

To: Members of the Policy Committee

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8 January 2021

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NOTICE OF MEETING - POLICY COMMITTEE 18 JANUARY 2021

A meeting of the Policy Committee will be held on Monday, 18 January 2021 at 6.30 pm via Microsoft Teams. The Agenda for the meeting is set out below.

ITEMS FOR CONSIDERATION IN CLOSED SESSION

1. EXCLUSION OF THE PRESS AND PUBLIC

The following motion will be moved by the Chair:

“That, pursuant to Section 100A of the Local Government Act 1972 (as amended) members of the press and public be excluded during consideration of the following items on the agenda, as it is likely that there would be disclosure of exempt information as defined in the relevant Paragraphs of Part 1 of Schedule 12A (as amended) of that Act”

2. DECLARATIONS OF INTEREST FOR CLOSED SESSION ITEMS

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|--|---------------------|---------------|
| 3. LOCAL AUTHORITY NEW BUILD - WENSLEY ROAD ESTATE IMPROVEMENTS | MINSTER | 5 - 6 |
| 4. RIVER VIEW INTERIM BLOCK CONTRACT: NURSING DEMENTIA | BOROUGH WIDE | 7 - 12 |

ITEMS FOR CONSIDERATION IN PUBLIC SESSION

- | | |
|------------------------------------|----------------|
| 5. CHAIR'S ANNOUNCEMENTS | |
| 6. DECLARATIONS OF INTEREST | |
| 7. MINUTES | 13 - 20 |
| 8. PETITIONS AND QUESTIONS | |

To receive any petitions from the public and any questions from the public and Councillors.

9.	DECISION BOOKS		21 - 22
10.	THAMES VALLEY POLICE		
	To receive presentations from the Thames Valley Police Chief Constable and Police & Crime Commissioner.		
11.	ADULT SOCIAL CARE ASSET REVIEW AND CAPITAL STRATEGY	BOROUGH WIDE	23 - 64
	This report provides an overview of the Adult Social Care (ASC) Asset Review and Capital Strategy and sets out a recommended option proposing the development of two sites to provide a consolidation of ASC services, which allows the needs of service users to be met and enables housing opportunities to be maximised.		
12.	SITES TRANSFER - APPROPRIATION OF LAND FROM THE GENERAL FUND TO THE HOUSING REVENUE ACCOUNT	BOROUGH WIDE	65 - 72
	This report seeks approval to appropriate four vacant sites, earmarked for housing in the Local Plan, from the General Fund to the Housing Revenue Account, in order that they can be considered for the development of new council housing.		
13.	SUPPORTED LIVING RENT INCREASE FROM APRIL 2021	BOROUGH WIDE	73 - 80
	This report proposes a rent increase within the Council's Supported Living properties utilised within Adult Social Care to bring rents in line with similar Council properties.		
14.	LOCAL AUTHORITY NEW BUILD - WENSLEY ROAD ESTATE IMPROVEMENTS	MINSTER	81 - 86
	This report requests spend approval to deliver the proposed development of 46 homes, 25 new garages and wider estate improvements at Wensley Road, and also seeks authority to award contracts for the proposed development and the appropriation of a number of garages to the Council's Housing Revenue Account.		
15.	EXTERNAL FUNDING APPLICATIONS FOR LOW CARBON INVESTMENT	BOROUGH WIDE	87 - 146
	This report informs the Committee of funding applications being submitted and prepared in pursuit of funding opportunities which will help deliver the Council's policy commitments in relation to climate change and seeks approval to spend grant funding should the applications be successful.		
16.	ACCEPTANCE OF CULTURE RECOVERY FUND GRANTS	BOROUGH WIDE	147 - 154

This report advises the Committee of the award of grants from the Arts Council England culture recovery fund and The National Lottery Heritage Fund's culture recovery fund for heritage, totalling £1.069m.

17.	CIVIL ENFORCEMENT (PARKING) CONTRACT AND PARKING STRATEGY - UPDATE	BOROUGH WIDE	155 - 160
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This report provides an update on the development of a new Parking Strategy and a new Civil Enforcement Contract, and seeks approval for a two-year extension to the contract for Civil Enforcement with NSL Ltd.

18.	SUPPORTING HOUSING DELIVERY AND PUBLIC SERVICE INFRASTRUCTURE - CONSULTATION RESPONSE	BOROUGH WIDE	161 - 176
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This report sets out a proposed response to a government consultation on proposed changes to the existing planning system including a new permitted development right to change commercial uses into residential, changes to simplify and streamline the process for new and extended public service infrastructure, and consolidation and simplification of some existing permitted development rights.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Present: Councillor Brock (Chair);

Councillors Page (Vice-Chair), Duveen, Emberson, Ennis, Jones, Skeats, Stevens, Terry and White

Apologies: Councillors

RESOLVED ITEMS

60. DECLARATIONS OF INTEREST

Councillor Ennis declared a non-pecuniary interest in Item 69 on the basis that he was the Chair of the Youth Offending Service, which was provided by Brighter Futures for Children.

61. MINUTES

The Minutes of the meeting held on 2 November 2020 were agreed as a correct record and would be signed by the Chair.

62. QUESTIONS

Questions on the following matters were submitted by Councillors:

	<u>Questioner</u>	<u>Subject</u>	<u>Reply</u>
1.	Cllr White	US-Uk Trade Deal	Cllr Brock
2.	Cllr J Williams	Rogue Algorithms	Cllr Brock
3.	Cllr Manghnani	Use of Fireworks	Cllr Emberson
4.	Cllr White	Council accepting reduced offer for Central Club	Cllr Brock

(The full text of the questions and responses was made available on the Reading Borough Council website).

63. DECISION BOOKS

The Assistant Director of Legal & Democratic Services submitted a report listing the Decision Books that had been published since the report to the previous meeting of the Committee held on 2 November 2020.

Resolved -

That Decision Book Nos 614-617 be noted.

64. 2020/21 QUARTER 2 PERFORMANCE AND MONITORING REPORT

POLICY COMMITTEE MEETING MINUTES - 14 DECEMBER 2020

The Executive Director of Resources submitted a report sets out the projected revenue and capital outturn positions for 2020/21 for both the General Fund and the Housing Revenue Accounts as at the end of September 2020 (Period 6). Attached to the report at Appendix 1 was the Financial Monitoring for Quarter 2 and at Appendix 2 the Performance report for Quarter 2.

The report explained that the forecast General Fund revenue outturn position as at the end of Quarter 2 was a £0.667m overspend. This forecast included gross revenue pressures of £20.050m arising as a direct result of Covid-19. The Housing Revenue Account (HRA) was currently projecting an underspend of £1.880m as at the end of Quarter 2. The General Fund Capital Programme was forecast to underspend by £111.231m this year. This was predominantly because the £80m budget for commercial property would not be used. The HRA Capital Programme was currently forecast to underspend by £15.146m due to delays to the delivery of the Major Repairs Scheme and Phase 2 and Phase 3 of the New Build and Acquisitions Schemes.

The combined gross revenue and capital pressures as a result of Covid-19 totalled £20.350m. This was partially offset by a total allocation of £9.775m of Central Government general support grant and an estimated £0.837m furlough grant claim and an estimated £6m in income compensation. This gave a net projected pressure caused by Covid-19 of £3.738m. A fourth tranche of Government general support grant had been announced on 12 October 2020, of which Reading's share was 3.494m. This had not been included within the Quarter 2 projections but would be reflected in future reports.

Resolved -

(1) That it be noted that:

- a) The forecast General Fund revenue outturn position as at the end of September 2020 was a net overspend of £0.667m, due to an overspend of £19.247m on services budgets mitigated by an underspend of (£1.968m) on corporate budgets and Government Covid-19 Grants of (£16.612m) which comprised (£9.775m) of general support funding, an (£0.837m) furlough claim and an estimated (£6.000m) income compensation claim;
- b) The Housing Revenue Account was forecast to underspend by (£1.880m) as at the end of August 2020;
- c) The General Fund Capital Programme was forecast to underspend by (£111.231m) and the HRA Capital Programme is forecast to underspend by (£15.146m) due to delays to the delivery of the Major Works Scheme and Phase 2 and Phase 3 of the New Build and Acquisitions Schemes as at the end of September 2020;

- (2) That the removal of the “Purchase of Commercial Property” capital scheme from the General Fund Capital Programme for the current and following two years be approved.

65. 2021/22 DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2021/22-2023/24 - INTERIM POSITION

The Director of Resources submitted a report setting out an interim position in relation to the Council’s draft Medium Term Financial Strategy (MTFS) and associated spending plans for the three years 2021/22 to 2023/24 for public consultation. The report covered all aspects of the Council’s spend: General Fund revenue expenditure funded by Council Tax, Business Rates, government grant and other sources of income; Housing Revenue Account (HRA) expenditure, funded by council tenants’ rents; and the Council’s Capital Programmes (General Fund and HRA) funded by grants and contributions, capital receipts, revenue and prudential borrowing. The following documents were attached to the report:

- Appendix 1 - Summary of Interim General Fund Budget 2021/22 to 2023/24
- Appendix 2 - Interim General Fund Revenue Budget by Service 2021/22 to 2023/24
- Appendix 3 - Detailed Interim General Fund Budget Changes 2021/22 to 2023/24
- Appendix 4 - Interim Housing Revenue Account Budget 2021/22 to 2023/24 and Reserves
- Appendix 5 - Interim General Fund and HRA Capital Programme 2021/22 to 2023/24
- Appendix 6 - Flexible Capital Receipts Strategy
- Appendix 7 - Fees and Charges
- Appendix 8 - Equality Impact Assessment

The report explained that work was ongoing to close the Council’s budget gap and present a balanced budget for 2021/22 and MTFS. The Draft General Fund Revenue Budget proposals included within the report and the associated MTFS were based on the latest information available, but a number of matters and assumptions remained to be including the formal determination of the Council Tax Base, the impact of the Spending Review and the subsequent Provisional Local Government Finance Settlement expected in mid-December, and agreement of the Business Plan and associated contract sum for Brighter Futures for Children. Following a consultation on the draft Budget and resolution of the above matters a further report would be brought to Policy Committee on 15 February 2021 recommending approval of a balanced budget to Full Council.

The report explained that the MTFS built on work over the previous two to three years and sought to facilitate vital investment in core infrastructure to drive efficiency improvements, facilitate service redesign and thereby manage pressures within demand led services. This invest to save approach enabled vital and valued services to continue to be delivered albeit differently. The Budget Strategy relied on significant service transformation to drive increased efficiency savings and income generation. Budgets to support children’s services (agreed as part of the existing MTFS) included growth to recognise inflationary pressures as well as demographic growth, but also robust savings

and efficiency targets underpinned by contingency provision to mitigate against slippage or non-delivery of the most challenging savings. These assumptions were currently under review as part of the ongoing work with BFFC to agree its Business Plan and contract sum.

Resolved -

That the Interim Draft 2021/22 General Fund and Housing Revenue Account budgets, Draft Capital Programme and Medium-Term Financial Strategy as set out in Appendices 1-8, be agreed for consultation, noting the following:

- a) the Council's Interim General Fund Budget Requirement of £143.702m for 2021/22 and an assumed increase in the band D Council Tax for the Council of 1.99% plus an additional 1.00% Adult Social Care precept, or £50.60 per annum representing a band D Council Tax of £1,742.76 per annum as set out in paragraphs 12.1 to 12.3;
- b) the potential impact on the budget gap of increasing the additional adult social care precept in 2021/22 as set out in paragraph 12.5;
- c) the proposed service savings and efficiencies of (£12.5m) and additional income of (£0.8m) currently proposed in 2021/22 and set out in Appendix 2, plus corporate savings of (£0.9m);
- d) the overall savings currently proposed within the MTFS of (£27.7m) (of which changes to income, fees and charges is (£5.3m)), plus the three-year growth changes to service budgets of £20.4m as set out in Appendix 3;
- e) the Housing Revenue Account Interim budget for 2021/22 of £41.8m as set out in Appendix 4 which assumes a 1.5% increase in social dwelling rents from April 2021 giving a revised weekly average target rent of £104.11 as set out in paragraph 16.2;
- f) the General Fund and Housing Revenue Account Interim Capital Programmes as set out in Appendices 5a and 5b;
- g) the Strategy for the use of flexible capital receipts to deliver future transformation and ongoing savings as set out in Appendix 6; and
- h) the Fees and Charges outlined in Appendix 7 of the report.

66. LOCAL GOVERNMENT BOUNDARY COMMISSION REVIEW OF WARD BOUNDARIES 2019-20

Further to Minutes 20 and 38 of the meetings of Policy Committee on 15 July and 26 September 2019, and Minute 27 of full Council on 4 November 2019, the Returning Officer and Electoral Registration Officer submitted a report to inform the Committee of the final recommendations of the Local Government Boundary Commission for England

POLICY COMMITTEE MEETING MINUTES - 14 DECEMBER 2020

(LGBCE) review published on 29 September 2020, which were attached to the report at Appendix 1.

The report noted that the LGBCE had been undertaking an electoral review of the Council in its 2019-20 programme, because the 2017 canvass had showed over 30% of the authority's current wards (5 out of 16) had a variance greater than 10% from the authority's average ratio of electors. The LGBCE had accepted the authority's submission, agreed by Policy Committee on 15 July 2019, that the authority continue to have elections by thirds, and that the number of Councillors be increased from 46 to 48, representing 16 three-member wards across the Borough, in recognition of the significant projected growth in the Borough's electorate.

The following stage of the review had been a public consultation on warding patterns, and the full Council meeting of 4 November 2019 had agreed the authority's submission. The LGBCE had then commenced its consultation on its Draft Recommendations on 4 February 2020. It had received comments from one Borough MP, one Councillor, three local political parties, five local community organisations, and 20 local residents. The LGBCE had issued its Final Recommendations on 29 September 2020 which were attached to the report. They provided for a Council of 48 Members, representing 16 three-member wards, all elected by thirds. The new warding arrangements would come into effect from May 2022, when all-out elections for all 16 wards would be held.

Resolved -

- (1) That the Final Recommendations of the LGBCE dated September 2020 on the new electoral arrangements for the Council, be noted;**
- (2) That the Returning Officer be authorised to take all necessary action to implement the new electoral arrangements in May 2022, including reviewing polling district boundaries and polling places.**

67. CORPORATE DEBT RECOVERY POLICY

The Executive Director of Resources submitted a report seeking approval for an updated Corporate Debt Recovery Policy, which was attached to the report at Appendix 1.

The report noted that the Council's current Corporate Debt Recovery Policy had been approved by Policy Committee at its meeting on 3 November 2014 (Minute 47 refers) and had enabled all Directorates to have consistent debt recovery processes, and fully understand their role and responsibilities in the process. The Policy and its Appendices were a compilation of recovery policies relating to outstanding debts raised by various departments across the Council, and had been reviewed in conjunction with all departments to ensure its accuracy and viability.

The report noted that the benefits to the Council of the proposed policy would include achieving the best possible cash flow whilst ensuring that the liability to pay was calculated correctly, providing good financial management and control across the Council, providing a basis for enforcement action to be reasonable, and ensuring that

those who were vulnerable were assisted in meeting their financial obligation to the Council.

Resolved -

- (1) That the Corporate Debt Recovery Policy, as set out at Appendix 1, be approved;**
- (2) That delegated authority be given to the Chief Finance Officer, in consultation with the relevant Lead Councillor, to make minor amendments to update the Policy and to reflect any service improvements or changes in the future.**

68. SOCIAL VALUE POLICY

The Executive Director of Resources submitted a report seeking approval for a proposed Social Value Policy. Attached to the report at Appendix 1 was the National TOMs (Themes, Outcomes, Measures) overview and at Appendix 2 the draft Social Value Policy.

The report noted that the Council wanted to ensure best value from all its procurement and contracts, including the attainment of social value which supported the Council's Corporate Plan priorities and added value to Reading residents. To provide a framework for commissioners and contract managers across the Council setting out how to derive social value from procurement and contract management activity, as well as provide clarity for suppliers on how it would be measured, together with key areas of interest, it was proposed that the Council adopt a Social Value Policy. The draft proposed for adoption was attached to the report at Appendix 2.

The report explained that the draft Policy was not intended to define priorities for social value in absolute terms as it needed to be relevant and proportionate to the contract being let. However, it was expected that social value sought would be in line with the Council's corporate priorities and Corporate Plan. Additionally, in response to Covid, support for skills, employment and digital inclusion were included as a theme. The report outlined how it was intended to measure and monitor the social value obtained to ensure that the desired outcomes were being delivered.

Resolved -

That the draft Social Value Policy as attached at Appendix 2, together with the proposed approach to obtaining and measuring social value as outlined in the report, be agreed.

69. BRIGHTER FUTURES FOR CHILDREN CONTRACTS PERFORMANCE REPORT

The Executive Director of Resources submitted a report asking the Committee, in its capacity as sole member for Brighter Futures for Children Limited (BFfC/ 'the Company'), to note the Company's retrospective finances and performance report for the financial year 2019/20, which was attached to the report at Appendix 1.

The Company's report included a Strategic report, Directors' report, Independent auditor's report, Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows, and notes to the financial statements.

Resolved -

That the Committee, in its capacity as sole member for BFfC, note the BFfC retrospective finance and performance report for 2019/20.

70. EXCLUSION OF THE PRESS AND PUBLIC

Resolved -

That pursuant to Section 100A of the Local Government Act 1972 (as amended), members of the press and public be excluded during consideration of Items 71-73 below as it was likely that there would be a disclosure of exempt information as defined in the relevant paragraphs specified in Part 1 of Schedule 12A to that Act.

71. REFURBISHMENT OF GRANVILLE ROAD 'B' LIFTS

The Executive Director of Economic Growth and Neighbourhood Services submitted a report seeking approval to award a contract to refurbish the existing 'B' lifts at the eight-storey blocks on Granville Road, and to increase the allocated expenditure for these works in the Housing Revenue Account.

Resolved -

- (1) That the award of contract for the refurbishment of the 'B' lifts at Blocks 28, 34, 38 and 42 Granville Road to Liftec Lifts Limited at the value set out in the report be approved, and that the Assistant Director of Housing and Neighbourhoods be authorised to finalise and award the contract;**
- (2) That a revised capital expenditure in the Housing Revenue Account across the financial years 2020/21 and 2021/22 for these works be approved, as set out in the report.**

72. FINANCIAL SYSTEM PROCUREMENT

The Executive Director of Resources submitted a report on the proposed re-procurement of the Council's core financial system and seeking approval to award a contract following the procurement process. The current contract would expire on 2 December 2021.

Resolved -

That the re-procurement of the Council's core financial system be endorsed and that the Executive Director of Resources, in consultation with the Lead

Councillor for Corporate and Consumer Services and the Assistant Directors of Procurement, ICT and Legal and Democratic Services, be authorised to award a new contract.

73. DIGITAL FUTURES FOUNDATION (ICT FUTURE OPERATING MODEL) UPDATE

Further to Minute 51 of the meeting held on 28 September 2020, the Executive Director of Resources submitted a report on the progress of 'Digital Futures Foundation' the project to implement the ICT future operating model. The report set out a recap of the agreed model, an update on progress towards transition on 31 March 2021, and details of the procurement of Unified Communications and End User Workspace for which preferred bidders had been identified.

Resolved -

That the progress made by the project to date be noted and that a further progress report on progress be made to the Committee in March 2020.

(The meeting started at 6.30 pm and closed at 8.30 pm)

REPORT BY ASSISTANT DIRECTOR OF LEGAL AND DEMOCRATIC SERVICES

TO:	POLICY COMMITTEE		
DATE:	18 JANUARY 2021		
TITLE:	DECISION BOOKS		
LEAD COUNCILLOR:	COUNCILLOR BROCK	PORTFOLIO:	LEADER OF THE COUNCIL
SERVICE:	LEGAL & DEMOCRATIC SERVICES	WARDS:	BOROUGHWIDE
LEAD OFFICER:	MICHAEL GRAHAM	TEL:	0118 937 3470
JOB TITLE:	ASSISTANT DIRECTOR, LEGAL AND DEMOCRATIC SERVICES	E-MAIL:	michael.graham@reading.gov.uk

1. PURPOSE OF THE REPORT AND EXECUTIVE SUMMARY

- 1.1 The Decision Book process was amended on 25 March 2020 to disapply the previous councillors' call-in arrangements within the 10-day period after its publication and replace it with the ability to seek a review of the decision retrospectively, and to keep the changes in force temporarily during the ongoing Covid-19 situation.
- 1.2 To complement the amended process the list of Decision Books published will be reported to Policy Committee as a standing item on the agenda.
- 1.3 The following Decision Book reports have been published since the previous report to Policy Committee:

No.	Title	Date
619	One Reading Community Hub - VCS Funding	05/01/2021
618	Kickstart Funding	17/12/2020

2. RECOMMENDED ACTION

- 2.1 That the Decision Book Reports be noted.

