, resources and wider opportunities to increase delivery of affordable homes

Operate as landlord for affordable, sub-market and market homes

Asset management of BLRP housing stock.

Act as a member of joint ventures or limited liability partnerships, where these are the appropriate delivery vehicles.

Manage the branding and marketing of BL and BLRP.

Liaise with the GLA and other grant-investing bodies, securing subsidy and contributing to meet housing and regeneration targets.

Contribute to Ealing's housing and regeneration policy work.

Represent Ealing Council in forums with other providers

5.2 BLRP strategic objectives

The boards of BL and BLRP have agreed three strategic objectives for BLRP for the period of this business plan. Delivery against these objectives will be regularly reviewed by the boards, and objectives will be reviewed annually with the Council as BL group shareholder.

- deliver the GLA grant programme
- to secure a sustainable development programme in 2023 and beyond
- deliver homes and services that enhance the wellbeing of communities and minimise climate impacts

A critical activity is to secure Investment Partner (IP) status with GLA and secure a grant agreement. Following registration of BLRP with the RoSH in October 2020, a draft application to GLA for IP status has been submitted and will be finalised on approval of this business plan.

BLRP's initial objectives are:

- To secure registration as a registered provider with the RoSH . This has been achieved and registration was secured in October 2020
- To achieve Investment Partner (IP) status with GLA – which requires BLRP to have a viable deliverable business plan. Application submitted.
- On securing IP status enabling BLRP to accept GLA grant, it will acquire the 26 homes at the Westgate House scheme from BL. This scheme is due to complete in February 2021. The homes will be let at London Affordable Rent levels, targeted at low income households.

Delivering BLRP strategic objectives

Objective	2020/1	2021/2	2022/3
1. Deliver GLA grant programme	<p>Planning approval and start on site, Southall market car park - 125 homes.</p> <p>Planning approval and start on site, Buckingham Avenue - 40 homes.</p> <p>Planning approval and start on site – the six 'package 1' sites 134 homes.</p>	<p>Planning approval and start on site for the remainder of GLA programme requiring starts on site by March 2022.</p> <p>Work up new allocations in the 2021/26 GLA programme for starts on site.</p>	<p>Completion of planning and procurement processes for the balance of the Business Plan schemes to achieve start on site by March 2023.</p> <p>Work up new allocations in the 2021/26 GLA programme for starts on site.</p>
2. Secure future development programme	<p>Preparation of additional schemes for potential bid to GLA for 2021-2026 funding programme.</p> <p>Progress proposals for redevelopment of a number of school sites across the borough.</p>	<p>Secure proposals for redevelopment of a number of school sites across the borough.</p> <p>Ongoing review of Council land opportunities to take the programme forward.</p> <p>Engagement with the private market, developers, land owners and agents to identify and secure non-Council land opportunities.</p> <p>Ongoing review of Council land opportunities to take the programme forward.</p> <p>Engagement with the private market, developers, land owners and agents to identify and secure non-Council land opportunities.</p>	<p>Ongoing review of Council land opportunities to take the programme forward.</p> <p>Engagement with the private market, developers, land owners and agents to identify and secure non-Council land opportunities.</p>
3. Deliver homes and services to enhance well-being	<p>Draft Development Guide issued, with focus on well-being, affordability and sustainability. All scheme proposals assessed against Development Guide.</p>	<p>Finalise Development Guide, and ongoing review.</p> <p>All scheme proposals assessed against Development Guide.</p>	<p>On going review of Development Guide.</p> <p>All scheme proposals assessed against Development Guide.</p>

Delivering all schemes in this business plan will result in 1,380 homes held by BLRP, with a positive cash balance at year 50 and all outstanding loan funding to the Council repaid.

All schemes in this business plan start on site by March 2023 with the significant majority completing by 2024/25 (and the later phases of Perceval House completing by March 2028), with significant activity to progress schemes to site and through completion in the business plan period. As BLRP develops a programme of activity for 2022/23 and beyond, the profile of starts and completions will begin to smooth and become sustainable in the longer term.

This plan includes schemes funded by the initial grant allocation secured by the Council as set out in section 3.6, with additional grant provided by GLA for additional delivery on agreed schemes.

Government has announced a new £12billion funding programme for affordable housing, to be delivered in the period 2021-26. GLA has been allocated around £4billion of this and it is anticipated a funding prospectus to bid for this funding will be published by GLA in November this year. BLRP will review the funding prospectus and consider a bid for additional grant for the period 2021-26 for delivery of additional homes.

A key objective is to deliver a sustainable programme of 250 genuinely affordable homes each year. Assuming reduced grant funding in the new funding round suggests an overall programme of around 500 homes a year and this is our assumption.

Anticipated schemes will be brought forward for approval within the business plan review cycle. The required number of starts in 2023/24 and 2024/25 to sustain a longer term programme of 500 homes a year will be profiled in the business plan in 2021.

Westgate House was the only scheme in the business plan submitted to RoSH for the registration of BLRP. Transfer of the homes can only take place when BLRP has secured IP status with the GLA, so BLRP can accept grant to fund the scheme, and be able to let the homes at affordable rents.

There are a number of other enabling activities planned, set out in more detail in sections below, being:

- People and resources
- Funding
- Land transfers
- Brand and corporate identity

6. The schemes: delivery objectives, priorities and programme

BL's vision and strategic objectives drive priorities, actions and delivery over the plan period. This section sets out the objectives and priorities for programmed schemes in the business plan. All schemes will provide affordable or sub-market housing, the majority will be GLA grant-funded, with some Right-to-Buy funding from the Council. The BL group will use BL to provide development management services to BLRP as well as the Council. BLRP develops the affordable homes and is the long term asset holder. Both parts of the group are funded by the Council.

6.1 Deliver the new build programme

Scale, composition and timing of delivery

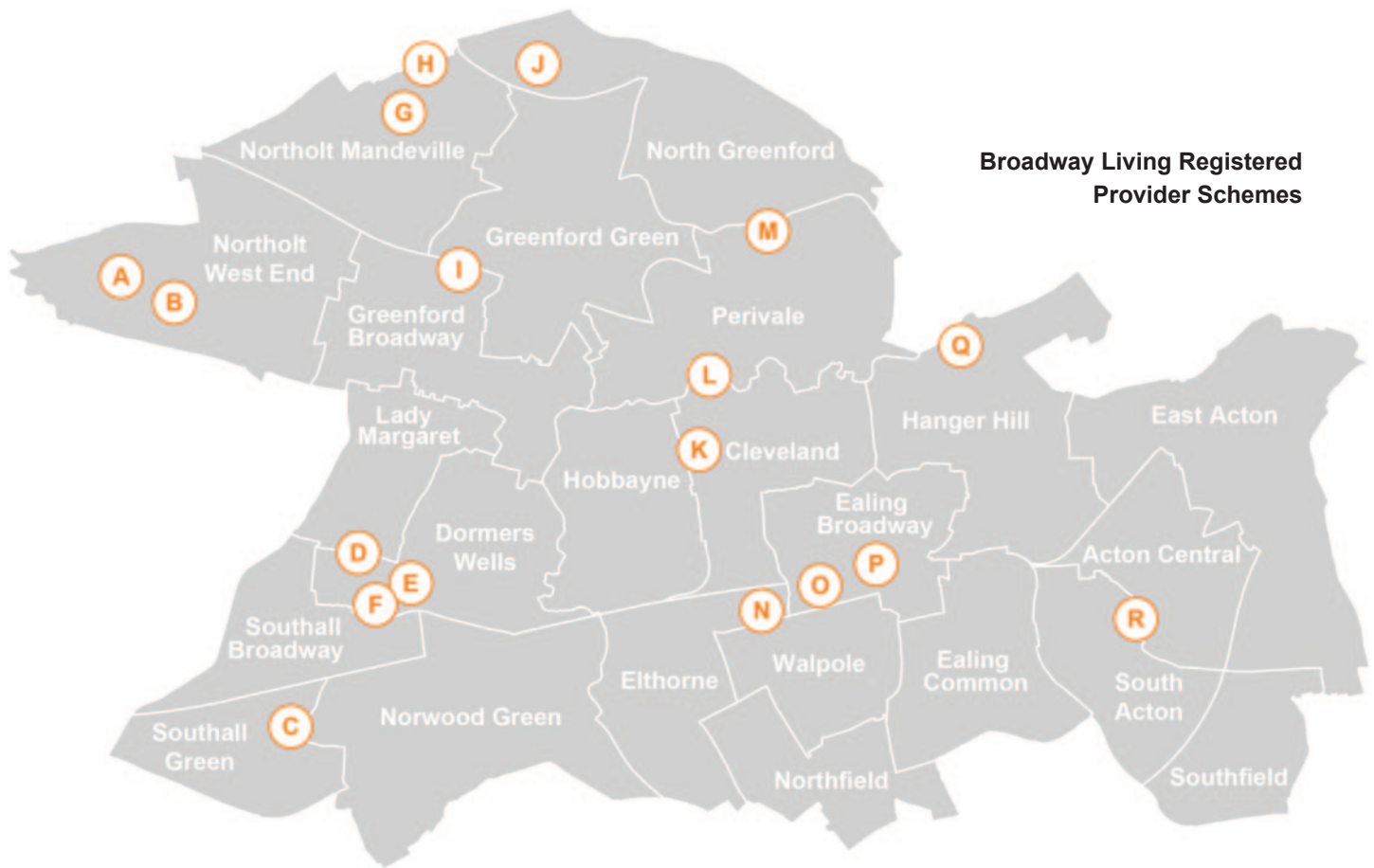
A total of 23 schemes or phases across 18 sites will deliver a total of 1,471 new homes and forms the basis of this business plan.

Of the 18 sites involved, 14 will be directly developed by BLRP (of these, 12 are currently Council-owned, and two are on Council land plus adjoining private land); two are Council major projects (Perceval House, Gurnell Leisure Centre), where the affordable homes will be transferred to BLRP; one is a Council estate regeneration (Copley Close) where some homes will transfer to BLRP; and one is a S106 acquired from a developer (Westgate House). The average size of development is 75 homes, with sizes ranging from six to 214 homes. Most of the homes will be completed by March 2025, with the later phases of Perceval House completing by March 2028.

The following map and graphs show the location of schemes, and the programme of starts and completions of homes.

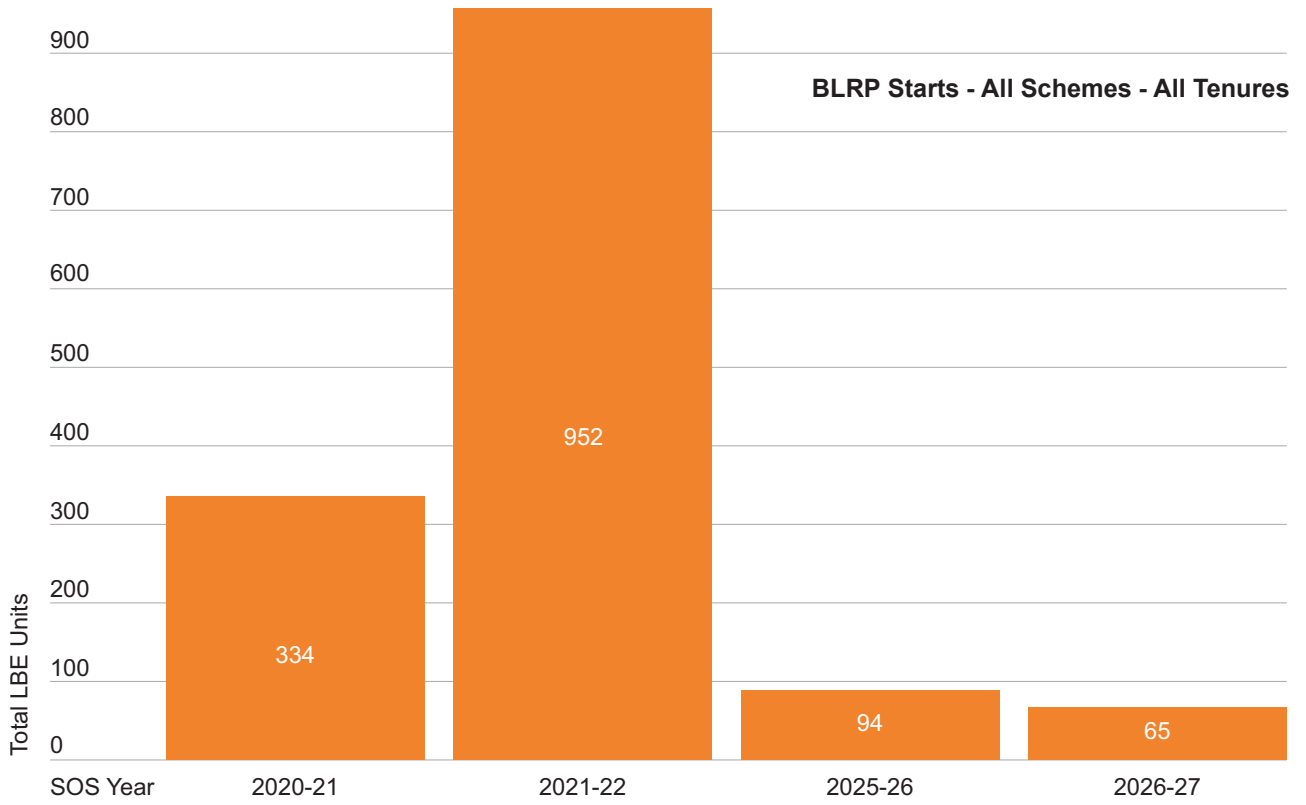
The 42 homes being transferred from BL are not shown on the map, nor in the starts data, and are included as completions in the year they transfer to BLRP.

The 26 homes at Westgate House are not included in the starts data as they are already on site.