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READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR FOR SOCIAL CARE AND HEALTH AND EXECUTIVE DIRECTOR FOR ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	18 JANUARY 2021		
TITLE:	ADULT SOCIAL CARE ASSET REVIEW AND CAPITAL STRATEGY		
LEAD COUNCILLOR:	CLLR TONY JONES CLLR JOHN ENNIS	PORTFOLIO:	ADULT SOCIAL CARE HOUSING
SERVICE:	DACHS / DEGNS	WARDS:	BOROUGHWIDE
LEAD OFFICER:	MELISSA WISE & ZELDA WOLFLE	TEL:	937 4945
JOB TITLE:	ASSISTANT DIRECTOR COMMISSIONING, TRANSFORMATION & PERFORMANCE ASSISTANT DIRECTOR OF HOUSING AND COMMUNITIES	E-MAIL:	Melissa.wise@reading.gov.uk Zelda.wolfle@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Our vision for the Adult Social Care in-house provision is to deliver modernised, sustainable services that meet peoples' personalised expectations and outcomes whilst delivering value for money. However, our current accommodation offer is not sufficient in terms of building structure, layout, size & adaptability, yet it supports some of our most vulnerable service users.
- 1.2 This report provides an overview of the Adult Social Care Asset Review and Capital Strategy and the recommended option. This option meets the requirement to adopt a cross Directorate approach to considering assets in that it:
 - a. delivers options which will meet the needs of Adult Social Care service users in the short, medium and longer term
 - b. accords with the Council's Housing objectives
 - c. maximises opportunities to offset capital expenditure.
- 1.3 The recommended option proposes the development of two sites to provide a consolidation of Adult Social Care services which allows the needs of Adult Social Care service users to be met and enables housing opportunities to be maximised.

Appendices:

- Appendix 1 - Detail of Recommended Option
- Appendix 2 - Adult Social Care Pathway and Case Studies
- Appendix 3 - Summary of costs
- Appendix 4 - Adult Social Care Capital Strategy - Governance
- Appendix 5 - Project Programme for delivery of assets
- Appendix 6 - Images of current Adult Social Care Assets
- Appendix 7 - Equality Impact Assessment

2. RECOMMENDATION

That Policy Committee:

- 2.1 notes the completion of the Adult Social Care Asset Review and Capital Strategy and its findings.
- 2.2 endorses the recommendation to utilise Battle Street and Hexham Road sites to deliver both Adult Social Care and general housing provision subject to approval by Council in February 2021 in the HRA Capital Programme.
- 2.3 delegates authority to the Executive Director for Economic Growth and Neighbourhood Services, Executive Director for Social Care and Health and the Assistant Directors for Legal and Financial Services, in consultation with the Lead Member for Housing and Lead Member for Adult Social Care subject to approval by Council in February 2021 in the HRA Capital Programme to:
 - 2.3.1 procure a multi-disciplinary team to carry out all necessary work towards site development, including detailed designs, securing planning permission and assisting in the procurement of a main contractor for the development.
 - 2.3.2 appoint a demolition and main contractor to undertake all necessary works to deliver the proposal.
 - 2.3.3 allocate capital and spend up to £44 million (including contingency) of Housing Revenue Account (£38m) and General Fund (£6m) spend to deliver Profound and Multiple Learning Disabilities day opportunities, respite, mental health supported living, older people day opportunities and new Council homes on the sites outlined in the report.

3. POLICY CONTEXT

- 3.1 The Adult Social Care Capital Strategy aligns with the overall direction of the Council by meeting the following Corporate Plan priorities:
 - Protecting and enhancing the lives of vulnerable adults and children
 - Ensuring access to decent housing to meet local needs

- Ensuring the Council is fit for the future
- 3.2 There is no statutory duty to provide services internally to meet eligible needs however the Local Authority does have a Statutory Duty under the Care Act 2014 to:
- Ensure there is a range of high quality & appropriate services to choose from.
 - Ensure that those Adults are able to receive services that prevent their care needs from becoming more serious.
 - Meet an Adult's need if they meet the eligibility criteria.
- 3.3 **Relevant background reports:**
- *Adult Social Care, Children's Services and Education Committee (ACE Committee) July 2017* - Review of Focus House, Castle Crescent (mental health supported living service), and decision by ACE Committee to retain this particular service as in-house and transition 14 Castle Crescent from a residential to a supported living service. The review included a public consultation, which resulted in a petition to protect the service attracting 351 signatures. A consultation followed this, with formal feedback provided and subsequent informal updates with staff and service users & their families.
 - *ACE Committee, Sept 2018* - Following a public consultation, a Committee decision was made to temporarily close The Willows (Residential Dementia service) in March 2019 and relocate the Discharge to Assess service to Charles Clore Court.

4. THE PROPOSAL

Current Position

- 4.1 Phase 1 of the Adult Social Care Asset Review and Capital Strategy reviewed Adult Social Care's current assets to understand the suitability and condition of the properties, carried out a needs analysis to identify the projected needs in the medium to longer term and reviewed service delivery models. The outcome of this work identified 5 priorities in terms of assets and services as follows -
- 2 properties in Castle Crescent (Focus House - Mental Health supported living / step down from hospital)
 - Whitley Wood Lane (Learning Disability Respite)
 - Hexham Road (The Willows)
 - Strathy Close (Learning Disabilities Day Services)
 - Rivermead (The Maples Older Persons Day Services)

Photographs of the active Adult Social Care Assets are detailed in **Appendix 6: Images of Current Adult Social Care Assets.**

- 4.2 Phase 2 focused on Hampshire County Council carrying out feasibility studies of the available assets and options. It allowed the broader options to be considered including the co-location of services both of Adult Services and Housing Services, to look at wider development opportunities, taking into account current and

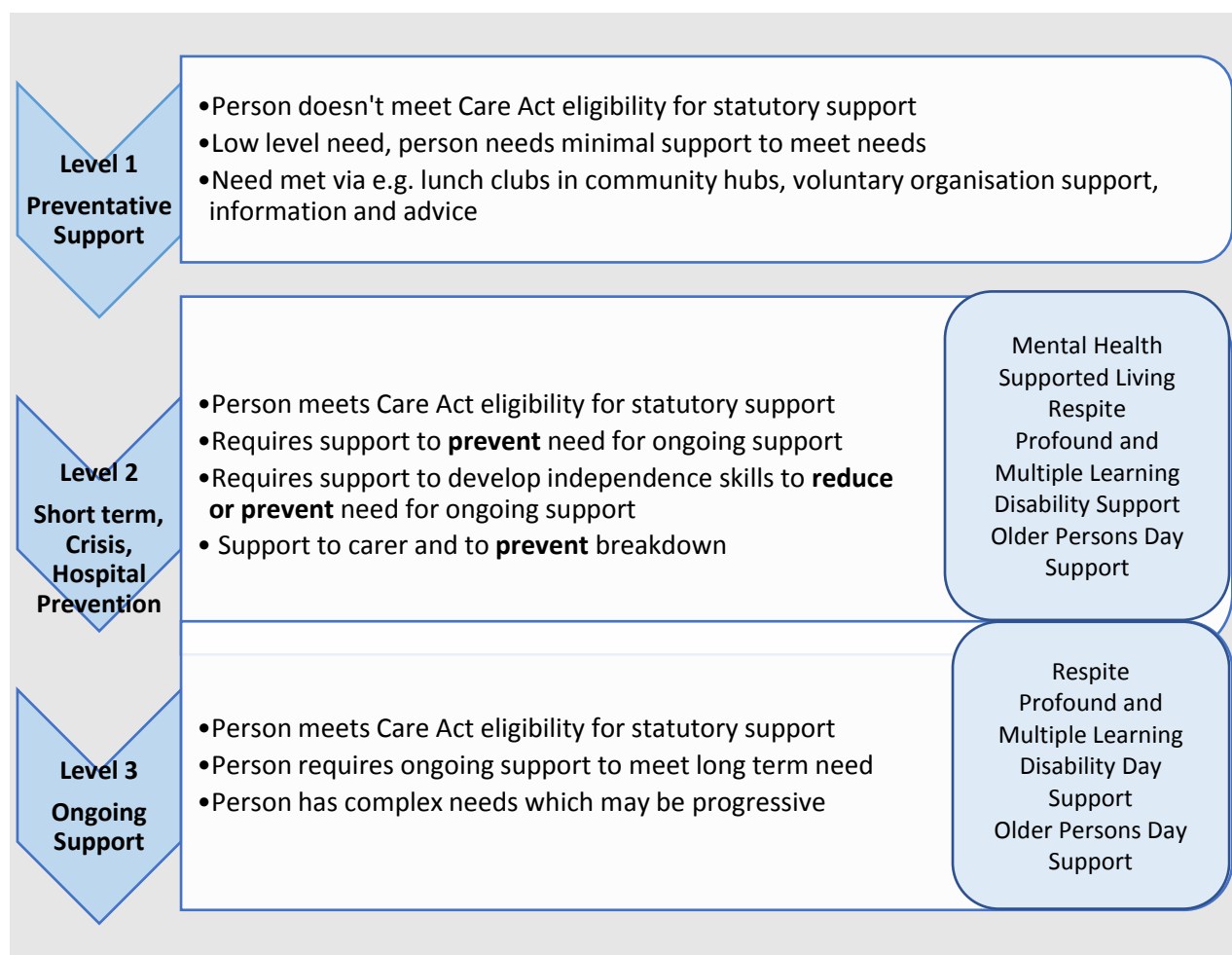
potentially available land and property assets. The asset scope was therefore widened to include general fund sites including:

- Dwyer Road
- Amethyst Lane
- Battle Street

4.3 Options were presented from the review which aimed to meet the needs identified by Adult Social Care but at the same time were aligned to the broader housing and wider capital receipt objectives. A number of these assets were previously identified for disposal to generate capital receipts to support the Medium Term Financial Strategy. From the options identified, development of the Battle Street and Hexham Road sites met all the specified objectives.

Adult Social Care need

4.4 The accommodation needs, needs analysis and service model for people supported through Adult Social Care is outlined below. Adult Social Care support people through a range of commissioned services provided through the external market and through inhouse services. This is broadly managed through a pathway as outlined below where Social Care support people at level 2 and 3, to provide short term support to prevent a hospital admission or support a crisis, or ongoing support where required, with the most complex needs met through in-house services. This review focuses on meeting the needs of people at levels 2 and 3.



Details and case studies reinforcing the levels within the Pathway is included in **Appendix 2: ASC Pathway & Case studies**

4.5 Mental Health Supported Living

Current provision

Focus House, across two properties in Castle Crescent provides supported living accommodation for 14 adults. The accommodation provides single bedrooms, shared bathrooms and shared living space, the latter providing the opportunity for staff to carry out therapy and enabling activities to support people's recovery.

Staff are on site 24 hours to support people who live at Focus House. It also provides an outreach service for people who live in 2 group homes and for people who have moved from Focus House into more independent living.

Building condition and suitability to meet future need

The building is no longer considered optimum for the needs of the residents due to its layout including narrow corridors, stairs and level changes. The shared bathrooms and lack of independent facilities inhibits the service's ability to offer service users the opportunities to re-establish the skills required to move on into general needs accommodation. In addition to lack of suitability the building condition needs improvement. With significant investment it may be possible to improve the condition of the building. However, this would reduce capacity and the building would remain suboptimal for the needs of service users as it cannot be upgraded fully to meet the required standards and service model.

Projected need

Mental Health Supported Living - projected need	
Year	Need
Current provision	14 people
2025	14 people
2030	14 people
Rationale: Evidence from the Adults Accommodation Needs Analysis suggests that the number of people requiring supported living will remain fairly static although the new model of working will result in more move on so this will not be the same 14 people year on year.	

Future service model

The service to offer a step down and outreach model to support people with complex mental health needs, including those who are discharged from hospital. Staff support people to develop their life skills to enable them to move on to more independent living.

4.6 Profound and Multiple Learning Disability Day Opportunities

Current provision

The current service is provided at Strathy Close, and provides support to people with complex learning disability and physical disability needs who require a high ratio of care, many needing one staff member to support them all the time that they are at the service (1:1 care). Service users will have a personalised programme to support intended outcomes which could include support to

develop life skills such as cooking and accessing the community; using the sensory room to provide them with a range of sensory experiences and support with maintaining their range of movement via muscle manipulation.

Building condition and suitability to meet future need

The current building needs some remodelling and refurbishment work to meet the needs of the current service users and develop it to support people who have challenging behaviours. However, this would only be short term fix and based on the projected need in the medium to long term, to ensure the service is able to accommodate this projected need a new facility would be required as the current site has limited room for expansion and can only accommodate minor increases in numbers.

Projected need

Profound and Multiple Learning Disabilities Day Opportunities: projected need		
Year	Number of people requiring service	Number of places at proposed resource
Current provision	27 people	24
2025	52 (27 current and 25 new people)	31
2030	77 (27 current and 50 new people)	31
Rationale: Projections are based on young people who have Education and Health Care Plans and projecting these figures forward to anticipate potential number of places required. Note whilst the numbers of people requiring the service grow rapidly we are retaining a broadly similar sized service.		

Future service model

The service will continue to support people with the most complex needs requiring up to 1:1 support. There is currently provision to support people with lower level needs through community support such as support offered by Mencap. As the projected need is anticipated to increase, the service model will offer a more flexible service operating over longer hours and make better use of the building to accommodate the increase in need while not significantly increasing the number of places. This could, for example, mean that the resource is open 8am to 8pm and people attend on a sessional basis for half of the day, over a number of days to achieve this objective.

4.7 Respite support

Current provision

The current service is provided at Whitley Wood Lane offering respite to people with profound and multiple learning disabilities, many needing 1:1 support. It offers a service primarily 3pm to 9am and in general doesn't provide day time respite as most service users do other things during the day to meet this need. The amount of respite a person requires is based on assessed need, but on average each person receives 50 days respite per year. The service also provides support to people who require emergency placements.

Building condition and suitability to meet future need

The existing property does not meet the service's full needs with a poor layout, narrow corridors and inadequate circulation spaces. The building is therefore considered suboptimum for its current purpose. It is also the view of Officers and Hampshire that the building has reached the end of its design life and cannot be reconfigured to create a suitable environment to provide facilities to meet future need.

Projected need

Respite services: projected need		
Year	Number of people requiring service	Number of places
Current provision	9 people	2 + emergency beds
2025	74 (9 current + 65 new people)	9
2030	139 (9 current + 130 new people)	9
Rationale: Projections are based on young people who have Education and Health Care Plans and projecting these figures forward to anticipate the potential number of places. Note whilst the numbers of people requiring the service grow rapidly we are retaining a broadly similar sized service.		

Future service model

Co-locate with Profound and Multiple Learning Disability Day Services as many of the service users access both services. This provides benefits for service users as they will have less travel time between services and improved continuity of care. This will also provide some staffing cost efficiencies as there is the opportunity to share staff across sites and has positive environmental impacts, as co-location allows travel to be reduced between sites.

It is planned to develop a flexible service offer to meet individuals' needs. This offer will be enhanced by the provision of two respite flats. These can be used as self-contained flats to support people to either develop their life skills, for example young people transitioning to adulthood or for people who have very complex needs and find it difficult to be with other people or complex physical needs.

Although the projected number of people who will require respite is anticipated to increase, the number of places required for 2030 is not expected to increase as the service model will allow for respite to be delivered in a more flexible way which will maximise the use of the building and ensure equity in the number of nights offered for each person.

4.8 Older Persons Day Opportunities

Current provision

The current service is provided at the Rivermead Site and offers day opportunities to older people who require physical or cognitive support. It has a focus on providing support to people who have dementia and require a safe environment to prevent wandering and provides respite to carers.

Building condition and suitability to meet future need

The existing service needs to be re-located due to the redevelopment of the Rivermead Leisure facilities. The timescale for the current service moving from the Rivermead site is currently estimated to be at the beginning of January 2023 when the new leisure facilities are due to open later that month. However, this is caveated as discussions are still on-going with Covid impact still relevant to construction time frames.

Projected need

Older Persons Day Opportunities: projected need		
Year	Number of people requiring service	Number of places
Current provision	56 people	35
2025	56 people	35
2030	56 people	35
Rationale: Demographic data is showing an increase in people over 65 years of age. However, the current trend of attendance at the service is not showing an increase in demand as although new people commence the service, a number of people leave the service each year due to changing needs. It is worth noting that we are seeing an increasing number of younger people accessing the service e.g. 50+.		

Service model

Co-locate with extra care or sheltered housing accommodation to support an environment of people with mixed needs and provide healthy communities who can support each other. This gives an opportunity for the service to act as a Hub and deliver personalised support by offering placed based support and / or support people to access community resources.

4.9 Housing Services Need

There are three blocks of sheltered housing flats which do not meet the needs of all older people. Two of the blocks are far from local services and amenities and all three do not have the facility to install lifts and as such are unsuitable for those who are frail, have mobility issues or who are disabled. The service ambition is to re-provide new homes for older people within modern facilities that meet the needs of existing tenants and new tenants including those who wish to downsize from family sized homes. The re-provision of homes would enable the service to eventually phase out the use of three current blocks releasing further site opportunities to develop new housing. It would also enable older people currently under occupying larger family home to relocate into more suitable accommodation.

Developing new homes for older people alongside the provision of older persons day services provides an opportunity to provide a dynamic and exciting new model of delivery with a level of cross fertilisation of services that improves the wellbeing of customers of both services.

In addition, the development of an older persons' day centre within the confines of a sheltered housing scheme would enable the development to be built out within the Housing Revenue Account saving the General Fund the cost of development. On completion a small rental cost would be required from the General Fund to the Housing Revenue Account for the use of the facility

5. RECOMMENDED OPTION

- 5.1 Based on the feasibility studies carried out by Hampshire County Council the recommended option is outlined below. This option recommends the consolidation of services over two sites which allows the needs of Adult Social Care service users to be met and enables housing opportunities to be maximised.

In addition, this approach releases sites to provide further opportunities for development or to generate capital receipts to support the Medium Term Financial Strategy.

A visual outlining the detail of the recommended option is included as Appendix 1: Details of recommended option

5.2 Recommended Option: Battle Street and Hexham Road

This option will provide the following:

- Battle Street - 74 flats split between sheltered housing flats and general needs, 35 places for Older Persons Day Opportunities, 14 Mental Health Supported Living Flats and 6 family size houses.
- Hexham Road - 36 sheltered housing flats, 31 places for the Profound and Multiple Learning Disabilities services and 9 Respite places.

Benefits of this combination of sites

The current sites are vacant and are therefore available to develop without phasing. This means that for example that a current Adult Social Care service will not be required to move to a temporary site to free up a site for redevelopment.

The sites will provide a significant number of housing units of a varied type.

Project risks are likely to be reduced by using two sites in comparison to using three sites to build. This would reduce preliminaries (site set up, site management etc) and design costs and would only require two main contractors rather than three and two planning applications instead of three.

The desired co-location of sites is achieved.

Benefits of Battle Street site

The use of the Battle Street site to support older people day opportunities, mental health supported living as well as provide a range of housing creates a dynamic mixed community.

A central location with good accessibility to the town centre and transport links would support all people who live, attend services or work on the site to access it easily via walking or by using public transport.

Co-locating the Older Persons Day Opportunities with sheltered housing flats, allows for a hub approach to be taken to support older people and for the

services to be mutually beneficial. Economies of scale mean it could potentially support a range of services such as podiatry, hairdressing and a hot meal service.

The nearby sheltered housing, Trinity Place allows synergies to be made as residents will have the opportunity to use facilities which will be on site such as podiatry, hairdressing and social activities.

A central location is a priority for the mental health flats to enable the service users to access the town centre (ideally walking distance), access public transport and medical and health facilities easily.

The introduction of additional general need family houses and flats would provide much needed homes for people on the housing register and allow for the development of a mixed and sustainable community on the site.

Benefits of Hexham Road site

Co-locating respite and Profound and Multiple Learning Disabilities services is a priority as it will allow efficiencies in terms of staff resources and benefits for service users. There will be the option to share staff across sites with an associated reduction in staff travel time. In terms of benefits to service users, many of the service users attend both services so travel time will be reduced, this will reduce the impact of sitting in transport for service users and there will be a positive environmental impact. It also allows staff to provide a more streamlined handover resulting in improved continuity of care.

It creates greater flexibility around the use of the building and sharing of space and resources which creates efficiencies and a more dynamic space.

The site has good access which is important as many of the people who attend are wheelchair users as well as having good access to local transport and shops.

Disadvantages

There are no service disadvantages in delivering Adult Social Care Services on either of these two sites, or to providing the suggested new build properties.