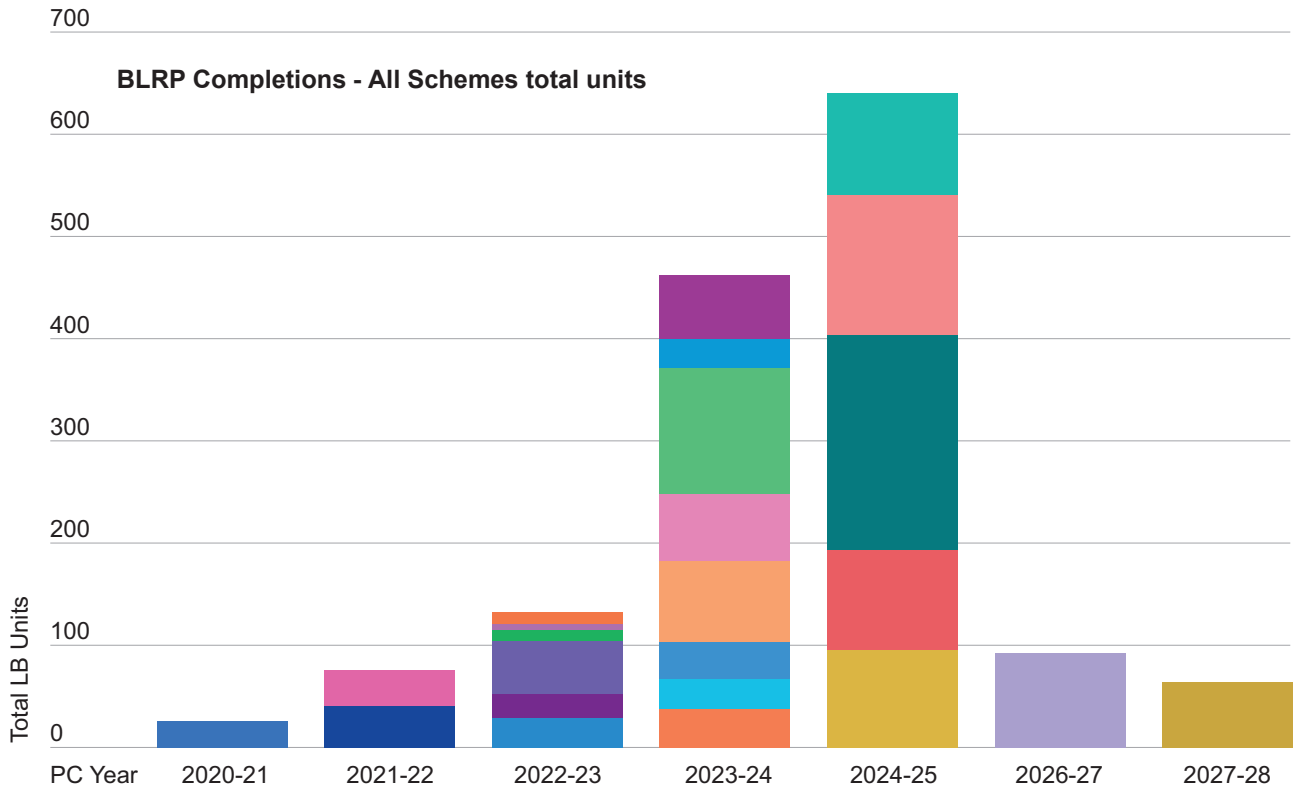


Scheme name	GAH	Total Units
A Northolt Grange Community Centre	80	80
B Radcliffe Way Site 1 & 2	238	238
C Norwood Road Car Park 2	6	6
D Milap Day Centre	10	10
E Southall Market car Park	101	125
F Young Adult Centre	46	64
G Sussex Crescent	28	28
H New Market Avenue Site 1 & 2	62	65
I Chesterton and Evesham	25	25
J Wood End Library	11	11
K Copley 6 (Regen)	0	35
L Gurnell Leisure Centre	98	196
M Buckingham Avenue	24	40
N Dean Gardens car Park	21	53
O Arden Road Car Park	0	29
P Perceval House Residential Phi, Ph2 and Ph3	115	226
Q Westgate House	26	26
R Lexden Road (OPHS)	117	214
Total	1008	1471

Development Programme Starts 2020-27



Completions by scheme diagram



PC Year	Scheme Name	Total Units
2020-21	Westgate House	26
2021-22	Copley Phase 6	35
	BL Existing Scheme	42
2022-23	Wood End Library	11
	Norwood Road	6
	Milap Day Centre	10
	Dean Gardens Car Park	53
	Chesterton and Evesham Close	25
	Arden Road Car Park	29
2023-24	Young Adult Centre	64
	Sussex Crescent	28
	Southall Car Park	125
	Perceval House Phase 1	67
	Northolt Grange Community Centre	80
	New Market Avenue Site 2	37
	New Market Avenue 1	28
	Site Buckingham Avenue	40
2024-25	Radcliffe Way Site 2	99
	Radcliffe Way Site 1	139
	Lexden and Steyne	214
	Gurnell Grove - Block B	98
	Gurnell August 2020	98
2026-27	Perceval House Phase 2	94
2027-28	Perceval House Phase 3	65
	Total Units	1513

The Council's successful 2018 GLA grant bid, requires 1,138 affordable homes to start on site by March 2023 (allowing for the recently agreed one year extension). BL will provide the development services for the GLA programme when it becomes operational.

The BLRP programme includes homes not funded by GLA grant, including intermediate rent homes at Perceval House, delivery of which is a key Council priority..

All homes in the BLRP development programme will be developed and owned by BLRP, maximising its asset base within BLRP and enabling any surpluses from market activity to be retained in BLRP to reduce lending, and for reinvestment in additional affordable housing.

There is one legacy scheme BL is developing (as developer rather than just providing the development services). In 2019, BL entered into a sale and development agreement for a S106 scheme of 26 units, known as Westgate House. It is proposed to transfer this scheme to BLRP within this business plan.

It is also proposed to transfer the current assets of BL, 42 long leasehold homes and two short leasehold properties, across three schemes, into BLRP, with refinancing from the Council. This transfer, effective from 2021, is included in this business plan and will require the approvals of BL and BLRP boards. The two short leasehold properties are not counted in BLRP total homes.

6.2 Provision of development services to BLRP and the Council

A key commission of the Council is for BL to develop its capacity and resources to be a centre of development expertise and provide a development management service to the Council, including for its regeneration programme, and to provide development management services to BLRP. The scope of service will be set out in two SLAs: one between the Council and BL, and one between BL and BLRP. In the interim, before the SLAs are agreed and in place, the Council will continue to provide the development management services.

The Council's regeneration programme involves regeneration of eight major estates, with just under 4,000 homes being replaced with 6,500 new homes. Five estates are being redeveloped in partnership with housing associations (one recently complete) and three are Council-led. Approximately 2,000 homes have already been built, 1,000 are on site and 3,500 are in the pipeline.

One of those three Council-led schemes is Copley Close. 35 of the homes created in Copley Close will be purchased by BLRP on completion.

BL will create a dedicated regeneration team to manage the Council's regeneration programme, with the Council's strategic housing and commissioning function acting as client. Priorities will be agreed with the Council through early engagement to consider the best options for stock investment and community outcomes.

A summary of the BLRP development programme in the business planning period to March 2025 is set out in the tables below. The 42 properties transferring from BL are in addition to this.

Delivery: New homes under construction, or with planning and pre-construction	Number of homes	Start on site	Practical completion
Westgate House – BL is progressing this scheme with acquisition of the homes by BLRP at completion	26	Sept 2019	Feb 2021
Copley 6 DMR – the Council is progressing this scheme with acquisition of the homes by BLRP prior to completion	35	Jun 2020	Dec 2021
Buckingham Avenue	40	Mar 2021	Jun 2023
Southall Market Car Park	125	Jan 2021	Oct 2023
Total	226		
Schemes being progressed for development	Number of homes	Start on site	Practical completion
Arden Road Car Park	29	Oct 2021	Mar 2023
Dean Gardens Car Park	53	Oct 2021	Mar 2023
Gurnell Leisure Centre (2 phases)	196	Mar 2022	Jun 2024
Northolt Grange Community Centre	80	Jul 2021	Jul 2023
Perceval House (3 phases)	226	Oct 2021 May 2025 Feb 2027	May 2023 Sep 2026 Dec 2027
Schemes being progressed for development	Number of homes	Start on site	Practical completion
Sussex Crescent	28	Jan 2022	Jul 2023
Chesterton & Evesham	25	Mar 2021	Sep 2022
Lexden Road	214	Feb 2022	Aug 2024
Milap Day Centre	10	Mar 2021	May 2022
Newmarket Avenue Phase 1	28	Jan 2022	Jul 2023
Newmarket Avenue Phase 2	37	Jan 2022	Jul 2023
Norwood Road Car Park	6	Mar 2021	Jun 2022
Wood End Library	11	Mar 2021	Jul 2022
Radcliffe Way Site 1 (Yeading)	139	Jan 2022	May 2024
Radcliffe Way Site 2 (Yeading)	99	Jan 2022	Mar 2024
Young Adult Centre	64	Jan 2022	Jan 2024
Total	1,245		
Grand total schemes	Number of new homes = 1,471		

All schemes are subject to viability and value-for-money assessments with parameters, hurdles and gateways agreed by the BLRP Board and included in the BLRP business plan which is subject to approval by the BL board and the Council.