From a site perspective, it should be noted that the Battle Street site is close to neighbouring houses and other dwellings and will be subject to car parking requirements. There are some potential constraints on the Hexham Road site to note around legal restrictions as there is a sewer across part of the site; significant mature trees and a view from planning on parking requirements as well as noting that the building line is forward of the other properties on Northumberland Road. At this stage it is not anticipated that these will prohibit the development of this site.

6. CONTRIBUTION TO STRATEGIC AIMS

6.1 The Adult Social Care Asset Review aligns with the overall direction of the Council by meeting the following Corporate Plan priorities:

- To protect and enhance the lives of vulnerable adults and children
- Improving access to decent housing to meet local need
- Ensuring the Council is fit for the future

6.2 It would also support the delivery of the following strategic aims:

- To promote equality, social inclusion and a safe and healthy environment for all

7. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

7.1 On the 26th of February 2019 the Council declared a Climate Emergency and resolved to take action to accelerate a carbon neutral Reading to 2030. Reading Climate Change Partnership's Reading Climate Emergency Strategy 2020-25 and the new RBC corporate Carbon Plan 2020-25 was adopted in November 2020. The Council will therefore seek to ensure that all the schemes deliver on this commitment by developing designs that adhere to passivhaus principles.

7.2 The designs will consider a fabric first approach by applying passivhaus house principles reducing greenhouse gas emissions and delivering significant long-term energy savings to the tenants. The low running costs and higher quality buildings mean that costs are significantly reduced over the life of the building for the occupiers.

7.3 Studies undertaken by the Passivhaus House Trust indicate that buildings achieve a 75% reduction in space heating requirements and costs, compared to standard UK new build.

7.4 The use of sustainable material will play an important role in the design. This, combined with the high quality of building physics achieved through insulation, thermal bridge-free design and airtightness ensures that a Passive House will last.

7.5 In addition to the above, the sites offer sustainable locations for residents in terms of access to employment, schools and other local services via good public transport, pedestrian and cycling networks. While seeking to encourage and support sustainable travel, the scheme will provide charging points for electric vehicles where appropriate.

8. COMMUNITY ENGAGEMENT AND INFORMATION

8.1 Public consultations have already been carried out in terms of shaping the future services in relation to Focus House and the Learning Disability respite service. Service users, carers, families, staff, partner organisations and anyone with an interest in these services were encouraged to engage in the consultations (carried out Nov/Dec 2018). The key findings have been used to identify and shape options going forward.

8.2 Further consultation/s is expected once a proposal has been developed and agreed.

9. EQUALITY IMPACT ASSESSMENT

9.1 The Council's duty to eliminate discrimination, promote equality of opportunity and consider those who fall under the Equality Act has been considered throughout the process to date. An initial Equality Act Assessment has been

completed and will be reviewed and amended at all relevant stages of the project.

This is attached in Appendix 7: Equality Impact Assessment

10. LEGAL IMPLICATIONS

- 10.1 There are potential implications with Care Quality Commission regulations which are being explored.
- 10.2 Section 122 of the Local Government Act 1972 enables the Council to appropriate land for any statutory purpose for which it is authorised to acquire land.
- 10.3 Section 9 of the Housing Act 1985 enables the Council to develop housing Accommodation.
- 10.4 As the land for the proposed development sites is currently held by the General Fund, it would be necessary to first appropriate it into the Housing Revenue Account. Section 19 of the Housing Act 1985 allows any land to be appropriated into the Housing Revenue Account providing it is for use under Part II of the Housing Act 1985 (Provision of Housing). The appropriation results in a transfer of debt, equivalent to the value of the land, from the General Fund to the Housing Revenue Account, resulting in an ongoing interest and MRP saving to the General Fund.
- 10.5 Once the land has been appropriated, the Housing Revenue Account is able to construct the proposed developments in line with Section 9 of the Housing Act 1985, which permits Reading Borough Council to provide housing accommodation by construction, conversion and acquisition, and Section 12 of the Housing Act 1985, which permits the Council to provide other buildings which will serve a beneficial purpose in connection with the requirements of the persons for who the housing accommodation is provided.
- 10.6 It should be noted that the housing and living costs are anticipated to be met by the residents themselves (through rents and service charges) however in most cases these costs will be funded by the range of benefits they are entitled to. Therefore, only care costs are required to be funded by Adult Social Care. This essentially means that supported living is on average less expensive than a broadly comparable residential home but that the amount and quality of support is at least as good if not better because it can be more personalised for each resident.
- 10.7 Unlike most Housing Revenue Accounts homes, the Right to Buy will not be applicable for homes let as sheltered housing or designated for people with Mental Health issues, as Schedule 5 of the Housing Act 1985 will exempt them, even if secure tenancies are granted. Properties let as General Needs homes will be subject to Right to Buy.

11. FINANCIAL IMPLICATIONS

Capital and Medium Term Financial Strategy Implications

- 11.1 The following assumes that all the sites discussed in this report are appropriated to the Housing Revenue Account, details of which are included in a separate report to Policy Committee. It also assumes the scheme will be approved by Council in February 2021 as part of the HRA Capital Programme.

The capital development costs include all project costs and Hampshire County Council costs.

- 11.2 The Council's Housing Revenue Account is able to deliver much of the proposed developments leaving the Council's General Fund with the ongoing operational costs of delivering the Adult Social Care service. As far as the financial impact on the Housing Revenue Account is concerned, providing the General Fund builds the Profound and Multiple Learning Disability Day Opportunities and Respite Service, the Housing Revenue Account development costs are subsidised by Right to Buy Receipts or Homes England Grant, and rents and service charges to residents are sufficient to cover the housing and living costs, none of the options proposed will result in the Housing Revenue Account being put into an adverse financial position.
- 11.3 The service is currently provided across four sites; Castle Crescent, Strathy Close, Whitley Wood and Rivermead, with a proposal to run the service from two surplus general fund sites; Battle Street and Hexham Road. This option would allow Castle Crescent to be sold and is on the capital receipts schedule and sale date of 23/24. Strathy Close and Whitley Wood are not currently listed on the Medium Term Financial Strategy schedule.
- 11.4 The work required at Battle Street to develop the site for Older Persons Day Services, 14 Mental Health Supported Living Flats and general needs council housing (including 74 flats split between sheltered housing flats and general needs and 6 family sized houses) would be funded by the Housing Revenue Account subject to the approval of the capital programme in February 2021.
- 11.5 Adult Social care would need to fund 30% of the works at Hexham Road providing Profound and Multiple Learning Disabilities Day Service, Respite services and 36 sheltered flats. The Capital Programme has an approved £6.2m budget remaining for the social care funded works with approval needed to fund the remaining 70% from the Housing Revenue Account. To note that Adult Social Care will fund 100% of the costs of the Profound and Multiple Disabilities Day Services and Respite but this will equate to 30% of the total costs of the works at Hexham Road.

- 11.6 The tables below show the, demolition costs and development costs showing the impact on the Capital Programme;

Costs

Site	Demolition £000's	Development £000's	Total £000's
Battle Street	1,200	25,220	26,420
Hexham Road	150	18,653	18,803
Total	1,350	43,873	45,223

Funding

	Homes England £000	HRA funding % £000	Adults Capital Programme £000	Total £000
Battle Street	1,000	25,420	0	26,420
Hexham Road	0	13,057	5,746	18,803
Total cost	1,000	38,477	5,746	45,223

11.7 The table below illustrates the phasing of the development costs.

Phasing

Capital Programme	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total
Costs Battle Street and Hexham Road	406*	2,219	5,453	29,246	5,929	620	43,873
Funding HRA Homes England	355	940 1,000	4,767	25,567	5,106	542	37,277 1,000
GF Borrowing/ Section 106 TBC	51	279	686	3,679	823	78	5,596
Total	406	2,219	5,453	29,246	5,929	620	43,873

*20/21 costs are mainly fees for Hexham Road.

Revenue Implications

11.8 The table below shows the current cost of operating of the buildings and services provided, the current number of service users each site has and the average cost per service user.

Need	Employee	Running	Income	Net Budget	Current Users	Average Cost Per User
	£	£	£	£	People	£
Mental Health Supported Living	325,000	42,400	(44,100)	323,300	14	23,093
Profound and Multiple Learning Disability	553,500	45,000	(80,000)	518,500	27	19,204
Respite	411,800	38,800	0	450,600	9	50,067
Older Persons Day Services	232,700	44,100	(58,800)	218,000	56	3,893

Total	1,523,000	170,300	(182,900)	1,510,400	106	
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11.9 The table below shows the expected cost of operating the future service provision based on the expected service users in 2025 if the proposal did not go ahead.

Care Type	Current Users	Unit Cost	Annual Cost
	People	£	£
Mental Health Supported Living	14	22,333	312,666
Profound and Multiple Learning Disability	52	16,424	854,053
Respite	74	12,600	932,400
Older Persons Day Services	56	5,281	295,751
Total	196	12,219	2,394,870

11.10 If the proposal is adopted projected costs are anticipated to be £295,383 lower at £2,099,487.

Care Type	Employee	Running	Income	Net Budget	Current Users	Average Cost Per User
	£	£	£	£	People	£
Mental Health Supported Living	325,000	31,800	(44,100)	312,700	14	22,336
Profound and Multiple Learning Disability	670,445	33,750	(80,000)	624,195	52	12,004
Respite	926,517	29,100	0	955,617	74	12,914
Older Persons Day Services	232,700	33,075	(58,800)	206,975	56	3,696
Total	2,154,662	127,725	(182,900)	2,099,487	196	50,949

11.11 Assuming the people supported changes incrementally each year this would equate to 6 new Profound and Multiple Learning Disability users per annum and 16 respite users. If the buildings are completed and fully operational by the end of 2023/24, the running costs and income are unlikely to be less with fewer service users however it may be less staff are required.

It is estimated that at the start of 2024/25 there would be 46 people using the Profound and Multiple Learning Disabilities service as opposed to full capacity of 52 people, if staffing could be reduced proportionally this would equate to an in year saving of up to £77k depending on when the new people begin using the service.

It is estimated that at the start of 2024/25 there would be 58 people using Respite as oppose to full capacity of 74 people, if staffing could be reduced proportionally this would equate to an in year saving of up to £200k depending on when the new people begin using the service.

11.12 The key assumptions behind these figures are:

Employee costs for mental health supported living and Older Persons day services stay consistent with the current levels as the same number of service users are supported. The employee costs for Profound and Multiple Learning Disabilities and respite would increase significantly due to the increase in demand and therefore service users receiving the service.

Running costs for all sites have been assumed to reduce by at least 25% due to more energy efficient buildings which would be easier to clean. The preferred option utilises two sites in the borough as opposed to the current use of four sites.

Income levels are assumed to stay consistent, there may be scope to generate additional income providing a service to residents of other boroughs.

The number of service users is based on work completed by the service to establish the demand on the service in 2025, further demand is expected by 2030 but it is proposed to spread the service received to encompass more users without changing the above costs.

11.13 The two services with additional demand are Profound and Multiple Learning Disabilities who are providing a service to 25 more people and Respite services who will be supporting 65 more people. This increases the running costs by £0.589m per annum.

11.14 The aim of utilising in-house facilities is to keep people at home with support which is financially beneficial compared to the costs incurred when someone is placed in residential and nursing placements. The table below shows the average annual cost per person of the in-house service and how this compares to the average residential or nursing package.

11.15 The above gives confidence in the delivery of the £0.250m saving within the current Medium-Term Financial Strategy and there is the potential for further cost avoidance once the services are operational as the demographic growth or cost of children transitioning to Adults could be reduced.

Benchmarking

11.16 Net costs for housing are based on the Reading Borough Council, North Street scheme. The Respite Accommodation, Profound and Multiple Learning Disabilities Day Services, Mental Health Flats, and Old Persons Day Opportunities, are based on Hampshire County Council Property Services built schemes.

Contingency

11.17 There is a design and construction contingency within the costs. The Contingency included as Design Risk is (5%), Construction risk is (5%) and Refurbishment Risk (where applicable) is (7.5%).

Fees

11.18 An allowance for professional fees of (16.5%) and surveys of (0.25%) is included.

The costs exclude:

11.19 VAT and site clearance/demolition.

A summary of the costs for each option including contingencies is detailed in **Appendix 3 - Summary of costs.**

12. VALUE FOR MONEY (VFM)

12.1 The delivery of the work through the Housing Revenue Account would enable Reading Borough Council to bid for Homes England funding and to appropriate the land from the general fund to offset borrowing costs.

13. PROJECT DELIVERY

13.1 The project governance is detailed in **Appendix 4 - Adult Social Care Capital Strategy - Governance.**

13.2 Hampshire County Council will project manage the delivery of the project with Officers from Reading Borough Council in Property Development, Housing and Adult Social Care acting as the Client Project Officers.

13.3 A high level project programme is outlined in **Appendix 5 - Project Programme for delivery of assets.**

14. BACKGROUND PAPERS

14.1 Appropriation of Land from the General Fund to the Housing Revenue Account - submitted at Policy 18/01/2021.

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Recommended Option

- **Battle Street** – 74 flats split between sheltered and general needs, 35 places Older Persons Day Services, 14 Mental Health flats & 6 general needs houses,
- **Hexham Road** – up to 36 sheltered housing flats, 31 places Profound and Multiple Learning Disability Day Services & 9 bed Respite facility

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Assets released:

- Focus House
- Strathy
- Whitley Wood
- Amethyst Lane
- Dwyer Road

Battle Street : Mental Health Flats, Older Persons Day Services

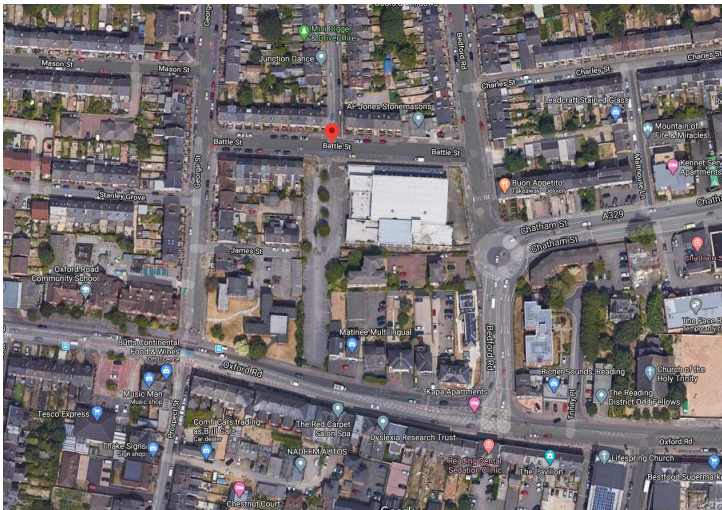
Requirements MH Flats, OP Day Centre, Flats & General Needs Housing
Key interdependencies: OP Day Centre ideally co-located with Sheltered Flats

Proposed number of places / units			
Mental Health Flats	Older Persons Day Services	General Needs Houses	Flats
	35 places	6	Up to 74 split between Sheltered General needs
Land Valuation		Development Costs	
		£23.16 -24.32 m	

Building constraints:
Close to neighbouring houses.
Subject to car parking required.

Opportunities
Vacant site

Policy implications:
Co-location of OP Day Centre with Sheltered Flats



RAG Status

Suitability / Constraints / Service

Hexham Road: PMLD Day Services & Respite

Requirements PMLD Day Centre, Respite & Flats
Key interdependencies: PMLD Day Centre ideally co-located with Respite

Proposed number of places/units			
PMLD Day Centre	Respite	Sheltered housing	
	9	36	
Land Valuation		Development Costs	
		£12.40 – 13.05 Exc Demolition	

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Key building constraints:
Planning Restrictions: Sewer across part of site.
Presence of significant mature trees.
Request to view of Planning Dept on parking requirements
Building Line is forward of other properties on Northumberland Ave

Opportunities
Vacant site

Key site implications:
Co-location of PMLD Day Centre with Respite



RAG Status

Suitability / Constraints / Service

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Appendix 2: Adult Social Care Asset Review and Capital Strategy

Case studies to illustrate Adult Social Care pathway in 4.4

Level one - preventative support

Mr X contacted the Adult Social Care (ASC) front door advising that he was lonely, unable to get his shopping and was worried about falling again in his house following a fall which had knocked his confidence. He said he was frail but could get about with a stick and the ASC worker established that he had no apparent cognitive impairment. Mr X advised that he had no neighbours or local family, but had family who were supportive, but lived a 2 hour drive away.

Following a discussion to explore his needs and what he wanted, it was agreed that he would phone Age UK and talk to them about their lunch clubs to support him with social isolation; he would ask his son to place a weekly online order for shopping and he said that this would also have the benefit of meaning he had a weekly conversation with him and ASC agreed to refer him to the Falls Clinic to have an assessment, which would include an occupational therapist assessing his home environment.

Outcome: Mr X's needs were met through one conversation with ASC by connecting to a range of support from either the Voluntary Community Organisations, NHS and family.

Short Term Support to support a crisis and ongoing support - levels 2 and 3

Mrs B contacted ASC advising that she was a carer for her daughter (KB) who lives with her and has complex support needs. She explained that her daughter needs daily support with getting showered and dressed, needs a hoist to help her to transfer, including into her electric wheelchair which she uses all the time. KB needs someone with her most of the time as she becomes very anxious and requires constant reassurance, help to communicate and support to manage daily activities.

KB currently receives support through ASC via a paid for carer to help with all personal care activities 3 times a day and attends the PMLD Day Support 3 times a week. Mrs B provides the support her daughter requires at the other times.

Mrs B advised that she has recently been diagnosed with a significant health condition which is having an emotional and physical impact on her and that she is feeling exhausted and finding it very difficult to provide the necessary level of support to her daughter. On further discussion it became apparent that Mrs B was concerned about some debt she was incurring, which was adding to her worries.

Following a discussion with Mrs B and KB it was agreed that Mrs B needed a break and time to herself and KB said that she would like to go to a respite

facility for 2 weeks. Mrs B was connected with the Carers Hub and a Voluntary Community Organisation who could discuss her debt concerns.

Outcome: The respite provided some short-term support to help Mrs B over an immediate crisis and prevent the family situation breaking down and potentially requiring an increase in ongoing care.

Mrs B and KB decided that further respite was not required but were now aware that it was available if they needed it in the future. The ongoing support of a paid for carer and PMLD Day Support continued. Mrs B was connected to debt advice and the Carers Hub to support her as a carer.

Appendix 3: Summary of Costs

A summary of the costs and profile of spend is detailed below -

Option 1	20/21	21/22	22/23	23/24	24/25	25/26	Total
Central Pool							
Construction	13,300	34,300	1,717,600	14,725,900	2,803,500	316,600	19,611,200
Contingency	4,300	900	430,100	1,595,800	86,000	-	2,117,100
Fees	218,200	1,253,300	1,018,700	661,600	296,300	43,600	3,491,700
The Willows							
Construction	9,700	24,800	1,248,800	10,664,700	2,426,700	228,600	14,603,300
Contingency	3,000	600	301,900	1,120,200	102,300	-	1,528,000
Fees	157,600	904,900	735,500	477,700	214,000	31,500	2,521,200
Total	406,100	2,218,800	5,452,600	29,245,900	5,928,800	620,300	43,872,500

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Development of RBC ASC Capital Strategy – Governance

Project Sponsors - Reading Borough Council

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Senior Delivery Manager

Programme Manager

Pipeline & Programmes Team

Chris Simmans

Principal Architect

Architects, Quantity Surveyors, Mechanical, Electrical, Structural, H&S Principle Designer, Interiors, Landscape Designers, Drainage etc.

Project Delivery via the

Reading Hampshire Property Partnership

(Existing Services Agreement for the supply of services between Hampshire County Council and Reading Borough Council)

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Appendix 6 - Images of Current Adult Social Care Sites

14 & 16 Castle Crescent

- Current capacity - 14 beds.
- Currently the main base for the Mental Health Supported living service delivered by Reading Borough Council (Focus House). The buildings have a site area of 0.152 hectares and a building area of 620m².



Street view of both properties. Right hand side: 14 Castle Crescent. Left hand side: 16 Castle Crescent



Close up of 16 Castle Crescent

188 Whitley wood

- Current capacity - 2 beds (formerly 6 beds).
- Currently accommodates the Learning Disability respite service, which occupies under a third of the building. The building has a site area of 0.3 hectares and a building area of 713 m².



Exterior 188 Whitley Wood - Main entrance



Interior 188 Whitley Wood - Communal area



Interior 188 Whitley Wood - Bathroom

Strathy Close

- Current capacity - service can support up to 30 service users.
- Currently accommodates the learning disability day service. The building has a site area of 0.21 hectares.



Exterior: 188 Strathy Close

The Maples (Rivermead)

- Current capacity - service can support up to 56 service users.
- Currently accommodates the older persons day service (The Maples). The site is owned by Reading Borough Council, but lease arrangements are in place with an external organisation called GLL.