Detailed estimates will be prepared throughout the feasibility and planning process, and external valuations and professional advice sought to inform estimates. Full financial implications will be confirmed once planning is secured and the construction work is procured.

Construction partners for schemes included in the pipeline will be procured in the business plan period. The schemes' financial forecasts will be updated when the procurement processes are concluded. The procurement process is likely to result in changes to the design and objectives of schemes. Once finalised, these forecasts will form the agreed project budget for performance monitoring.

6.3 Tenure mix

The expected tenure mix of the schemes included in this business plan, including the 42 homes to be transferred from BL to BLRP, is:

London Affordable Rent	963	63.6%
London Living Rent	45	3.0%
Intermediate Rent	178	11.8%
Shared Ownership	184	12.2%
Market Rent	10	0.6%
Private Sale	133	8.8%
Total	1,513	

Definitions of the tenures above can be found in Appendix 2.

The Council will retain 100% nomination rights to new affordable homes in the BLRP portfolio (i.e. all tenures except private sale or market rent).

Tenure distribution within the BLRP portfolio

Private Sale 8.8%

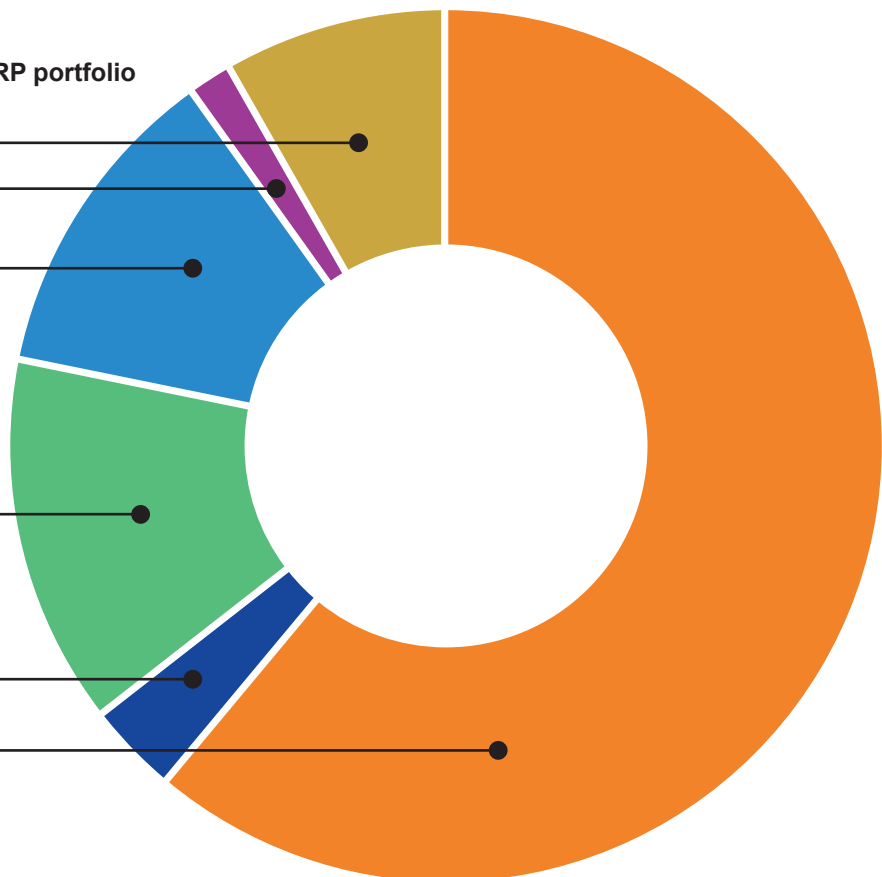
Market Rent 0.6%

Shared Ownership 12.2%

Intermediate Rent 11.8%

London Living Rent 3.0%

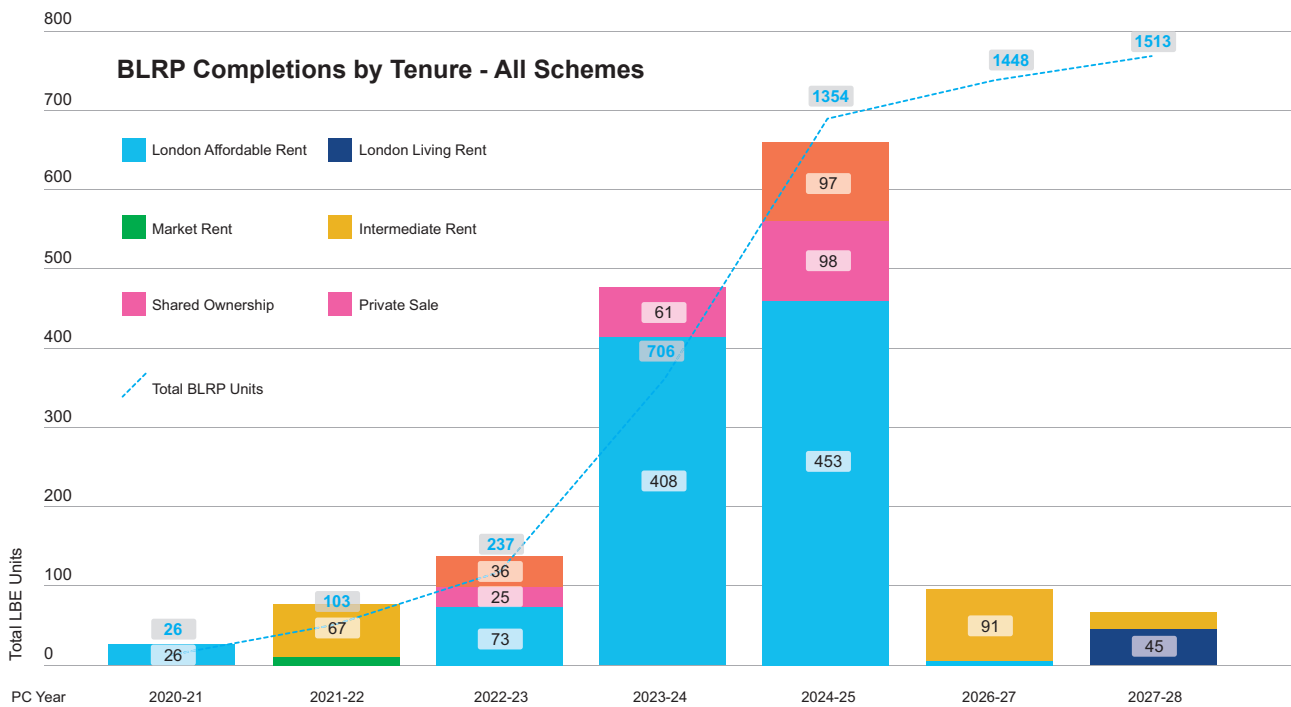
London Affordable Rent 63.6%



The schemes' tenure mix will optimise financial viability and programming. The programme relies on cross-subsidy from the sales homes (both shared ownership and private sale) along with grant to enable new affordable homes to be built. The object has been to create, as far as possible, a programme that balances tenures to generate sufficient cross-subsidy and which also reduces the cash-flow and therefore interest payments on the debt.