Exterior: Rivermead

Provide basic details

Name of proposal/activity/policy to be assessed

Directorate: Adult Care & Health Services and DEGNS

Service: Adult Care, Housing

Name and job title of person doing the assessment

Name: Karla Vickers

Job Title: Senior Transformation Project Manager

Date of assessment: 09/12/20

Scope your proposal

What is the aim of your policy or new service/what changes are you proposing?

A review of Adult Social Care's internal services has been completed and the following buildings have been prioritised as requiring relocation as they no longer meet the needs of the people who require the support.

This affects the following -

14 and 16 Castle Crescent (Focus House - Mental Health supported living / step down facility)

188 Whitley Wood (Learning Disability Respite)

Strathy Close (Learning Disability Day Services)

And

The Maples Day Centre as this needs to relocate from its current location at Rivermead due to the redevelopment of the leisure facilities.

It is proposed that a Capital Programme of work will deliver new buildings in order to support the above services.

In addition, the Capital Programme will deliver a range of housing to meet priority needs of vulnerable people.

To note: The Equality Impact Assessment will be reviewed and updated at appropriate points as the project progresses.

Who will benefit from this proposal and how?

People who use Adult Care services will benefit and in particular those who require -

*Mental Health Support

*Older People

*People who require respite to support their carer

*People who require a resource which supports people with Profound and Multiple Learning Disabilities

And in addition -

*Vulnerable people who need housing in the Borough

What outcomes does the change aim to achieve and for whom?

The proposal will deliver the following outcomes -

1. Adult Social Care Service user outcomes - buildings which are designed to support people with complex needs (e.g. wheelchair access, sensory rooms, accessible bathrooms); a service model which is person centred, takes an enabling approach and builds on people's strengths to support them to maximise their outcomes.
2. Carer outcomes - respite for carers through appropriate support
3. Organisational outcomes - facilities which are designed to meet the projected needs of adult social care service users in the medium to long term as well as enabling a service model to be implemented which supports the vision of Adult Care.
4. Financial benefits - new buildings support a reduced unit cost per service user, reduction in revenue costs and cost avoidance through preventing people requiring longer term care. There are linked commercial benefits as the service could be offered to neighbouring authorities.
5. People who have Housing needs - increased number of new build units to support people.

Who are the main stakeholders and what do they want?

People who access Adult Social Care and use the resources outlined above. A consultation exercise was completed in 2018/19 to ascertain the views of people who used Focus House, Strathy and Whitley Wood and this proposal broadly supports the feedback. Specifically people who used Strathy and Whitley Wood fed

back that they agreed with relocating the respite service, having a building with increased accessibility and co-locating the services together.

Focus House feedback centred on the service model for delivery around supporting independence and working with others as well as creating a homely environment.

Assess whether an EqlA is Relevant

How does your proposal relate to eliminating discrimination; promoting equality of opportunity; promoting good community relations?

Do you have evidence or reason to believe that some (racial, disability, gender, sexuality, age and religious belief) groups may be affected differently than others? (Think about your monitoring information, research, national data/reports etc.)

No *(delete as appropriate)*

Is there already public concern about potentially discriminatory practices/impact or could there be? Think about your complaints, consultation, and feedback.

No *(delete as appropriate)*

If the answer is **Yes** to any of the above you need to do an Equality Impact Assessment.

If No you **MUST** complete this statement

An Equality Impact Assessment is not relevant because: At this current time there is no evidence to suggest that any groups may be affected differently from others. As the project progresses an EqlA will be completed at relevant stages to assess the impact of this work.

Signed (completing officer) Karla Vickers

Date 09/12/2020

Signed (Lead Officer) Melissa Wise

Date 09/12/2020

Assess the Impact of the Proposal

Your assessment must include:

- **Consultation**
- **Collection and Assessment of Data**
- **Judgement about whether the impact is negative or positive**

Think about who does and doesn't use the service? Is the take up representative of the community? What do different minority groups think? (You might think your policy, project or service is accessible and addressing the needs of these groups, but asking them might give you a totally different view). Does it really meet their varied needs? Are some groups less likely to get a good service?

How do your proposals relate to other services - will your proposals have knock on effects on other services elsewhere? Are there proposals being made for other services that relate to yours and could lead to a cumulative impact?

Example: A local authority takes separate decisions to limit the eligibility criteria for community care services; increase charges for respite services; scale back its accessible housing programme; and cut concessionary travel.

Each separate decision may have a significant effect on the lives of disabled residents, and the cumulative impact of these decisions may be considerable.

This combined impact would not be apparent if decisions are considered in isolation.

Consultation

How have you consulted with or do you plan to consult with relevant groups and experts. If you haven't already completed a Consultation form do it now. The checklist helps you make sure you follow good consultation practice.

[My Home > Info Pods > Community Involvement Pod - Inside Reading Borough Council](#)

Relevant groups/experts	How were/will the views of these groups be obtained	Date when contacted
To be determined in line with project timetable		

Collect and Assess your Data

Using information from Census, residents survey data, service monitoring data, satisfaction or complaints, feedback, consultation, research, your knowledge and the knowledge of people in your team, staff groups etc. describe how the proposal could impact on each group. Include both positive and negative impacts.

(Please delete relevant ticks)

Describe how this proposal could impact on Racial groups

Is there a negative impact?	Yes	No	Not sure
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Describe how this proposal could impact on Gender/transgender (cover pregnancy and maternity, marriage)

Is there a negative impact?	Yes	No	Not sure
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Describe how this proposal could impact on Disability

Is there a negative impact?	Yes	No	Not sure
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Describe how this proposal could impact on Sexual orientation (cover civil partnership)

Is there a negative impact?	Yes	No	Not sure
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Describe how this proposal could impact on Age

Is there a negative impact?	Yes	No	Not sure
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Describe how this proposal could impact on Religious belief?

Is there a negative impact?	Yes	No	Not sure
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Make a Decision

If the impact is negative then you must consider whether you can legally justify it. If not you must set out how you will reduce or eliminate the impact. If you are not sure what the impact will be you **MUST** assume that there could be a negative impact. You may have to do further consultation or test out your proposal and monitor the impact before full implementation.

Tick which applies (Please delete relevant ticks)

1. No negative impact identified Go to sign off

2. Negative impact identified but there is a justifiable reason

You must give due regard or weight but this does not necessarily mean that the equality duty overrides other clearly conflicting statutory duties that you must comply with.

Reason

3. Negative impact identified or uncertain

What action will you take to eliminate or reduce the impact? Set out your actions and timescale?

How will you monitor for adverse impact in the future?

Signed (completing officer)

Date

Signed (Lead Officer)

Date

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READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR FOR ECONOMIC GROWTH & NEIGHBOURHOODS

TO:	POLICY COMMITTEE		
DATE:	18 JANUARY 2021		
TITLE:	SITES TRANSFER - APPROPRIATION OF LAND FROM THE GENERAL FUND TO THE HOUSING REVENUE ACCOUNT		
LEAD COUNCILLOR:	COUNCILLOR JOHN ENNIS	PORTFOLIO:	HOUSING
SERVICE:	HOUSING	WARDS:	BOROUGHWIDE
LEAD OFFICER:	ZELDA WOLFLE PETER ROBINSON	TEL:	0118 937 2281
JOB TITLE:	ASSISTANT DIRECTOR OF HOUSING & COMMUNITIES ASSISTANT DIRECTOR OF FINANCE	E-MAIL:	zelda.wolfle@reading.gov.uk peter.robinson@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report seeks approval to appropriate four vacant sites, earmarked for housing in the Local Plan, from the General Fund to the Housing Revenue Account, in order that they can be considered for the development of new council housing. This will result in an ongoing saving to the General fund of approximately £462,000.
- 1.2 Appendix 1 presents the anticipated market value of the sites and the calculation of the proposed ongoing revenue saving.

2. RECOMMENDED ACTION

- 2.1 That the following vacant sites be declared surplus to General Fund requirements:
 - Battle Street
 - Amethyst Lane
 - Hexham Road
 - Dwyer Road
- 2.2 That the above sites be appropriated from the General Fund into the Housing Revenue Account with an effective date of the 1st April 2020, in order that they can be considered for the development of new council housing.
- 2.3 That the Assistant Director of Legal and Democratic Services be authorised to enter into the necessary legal agreements to undertake the appropriation.

3. POLICY CONTEXT

- 3.1 Improving access to decent affordable housing is a corporate priority for the local authority and a key theme of the Council's Housing Strategy. The Council has a local

authority new build programme which has delivered 138 homes over the last four years with another 148 homes currently in progress.

- 3.2 A Council can appropriate sites from the General Fund to the Housing Revenue Account (HRA) under powers set out in Section 19(1) of the Housing Act 1985, providing the land and property to be transferred into the HRA is for the purposes of Part II of the Housing Act 1985. The purposes within the act predominately, but not exclusively, relate to the delivery/ provision of accommodation, and associated infrastructure and services.
- 3.3 Under section 122 of the LGA 1972, appropriation may be made where the land is no longer needed in the public interest of the locality for the purpose for which it is held immediately before appropriation.
- 3.4 For these sites to be transferred for direct development by the Council's own Housing Revenue Account (HRA), the sites must be deemed surplus to the General Fund's requirements, and no longer required for their previous purposes.
- 3.5 Capital receipts resulting from sites disposed of by the HRA, undeveloped, are treated as a corporate resource.
- 3.6 The recommendation to appropriate these sites follows the completion of the Adult Services Accommodation review which is contained in a linked report with a recommendation to develop new sheltered housing and accommodation and support services for older people and vulnerable adults

4 PROPOSAL

- 4.1 The Council's local plan has designated several sites across the Borough for future housing delivery. Four such sites are currently held in the Council's General Fund, none of which have previously been used for Housing Purposes.
They are:
 - Battle street
 - Amethyst Lane
 - Hexham Road
 - Dwyer Road
- 4.2 The estimated market value of these sites is set out in Appendix 1.
- 4.3 All four sites have been deemed surplus to General Fund (GF) requirements as they are no longer required for their previous purpose.
- 4.4 It is proposed that the four sites are appropriated from the GF to the Council's HRA for them to be considered for future housing development.
- 4.5 Land and property transferred in this way is essentially treated as if the Council had acquired the property from a third-party using money borrowed, and results in a transfer of debt between the General Fund's Capital Finance Reserve (CFR) and the HRA's CFR.
- 4.6 The reduction in General Fund CFR results in a corresponding reduction in annual debt costs. The saving is a combination of reduced interest payable and Minimum Revenue Provision (MRP) that is required to be set aside. The ongoing annual saving is anticipated to total £462,000, the calculation of which is set out in Appendix 1.
- 4.7 Due to the increase in HRA CFR, the annual cost of debt falling on the HRA would increase by approximately £342,000. The reason that it costs less to hold an asset in the HRA than it does to hold it in the General Fund is because the requirement to set

aside MRP is only applicable to debt held in the General Fund and is not required for HRA debt.

- 4.8 As appropriations take place with effect from either the 1st April or the 31st March of each financial year, the recommendation is that the four sites highlighted in this report, be appropriated with an effective date of the 1st April 2020, thus ensuring that the General Fund benefits from the full year's interest and MRP saving of £462,000 in the current financial year (2020/21).

- 4.9 It should be noted that if the sites are subsequently disposed of by the HRA, undeveloped, the resulting capital receipt would be treated as a corporate resource. This can be used to fund any part of the Capital Programme without any subsequent adjustment of CFRs being required, providing the receipt is used for affordable housing or regeneration projects. This is set out in Part 4 of the Local Authority (Capital Finance and Accounting) (England) Regulations 2003.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 Appropriation of the sites as stated in the proposal, for the intention of delivery of additional Affordable Housing, would support the following of the Council's corporate objectives:

1. Ensuring access to decent housing to meet local needs
2. To protect and enhance the lives of vulnerable adults and children
3. Keeping Reading's environment clean, green and safe
4. Ensuring the Council is fit for the future

- 5.2 It would also support the delivery of the following strategic aims:

- To promote equality, social inclusion and a safe and healthy environment for all

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 There are no direct environmental or climate implications resulting from this decision. However future developments on the identified sites would form part of the Council's Local Authority New Build Programme, which works to sustainability standards above those set out in Planning Policy where possible and deliverable.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 No consultation or engagement activities are required for this decision, any future developments on the identified sites would be subject to a local resident consultation.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 No Equality Impact Assessment is required for this decision as no negative impact on any of the protected groups set out in the Equality Act 2010, Section 149, have been identified.

9. LEGAL IMPLICATIONS

- 9.1 A local authority can allocate land held for specific purposes under different statutory powers - i.e. under section 122 Local Government Act 1972 (LGA 1972) or section 19(1) of the Housing Act 1985 (HA) Part II.

- 9.2 Under section 122 of the LGA 1972, appropriation may be made where the land is no longer needed in the public interest of the locality for the purpose for which it is held

immediately before appropriation. In this regard, a broad view of local need (taking account of the interests of all residents in the locality), has to be taken and officers consider that this test has been met. Officers are also satisfied that the use of appropriation would be in the public interest and proportionate to the objectives of the redevelopment scheme for the purpose of the Human Rights Act 1998.

- 9.3 Section 19(1) of the HA Part II permits a local housing authority to appropriate for the purposes of this Part any land for the time being vested in the local housing authority or at its disposal.
- 9.4 If the appropriation is carried out under section 19(1) of the HA then we must establish whether consent of the Secretary of State under section 19(2) of the HA is required. If any of the properties contain a lock-up garage which is integral or attached to a dwelling or is within the curtilage of a garden of a dwelling, then the consent of the Secretary of State would be required under section 19(2).
- 9.5 Therefore, provided each property can be classed as non-dwelling properties, appropriation can be done under section 122 of the LGA 1972 without requiring consent.
- 9.6 The general procedural requirements are as follows:
- (a) The decision to appropriate land is subject to judicial review
 - (b) In deciding the purpose for the appropriation, the Council must be able to demonstrate that it has taken all the relevant considerations into account and not taken any irrelevant considerations into account.
 - (c) The Council is the sole judge of whether the land is still required for the purpose for which it is held immediately before the appropriation and its decision cannot be challenged in the absence of bad faith.
 - (d) The minutes should show that the land is not currently appropriated for planning purposes and that the Council intends to formally appropriate the land under section 122 LGA 1972. If section 122 is being utilised the minutes must record the resolution that the land is no longer required for the purpose for which it is currently appropriated and therefore surplus to requirements.
- 9.7 The Assistant Director of Legal and Democratic Services should be authorised to enter into the necessary legal agreements.

10. FINANCIAL IMPLICATIONS

- 10.1 The financial implications of the recommendations are discussed within this report and presented in Appendix 1.
- 10.2 It should be noted that the anticipated ongoing debt saving to the General Fund of £462 and additional cost to the HRA of £342k will be realised in the current financial year, due to the recommendation that the appropriation be undertaken with effect from 1st April 2020. The £462k will improve the general fund budget monitoring position once the appropriation is agreed and a corresponding budget reduction has been reflected in the budget papers. The £342k additional cost to the HRA will also need to be reflected in the budget monitoring reducing the contribution to the HRA reserve and will also be reflected in future years budget.
- 10.3 It should be noted that if the sites are subsequently disposed of by the HRA, undeveloped, the resulting capital receipt would be treated as a corporate resource. As stated above any corporate resources can be used to fund any part of the Capital Programme without any subsequent adjustment of Capital Finance Reserves (CFR) being required, providing the receipt is used for affordable housing or regeneration projects. This is set out in Part 4 of the Local Authority (Capital Finance and Accounting)

(England) Regulations 2003. The Local Authority (Capital Finance and Accounting) (England) Regulations 2003 defines both the provision of affordable housing and regeneration as follows:

Provision of affordable housing

“the provision of dwellings to meet the housing needs, as identified by the local authority, of persons on low incomes, whether provided by the authority or a social landlord registered under section 1 of the Housing Act 1996 (the register of social landlords)”

Regeneration projects

“any project for the carrying out of works or activities on any land where:

- a) the land, or a building on the land, is vacant, unused, under-used, ineffectively used, contaminated or derelict; and
- b) the works or activities are carried out in order to secure that the land or the building will be brought into effective use”

10.4 The costs which can be counted under both affordable housing or regeneration projects are: -

- (i) constructing or improving dwellings, or providing dwellings by the conversion of a building or a part of a building;
- (ii) making a gift of land;
- (iii) paying a contribution, grant or subsidy under any power conferred on the authority under any enactment; or
- (iv) giving consideration for any benefit that the authority has received, or will receive, by virtue of the project.

11. BACKGROUND PAPERS

11.1 Adult Social Care Asset Review and Capital Strategy .

FINANCIAL IMPLICATIONS

The financial implications arising from the proposals set out in this report are set out below:

1. General Fund Revenue Implications

Use this Table in the report or as an Appendix to set out the revenue implications:

	2020/21 £000	2021/22 £000	2022/23 £000
Employee costs (see note1)	0	0	0
Other running costs	0	0	0
Capital financings costs	(462)	(462)	(462)
Expenditure	(462)	(462)	(462)
Income from:			
Fees and charges (see note2)	0	0	0
Grant funding	0	0	0
(specify)			
Other income	0	0	0
Total Income	0	0	0
Net Cost(+)/saving (-)	(462)	(462)	(462)

2. Capital Implications

Capital Programme reference from budget book: page line	2020/21 £000	2021/22 £000	2022/23 £000
Proposed Capital Expenditure	0	0	0
Funded by			
Grant (specify)	0	0	0
Section 106 (specify)	0	0	0
Other services	0	0	0
Capital Receipts/Borrowing	0	0	0
Total Funding	0	0	0

Financial Implications of Recommendations

Estimated Market Value of Sites

	£
Battle Street	5,500,000
Amethyst Lane	3,000,000
Dwyer Road	1,300,000
Hexham Road	1,600,000
Total Value	11,400,000

Estimated Annual Saving to General Fund

	£
Value of Debt Transferred	11,400,000
Interest Saving (3%)	342,000
MRP Saving (2%)	120,000
Total Annual Saving	462,000

Estimated Annual Cost to HRA

	£
Value of Debt Transferred	11,400,000
Interest Saving (3%)	342,000
MRP Saving (0%)	0
Total Annual Cost	342,000

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READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR FOR SOCIAL CARE AND HEALTH

TO:	POLICY COMMITTEE		
DATE:	18 JANUARY 2021		
TITLE:	SUPPORTED LIVING RENT INCREASE FROM APRIL 2021		
LEAD COUNCILLOR:	CLLR TONY JONES & CLLR ENNIS	PORTFOLIO:	ADULT SOCIAL CARE & HOUSING
SERVICE:	DACHS	WARDS:	BOROUGHWIDE
LEAD OFFICER:	MELISSA WISE	TEL:	0118 937 4945
JOB TITLE:	ASSISTANT DIRECTOR COMMISSIONING, TRANSFORMATION AND PERFORMANCE	E-MAIL:	melissa.wise@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to propose a rent increase within the Council's Supported Living properties utilised within Adult Social Care to bring rents in line with similar Council properties.
- 1.2 The report provides detail and recommends a resolution to the disparity of rent charged within the Supported Living scheme for different types of accommodation and recommends an annual rent increase for all properties within the scheme. Individuals who are receiving Housing Benefit or Universal Credit (this currently applies to all the individuals who are living in these properties) will continue to have their rent paid by these welfare benefits and will not see an impact on their own personal finances.
- 1.3 The report describes supported living provision offered within RBC-owned properties; the nature of the properties' exemptions from social housing and rental legislation (which applies to other forms of social housing); the impact this has on chargeable rents; and a proposal for exploring the opportunity for savings against these properties.
- 1.4 The report also describes the means by which future planned maintenance for the properties has been determined in order to ensure the properties are fit for purpose into the future.

2. RECOMMENDED ACTION

- 2.1 That Policy Committee approves the recommendation to increase the rent in the RBC-owned Supported Living properties in line with Local Housing Allowance (LHA) and to implement annual rent increases in line with social rent and affordable rent increases of CPI (as at October each year) +1% per annum from 1st April 2021 generating expected additional rent of £21k per annum.

3. POLICY CONTEXT

- 3.1 Supported living enables adults to live in their own home - with the help they need to be independent - and allows them to choose where they want to live, who with, how they want to be supported, and what happens in their own home.
- 3.2 The Council's Corporate Plan priorities include ensuring access to decent housing to meet local needs and protecting and enhancing the lives of vulnerable adults. The Supported Living properties owned by Reading Borough Council support these priorities but in order to fulfil the Corporate Plans priorities to ensuring the Council is fit for the future the scheme must be appropriately costed and relevant charges must be applied in order to ensure value for money and sustainability. It is on this basis that a proposal to increase rent across the scheme is being put forward.
- 3.3 Currently 100% of housing costs (rent and eligible service charges) for long-term supported housing is paid by central government through the welfare system (Housing Benefit/Universal Credit), subject to the benefit rules.
- 3.4 The Supported Living properties owned by Reading Borough Council meets the 'exempt accommodation' criteria for Housing Benefit purposes due to the provision providing "care, support or supervision." As such, the Housing Benefit regulations, which limit rents to defined Local Housing Allowance (LHA) levels, do not apply. This is also the case for Universal Credit meaning that LHA levels do not apply for either Housing Benefit or Universal Credit. This means that the rents charged for the properties are not capped at the LHA rates.
- 3.5 The Supported Living properties owned by Reading Borough Council are classed as "specialised supported housing" and as such are exempt from the UK Government's policy on rents for social housing. It is also therefore exempt from the published formula used to calculate social rent and from the directive in October 2017 that registered providers could increase rents on social rent and affordable rent properties by up to Consumer Price Index (CPI) +1% each year from 2020, for a period of at least five years. This means that there is no defined way of calculating the "ideal" rent for these properties.
- 3.6 Rent levels in supported housing tend to be higher than those charged for similar accommodation in the private sector. The key reasons for variations in costs are mainly attributed to:
- Maintenance, repairs and renewals
 - Provision of communal areas and facilities
 - Security and health and safety considerations
 - Housing management
 - Voids

4. THE PROPOSAL

Current Position:

- 4.1 Adult Social Care (ASC) own 14 properties which are let as shared houses to provide supported living, offering 54 separate units of accommodation. Individuals are nominated to these properties by ASC, via the Eligibility & Review Group panel, and the budget for maintaining these properties (as well as for any supported living packages delivered within these properties) sits within ASC costs centres. The Council's Housing Service is the agent and they act as landlord on behalf of ASC who commission providers to deliver personalised support to residents within the scheme.
- 4.2 Regarding the income and expenditure on these properties:

- **Rents** → At present the rent provide a gross income to the ASC service.
- **Expenditure** → The total net income depends on the level of rent loss during a void period and repairs expenditure during that year and this is normally less than budgeted for.
- **Maintenance** → The Council hold a 'sink fund' which is used for planned and unplanned maintenance to the properties. In 2017 a review of the sink fund which is used to cover planned and unplanned maintenance on the supported living properties found it to be consistently underspent and it annually carried forward a surplus.

Options Proposed

- 4.3 Rent within the properties hasn't been reviewed since 2017. At that time an increase was applied based on rent being low in comparison to other supported living properties and as such rent was brought in line with other provision.
- 4.4 There is no prescribed means by which to calculate rent within a specialised supported housing scheme (see 3.5 above). However, the levels of rent and service charge must be deemed reasonable and justifiable and in line with housing management costs and Housing Benefit eligibility. Evidence shows that eligible rents and service charges are mainly negotiated and agreed between Housing Benefit teams and providers, in this case the Council as landlords and commissioners of support.
- 4.5 When considering the recommendation action, all other forms of social housing provided by the Council were considered so that we could ensure consistency across our housing offer. This confirmed that Supported Living is the only social housing offered by the Council that doesn't either have a specific formula attached to it for our locality such as can be found within social rent or is covered by the Government's policy on rents for social housing such as the Council's Sheltered Housing offer which must comply with Local Housing Allowance limits.
- 4.6 In order to calculate rent that is reflective of the locality and can meet housing management costs and Housing Benefit eligibility, one or more of the following factors could be considered:
 - LHA - whilst rent in the scheme does not need to observe LHA limits (see 3.4 above), the LHA gives an indication of rent that can be charged in the private rental sector for this locality and would be covered by Housing Benefit/Universal Credit.
 - Calculated social rent for the supported living properties based on the national social rent formula which is calculated on the basis of 30% of a property's rent based on relative property values, 70% of a property's rent based on relative local earnings and a bedroom factor applied so that, other things being equal, smaller properties have lower rents.
 - Calculated social rent for the supported living properties based on the national social rent formula adjusted to disregard the 1% decrease in rent year on year applied by central government for 5 years from April 2016.
 - 'Affordable rent' which was introduced in 2011 and permits rents (inclusive of service charges) to be set at up to 80% of market rent (inclusive of service charges). The introduction of affordable rent made it possible to build more homes for every pound of government investment, allowing more people in housing need to have access to a good quality home at a sub-market rent.

With this in mind, there are three possible options for setting a new rent level:

- 4.7 **Option A: Social Rent** → Currently the scheme is collecting £6.6k per week with weekly rents ranging from £120 to £135. These are far higher than Reading's social and adjusted social rents, which is to be expected, as supported housing rents are always higher than social housing rents, due to the higher service need. As such it is not proposed that rent is based on social rent or adjusted social rent as this would lead to a loss for the Council as costs to run the scheme would be unlikely to be covered.
- 4.8 **Option B: Affordable rent** → Affordable rent is often below LHA and doesn't take into account the cost associated with running a support living scheme as set out in 3.6. As such it is not proposed that rent is based on affordable rent as again this would lead to a loss for the Council as costs to run the scheme would be unlikely to be covered.
- 4.9 **Option C (recommended): The LHA level** → The LHA provides an indication of what Housing Benefit can be claimed based on the size of the property rented. As described in 3.4 rent within the scheme does not need to be capped at LHA due to its exempt status. Whilst the shared accommodation rent within the scheme is above LHA, which is to be expected given the higher service need, the one bed self-contained flats are below LHA. In order to rectify this disparity and to ensure that all properties are contributing effectively towards the costs of the scheme it is proposed that the one-bed self-contained flats are increased to LHA level for this type of accommodation. This would ensure that shared accommodation rents are not 'propping up' costs across the whole scheme. Also applying a further 1.7% (CPI plus 1%) at October each year in the following April. CPI was 0.7% in October 2020, so the increase from 1st April 2021 in line with social rent and affordable rent this would increase total weekly rent to £7.5k. Over a year this would add an additional £21k of rental income (assuming 5% voids).

The impact of this option on people who live in the properties is detailed below.

Of the 54 current units of accommodation:

- 48 shared accommodations rent will remain the same, bar an increase of CPI (as at October 2020) +1% as described in section 10, as they already align with the LHA.
- 6 are in one-bedroom self-contained flats and will be affected by the proposed change to rent - which would be set at £182.96 per week. This along with the increase of CPI (as at October 2020) +1% creates an increase per week of £50.73 (35%) for 6 clients who currently pay £135.34 per week in rent

All 6 individuals living in the one-bedroom self-contained flats are receiving either Housing Benefit or Universal Credit. The individuals who are in receipt of Housing Benefit will not need to do anything as Housing Benefit will be advised of the rent change and changes to the transfer of funds to pay rent will happen automatically. The individuals who are in receipt of Universal Credit will need to update their journal to show the change in rent from the date specified. Support will be offered to them and their support workers to carry out this task via written guidance and one to one support. All individuals will continue to have their rent paid by these welfare benefits and will not see an impact on their own personal finances.

- 4.10 It has been considered whether an increase in the weekly rent for residents in one-bed, self-contained accommodation would be a disincentive to finding employment as if that were to happen their welfare benefits may stop or be affected meaning that the resident may need to pay rent from their own personal finances. Due to the needs of the residents within the scheme, employment is sometimes not an option, however

staff continue to support individuals to seek employment where possible and to access their full entitlement of benefits ensuring that they understand their options. The Locality Manager responsible for this service area has confirmed that this summation aligns with the service users' care and support plans.

- 4.11 **Rent Increases 2022/2023 - 2024/2025** This report also recommends that an automatic rent increase of CPI+1% is applied for the following three years. As CPI changes on a monthly basis CPI in January will be used to calculate the following years rent commencing from April as this allows enough time for the rent collection system to be updated and for residents to be made aware of the proposed change in rent. This annual increase will ensure that the rents remain in line with social rent increases. As noted in 3.5 (above), an increase of up to CPI+1% has been agreed by central government for a period of at least five years from 2020 for social rent and affordable rent properties.

4.12 **Planned Maintenance**

Faithful+Gould, an independent project and programme management consultancy was commissioned in 2019 to conduct a survey on Supported Living properties. They delivered a 5 year forward maintenance plan in January 2020, costed using a schedule of rates and prices compiled for use as an indication of budget cost only. It should be noted that the plan covers forecasted works proposed with consideration to a normal level of wear and tear only, reflective of the current use of the building. Therefore, the plan does not take into consideration unplanned maintenance or repair.

- 4.13 The 5 year maintenance plan is all encompassing and covers work that is classed as 'urgent work required in one year that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of occupants and/or remedy a less serious breach in legislation' to 'desirable work required in 5 or more years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of occupants and/or remedy a minor breach in legislation'.

Other Options Considered

- 4.14 **Do nothing** → RBC could make no changes to rent, aiming to achieve savings through other means. However, given the current financial climate it is unlikely that other Adult Social Care projects or initiatives would be able to provide the additional income year on year from April 2021 that this proposal can deliver. It would also fail to address the disparity between levels of rent charged in the properties, and with the LHA.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The ongoing sustainability of Supported Living in Reading, supports the Council's Corporate Plan through its contribution to:
1. Ensuring access to decent housing to meet local needs
 2. Protecting and enhancing the lives of vulnerable adults and children
 3. Ensuring the Council is fit for the future
- 5.2 As well as contributing to the Council's Corporate Plan this project also supports the Council's strategic aim to promote equality, social inclusion and a safe and healthy environment for all.
- 5.3 Through the scheme providing the necessary care to individuals in need whilst maintaining and developing their independence the scheme promotes the health and wellbeing and sustainability of the adult social care offer.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 This proposal presents no adverse implication with respect to the environment, climate or to the Council's ability to respond to the Climate Emergency and achieve a carbon neutral Reading by 2030.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 The agreed proposal will be shared with those affected via a robust communications plan. Communications will include service users, their family and friends formally involved in their care and support and commissioned support providers and all will be given the opportunity to meet with officers for a discussion to understand the proposal.
- 7.2 It has been noted that stakeholders in Housing have raised the issue that properties may require significant maintenance and repair in order to remain at an acceptable standard - especially given the need to ensure that a proposed rent increase is reasonable and justifiable. This is acknowledged and has been detailed further in section 4.12.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Consideration has been given to whether an Equality Impact Assessment is required, and it has been determined in consultation with the Council's Policy & Voluntary Sector Manager that an assessment is not required as the implementation of this proposal will not have a differential impact on any specific groups of people - whilst residents within the scheme will have protected characteristics under the Equality Act 2010 the proposed action is not having a differential impact based on those protected characteristics.

9. LEGAL IMPLICATIONS

- 9.1 Of the 44 current individuals within the scheme:
- **14 have signed licence agreements** → In line with legal advice, an increase to the weekly charge can be carried out upon a 28-day written notice of the increase to be provided to all residents based on the clause within the current licences expressly stating that the Council "will review charges from time to time and if it is necessary to increase them, the occupier will receive 28 days' notice in writing".
 - **30 residents' have tenancy agreements that require updating** → this is believed by Housing to have been due to the length of time since their admission into the properties (i.e. 13 years in some instances). Adult Social Care, Housing and legal services are currently working in collaboration to ensure that all residents have an up-to-date tenancy agreement in place prior to the rental increase being implemented.

10. FINANCIAL IMPLICATIONS

- 10.1 The net budget for Supported Living is £290k pa. The recommended increases in the report will achieve an additional £21k pa as detailed in **Appendix 1: Rent increases per property**.

This will contribute to ensuring Adult Social Care have the means to balance the budget going forward with minimum use of one-off balances from the Maintenance sink fund.

11. RISKS

- 11.1 The tenancy agreements require updating to enable the rent increases to be made. Adult Social Care and Housing are committed to ensuring that these updates are made and the rent increases will not be implemented until this is done.

12. BACKGROUND PAPERS

- 12.1 N/A

13. APPENDICES

Appendix 1: Rent increases per property.

Table 1 - Rooms in a shared house - subject to an increase of 1.7% based on 2020 CPI (as at October 2020) + 1% as recommended in 4.9.

Property	Room number	Current weekly rent	2021/22 charge adding 1.7% October 2020 CPI of 0.7% + 1%.	Increase in rent in 2021/22
		£	£	£
1	1	120.00	122.04	2.04
	2	120.00	122.04	2.04
2	1	125.00	127.13	2.13
	2	125.00	127.13	2.13
	3	120.00	122.04	2.04
	5	125.00	127.13	2.13
	6	125.00	127.13	2.13
3	1	120.00	122.04	2.04
	2	120.00	122.04	2.04
4	1	120.00	122.04	2.04
	2	120.00	122.04	2.04
	3	120.00	122.04	2.04
5	1	125.00	127.13	2.13
	2	125.00	127.13	2.13
	3	125.00	127.13	2.13
	4	125.00	127.13	2.13
	5	125.00	127.13	2.13
	6	125.00	127.13	2.13
6	1	120.00	122.04	2.04
	2	120.00	122.04	2.04
	3	120.00	122.04	2.04
	4	120.00	122.04	2.04
8	1	120.00	122.04	2.04
	2	120.00	122.04	2.04
9	1	125.00	127.13	2.13
	2	125.00	127.13	2.13
10	1	120.00	122.04	2.04
	2	120.00	122.04	2.04
	3	120.00	122.04	2.04
11	1	120.00	122.04	2.04
	2	120.00	122.04	2.04
12	1	120.00	122.04	2.04
	2	120.00	122.04	2.04
	3	120.00	122.04	2.04

13	1a	120.00	122.04	2.04
	1b	120.00	122.04	2.04
	2	120.00	122.04	2.04
	3	120.00	122.04	2.04
	4	120.00	122.04	2.04
	5	120.00	122.04	2.04
	6	120.00	122.04	2.04
14	1	120.00	122.04	2.04
	2	120.00	122.04	2.04
	3	120.00	122.04	2.04
	5	120.00	122.04	2.04
	6	120.00	122.04	2.04
	7	120.00	122.04	2.04
	8	120.00	122.04	2.04
Total per week		5,820.00	5,919.00	99.00
Total per annum (using 52.14 weeks)		303,454.80	308,616.66	5,161.86

Table 2 - One-bedroom, self-contained flats - subject to a rent increase in line with LHA and an increase of 1.7% based on 2020 CPI (as at October 2020) + 1% as recommended in 4.9.

Property	Flat number	Current weekly rent	2021/22 charge increasing rent to LHA and adding 1.7% based on October 2020 CPI + 1%.	Increase in rent in 2021/22
		£	£	£
7	1	135.34	186.07	50.73
	2	135.34	186.07	50.73
	3	135.34	186.07	50.73
	4	135.34	186.07	50.73
	5	135.34	186.07	50.73
	6	135.34	186.07	50.73
Total Per Week		812.04	1,116.42	304.38
Total Per Annum		42,339.77	58,210.14	15,870.37

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	18 JANUARY 2021		
TITLE:	LOCAL AUTHORITY NEW BUILD - WENSLEY ROAD ESTATE IMPROVEMENTS		
LEAD COUNCILLOR:	COUNCILLOR JOHN ENNIS	PORTFOLIO:	HOUSING
SERVICE:	HOUSING	WARDS:	MINSTER
LEAD OFFICER:	ZELDA WOLFLE	TEL:	0118 937 2281
JOB TITLE:	ASSISTANT DIRECTOR OF HOUSING & COMMUNITIES	E-MAIL:	zelda.wolfle@reading.gov.uk

1. PURPOSE OF REPORT

- 1.1 This report requests spend approval to deliver the proposed development of 46 homes, 25 new garages and wider estate improvements, at Wensley Road, Minster Ward (Wensley Road Estate Improvement Project).
- 1.2 The report also requests delegated authority to award contracts for the proposed development and the appropriation of a number of garages to the Council's Housing Revenue Account (HRA).
- 1.3 Key financial information is presented in a Part 2 confidential report as the publication of the total spend required may prejudice the procurement process.

2. RECOMMENDATIONS

- 2.1 That Policy Committee approves a Housing Revenue Account spend as set out in the Part 2 report to deliver 46 new Council homes, up to 25 new garages and wider estate improvements within the Wensley Road area.
- 2.2 That Policy Committee delegates authority to the Executive Director of Economic Growth & Neighbourhood Services, in consultation with the Lead Councillor for Housing, to:
 - (a) tender; and,
 - (b) enter into contracts for the construction and all necessary external works relating to the delivery of 46 new Council homes, up to 25 new garages and wider estate improvements within the Wensley Road area.
- 2.3 That Policy Committee notes and approves the appropriation of the garage sites known as G1-G13 Wensley Court and G104-G119 Wensley Road from the Council's General Fund to the Housing Revenue Account to support the delivery of the Wensley Road Development Project with effect from 31 March 2021.

3. POLICY CONTEXT

- 3.1 The Council has had a long-established commitment to supporting the delivery of affordable homes in Reading. Since 2012 it has been possible for councils to again build new council owned homes. This was further enabled by the removal of the Housing Revenue Account borrowing cap in October 2018.
- 3.2 A Local Authority New Build programme has been in place in Reading since 2013 and at the date of this report, 173 new homes (138 new build and 35 acquisitions) have been delivered. A further c.110 homes are in progress with a staggered delivery over the next 3 years.
- 3.3 The Council has used funds from within the HRA, receipts from right to buys, developer contributions and grants to fund the delivery of new council homes.

4. WENSLEY ROAD ESTATE IMPROVEMENT PROJECT -BACKGROUND

- 4.1 In Autumn 2018, a bid was submitted to Homes England to support the delivery of affordable housing under the Shared Ownership and Affordable Housing Programme. This included a tranche of grant funding available for the delivery of homes let at social rent levels.
- 4.2 The Council successfully bid for funding to support a potential development at Wensley Road area and was allocated £3,960,250 in grant for this purpose.
- 4.3 Between August and October 2019 the Council consulted residents about the development of the Wensley Road area to give the community an opportunity to shape the future design proposals for this area. Following on from, and taking into account the outcome of the consultation, a planning application was subsequently submitted in early 2020, which was then granted planning permission, subject the completion of a legal agreement, at the Planning Applications Committee in August 2020.
- 4.4 In addition to the building of new homes, the approved designs include plans to enhance and improve the general area for existing residents and thereby create a better sense of place. The plans include improved play areas/equipment for children of all ages, improved parking, increased cycle storage, replacement of refuse facilities and improvements to the public realm. These proposals will complement the planned improvement works in relation to a new water distribution system and the installation of a fire sprinkler system due to be completed on the three high rise towers in the area in January 2021. Planned improvements to windows and the exterior of the high-rise towers will follow on.
- 4.5 Part of the Council's commitment in relation to the development of 46 new homes, is the offer of a replacement garage for the tenants of 29 garages that are due to be demolished (only 24 garages out of a total of 29 are currently let to tenants), within the Coley area. In order to meet this commitment, 25 new garages are due to be built as part of the Wensley Road Estate Improvement Project.
- 4.6 Included in the S106 legal agreement, which sits alongside the planning permission, is a commitment for the Housing Revenue Account, as the developer, to pay for £116k of improvement works to nearby Courage Park. Contributions will also be made to fund an employment and skills plan. The development has been designed to achieve zero carbon, incorporating design features such as air source heat pumps, arrays of photovoltaic panels on the roofslopes of the buildings (predominantly those

south facing), highly efficient insulation and triple glazed windows. In overall terms the proposed scheme is considered to incorporate a variety of passive and active measures to be a highly sustainable development for the Borough.

- 4.7 An outline budget allocation for the Wensley Road Estate Improvement Project has been included as part of the HRA capital programme budget build. The updated capital programme will be formally presented for approval in February 2021.

5. PROPOSAL

- 5.1 It is proposed that Policy Committee approve spend as set out in the Part 2 confidential report for the Wensley Road Estate Improvement Project. The anticipated cost of the new homes, to Passivhaus principles, is considered good value for money. The key elements of that spend can be broken down as set out in the table below. Like most regeneration projects, the development has a number of risks and uncertainties and it is considered prudent to seek a 20% contingency.

Scheme Element
Construction of 46 homes to Passivhaus principles.
Allowance for completing a number of enhancements to play areas, parking, built environment and landscaping across the site.
Planning commitment for improvement works to Courage Park
Development of up to 25 replacement garages
Parking improvements along Wensley Road (by Community Centre)
Estimated Works
20% Contingency budget
Total

- 5.2 The budget for the scheme is expected to be made up of a Homes England Grant, S106 funding and HRA borrowing. The breakdown of the budget is provided in the part 2 report.
- 5.3 The Council has commenced a procurement exercise through the Westworks Framework to appoint a contractor to deliver the 46 new homes and associated landscaping works. Final clarifications are being completed. The Council will also tender and enter into a contract for the delivery of the two additional garage schemes. It is proposed that Policy Committee delegate authority to the Executive Director of Economic Growth and Neighbourhood Services, in consultation with the Lead Councillor for Housing, to agree the award of the contracts to the successful contractors as per the recommendations made at Section 2 of this report.
- 5.4 It is also proposed that the existing garage sites within the development area (known as G1-G13 Wensley Court and Garage G104-G119 Wensley Road) are, under Section 19 of the Housing Act 1985, transferred from the Council's General Fund to the Housing Revenue Account for the purposes of developing housing.