Given that BL group's vision is to 'provide sustainable high-quality affordable homes and places for communities in Ealing', the BLRP programme has a majority of affordable rent tenures with 66.6 % London Affordable rent and London Living Rent together, with an additional 24% sub-market homes provided as intermediate rent or shared ownership. The remaining homes % are private sales and market rent to provide cross-subsidy to the programme.

Completions by tenure within the BLRP portfolio



6.4 Sales targets

Shared ownership and private sale introduces sales risk into the programme, with the potential to impact viability. The assumptions in the business plan are based on total sales of £92.37 million from 2023 to 2025, from 184 shared ownership and 133 private sale homes.

Achieving these sales is critical to the success of the business plan, and a continual strong focus on optimising design, product, phasing, cost, delivery, marketing and sales, supported by external advice, will be in place to ensure success. The proposed development management service to be provided by BL will include marketing and sales service for these market facing homes. BLRP will assure itself that BL resources are sufficient to deliver the development management service including the appropriate competence and capability to deliver the sales in this business plan

Total anticipated income from sales in the business plan is:

	2023/24	2024/25
Sales	£29.757 million	£62.615 million

These sales are across eight schemes. The type of product (i.e size and design of the homes), location on site, relationship with other tenures, have been carefully considered, with advice from external agents, to optimize sales values and rate of sales.

The shared ownership sales assumptions are prudent, with 35% initial sale, and staircasing to 60% across the 50 year period of the plan.

Section 9, Financial Performance, below, and the confidential appendix has details on how the sensitivity analysis will test the impact of reduction in market value, and timing of sales.

The ability to market the homes early in their development will also support sales targets being met. BL (as provider of development services) will work with external local agents to ensure early marketing through the use of sales suites, strong branding and marketing campaigns to target forward sales.

BLRP will consider the use of the BL group brand – this was previously employed for the Council's highly successful shared ownership and market sales programme. The BL name helped market these homes, creating a successful and recognised brand that is known as a part of the Ealing corporate family. The brand has been strengthened by recognition as an award-winning developer, winning The London Evening Standard New Homes Awards 2018, First Time Buyer Readers' Awards 2018, WhatHouse? Awards 2018 and was a finalist for The Planning Awards 2018.

7. Investment

7.1 Introduction

The growing need for more affordable homes in the borough and the availability of the GLA grant means BL group has reached a crossroads in its existence and is evolving to deliver the Council's ambitions for housing and regeneration, which is why BLRP has been established and this business plan has been developed.

In the short term, BLRP, as BL's subsidiary, will become a provider of social housing by taking ownership of Westgate House. In the longer term BLRP will play a significant role in increasing affordable housing provision in Ealing and will acquire and develop additional schemes, guided by BL's development expertise.

The BLRP plan covers both the short term development period as well as the long term ownership and management of the assets over a 50 year period. It describes the basis of the business plan, levels of investment for schemes, the assumptions made, and includes assessments and sensitivity analyses of the overall financial performance.

7.2. Investment policy and criteria

BLRP will approve an investment policy agreed with BL. All investment decisions will be evaluated using the agreed investment appraisal feasibility assumptions and scheme hurdle rates. The policy will be subject to a minimum annual review and reapproval and will form part of the business plan review by the Council as shareholder.

All development and acquisition activity will be fully assessed for financial viability and for risk. Viability assessments will be stress-tested for general market risks as well as specific project risks.

Scheme cost assumptions will be benchmarked and informed by professional cost consultants; scheme valuation assumptions will be externally sourced and supported by an independent RICS accredited valuation report when a scheme is ready for approval.

Scheme proposals and risk assessments will be reviewed and approved by the BLRP Board and considered for approval within the framework of this business plan.

The financial model used in this business plan has been prepared on the basis of a proposed set of scheme appraisal assumptions and hurdle rates. Approval of this business plan includes approval to these assumptions and hurdles. The assumptions used are stated below.

7.3 Financial controls

BLRP will ensure its independence and viability though it will be working closely with the Council and BL.

The Regulator of Social Housing will, as regulator of BLRP, have an interest in the financial management of BL to ensure compliance with the Financial Viability Standard and to ensure that affordable housing assets are not put at risk. The BLRP Board will monitor this compliance.

BLRP's financial controls will be set out in a financial management policy for both BL and BLRP and reviewed regularly.

They have been discussed, and will be approved by, both BL and BLRP Boards. They include:

- Independent assurance to BL and BLRP on the terms of Council funding
- Compliance with GLA capital funding conditions and Council's loan conditions
- Implement the investment policy
- Maintain sufficient liquidity in both companies
- Clear SLAs and charging for services between BL/BLRP and the Council, and between BL and BLRP
- BLRP board to monitor compliance with RoSH Viability Standard
- BL and BLRP will adopt Financial Regulations with clear levels of delegated authority
- BL and BLRP operating budgets will include for the resources necessary to deliver the objectives

The Council and BL boards recognise that sound financial management will be critical to the success of BLRP. There is minimal existing income or assets in the BL group and BLRP will be undertaking major and complex development activity. It is critical to the Council as lender that development and investment loans and working capital can be repaid, and with minimal other income there is reliance on the development programme to cover loan costs.

The basis of financial viability for each site will be agreed prior to drawdown of funds by the BLRP Board and the Council as lender, and will be regularly monitored throughout the delivery period. Growth and risks will be carefully managed. The companies will have sufficient financial and human resources to do so. Operational responsibility for this will rest with the BL Managing Director, overseen by the BLRP and BL boards.

7.4 Land transfers

BLRP will be the recipient of land transfers from the Council, advised by BL. Working in partnership, the Council and BL group, using the Government's One Public Estate principles, will take a strategic approach to identifying Council land and other opportunities that might be used to develop strategies to deliver more affordable housing and achieve the Council's regeneration ambitions.

The strategy will determine whether a piece of land is surplus and the Council's strategic assets team will decide where that piece of land will provide the best economic, regeneration and sustainability benefits. Land identified for housing will either be retained in the Council's Housing Revenue Account or its new-build programme, or transferred to BLRP for development.

The profile of the development programme overall and within BL group will be optimised for taxation and operational efficiency, with schemes being transferred at the optimal point. For example, land may be transferred prior to commencement of construction; or at 'Golden Brick' stage (where foundations are complete and 'land' becomes 'housing' and is zero-rated for VAT purposes; or on conclusion of the scheme. In this business plan, land transfer structures have been assumed to minimise both VAT and SDLT charges.

7.5 Assumptions in the BLRP business plan

The financial model is based on the acquisition and development of 1,471 new build properties, 42 properties acquired from BL and two leased properties through the Council.

Total acquisition and development costs are estimated at £475.951 million, with total GLA grant receivable of £102.712 million, open market and shared ownership sales receipts of £92.371million.

Grant levels are £100,000 per unit for London Affordable units, £28,000 for London Living Rents properties and £28,000 for shared ownership homes.

Costs for schemes occurring prior to the completion of registration of BLRP and the subsequent transfer of development activity to BLRP, will be incurred by the Council. BLRP will then pay the Council's costs on transfer. It is to be decided whether this will include capitalised interest, though the planning assumption is that it will not be applied. A sensitivity analysis has been undertaken to model this issue in determining transfer value.

Council funding is in place for Westgate House. Financial outcomes are considered appropriate for BLRP, and fulfil the requirements of the ultimate parent company, the Council in this case.

Additional funding will be by way of a mixture of development, operational and working capital loans at the appropriate levels dependent upon tenure. The long-term operating loan assumption is an interest rate of 3.5% per annum.

The ultimate parent, Ealing Council, has made a commitment to provide the support required to ensure the successful operation of BLRP. This will provide financial resilience to withstand serious negative events.

BLRP will repay debt as well as interest on its loans from Ealing Council. The business model in section 9 below shows repayments using 100% of surplus cash balances to reduce loan balances. A formal loan agreement for drawdowns and repayments will be agreed with the Council.

8. Funding and budgets

BLRP has confidence that BL can deliver the services it requires by virtue of the SLA that will be established between the two companies, and the SLA between the Council and BL. The BL group companies will be funded by a combination of capital grant, sales receipts, and debt funding from the Council on terms that do not breach state aid rules.

The BL and BLRP Boards will be responsible for ensuring that debt can be serviced, that target returns are generated, and for approving all budgets. The programme will be managed to maximise grant take and viability, including introducing new development opportunities, though this may require business plan reapproval.

The Capital grant required to deliver this business plan totals £102.712 million and includes the following:

- £84.944 million from the original GLA allocation of £99.4 million (remaining allocation taken up by HRA schemes)
- £13.6 million additional funding agreed with GLA for balance of additional delivery on agreed schemes
- £4.168 million additional funding from RTB receipts

Sales – the development programme assumes total sales at £92.372 million from 2023 to 2025, from 184 shared ownership (SO) and 133 private sale homes. Shared ownership sales assumptions are prudent, with 35% initial sale and staircasing to 60% across the 50 year investment model. Any sales above this will benefit the business plan.

Debt finance - the BL companies will be funded by debt funding from the Council:

- BL - working capital loans in the early years to cover set up and operating costs until sufficient turnover is generated.
- BLRP – development finance to build out the schemes and long term investment finance for the long term hold, including up front at risk feasibility work, which will be capitalised as schemes progress
- BLRP - working capital to cover set up and operating costs, and for loan interest cover in the early years until sufficient turnover is generated

Funding terms will be set out in an overarching funding agreement, with development and investment funding secured on a per scheme basis.

Operational and Capital budgets for BL and BLRP respectively are set out in the following sections.

8.1 BLRP/BL budgets

BLRP will be dependent on development management services provided to it by BL, when BL becomes operational in April 2021. BL's operational budget is summarised in 8.2. BLRP's operational and capital investment budgets are summarised in 8.3 and 8.4.

8.2 BL budget summarised

BL will be funded with development management fees received from BLRP and the Council (for consultancy/management of HRA/GLA grant and regeneration schemes and other commercial activities) to cover its resourcing, operational and governance costs. It will secure working capital finance from the Council until its fee income has grown sufficiently for it to be self financing.

Operating budgets for 2021/22 will be approved by the BL board and the Council as shareholder. These include the resourcing necessary to deliver the development programme, including development management services to be provided to the Council. Budget performance will be monitored by the BL board.

BL's investment in IT systems, software and the routine supply and replacement of IT hardware, on which BLRP will rely, will be covered through the SLA for IT support from the Council. BL budgets will allow for the provision of specialist software, including a new accounting system, outside the SLA provision.

The BL operating budgets are reliant on effective management of BL staffing and resources budgets, related to the volume of development activity being progressed. These are summarised in the following sections.

8.3 BLRP operational budget

BLRP funding is provided initially through a working capital loan from the Council until income from completed schemes is sufficient to cover expenditure and to service long-term loans. All funding will initially come from the Council's prudential borrowing capability.

As a not-for-profit registered provider, and a company limited by guarantee BLRP will not distribute profits. The Council loan facility will be secured by a Debenture across the BLRP portfolio.

By 2024, total loan facilities of £257.599 million will be required, as shown in the Funding Profile table below and all of this is expected to be drawn by this date.

Funding profile table 2020-25

Funding profile by March	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Working Capital Loan Commitment	£0.125m	£0.082m	(£0.207m)	£0.216m	£0.255m
Working Capital Loans drawdown	£0.125m	£0.207m	£0	£0.216m	£0.471m

8.4 BLRP provider capital budget

Capital investment for repairs and maintenance to new homes is assumed to not be required until year 10, and our financial assumptions allow for this with major repair allowances from year 10 onwards. Early years' budgets will not include for major repairs to new-build homes. Major repairs to existing BL homes is budgeted for.

The BLRP business plan to March 2024, and the investment and feasibility activities it contains, reflect estimated capital expenditure as follows:

All BLRP schemes	By March 2021	By March 2022	By March 2023	By March 2024	By March 2025
Council borrowing (in-year)	£7.103m	£62.072m	£161.613m	£26.595m	(£18.607m)
TOTAL	£7.103m	£69.175m	£230.788m	£257.383m	£238.776m

Current forecasts indicate capital expenditure of £417.333 million by March 2025, for schemes under construction. The forecast is expected to be supported by grant of £102.712 million.

9. Financial Performance

This business plan is based on delivery of the schemes outlined above, using Council funding, over a 50 year term, during which peak debt is reached on present.

The financial performance has been subjected to sensitivity analyses to demonstrate areas of risk that could arise should circumstances change.

9.1 BLRP financial model

The BLRP financial model - which is the key financial performance indicator in this business plan in terms of assets and scale of finance involved - works on industry standard assumptions and debt assumptions as set out in the confidential appendix.

The figures shown reflect the assumption that loan funding is available from the Council either as development related, working capital or long term loan sufficient to balance income and expenditure in each year. From year 4 there is sufficient income generated to enable the loans to start to be repaid. This 'revolving facility' reduces the loan and therefore the amount of interest payable.

The financial performance of the base plan demonstrates that BLRP can meet its objectives of providing social housing that can be retained within the wider Ealing Council group of companies.

9.2 BLRP Base Plan sensitivity analysis

A robust set of sensitivity analyses have been applied to model, as required by the Regulator of Social Housing, is contained in the confidential appendix. These describe and analyse a series of scenarios that may arise and could impact on viability. They identify potential risks, suggest potential mitigation strategies and show the impact on the financial viability performance in comparison to the base model in the table above.

The cashflow model is based on acquisition of new build properties at the start of BLRP's activity but follows the fixed loan schedule laid out within the financing agreement. Both the interest and debt repayments are on a fixed term. Therefore, through sensitivity testing, if additional borrowing (with the exception of short-term loan for development) is required, then this is treated on a revolving basis with a cash sweep of 100% for repayment from future cash surpluses, so future cash surpluses pay down debt as a priority.

Therefore the business model based on 1,196 rented properties and 184 shared ownership properties is adequately funded to manage and maintain the stock over the longer term, and to withstand a reasonable level of adverse trading conditions. The parent company has given a guarantee to support the company if it experiences financial difficulties.

10. Enabling activities

These are the enabling activities that BL will provide to BLRP through an SLA with BL once this business plan is approved and SLAs are in place. BL will be fully resourced to do this.

10.1 People and resources

BL group is currently operating with resources provided by the Council. On approval of this business plan by BL Board and the Council as shareholder, and agreement to the funding framework set out in this plan, BL will implement its resourcing plan, enabling BLRP to deliver this business plan.

BL's resourcing plan includes provision for specialisms in residential development, finance, and in support services such as IT, legal, and company secretariat. Resources will be required sufficient to operate a multi-company structure, including a registered provider of social housing, that will deliver a complex urban regeneration programme with capital budgets up to £250 million annually.

Development resources will be retained in house at BL, and corporate services will be procured via SLAs with the Council (see 10.2 below).

The BL Board approved a headline resource plan in December 2019, and a detailed resource plan in August 2020, supported by independent benchmarking and advice. The detailed plan, includes the organisational structure, role profiles for each role, an employment policy framework, and a strong offer on pay and other rewards. The plan also maps optimal resourcing needs through the first year to ensure resources are brought in as needed.