6. CONTRIBUTION TO STRATEGIC AIMS

- 6.1 The delivery of Wensley Road Estate Improvement Project, as part of the Local Authority New Build programme directly supports the following priority of the Council's Corporate Plan:

- Ensuring access to decent housing to meet local needs

- 6.2 In addition, the supply of housing accessible for low-income households, and the wider estate improvements included within this scheme, support the following priorities:
- Protecting and enhancing the lives of vulnerable adults and children
 - Keeping Reading's environment clean, green, and safe

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 An extensive consultation exercise with the community was completed between August and October 2019. Facilitated by the Council in partnership with the architects for the project, HTA, the consultation included three drop-in events. The first two were held directly on the site, outside the entrance to the flats, and initially sought to engage residents regarding ideas of estate improvements, to find out what was important to those that live there and then subsequently to share three early design proposals. The third event shared the final proposals with the community to obtain views and comments in advance of submitting a formal planning application.
- 7.2 In addition, the proposals to develop this site was subject to full consultation through the planning process.

8 LEGAL IMPLICATIONS

- 8.1 The Council has powers under section 9 and 17 of the Housing Act 1985 to provide housing accommodation and to acquire land and housing for the purposes of Part II of the Housing Act 1985.
- 8.2 A local authority can allocate land held for specific purposes under different statutory powers - i.e. under section 122 Local Government Act 1972 (LGA 1972) or section 19(1) of the Housing Act 1985 (HA) Part II.
- 8.3 Works contracts worth £4,733,252 (Works Threshold) or more must be advertised in the Official Journal of the European Union or after 11pm on 31 December 2020 following the UK's withdrawal from the European Union via the UK's e-notification service Find a Tender and then tendered or be procured via a framework agreement which itself has already been advertised in OJEU or Find a Tender (as applicable) and undergone a tender process. The Public Contracts Regulations 2015 (as amended) do not require an OJEU or Find a Tender (as applicable) advertised tendering process in the case of below Works Threshold contracts. Such contracts must be awarded in line with the Council's Standing Orders.
- 8.4 It will be necessary to enter into contracts with the successful contractors.

9. FINANCIAL IMPLICATIONS

- 9.1 The proposed update to the Budget and Medium-Term Financial Strategy, submitted to Policy Committee for review on the 14th December, included details of the draft Housing Revenue Account Capital Programme. The funding for the Wensley Road Estate Improvement Project is contained within the total budget allocation for phase 3 of the New Build and Acquisitions Scheme (£24.5m).
- 9.2 The proposed spend profile is set out in the Part 2 report.

- 9.3 Whilst the total individual sites within Phase 3 have altered since the scheme's approval, the Wensley Road Estate Improvement Project remains a key part of this new Council housing delivery programme.
- 9.4 The cost and the funding sources listed above will be incorporated into the HRA's 30-year Business Plan and, factoring in the anticipated cost of the scheme, it continues to break even over the business plan's term.

10. ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS

- 10.1 On the 26th of February 2019 the Council declared a Climate Emergency and resolved to act to accelerate a carbon neutral Reading to 2030. Reading Climate Change Partnership's Reading Climate Emergency Strategy 2020-25 and the new RBC corporate Carbon Plan 2020-25 was adopted in November 2020. The Council will therefore seek to ensure the scheme delivers on this commitment by developing a design that adheres to Passivhaus principles.
- 10.2 The application of the fabric first approach of Passivhaus reduces greenhouse gas emissions and delivers significant long-term energy savings to the tenants. The low running costs and higher quality building mean that costs are significantly reduced over the life of the building for the occupiers.
- 10.3 Studies undertaken by the Passivhaus House Trust indicate that buildings can achieve up to a 75% reduction in space heating requirements and costs, compared to standard UK new build.
- 10.4 The use of sustainable material will play an important role in the design. This, combined with the high quality of building physics achieved through insulation, thermal bridge-free design and airtightness ensures that the sustainable benefits of Passivhaus principles will last.
- 10.5 In addition to the above, the site offers a sustainable location for residents in terms of access to employment, schools, and other local services via good public transport, pedestrian and cycling networks. While seeking to encourage and support sustainable travel, the scheme will provide charging points for electric vehicles.

11. BACKGROUND PAPERS - none

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READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	18 JANUARY 2020		
TITLE:	EXTERNAL FUNDING APPLICATIONS FOR LOW CARBON INVESTMENT		
LEAD COUNCILLOR:	CLLR PAGE	PORTFOLIO:	STRATEGIC ENVIRONMENT, PLANNING AND TRANSPORT
SERVICE:	DEGNS	WARDS:	BOROUGHWIDE
LEAD OFFICER:	BEN BURFOOT	TEL:	0118 937 2232 (x72232)
JOB TITLE:	SUSTAINABILITY MANAGER	E-MAIL:	ben.burfoot@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is (i) to inform the Committee of funding applications being submitted and prepared in pursuit of funding opportunities which will help deliver the Council's policy commitments in relation to climate change, and (ii) to seek approval to spend grant funding should the applications be successful. The grants sought are made available by the Department for Business, Energy and Industrial Strategy to support national and local climate change policy objectives. Specifically, these are:
- The Public Sector Decarbonisation Fund (energy projects for Council buildings)
 - The Low Carbon Skills Fund (for project planning and bid preparation)
 - The Green Homes Grant Local Authority Delivery Scheme (housing retrofit)
- 1.2 These grant funding schemes are being made available at short notice with numerous rounds and tight application deadlines. This report is therefore seeking appropriate delegations to enable the timely acceptance of any successful grant applications, delivery of grant funded projects and discharge of associated grant conditions.
- 1.4 Appendices to this report:
- Appendix 1: Green Homes Grant Memorandum of Understanding
 - Appendix 2 Public Sector Decarbonisation Fund Guidance

2. RECOMMENDED ACTION

2.1 That Policy Committee:

- (i) note the grant applications submitted and proposed to the Public Sector Decarbonisation Fund, the Low Carbon Skills Fund and the Green Homes Grant Local Authority Delivery scheme
- (ii) note the acceptance of the Green Homes Grant and associated MoU (Appendix 1)
- (iii) delegate approval to spend any grant monies received from the Public Sector Decarbonisation Fund, the Low Carbon Skills Fund and the Green Homes Grant Local Authority Delivery scheme to the Director of Economic Growth & Neighbourhood Services, in consultation with the Executive Director of Resources and the Lead Member for Strategic Environment, Planning & Transport

3. POLICY CONTEXT

- 3.1 The Council declared a climate emergency in February 2019 and committed to the goal of a net zero carbon Reading by 2030. At its meeting on 2nd November 2020, Policy Committee endorsed the new Reading Climate Emergency Strategy 2020-25 and adopted a new corporate Carbon Plan for 2020-25. These documents set out respectively plans to achieve a net zero carbon borough and a net zero carbon council by 2030. They highlight the importance of retrofitting Reading's housing stock to zero carbon standards as this forms such a large part of the town's carbon footprint.
- 3.2 The climate emergency declaration highlighted the need for additional support and new resources from Government to deliver and accelerate progress towards the net zero ambition. In response to the severe economic impacts of the Covid-19 pandemic, Government has, over the past three months, created a number of funding streams to support a 'green recovery' from the pandemic. It is therefore vital that the Council pursues these funding opportunities to maximise its ability to deliver policy commitments in addition to what is possible from its own resources.

4. EXTERNAL FUNDING OPPORTUNITIES FOR LOW CARBON INVESTMENT

- 4.1 The grants recently made available by Government, and the status of applications made or being considered by the Council, include:
- **The Public Sector Decarbonisation Fund (PSDF)** - a new programme offering up to 100% grant funding for public bodies to reduce carbon emissions through energy efficiency and renewable energy installations. The Fund opened for applications on 30th September and the first £1bn has already been fully allocated but further funding has been confirmed by the Prime Minister in the Government's Ten Point Plan. Applications can be submitted at any time and a prompt turnaround of applications is anticipated once further application rounds are announced. RBC applications have been submitted or are envisaged as follows:
 - PSDF - £3.2m double glazing for 14 schools (submitted 23rd November)
 - PSDF - estimated £2.5m Schools renewable energy measures
 - PSDF - estimated £1.9m Crematorium refurbishment/electrification
 - PSDF - estimated £1.2m Council buildings renewable energy including heat pumps
 - **The Low Carbon Skills Fund (LCSF)** - a £20m UK wide fund to provide additional capacity (typically consultancy support) to prepare applications for the Public Sector Decarbonisation Fund (summarised above). Reading has applied for £131,234 for consultancy support for schools and RBC's non-school buildings including the crematorium. The funds are to support development of potential PSDF bids and ongoing projects on a 'no commitment' basis.
 - **The Green Homes Grant (GHG)** - a £2 billion programme offering grants to homeowners for energy efficiency measures which includes a Local Authority Delivery (LAD) scheme (£0.5bn) for local authorities to deliver housing retrofit projects. The fund supports houses with landlords (including social landlords) up to £5000 but with a minimum of one third match funding from the landlord. Private households which are in receipt of certain benefits and thereby defined as at risk of fuel poverty would be able to access £10,000 per property with no match funding required. Applicants need to use Trustmark (or other equivalent scheme) suppliers, ensure that key performance indicators are met and that fraud prevention measures are followed. RBC applications have been submitted or are envisaged as follows:
 - GHG - Local Authority Delivery Phase 1A - £555k - energy efficiency in private and social housing, for delivery December 2020-April 2021.

Application for £555,000 submitted in September 2020, awarded in October 2020, enabling retrofit of 85 properties. 50% of the grant has been received and a further 50% will be paid on completion.

- GHG - Local Authority Delivery Phase 1B - to fund additional air source heat pumps and associated measures, for delivery January-September 2021 - estimated bid of c£250k in preparation.

5. THE PROPOSAL

5.1 In view of the tight timescales for applications to these funds and delivery of projects to meet grant conditions, in the event that funding applications are successful, projects may need to be initiated quickly and to timeframes which do not fit comfortably with RBC Committee timescales. Appropriate delegations are therefore being sought in this paper, as per the recommendation (iv) above, to enable the timely acceptance of any successful grant applications, initiation and delivery of grant funded projects and discharge of associated grant conditions.

5.2 The Zero Carbon Homes policy in the Council's Local Plan, detailed further in the Supplementary Planning Document on Sustainable Design and Construction, provides for offset funding collected from developers to be directed for use in suitable local decarbonisation projects. The Council has identified housing retrofit as the priority for receipt of this funding (Policy Committee 28th September minute 47 on Housing Strategy refers) and delegates responsibility for agreeing details how this funding should be allocated to the Executive Director of Economic Growth and Neighbourhood Services in consultation with the Lead Member. It was therefore proposed in the Council's bid that any match funding required to enable external wall insulation in private housing under the GHG projects should come from this source. As the Zero Carbon Homes policy is relatively new and not yet in receipt of sufficient funds to cover the cost of schemes within the tight timeframe for the GHG project, it is proposed to make a virement from approved capital funds for RBC energy projects to provide the match funding, to be repaid on receipt of forecast income under the Zero Carbon Homes policy. The maximum match funding required for Phase 1A of the scheme of is £140,000.

5.3 Alternative options considered:

- Not to pursue grant funding opportunities: this is not considered practical as RBC would be unable to deliver the action required to meet its policy commitments without external funding.
- Seek Committee approval to spend 'as and when' grant offers are received - this approach is not considered practical given the tight timescales for project delivery which may not sit comfortably with RBC committee timescales.

6. CONTRIBUTION TO STRATEGIC AIMS

6.1 The proposal contributes to corporate aims as follows:

- Securing the economic success of Reading and provision of job opportunities: by promoting 'clean growth' and the development of Reading's low carbon economy
- Keeping Reading's environment clean, green and safe: by reducing Reading's contribution to climate change and encouraging more sustainable travel options
- Ensuring the Council is fit for the future: by reducing energy use and the costs to the Council associated with it.

7. ENVIRONMENTAL & CLIMATE CHANGE IMPLICATIONS

7.1 The approach proposed in this report is designed to enable more effective delivery of the commitments set out in the Council's climate emergency declaration, the Reading

Climate Emergency Strategy and the corporate Carbon Plan. Some projects arising from externally funded programmes may have local environmental impacts which will be addressed at the appropriate stage of each project - but in each case projects will be designed to maximise environmental and climate change benefits.

8. COMMUNITY ENGAGEMENT AND INFORMATION

- 8.1 There are no community engagement and information requirements arising from this report. Projects enabled by successful grant applications may require community engagement and this will be conducted as appropriate to the scale and nature of the project.

9. EQUALITY IMPACT ASSESSMENT

- 9.1 The report presents a factual summary of action taken and future plans so has not been subject to Equalities Impact Assessment. Specific projects enabled by any grant funding received may, however, be subject to Equalities Impact Assessment and this would be conducted at the appropriate time.

10. LEGAL IMPLICATIONS

- 10.1 Grant offers will generally require the Council to accept terms and conditions set by the funder. Delegated authority to accept external grants sits with the Executive Director of Resources in consultation with the relevant Director and lead councillor. In the case of the Green Homes Grant, the Council was required to sign a Memorandum of Understanding with MHCLG by 31 October 2020 which was agreed by the Assistant Director of Finance under delegated authority from the Executive Director of Resources. A similar approach has and will be taken with any grants offered under the programmes summarised in section 4.1. Governance of projects will be undertaken by the corporate Climate Programme Board to ensure effective delivery of projects in line with grant conditions.

11. FINANCIAL IMPLICATIONS

- 11.1 The Council has committed some £7m within its capital programme over 3 years to low carbon investment in energy efficiency and renewable energy. This funding enables the Council to deliver its policy objectives as set out in the corporate Carbon Plan 2020-25. A number of the energy efficiency projects in the Capital Programme have been established with flexibility in mind to recognise the developing agenda in this field. Therefore these funds provide potential match funding to leverage in additional grant funding. The Public Sector Decarbonisation Fund and Low Carbon Skills Fund, however, offer up to 100% grant funding so, subject to the terms of any grant offers received, it is not envisaged that match funding will be required for these funding applications.
- 11.2 The Green Homes Grant LAD scheme required the Council to offer match funding of £140,000 to secure the grant of £555,000 offered. The Council's Zero Carbon Homes policy provides for new developments which are unable to meet the Zero Carbon standard on-site to pay for carbon offset projects off-site. The Council has identified housing retrofit as the priority for receipt of this funding (Policy Committee 28th September minute 47 on Housing Strategy refers). Forecast income from offset funds is £104,000 in 2021/22, £104,000 in 2022/23 and £568,000 in 2023/24, so is anticipated to be more than sufficient to cover the match funding requirement within the next two financial years. A condition of acceptance of the Green Homes Grant offer was, however, that projects be completed before 31 March 2021 (i.e. before receipt of any offset funding is anticipated). It is therefore proposed to make a virement of funds from an approved energy project capital budget to forward fund this commitment in the current financial year, pending receipt of offset funding in

the financial years 2021/22 and 22/23. Should the offset funding from developers not materialise it will be necessary to provide the match funding from the capital budgets permanently, however this is not envisaged to be likely.

- 11.3 A further £631,610 contribution to the GHG project is being sourced from HRA (Housing Revenue Account) funds which are approved and committed to relevant social housing projects and which will form match funding where grant funding is insufficient to meet the costs of the complete works. In this instance the grant funding will displace approved funding, reducing the demand on HRA funds and enabling funding for further projects.

12. BACKGROUND PAPERS

- 12.1 There are none.

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GREEN HOMES GRANT
LOCAL AUTHORITY DELIVERY
PHASE 1

MEMORANDUM OF UNDERSTANDING
Between the
SECRETARY OF STATE FOR BUSINESS, ENERGY AND
INDUSTRIAL STRATEGY

And

Reading Borough Council

MEMORANDUM OF UNDERSTANDING
GREEN HOMES GRANT LOCAL AUTHORITY DELIVERY

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MEMORANDUM OF UNDERSTANDING LOCAL AUTHORITY DELIVERY

DEFINITIONS

In this MOU the following terms will have the following meanings:

“Authority”, in the case of a Consortium, means the local authority that is to sign this MOU and to whom the Grant is to be paid by the Secretary of State subject to the provisions of this MOU.

“Consortium” means a group of local authorities working together to deliver the Proposal set out in Appendix 4 under the leadership of the Authority.

“Eligible Contractor” means partners that are currently trading and hold the required accreditations (Trustmark/Microgeneration Certification Scheme or a scheme that the Secretary of State is satisfied is equivalent) that will deliver Eligible Measures on behalf of the Authority as set out in the Proposal.

“Eligible Expenditure” means payments by the grant recipient during the Funding Period for the purposes of the project.

“Eligible Household” means a domestic dwelling in England that is one of the least energy efficient homes with an energy performance certificate rating of Band E, F or G. It must be occupied by those with a combined annual household income of no more than £30,000.

“Eligible Measures” are any energy efficiency and heating measures compatible with the Standard Assessment Procedure (SAP) that will help improve E, F or G rated homes. This is with the exception of fossil fuel heating systems including the installation of a new fossil fuel-based or hybrid heating system as well as the replacement or repair of an existing fossil fuel-based heating system, including hybrid heating systems.

“Funding Period” is the period from initial allocation of the Grant to 31 March 2021.

“Monthly Report” has the meaning given to it in paragraph 42].

“Project Team” means the Local Authority Delivery project team within BEIS responsible for the delivery of the scheme.

“Programme Board” means the lead governing authority for the GHG LAD Project.

“Proposal” means the Authority’s proposal set out in Appendix 4.

“Services” are the services the Local Authority are expected to procure the delivery of under the Green Homes Grant Local Authority Delivery scheme.

“Tranche 1” means the Green Homes Grant Local Authority Delivery Phase which starts 30 September 2020 and concludes 31 March 2021.

PURPOSE

1. To establish the way the parties to the Memorandum of Understanding (hereafter referred to as the “MOU”) will work together to deliver the Green Homes Grant (GHG) Local Authority Delivery (LAD) scheme in England.
2. To clarify the roles and responsibilities of the parties to the MOU.
3. The Parties to this MOU are:
 - a. The Secretary of State for Business, Energy and Industrial Strategy (“**Secretary of State**”); and
 - b. Reading Borough Council known as “**the Authority**”.

The Secretary of State and the Authority are known together collectively as “**the Parties**”.

4. The MOU is dated 30th September 2020
5. The Secretary of State has decided to grant capital funding through the GHG LAD scheme to the Authority. The Authority has committed to spend such funds to deliver Eligible Measures to Eligible Households, using Eligible Contractors.
6. The Parties wish to record their understanding regarding the Grant funding which are detailed in this MOU.

BACKGROUND

7. In July 2020, the Chancellor announced £2 billion of support through the Green Homes Grant (GHG) to save households money; cut carbon; and create green jobs. The GHG will be comprised of up to £1.5 billion of support through energy efficiency vouchers and up to £500m of support allocated to English Local Authority (LA) delivery partners, through the LAD scheme.
8. The GHG LAD scheme sets out to improve the worst-quality homes in England by installing Eligible Measures. The initial LAD scheme aims to provide up to £200m (Tranche 1), commencing on 30 September 2020, to Local Authorities to deliver the Eligible Measures in Eligible Households. A further £300m (Tranche 2) is planned to be allocated through Local Energy Hubs in 2020/21. This MOU is only applicable to Tranche 1.

OUTCOMES

9. The primary purpose of the LAD is to raise the energy efficiency rating of low income and low EPC rated households (those with E, F or G), this is expected to result in the following outcomes.
- a. Tackle fuel poverty by increasing low-income household's energy efficiency rating while reducing their energy bills;
 - b. Support clean growth and ensure homes are thermally comfortable, efficient, and well-adapted to climate change.
 - c. Support economic resilience and a green recovery in response to the economic impacts of Covid-19, creating thousands of jobs; and
 - d. Use learnings from the delivery experience to inform the development and design of further energy efficiency and heat schemes.