The staff complement will be resourced through direct recruitment and through Transfer of Undertakings (Protection of Employment Regulations) (TUPE) from Ealing's Housing and Regeneration department. Initial direct recruitment and TUPE transfer will be complemented with interim appointments and consultants as necessary. The full staff complement is not required from day one but will be recruited as the programme is secured and moves forward, with the recruitment of specialist delivery roles taking schemes from pre-construction to completion and into defects management

The TUPE of staff from the Council to BL is subject to consultation, which will begin following approval of this business plan by the Council. Both BL and the Council have approved the principle of of TUPE transfer. .The Council's HR team will support in scope Council staff throughout this process; BL will have independent advice.

BL will act as employer for the BL group of companies, and new recruits will be contracted into BL on new terms and conditions approved by BL.

BL has adopted employment policies as required by statute and additional policies as indicated by good practice to enable it to become an employer. Employment policies are based on extant Ealing policies where appropriate. New polices, needed to reflect the nature of employment under new terms and conditions, reflect industry good practice. . All policies will be capable of review and amendment as required.

BL will also require a payroll system, to be able to offer pensions both to TUPE and new staff, and have appropriate employer insurances. It is proposed that the Council's HR service will offer payroll and pension services under an SLA. To continue provision of pensions to TUPE staff, BL will apply for admitted body status to the Local Government Pension Scheme (LGPS) now operated by the Council. It is proposed to establish a defined contributions pension plan for new employees.

BL Board has approved its corporate values, which will form the framework for the corporate culture and behaviours (set out in Section 5 above). This framework will be developed and implemented by the BL senior leadership team once appointed.

10.2 Corporate Infrastructure

Service Level Agreements (SLAs)

BLRP has entered into SLAs with the Council for the provision of finance, IT, legal, property management and tenancy management services. BL has existing arrangements with the Council for 'back office' and housing management services for its existing stock. Under the new structure, the parties will enter into the following suite of SLAs:

BL/BLRP: Development and sales services; governance and operational support

BL/Council: Development, sales, and regeneration development management services

Council/BL: all back office services, including HR

Council/BLRP: all back office services, new Housing and property Management contract.

By entering into the SLAs with the Council, the BL group will be contracting with an external entity. It is imperative therefore, that the contract incorporates standard commercial terms and creates clear service standards and accountability by defining the service relationship and establishing the terms of the service, its quality, and the fees to be paid.

Use of the Council's resources (staff and systems) will assist in making BL group a robust trading entity. Given the similarity of the Council and BL companies' activities, the Council will be able to offer the companies a significant level of value for money that it may find hard to match with another provider. This in itself will contribute to the wholly-owned Council companies being robust and help protect the Council's investment.

Office premises, ICT systems

BL staff will be located at Perceval House for at least the first year of operation, and it will rely on the council's email, data management and other ICT systems and services. The budget 20/21 includes an allowance to cover office and ICT overheads.

Website and supporting e-comms

BL group has its own website which it maintains. It is developing a communications strategy including internal and external communications and marketing. The communications strategy will be presented to the BL and BLRP Boards for approval.

Insurances

Appropriate insurances will be required to support corporate and delivery activities (e.g. Directors' liability, public liability, buildings insurances, etc) for BL and BLRP.

10.3 Professional, taxation and regulatory registrations

The BL Boards will be responsible for ensuring that each company is registered appropriately with all statutory and trade bodies required to support the effective functioning of these companies.

There will be a range of registrations for the companies to put in place including, but not limited to, VAT registration and VAT group, Construction Industry Scheme and potentially a landlord association such as the National Housing Federation and/or Acuity.

The BL Boards will ensure that all policies required to support the mobilisation and effective functioning of the BL companies (both individually and as a group) across the business plan period are put in place.

The Boards will ensure, where possible, that policies mirror or support those of the Council.

Each of the Boards will prepare, maintain and review a schedule of all policies.

10.4 Planned procurement and agreements

BL will develop a procurement policy to cover all its procurement activity and BL companies expect to undertake the following procurements by March 2024:

- Professional advisors and contractor procurement for development schemes
- Formal tax advice for development schemes and land transfers to ensure tax efficiency and full awareness of tax implications
- Services to support executive and corporate functions of BL companies (where these are not provided by the council)
- BL will procure a new accounting system to replace the existing system, Quickbooks, as this system is not scalable to manage the volume of business anticipated
- Tenancy management and asset management services – BL currently engages the Council's landlord services for its existing stock. It is proposed to extend this to cover homes in BLRP, and BLRP has signed a Housing Management contract with the Council.
- Specialist technical service providers

BLRP will remain compliant with EU procurement legislation as adopted into UK law.

Key agreements

The Boards of each company will enter into a range of key agreements and contracts over the business planning period to deliver development, estates and tenant management activities, and corporate activities. These are likely to include (but not exclusively):

- Form of agreement(s) for lease
- Form(s) of lease and associated agreements (e.g. warranties, wayleave agreements)
- Funding and associated agreements and finance documents
- Lease and tenancy agreements
- Service contracts for service providers
- Construction contracts and associated agreements such as warranties, parent company guarantees, bonds etc
- Estates and tenant management services contract
- Planning agreements including S106 agreements, S278 agreements etc
- Service level agreements

Within BL, all contracts and agreements will be reviewed and approved by the relevant party/parties to the contract in accordance with BL policies.

Where the Council is counterparty to a key agreement or contract, the Council's own decision-making rules and processes as set out in the Council's constitution will govern the Council's endorsement of the respective agreement or contract.

10.5 Branding and corporate identity

BL group will continue to develop its corporate identity during 2020/21, of which BLRP will be a key element, and ensure that the supply chain and all stakeholders understand:

- What BL group is, and its structure, and the role of BLRP within that
- Its relationship with the Council
- The mission given to it by the Council
- Why it is taking the actions that it is

A key part of this will be continuing to explain how BLRP and BL (forming the BL group) is supporting the Council's ambitious plans to build more and better homes for the people of Ealing. This process will also lay the foundation for future marketing of homes for sale and rent.

BL group recognises the need to align the messaging it uses externally with internal messages to create a high-achieving employee culture. A strong employer brand will help to minimise employment turnover.

BL group will continue to develop and publish content for a range of audiences, to be released as press releases, social media posts and presence at industry events. This will be complemented by marketing development work: identifying and targeting new developers, stakeholders and audiences for Broadway Living.

BL group will develop guiding principles for handling and differentiating between corporate communications (such as press releases, leaflets or video content) and customer service communications (such as estate maintenance queries). A process will be developed and agreed to decide who deals with different queries, the length of time to respond to questions and how any complaints and requests from tenants in BL properties are dealt with separately from press/industry liaison.

11. Risk management and mitigation

BLRP has adopted a risk management policy and process which requires risk to be actively managed and routinely updated and reviewed by the Board no less than four times a year.

A 'risk aware' culture encourages the identification and assessment of risks on a corporate and development programme level, identifying and assigning ownership for mitigation.

The Board is required to maintain risk registers, to support them in monitoring and managing the risks associated with all business activities proposed in this business plan. Risks are assessed in accordance with established Ealing Council risk management guidelines for capital projects, including the application of a pre- and post-mitigation risk score.

When recommending this business plan to the Council's Cabinet for approval, the BL Boards will bring to the Council's attention (as BL shareholder) the key, or headline risks associated with this plan.

11.1 Processes for identification and management of corporate, project and programme risk

- Project risk registers: Each project will have a risk register (example risk log attached). Reviewed in each 1 to 1 meeting between Senior Managers and Project Managers.
- Programme risk register: Programme level risk register reviewed monthly.
- Corporate risk template produces red, amber and green risks using a risk categorisation and ratings system. All risks reported to Board, with a recommendation to proceed with the level of risk identified, taking account of mitigation measures.
- Escalation process: Pipeline and Programme meeting reviews all red risks for each project.

All project risk registers are reported to the board as part of the approvals process.

The risks set out in the extract from the risk register (below) are the main Corporate and Development Programme risks, with potential mitigation strategies, identified by the BL/BLRP Boards that could hinder delivery of the proposed development programme, or represent future financial risks to the Council as provider of any funding for the development programme (and thereafter the new housing stock under management).

Key strategic risk	Type of risk	Risk effect	Mitigation
Loan funding - future loan terms	Corporate	Increase in interest rates reduces BP capacity and viability.	Treasury Strategy ensures sufficient funds on agreed terms to deliver development pipeline. Funding forecast refreshed annually.
Failure to implement the new company transition plan	Corporate	Risk to delivery of business plan.	Close senior level working between BL and the Council on structures; systems; processes and Governance identified in the plan. Regular oversight by Board.
Service failure – BL or Council	Corporate	Inability to achieve business plan.	Regular contract management of services with clear accountability and KPIs. Report by exception to Board on issues arising. Ability to terminate and procure services elsewhere.
Reduced grant levels/loss of GLA grant status.	Programme	Inability to achieve business plan	Grant assumed in business plan secured with GLA. Future additions to the development programme will be based on latest grant prospectus assumptions. Audit compliant systems in place.
Covid 19 risk - business continuity, income, service delivery, customers, Health and Safety, delays to development, future design.	Programme	Delays to development; loss of rental income, increased operational costs, design changes lead to increased build cost; reduced demand for apartments.	Delay risk to grant programme assessed and agreed with GLA. Development Guide designed to address Covid19 demand for homeworking/additional space/access to outside space etc. Regular review of Covid related risk with Boards.
Development risk - delay, quality, cost	Programme	Inability to deliver new homes and revenues.	New development control system and procedures to be implemented. Asset Board monitors all development schemes in detail. Documentation to be agreed by Board e.g. Standard Employer Requirements. Use of procurement framework for contractors/consultants. Regular development report to Board.
Development and sales market risk	Programme	Loss of planned revenue income with financial impact and unsold stock. Inability to deliver business plan without financial support.	No sales income forecast until 2022/23. Monitor cumulative impact of investment in schemes with sales as well as scheme by scheme. Cautious risk appetite for market sale in current climate.
Governance/Regulatory failure due to failure to embed new structure with Council, Boards and Leadership team.	Corporate	Downgrading of RP by Regulator for Social Housing, suspension or loss of grant programme.	Fully documented procedures. External Company Secretary arrangements. Governance framework to be embedded in BL/BLRP, Executive and Council as shareholder. Governance review commissioned and due to report to Boards December 2020.

BLRP risk management

Corporate risk: BLRP and BL officers will identify, monitor, report and manage corporate risks.

Programme risk: Detailed management of scheme and programme level development risk BLRP works to the following Governance structure :

Pipeline and Programme meeting

These are monthly, attended by senior management, including Finance Team

- Assesses new BLRP schemes under consideration for inclusion in the programme, on the basis of:
 - Financial viability, in the context of scheme hurdles and business plan capacity.
 - Quality assessment, against the adopted BLRP Development Guide.
 - Scheme risk analysis to show major risks and mitigation measures.
 - Programme level cumulative risk impact.
- Sets budget for scheme assessment and delivery to each Gateway stage (see below).
- Monitors progress of approved BLRP schemes and programme through acquisition, tendering, SOS and completion.
- Monitors critical milestone data for delivery and for the GLA funding allocations.
- Reports to Asset Board, BLRP Board and Council Cabinet to seek approvals, and to report on progress, programme risk, and financial position against the business plan.

Asset Board

These are monthly, attended by directors

- Considers schemes for inclusion in programme and recommendation to BLRP Board and Council Cabinet at the following Gateway stages:
- Gateway 1 - follows site identification and a high-level capacity study. Approves start of design and the planning pre-application process to enable a firm land offer to be made.
- Gateway 2 - approval to progress the scheme through the detailed planning process and tender the building contract.
- Gateway 3 –approval to enter into the building contract/Development Agreement.

BLRP Board

These are monthly, attended by Board members with executive officers (from BL and BLRP in attendance as required)

- Annual approval of BLRP business plan and necessary funding.
- Approval of programme of housing development schemes
- Approval of GLA programme and claim deadlines.
- Approval of at risk budgets for each scheme
- Approval of schemes at each Gateway, in accordance with Delegated Authorities.

All approvals require consideration of scheme/programme viability, and consideration of scheme and programme risk analysis.

12. Beyond 2025 and conclusions

A strategic objective of BL group is to secure a sustainable programme of development for 2023/24 and beyond, to meet the target of 250 new, genuinely affordable homes in Ealing a year, the majority of which will be owned by BLRP.

The schemes forming this BLRP business plan have been selected on the basis they can start on site by March 2023. All schemes either contribute to achieving GLA grant programme targets or support the delivery of the Council's major projects (e.g. Perceval House), and are the early focus of BL's activities.

To secure a sustainable programme of development, however, BL needs to identify additional schemes to start after March 2022.

BL is not restricted to developing on Council land and market opportunities are considered. One site in the programme is a s106 opportunity procured in the market for example, while another is a collaboration with a private developer who has brought in an adjacent site to maximise a development opportunity.

We are in discussions with a private developer over a very significant opportunity in the market which will potentially bring forward a significant number of new affordable homes over a period of years. We are also being approached by landowners and developers who can see a real benefit in working with BLRP on affordable led housing schemes due to the RP's strong links to the Council

We anticipate opportunities will continue to arise in the market. We will pursue these opportunities where they are acceptable in terms of design, location and viability.

We are working on proposals for the redevelopment of a number of school sites across the borough to provide new housing and new school or other facilities. These proposals could be introduced into the business plan in 2021 and secure a programme of new homes from 2023.

In addition to these schemes, the Council has also identified additional land that could be developed in the longer term with the potential for a further 6,000 new homes. BL will assess this additional land and progress opportunities using the agreed diligence and governance processes between BL and the Council, to form a programme of starts in 2024/25 and beyond.

BL will initially focus on securing starts for schemes in this business plan. As planning approvals for these are secured, accountability for and activity on these schemes will pass from the new business team to the development team. This will free new business resources to progress further opportunities on Council land and in the market to form the future programme.

BL will bring forward further opportunities for consideration by its Boards and the Council as shareholder for inclusion in the business plan and development programme.



**Broadway Living RP
Business Plan**
June 2020 - 2025

Appendix 1
Confidential





**Broadway Living RP
Business Plan**
June 2020 - 2025

Appendix 2
Tenures Definitions



**BROADWAY
LIVING**

Tenures definitions table

Tenure	Tenure	Service Charge	Rent increase	Tenancy type	Letting	Grant
London Affordable Rent (LAR)	Published annually by GLA. Current weekly range: £155 - £200	Addition	Published by Government. Currently CPI + 1%.	Assured tenancy	Nominations	£100k current grant per unit
London Living Rent (LLR)	Benchmarks by ward published monthly by GLA. Based on third of average local incomes. Typically 2/3 of market.	Inclusive	CPI (max)	Assured shorthold Assumes future purchase.	Nominations	£28k current grant per unit
Shared Ownership (S/O)	Leasehold purchase of equity in a property. Typically 35% of value, with ability to buy further tranches. Rent charged at 2.75% on unsold equity.	Addition	RPI +0.5%, under the lease.	Leasehold	Nominations & marketing. Affordability tests.	£28k current grant per unit
Tenure	Rent	Service Charge	Rent increase	Tenancy type	Letting	Grant
London Affordable Rent (LAR)	Published annually by GLA. Current weekly range: £155 - £200	Addition	Published by Government. Currently CPI + 1%.	Assured tenancy	Nominations	£100k current grant per unit