THE GRANT

10. The Secretary of State grants the Authority capital funding of £555,000 ("**Grant**"). This funding is subject to the Authority meeting the commitments set out in their Proposal to procure the delivery of the Services (Appendix 4).
11. The Authority will as soon as possible provide the Secretary of State with the documentation and information listed in Appendix 1 to the extent it has not already been provided to the Secretary of State by the Authority.
12. At the commencement of the Tranche 1 phase, on 12th October 2020 subject to the correct details being provided, the Secretary of State shall intend to pay 50% of the Grant within 10 days of receipt of the documentation specified in Appendix 1 of this MOU.
13. The Secretary of State shall intend to pay the remaining 50% of the Grant within 10 days of the end of the third month of the Tranche 1 phase, subject to:
- a. the on time submission of the third monthly report; and
 - b. no instances of persistent KPI failure as set out in paragraph 52; and
 - c. evidence in the monthly report of acceptable due diligence processes to manage the fraud risks as set out in paragraph 44; and
 - d. no evidence of misuse of funds as set out in paragraph 26.
14. The Grant is made available for use during the period from the date of this MOU until 31 March 2021.
15. The Secretary of State reserves the right to agree an extension to the date of this MOU, should the Authority provide a request in writing to do so.
16. In promoting marketing and reporting on the delivery of the Services the Authority shall state that this is a scheme funded by the Secretary of State rather than the Authority.

SCOPE OF ACTIVITY

17. The Authority will use the Grant in accordance with the provisions of this MOU whereby eligible costs are all those incurred to deliver the Proposal.
18. In delivering the Proposal set out at Appendix 4 an eligible cost is one properly incurred in relation to:
 - a. A recipient who is an '**Eligible Household**'; and
 - b. Installation of '**Eligible Measures**' which aims to improve homes towards EPC C and above; and
 - c. completed by an '**Eligible Contractor**'.
19. Funding to owner occupied eligible households should cover the full cost of upgrading a home and we do not expect the average cost of upgrades to exceed £10,000 per property. We expect landlords eligible for funding (private and social) would provide at least 33% contribution towards the cost of the upgrades and we do not expect the subsidy to exceed £5,000 on average per household.
20. Where the Grant includes capital funding, accounting standards permit, in certain circumstances, the capitalisation of costs incurred when delivering the capital assets for the Proposal (for example, professional fees, evaluation and marketing). The Authority will keep such costs incurred in delivering the Proposal below 15% of the total value of the capital funding part of the Grant provided by the Secretary of State. In all other cases capital funding must not be spent on revenue.
21. Without prejudice to any other provisions of this MOU, the Authority will not use the Grant for the following purposes:
 - a. For the provision of measures which are not Eligible Measures;
 - b. To fund the provision of any lending to third parties;
 - c. To replace funding for an existing project, including any staff costs for an existing project and any projects to deliver statutory obligations, although the Grant may be used to extend the geographical coverage, scope or scale of an existing project (and for additional staff costs attributable to the extension of the project);
 - d. Use for activities of a political or religious nature;
 - e. Use in respect of costs reimbursed or to be reimbursed by funding from public authorities or from the private sector;
 - f. Use in connection with the receipt of contributions in kind (a contribution in goods or services as opposed to money);

- g. Use to cover interest payments (including service charge payments for finance leases);
- h. Use for entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations);
- i. Use to pay statutory fines, criminal fines or penalties;
- j. Use to pay for eligible costs incurred before the date of this MOU; or
- k. Use in respect of Value Added Tax (VAT) that the Authority is able to reclaim from HM Revenue and Customs.

VALUE ADDED TAX

- 22. Eligible Expenditure is net of VAT recoverable by the grant recipient from HM Revenue & Customs, and gross of irrecoverable VAT. This means that all grants are outside the scope of VAT.

INTERACTION WITH OTHER FUNDING

- 23. LAD funding constitutes a grant from public funds and under these circumstances LAD public grant funding must not be used to part fund measures with other Government schemes.
- 24. The Authority acknowledges that they must introduce controls to ensure households are not in receipt of funding from LAD and green home vouchers and will not allow the blending of funding with other government scheme (such as RHI or ECO) on the same individual measure.
- 25. LAD funding can however be blended with other third-party finance or Local Authority budgets to deliver additional support to communities.
- 26. Government intends to utilise data matching between schemes and reserves the right to withhold the second tranche of grant funding where there is evidence of the misuse of funds. In so far as it is possible to do so in accordance with data protection legislation (including, the General Data Protection Regulation and the Data Protection Act 2018), and all other law, the Authority will need to ensure that where low carbon heating is installed data is collated and provided so that Ofgem can be notified for the purposes of Domestic RHI administration.

STATE AID

- 27. The Authority acknowledges that it will ensure that the Grant and use of it does not become an unlawful state aid under Article 107 of the Treaty on the Functioning of the European Union (C83/47, 30 March 2010)¹.

¹ State aid rules ensure that the governments of EU Member States do not distort competition by unfairly subsidising their own industry or particular parts of it.

28. To minimise the risk that the European Commission or a court of competent jurisdiction requires grant funding to be repaid, the Authority will:
- a. Comply with EU law relating to state aid in its use of the Grant and its delivery of the Proposal;
 - b. Ensure that use of the Grant in connection with the Proposal complies with EU state aid rules (including the De Minimis Regulation²); and
 - c. Obtain and retain all declarations and information as may be required to enable both the Authority and the Secretary of State to comply with EU state aid rules, including the De Minimis Regulation, and to provide copies of such declarations and information to the Secretary of State when required to do so.

PROCUREMENT AND OTHER BENEFITS TO THIRD PARTIES

29. The Authority will, in delivering the Proposal:
- a. Comply with all relevant requirements of UK and EU law relating to public procurement in force and applicable from time to time; and
 - b. Unless the Secretary of State agrees otherwise in writing, pay the person from whom any goods, works or services are purchased within 30 days of receiving a valid invoice from that contractor.

COMMERCIAL USE OF THE GRANT

30. The Authority will not use the Grant, or any asset financed wholly or partly by it, to generate revenue or make a capital gain, except to the extent agreed as part of the Proposal. If the Authority does so, it will:
- a. Inform the Secretary of State immediately and in writing; and
 - b. Agree that the Grant may be reduced by the amount of that revenue or gain (as the case may be).

GRANT WITHDRAWAL AND REPAYMENT

31. In accordance with paragraphs 32 to 37, it is the understanding of the Parties that the Secretary of State may request the Authority to repay all, or any proportion of, the Grant, together with interest (calculated in accordance with paragraph 35). In the case of late payment, paragraph 36 shall also apply to any other amount required by the European Commission, where the Grant, or any part of it, has been paid (including in cases where the Authority has already spent the Grant money).

² COMMISSION REGULATION (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.

32. The Authority accepts that the Secretary of State may exercise the options referred to in paragraph 31 where the Secretary of State:
- a. Is required to cease grant funding or to recover all, or any proportion, of the Grant or any other amount by virtue of a decision of a court or of the European Commission; or
 - b. Has reasonable grounds to consider that the payment of the Grant, or the Authority's use of it, contravenes any requirement of law, in particular (but without limitation) EU law relating to state aid.
33. When exercising the options referred to in paragraph 31, the Secretary of State will notify the Authority of the grounds concerned and as far as possible, consider the Authority's representations made within any reasonable timeframe required by the Secretary of State.
34. A decision by the Secretary of State to ask the Authority to repay the Grant will be communicated by letter, and the Authority will make that repayment within 30 days of the date of that letter or within any later reasonable timeframe agreed by the Secretary of State in writing.
35. Where the Secretary of State requests repayment, interest will be calculated from the date of the Grant payment, in accordance with:
- a. the retail prices index over the relevant period (that index being taken as 0% for any period during which the index is negative); or
 - b. any other rate required by law in the circumstances (including any rate required under EU law relating to state aid), if it is higher.
36. Where the Authority does not make the relevant payment within the timeframe specified in paragraph 34, further interest on the outstanding sum (inclusive of interest already charged under paragraph 35 will accrue, after that deadline, at the statutory rate of interest under Section 6 of the Late Payment of Commercial Debts (Interest) Act 1998 or any other rate required by law in the circumstances, if it is higher).
37. Should the Secretary of State not exercise their options under paragraph 31 or delay in doing so, this shall not constitute a waiver of those options unless the Secretary of State confirms such a waiver in writing. Furthermore, any such written waiver shall not be taken as a precedent for any other, or subsequent, circumstances.

SUSPENSION

38. The Secretary of State may suspend payment of the Grant where:
- a. One of the grounds in paragraph 31 arises;
 - b. The Secretary of State has reasonable cause to believe that one of those grounds may have arisen, or is likely to arise;

- c. One of the provisions of the MOU is not met by the Authority; or
 - d. The Authority's KPI Performance Level is significantly off-track for the first 3 months of Tranche 1 which could result in suspension of the second 50% payment of the Grant (see paragraph 52).
39. In the case of any suspension, unless the Secretary of State confirms a contrary agreement in writing:
- a. The Authority will continue to comply with the requirements of this MOU including any deadlines occurring during the period of suspension; but
 - b. The Authority will not make any further use of the Grant until the Secretary of State has authorised continued use of the Grant in writing.
40. The Authority will inform the Secretary of State in writing if it has any concerns that any of the grounds in paragraph 31 might arise or that it will not be able to meet the provisions of the MOU. If such concerns arise after the Authority has received the Grant, the Authority will not make any use of the Grant until the Secretary of State has authorised continued use of the Grant in writing.

AGREED USE OF UNDERSPEND

41. In the event that the Authority does not use all the Grant to secure delivery of the Proposal by 31 March 2021:
- a. The Parties will work together to agree how the Authority will spend any unspent Grant funding in line with the expected outcomes of the GHG LAD; and
 - b. If the Parties are unable to reach an agreement described in sub-paragraph(a), the Authority agrees to repay the unspent Grant within 30 days of 31 March 2021.

GOVERNANCE

42. On a monthly basis, the Authority will provide a monthly report to the Project Team acting on behalf of the Secretary of State on or before the final working day of the month (the "Monthly Report"). The Monthly Report shall detail monthly progress, the top 5 risks and issues, and Key Performance Indicators (KPIs) performance of project(s) in relation to the targets stipulated in the Proposal.
43. The Authority will report to the Project Team on the performance of the project(s) set out in their Proposal, in line with the stated KPIs using the Monthly Report template set out in Appendix 7.
44. The Authority will include evidence of due diligence checks to demonstrate how it is managing the fraud risks as set out in paragraph 56a-d using the Monthly Report template set out in Appendix 7. For the avoidance of doubt the Authority shall inform the Project Team of any reports it has received relating to any

fraudulent activity relating to the delivery of Tranche 1 and include a summary of investigative and/or corrective action.

45. The Project Team will determine if the management of fraud risks provide confidence of project delivery. If necessary, the Project Team will provide further recommendations to address areas of concern. The Project Team and the Authority will jointly agree a timescale to implement the interventions.
46. Should the Project Team identify in the Monthly Report a significant variation in their performance against their targets stipulated in relation to the KPIs the Project Team, on behalf of the Secretary of State, may request a recovery plan, see Appendix 8, detailing the interventions required to recover the project(s).
47. The Project Team will determine if the interventions detailed in the recovery plan provide confidence of project recovery. If necessary, the Project Team will provide further recommendations to address areas of concern. The Project Team and the Authority will jointly agree a timescale to implement the interventions.
48. Should the Authority (a) implement the interventions, and fail to see project(s) recovery, or (b) fail to implement the interventions, this will be escalated to the Programme Board.
49. As part of the monitoring and evaluation section of the guidance document, the Authority will be required to provide additional detailed information on a monthly basis. The additional data supports a detailed evaluation of the overall scheme, including the types of properties, households and measures delivered through the project. Further information is provided with the guidance document.

PERFORMANCE

50. The Authority will provide the following information to the Project Team in their Monthly Report submission in relation to the KPI targets stipulated in the Proposal, which are listed in the table below.

Key Performance Indicator	Breakdowns
Number of homes identified as eligible for installation of a measure	Homeowner vs private rental vs social rental Starting EPC band
Number of homes receiving a measure	
Number of measures installed	
Number of homes that improve to an EPC of C and above as a result of installed measures	Homeowner vs private rental vs social rental Starting EPC band
Average cost per home receiving an installation	Homeowner vs private rental vs social rental

	Type of measure
	Starting EPC band
Number of jobs supported	Total
	Of which apprenticeships
Energy, carbon and bills savings expected to be achieved as result of installed measures	Homeowner vs private rental vs social rental
	Type of measure
	Starting EPC band

51. The Authority shall also propose a monthly target for the following month for each KPI set out in Appendix 7 as part of their Monthly Report submission. To measure performance, the Secretary of State will assess performance levels against the monthly target. Performance levels will be determined in accordance with the levels set out in the table below. All proposed KPI targets will be reviewed to consider risks around deliverability

Performance Levels	Percentile	Action Required
Green (On Target)	90%<100% of Target	No Action
Amber (Off Target)	70%<89% of Target	Identification of corrective action(s) to improve performance
Red (Significantly Off Target)	<69% of Target	Recovery Plan

52. Should an Authority's KPI Performance Level remain Red for the initial 3 months of the Tranche 1 phase, the Secretary of State may withhold the second Grant instalment.

MONITORING AND AUDIT

53. The Authority will support all activities in relation to monitoring and audit. The Authority will:
- Respond fully, truthfully and promptly to any enquiries the Secretary of State, or the Comptroller and Auditor General, or their representatives, may make about the Proposal or the use of the Grant and provide any information and evidence reasonably requested, including by providing a statement of usage of the Grant (at such times, and in such form, as they may reasonably specify);
 - Allow the Secretary of State, the Comptroller and Auditor General, and their representatives, access to all relevant documents and records, and reasonable access for inspecting any relevant site;

- c. Where requested, ensure that any information or evidence provided to the Secretary of State, the Comptroller and Auditor General, or their representatives, is audited by an identified and independent reporting accountant or otherwise confirmed or verified by a person of such other relevant expertise as they may reasonably specify; and
- d. Give reasonable assistance to the Secretary of State or the Secretary of State's contractors to carry out work in connection with the Grant throughout delivery of the Proposal and up to two years after completion of the Proposal, for example as part of the Secretary of State's ongoing evaluation commitments.

RECORD KEEPING

54. The Authority will keep for ten years records relating to any spending funded (or defrayed) by the Grant. Such records should indicate:
- a. The identity of any third party concerned and their business;
 - b. The amounts any third party has been given;
 - c. The purpose for which the money was spent;
 - d. Evidence that contracts have been awarded in accordance with public procurement law where they are required to be; and
 - e. Details of and information relating to any significant sub-contracting by the Authority.

RISK MANAGEMENT

55. The Authority agrees to provide assurance that risks in relation to the delivery of the Proposal have been identified and mitigated. The Authority will complete the Risk Register at Appendix 6 and return it to the Secretary of State as part of their MOU submission.
56. The Secretary of State has specified that all Authorities funded through the GHG LAD should provide assurance about the management of the following risks:
- a. Installations not meeting quality standards;
 - b. Claims made for installations that haven't happened, haven't been completed, or that took place prior to launch date of the scheme;
 - c. Identity theft or falsely claiming low-income status.
 - d. Installers overinflating costs;
 - e. Insufficient demand from potential recipients;

- f. Insufficient capacity to match demand; and
 - g. Failure of systems and/or processes which have been included within the Risk Register.
57. The Authority will also include any other risks not included in paragraph 56 which it believes are relevant to the scheme.
58. In providing assurance about the management of risks the Authority will identify risks and issues which arise from its own activities and those which arise from third parties, including those delivering measures or services under the scheme and those referring potential scheme recipients or otherwise publicising the scheme.
59. As part of the Monthly Report, the Authority shall report the status of the top five risks and issues identified within the Risk Register and whether any new risks or issues have emerged. The report will also provide a statement as to whether risk management is effective and whether any remedial action is necessary.
60. As soon as it becomes apparent to the Authority that a risk on the Risk Register is scoring high or above in the Monthly Report, the Authority will inform the Project Team.

INFORMATION SHARING

61. The Secretary of State may share information relevant to the Grant and Proposal with the agents of the Secretary of State, other public authorities and the European Commission.

DATA PROTECTION

62. In so far as it is possible to do so in accordance with the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 the Market Research Society Code regarding the collection and use of personal data for research and statistical purposes and all other law, the Authority agrees to collect information for evaluation and reporting purposes (referred to below as “the Information”) in a way which:
- a. Allows it to share the Information with BEIS;
 - b. Allows BEIS to share the Information with any of its research or evaluation partners; and
 - c. Allows BEIS to use the Information for research and statistical purposes (this does not include publishing the Information in a way that identifies

individual households) provided always that BEIS complies with the provisions of the Data Protection Act 2018.

FREEDOM OF INFORMATION

63. The Parties may be obliged to disclose information relating to the GHG LAD, the Grant, and the Proposal under the Freedom of Information Act 2000, the Environmental Information Regulations 2004 or under another requirement of law.
64. The Parties will assist and cooperate with each other as reasonably requested to facilitate compliance with those requirements.
65. In the event that the Secretary of State provides information in response to a request for information under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004, the Secretary of State may make that response publicly available for the purposes of transparency.

INTELLECTUAL PROPERTY

66. In undertaking the Proposal, the Authority will not infringe the intellectual property rights of any third party.
67. Where the Proposal gives rise to the generation of any intellectual property, the Authority will not subsequently seek to make profit from the use of such intellectual property, for example through the grant of licences.
68. Unless otherwise agreed by the Secretary of State, the Authority will allow the Secretary of State royalty free use of any intellectual property created whilst delivering the Proposal.

COMPLIANCE WITH THE LAW

69. The Authority will comply with all laws and regulatory requirements when delivering the Proposal (including, without limitation compliance with all laws and regulatory requirements relating to public procurement and state aid).
70. In signing this MOU, the Authority confirms that use of the Grant for the purpose of the Proposal and in accordance with the MOU is in compliance with all laws and regulatory requirements.

ANTI-DISCRIMINATION

71. The Authority will comply with the requirements of the Equality Act 2010 and avoid any unlawful discrimination.

RESPONSIBILITY FOR EMPLOYEES, CONTRACTORS, AGENTS AND PARTNERS

72. The Authority will ensure that its employees, contractors, agents, partners and other local authorities or organisations it works with in delivering the Proposal (whether or not as part of a Consortium) comply with the commitments and

principles set out in the MOU and will be responsible for any failure by them to meet those commitments and principles.

WARRANTIES

73. The Authority warrants that:

- a. It has full capacity and authority to deliver the Proposal and to enter into this MOU;
- b. It will obtain any consents necessary to undertake the Proposal;
- c. The information and evidence in its Proposal remains true, complete and accurate, and that its circumstances have not materially changed since submitting its proposal; and
- d. It does not know of the existence of any circumstances which might materially and adversely impact on its ability to undertake the Proposal or observe the provisions and principles of this MOU.

LIMITATION OF LIABILITY

74. The Authority confirms that the Secretary of State's liability to the Authority is limited to payment of the Grant (subject to the Authority meeting the commitments and principles of the MOU and its Appendices and to the Secretary of State's rights set out therein). The Authority remains entirely responsible for its risks and liabilities in undertaking the Proposal, and the Secretary of State shall have no liability for any consequence, direct or indirect, that may arise through the Authority's undertaking of the Proposal or its use of the Grant.

VARIATION

75. No variation of this MOU will be effective unless it is agreed in writing and signed by both Parties. This does not prevent either Party making reasonable changes in relation to the administrative arrangements in the MOU (such as contact details) by notice in writing to the other Party, without such agreement in writing signed by both Parties.

ASSIGNMENT

76. The Authority will not assign or otherwise transfer to any other person the benefit of the Grant or any other benefit arising by virtue of this MOU without the approval in writing of the Secretary of State.

STATUS

77. This MOU is not intended to be legally binding, and no legal obligations or legal rights shall arise between the Parties from this MOU. The Parties do, however, enter into the MOU intending to honour all their commitments under it.

78. Nothing in this MOU is intended to, or shall be deemed to, establish any partnership, joint venture or relationship of employment between the Parties,

constitute either party as the agent of the other party, nor authorise either of the Parties to make or enter into any commitments for or on behalf of the other party. Accordingly, the Authority will not hold itself out as having any such relationship with the Secretary of State.

FURTHER FUNDING

79. The Secretary of State is under no obligation to provide the Authority with any further funding in respect of the Proposal or for any other purpose.

REFERENCES

80. In this MOU references to legislation, including EU legislation and any documents issued by the EU institutions, are to that legislation as amended or re-enacted from time to time (including any amendment or re-enactment having taken place before the date of this MOU).

NOTICE AND COMMUNICATIONS

81. The Authority will be able to contact BEIS in writing by post or hand delivery to the following address:

Department for Business, Energy and Industrial Strategy 1 Victoria Street London SW1H 0ET
--

82. The Authority's day to day contacts with the Department on any working day by telephone or email between 9am and 5pm are:

LAD.Project@beis.gov.uk

83. The Authority's day to day contacts for the Department are:

NAME	EMAIL	TELEPHONE

Signed for and on behalf of the Secretary of State

Signature



Name **Andrej Miller**

Position **Deputy Director, Warm Homes Team**

Date **30 September 2020**

Signed for and on behalf of the Authority

Signature

Name

Position

Date

APPENDIX 1

Documentation to be provided by the Authority before the Grant will be released

What needs to be provided?	Appendix
Two signed copies of this MOU	
A signed copy of the Section 151 Officer declaration	Appendix 2
A signed copy of the Section 31 Grant Letter	Appendix 3
A completed Proposal	Appendix 4
A completed Grant Claim Form including Bank Details.	Appendix 5
Completed Risk Register	Appendix 6

APPENDIX 2

Section 151 Officer Declaration

In my position as the Section 151 Officer for Reading Borough Council I confirm that:

- a) Reading Borough Council will accept the grant funding that has been offered through the Green Homes Grant Local Authority Delivery;
- b) The information and evidence pertaining to this grant claim is complete, true and accurate;
- c) Reading Borough Council will ensure the delivery of the Services in accordance with the terms of the Proposal; and
- d) Reading Borough Council will comply with the provisions of the Memorandum of Understanding dated ____/____/2020 in connection with its delivery of the Proposal

SIGNATURE

NAME

POSITION

DATE

APPENDIX 3

Please see Grant Determination Letter sent separately on 30 September 2020

APPENDIX 4

The Proposal

The Grant provided under this MoU is for the delivery of the Proposal submitted by the Local Authority which BEIS has approved under the Local Authority Delivery Phase 1 scheme. The Local Authority shall report progress against the Proposal as part of the governance arrangements as described in the MoU.

A summary of the Proposal is provided in Appendix 4.

APPENDIX 5
Grant Claim Form

SECTION 1 REQUESTER DETAILS	
LOCAL AUTHORITY	
BANK DETAILS	
PURCHASE ORDER NUMBER	
CONTACT NAME	
TELEPHONE NUMBER	
EMAIL ADDRESS	

SECTION 2 CLAIM DETAILS	
GHG LAD GRANT TOTAL TO BE CLAIMED (as per table in MOU)	
DATE OF CLAIM	
<p><i>Claims may include VAT that the authority is not able to reclaim from HM Revenue & Customs or not likely to become able to claim</i></p>	

SECTION 6: SENIOR LOCAL AUTHORITY OFFICER'S DECLARATION
<p>I confirm that I have considered the Authority's proposal (copied as at Appendix 4 of the MOU) against which this Grant claim is made, as well as the principles set out in the Memorandum of Understanding, and that:</p> <ul style="list-style-type: none"> a) The information and evidence pertaining to this Grant claim is complete, true and accurate b) We will comply with the principles set out in the Memorandum of Understanding <p>Signed</p> <p>Printed name</p> <p>Position</p> <p>Date</p>

APPENDIX 6

Risk Register

RISK MANAGEMENT

This annex consists of

- A risk register to be completed by the Authority in relation to the specified risks and any other risks it believes are relevant to the scheme;
- A risk rating matrix to assist with scoring risks; and
- An explanation of the risk rating colours

RISK RATING MATRIX

	PROBABILITY				
	≤5%	>5%, ≤20%	>20%, ≤50%	>50%, ≤80%	>80%
IMPACT LEVEL	1 - Very Unlikely: Highly improbable that it will occur during the lifetime of the project or activity	2 - Unlikely: Not probable that it will occur during lifetime of the project or activity	3 - Possible: Doubtful that it will occur during the lifetime of the project or activity	4 - Likely: Probable that it will occur during the lifetime of the project or activity	5 -Very Likely: High expectation that it will occur during the lifetime of the project or activity
5 - Crisis	MEDIUM	HIGH	HIGH	VERY HIGH	VERY HIGH

4 -Critical	MEDIUM	MEDIUM	HIGH	HIGH	VERY HIGH
3 - Significant	LOW	LOW	MEDIUM	HIGH	HIGH
2 - Marginal	VERY LOW	LOW	LOW	MEDIUM	MEDIUM
1 - Negligible	VERY LOW	VERY LOW	LOW	LOW	LOW

EXPLANATION OF RISK RATING COLOURS

	Risk rating is very low with it being extremely unlikely that the risk will occur and minimal consequences for the scheme if it should. Controls in place to mitigate the risk as low as is reasonably practical.
--	--

	Risk rating is low . There is either a strong probability of the risk occurring with minimal consequences for the scheme or a low probability of the risk occurring with significant consequences. Controls should be in place to mitigate the risk to this level but further action may be required should tolerance for the risk be lower.
	Risk rating is medium . There is either a very strong probability of the risk occurring with minimal consequences for the scheme, a moderate probability of the risk occurring with significant consequences or a low probability of the risk occurring with fundamental consequences Controls should be in place to mitigate the risk to this level but further action may be required should tolerance for the risk be lower
	Risk rating is high with either a very strong probability that the risk will occur with significant consequences for scheme or a low to moderate probability of the risk occurring with fundamental consequences. Controls should be in place but further action may be required, as a matter of urgency, to mitigate the risk to a more tolerable level. If the risk is outside control then a contingency plan should be in place or developed in case the risk materialises.
	Risk rating is very high with a very strong probability that the risk will occur with fundamental consequences for the scheme. There are strong concerns among management that they no longer have the capacity to manage the risk effectively and that is therefore very likely to materialise. The risk needs to be escalated to the next level as a matter of urgency to consider what further action should be taken.

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RISK REGISTER

#	Title	RAG	Description	Cause	Effect	Action	Update

						.	

APPENDIX 7
Monthly Report

Status	R/A/G
--------	-------

Local Authority	Grant Reference	Local Authority Lead	Report Date
INSERT FULL NAME	INSERT REFERENCE #	INSERT LEAD OFFICIAL	INSERT DATE

Summary of Status	Progress Over Previous Month	Plan for Next Month

Top 5 Risks / Issues to Project Delivery				
#	Risk/Issue	Mitigating Actions	Status	Owner
1			R/A/G	
2			R/A/G	
3			R/A/G	
4			R/A/G	

5			R/A/G	
---	--	--	-------	--

		Performance Levels						
#	Key Performance Indicator	Status	Cumulative Target	Cumulative Actual	Current Monthly Target	Current Monthly Actual	Current Monthly Difference	Subsequent Month Target
1	Number of homes identified as eligible for installation of a measure							
2	Number of homes receiving a measure							
3	Number of measures installed							
4	Number of homes that improve to a [minimum] EPC of C and above as a result of installed measures							
5	Average cost per home receiving a measure							
6	Number of jobs supported							
7	Energy, carbon and bills savings expected							

	to be achieved as result of installed measures							
--	--	--	--	--	--	--	--	--

Fraud due diligence

#	Fraud risk	Risk rating (taken from risk register)	Due diligence actions completed	Evidence
1	Installations not meeting quality standards			
2	Claims made for installations that haven't happened, haven't been completed, took place prior to launch date of the scheme;			
3	Identity theft or falsely claiming low-income status.			
4	Installers overinflating costs			
Fraud reports in period (if any)				
Investigation actions				
Mitigation actions				

APPENDIX 8

Recovery Plan

Local Authority	Grant Reference	Local Authority Lead	Report Date
INSERT FULL NAME	INSERT REFERENCE #	INSERT LEAD OFFICIAL	INSERT DATE

Summary of Recovery Plan

Summary of Recovery Interventions					
#	Interventions	Target Date	Actual Date	Status	Owner
1				R/A/G	
2				R/A/G	
3				R/A/G	
4				R/A/G	
5				R/A/G	

Public Sector Decarbonisation Scheme Guidance

Updated 3 November 2020

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1. The Public Sector Decarbonisation Scheme

The Department for Business, Energy and Industrial Strategy (BEIS) has launched the Public Sector Decarbonisation Scheme (referred to in this document as “the Grant Scheme”). The Grant Scheme will be delivered by Salix Finance. The Grant Scheme will allocate £1bn of grant funding which strongly aligns with BEIS’ mission and priorities: fighting coronavirus, backing business, unleashing innovation and tackling climate change. The scheme will encourage green investment aligning with the Government’s Net Zero and clean growth goals.

The Grant Scheme will be available for capital energy efficiency and heat decarbonisation projects within public sector non-domestic buildings including central government departments and arm’s length bodies in England.

The Grant Scheme will:

- Deliver stimulus to the energy efficiency and low carbon heat sectors, supporting jobs
- Deliver significant carbon savings in the public sector

The Grant Scheme allows Public Sector Bodies (PSBs) including eligible central government departments and their arm’s length bodies to apply for a grant to finance up to 100% of the costs of capital energy saving projects that meet the scheme criteria (eligible bodies and scheme criteria are defined in section 5 Eligibility Criteria).

Salix welcomes applications to be submitted as soon as the project scope is designed and approved by the eligible body.

The Grant Scheme will be supported by the Public Sector Low Carbon Skills Fund. This fund (see Section 3) is available to fund all eligible organisations which need support to develop applications, or deliver projects which secure funding from the Grant Scheme. This fund means that no eligible body is prevented from putting forward a project through lack of project development resources.

Please note this Grant Scheme has different criteria and requirements to the existing [Salix Energy Efficiency Loan Scheme](#). If you’re not sure which to apply for, please get in touch for advice.

2. Support and advice

The Salix website has an area dedicated to the Grant Scheme which is found [here](#). Please refer to this webpage for the most up to date information regarding key dates.

Salix has vast experience from supporting the public sector to apply for over 18,000 energy efficiency and low carbon projects over the past 16 years. Salix have specialised programme teams for different areas of the public sector, as well as an in-house Technical Team.

We are happy to speak with you about a potential project prior to application, so please do get in touch to discuss your ideas.

All Grant Scheme enquiries should be sent by email to grants@salixfinance.co.uk. Salix aim to reply to all emails within 24 hours.

3. The Public Sector Low Carbon Skills Fund

In addition to the support provided by Salix for completing the Grant Scheme application, there is also the Public Sector Low Carbon Skills Fund (referred to as the “Low Carbon Skills Fund”), which will provide grants to help all eligible public sector bodies to engage specialist and expert advice to identify and develop

energy efficiency and low carbon heat upgrade projects for non-domestic buildings and then prepare robust and effective applications to the Grant Scheme.

There is also funding available (subject to an application process) for eligible organisations to secure support needed to deliver their project, and to either put in place or improve their Heat Decarbonisation Plan (more information on this Plan can be found in Section 5.2). If you wish to access these two additional funding opportunities through the Low Carbon Skills Fund, please indicate what funding you wish to access on the Grant Scheme Application Form. Salix will work with you to develop an application for this additional support.

More information about how to apply, and timescales, can be found on the dedicated Salix webpage [here](#). Any questions or enquiries for the Low Carbon Skills Fund can be sent to PSLCSF@salixfinance.co.uk.

4. Key dates for submitting applications

The £1 billion Public Sector Decarbonisation Scheme is time limited. There are important dates for all eligible bodies to be aware of in order to meet the deadlines for submitting applications. Applications will only be considered subject to available funds.

Applications are open to all eligible organisations from **Wednesday 30 September 2020**.

The closing date for the submission of applications is **Monday 11 January 2021**.

All eligible bodies that wish to have their project assessed before the end of 2020, must submit their application by Friday 11 December 2020.

Waiting for the results of an application for funding can be a challenge and therefore because we recognise that applicants want to know as soon as possible if funding has been agreed, the following timetable explains how the assessment of applications will be completed:

Applications submitted by:	Applications assessed by:
Monday 12 October 2020	Friday 30 October 2020
Monday 26 October 2020	Friday 13 November 2020
Monday 9 November 2020	Friday 27 November 2020
Monday 23 November 2020	Friday 11 December 2020
Monday 11 January 2021	Friday 29 January 2021

Salix will assess applications and award funding on a rolling basis. Salix expects to inform applicants and award funding to successful Applicants within 3 weeks of their Application being submitted. This will be dependent on all required information being submitted at the time of application.

Projects should aim to be completed by 31 March 2021 if possible.

Projects that cannot be completed by 31 March 2021 should be completed by 30 September 2021.

Salix will prioritise assessing and approving funding for projects that have an early completion date. Project delivery must then align with this completion date to remain compliant.

5. Eligibility criteria

5.1 Who can apply?

Those who are eligible to apply for the Grant Scheme and are referred to in this document as the “the Eligible Body” or the “Applicant”:

- Central government departments and their arm’s length bodies (set out in Public Bodies¹ as published by the Cabinet Office)
For central government departments where their roles are reserved (i.e. not devolved to Scottish or Welsh Governments or the Northern Ireland Executive), funding may be used for estates located anywhere within the UK;
- Emergency services;
- Institutions of further and higher education;
- Local authorities;
- Maintained schools within the state education system, including academies, Multi-Academy Trusts and free schools;
- Nursery schools maintained by a local authority;
- NHS Trusts and Foundation Trusts;
- Non-departmental public bodies.²

A joint application can be made for more than one eligible public sector body. In this case, a lead Applicant should be agreed, who will submit the application on behalf of the group. All measures within a group application can be entered onto a single Application Form.

Any energy savings resulting from projects funded by this Grant Scheme should benefit the eligible body. Eligible technologies that do not have direct financial or carbon savings are exempt from this requirement.

An example of an ineligible project would be an outsourced estate management contract in which the outsourced supplier pays the energy bills and would benefit from any savings achieved from the project. However, if the energy bill was to pass through an Applicant under the contract, and the Applicant benefitted from the energy savings, then the project would be eligible.

Exclusions: Public Corporations are not eligible. Registered charities are also not eligible, unless they are also non-departmental public bodies as defined by the Cabinet Office. Private sector organisations are not eligible for any funding through the scheme. Social housing is not eligible to apply for the Grant Scheme. For information regarding the £50m Social Housing Decarbonisation Fund Demonstrator, see [here](#).

5.2 Project criteria

The purpose of this Grant Scheme is to help make eligible buildings more energy efficient and install low carbon heating measures, for example insulation, glazing, heating controls, and heat pumps.

Eligible technologies are split into 4 different categories, which are explained further in this section. A full list of eligible technologies and the 4 categories can be found in Appendix 1 of this guidance and on the Grant Application Form.

Eligible bodies can apply for up to 100% grant funding for projects which meet the compliance criteria below:

- The projects are taking place in buildings for which the Applicant pays the energy bills and will benefit from any resulting savings. Eligible bodies which do not own the building but have a long-term lease arrangement can apply, provided the contract allows for any savings to be passed to the eligible body.

¹ <https://www.gov.uk/government/collections/public-bodies-information-for-departments>

² Non-departmental public bodies must be receiving the majority of their funding from public funds

- The cost to save a tonne of carbon (CO₂e) over the lifetime of the project must be no more than £500³, which is automatically calculated by the Support Tool in the Grant Application Form. Please note that projects within Category 3 are exempt from this criterion.
- The Grant Scheme is primarily for capital works, however external consultancy and management fees may be included. Existing employee costs or any costs previously incurred may not be included. Further enabling costs not eligible for the Grant Scheme may be eligible for the Low Carbon Skills Fund where they are related to support to deliver the project.
- Reasonable enabling and ancillary works may be included in the Application, provided they are directly linked to the core technologies being installed, and these will be reviewed for value for money.

Applications must be for projects that fit into 1 or more of the below 4 categories:

Category Definitions	
Category 1	Technologies that directly contribute to the heat decarbonisation of a building by installation of a low carbon heating technology. For example, heat pumps and connections to low carbon heat networks.
Category 2	Technologies that do not directly contribute to the heat decarbonisation of a building but reduce overall energy demand and so will support future heat decarbonisation. For example, insulation, glazing, ventilation.*
Category 3	Technologies that do not reduce carbon emissions but enable future heat decarbonisation projects to take place – these technologies are exempt from the requirement to meet the £500/tCO ₂ lifetime criteria. For example, metering, electrical infrastructure, battery storage.*
Category 4	Technologies that are only permitted if: (a) they are used to replace coal-fuelled heating systems or oil-fuelled heating systems, AND (b) if, in Salix's reasonable opinion, it has been demonstrated that it is not viable for a low carbon heating system to be installed within the building as a replacement for the coal-fuelled heating or oil-fuelled heating system. For example, gas-fired CHP and gas boiler replacement projects would fit into this Category provided they meet the above conditions.

*Projects that fall into Category 2 and Category 3 must meet either one of criteria A, B or C as outlined below. Supporting commentary and evidence is needed to demonstrate how each Category 2 and 3 project meets any one of the criteria.

Criterion A: Category 2 and 3 measures are combined with measures in Category 1.

Criterion B: Category 2 and 3 measures are for buildings that already use low carbon heating for all their heating requirements.

Criterion C: A written commitment is made to future heat decarbonisation for the buildings in which measures are installed, which includes all of the following:

³ Carbon savings are automatically calculated by the Application Form, based on the methodology in the BEIS Supplementary Guidance to Treasury's Green Book. <https://www.gov.uk/government/publications/valuation-of-energy-use-and-greenhouse-gas-emissions-for-appraisal>

- (i) A commitment to produce and submit to Salix a Heat Decarbonisation Plan by 30 September 2021.
- (ii) An explanation within the Heat Decarbonisation Plan setting out how the building(s') fossil fuel heating systems will be replaced by low carbon heating when the fossil fuel system(s) reaches the end of their natural lifetime. It is important to consider what will happen when your current heating plant has reached the end of its life and suitable upgrades have not been made to your building to manage this. The type or types of low carbon heating systems, and the likely timescale for this, must be identified. A template for this Heat Decarbonisation Plan is provided if there is not an existing document, and this can be used to help create this plan if support is needed.
- (iii) The Heat Decarbonisation Plan must include details of how it has been approved by their public body, how this plan is going to be implemented, and that there is a commitment to apply for and utilise funding where available to deliver the Heat Decarbonisation Plan.

The Heat Decarbonisation Plan will enable public bodies to plan their approach to decarbonisation and their contribution to meeting the 2050 net zero target.

Exclusions: Street lighting is not eligible for this Grant Scheme, but can still apply for the [Salix Energy Efficiency Loan Scheme](#). Boiler upgrades without certain conditions explained in Category 4 below are also not eligible for the Grant Scheme, but can apply for the [Salix Energy Efficiency Loan Scheme](#).

5.3 Additionality criteria

Projects are also required to meet the criteria of being "additional". The criteria that are used to assess whether a project is "additional" are listed below:

- The measures concerned are not required to be installed by law (including building or health and safety legislation);
Note: For measures that go above and beyond what is required by law, grant funding can be sought for the increased cost, for example, in a new build project.
- The measures are not being installed with a view to commercial gain (other than the reduction of costs through increased energy efficiency);
- Installation of the measures concerned have not begun;
- Funding for the project has not been agreed via another source;
- In Salix's reasonable opinion, the project would not take place without the grant.

5.4 Minimum and maximum grant value

There is no minimum or maximum grant value and all applications will be reviewed on a case by case basis.

6. Responsibilities and competence

Salix assumes that the applicant and/or the partner(s) they are working with are competent and fully responsible for the projects to be funded. This may include but is by no means limited to:

- Project identification & development;
- Establishment of firm costs and calculated estimated savings;
- Reasonable project sequencing and due care to ensure no double counting of savings when considering multiple projects on the same site;
- Selection of suitable supplier(s) following the applicant's procurement procedure;
- Project delivery including project management;
- Reporting on project progress;
- Post project completion activities including any verification of savings.

The public sector Applicant is responsible for ensuring that all contractors involved in the provision of services in relation to the proposed project(s) hold and maintain appropriate professional indemnity insurance to cover all the services to be carried out and that copies of the relevant certificates are obtained.

Public sector Applicants must also ensure that all professional consultants and/or contractors provide invoices, receipted invoices and completion certificates (where appropriate) in relation to the services carried out on the project(s) as they may be required for audit of the project(s).

Applicants will be required to give to any consultant/contractor or private sector companies involved with the grant application or delivery of the project, a Contact and Consent Form. This form is completed by the contractor and sent to a secure email address at BEIS. It is the contractor's responsibility to complete the form but is the Applicant's responsibility to make sure the contractor has the form and encourages the contractor to complete this. The purpose of this is for BEIS or a third party to undertake evaluation of the scheme in future and ensure GDPR compliance with management of required details. If these details are not available on application, these will be requested prior to a Grant Offer Letter being issued, as detailed in Section 8.2. As a project develops into the different delivery stages, new contractors working on the scheme, must be given this form by the Applicant. This is an important requirement of the scheme.

7. The online application process

An online application must be submitted by the eligible body directly, although private organisations can support the preparation of the Application Form if required.

If you have already developed one/multiple project(s), or are in the development process, we recommend that you begin the application. If you would like to apply, but you require assistance to develop a project we recommend you visit our [Low Carbon Skills Fund webpage](#) or contact PSLCSF@salixfinance.co.uk.

7.1 Registration

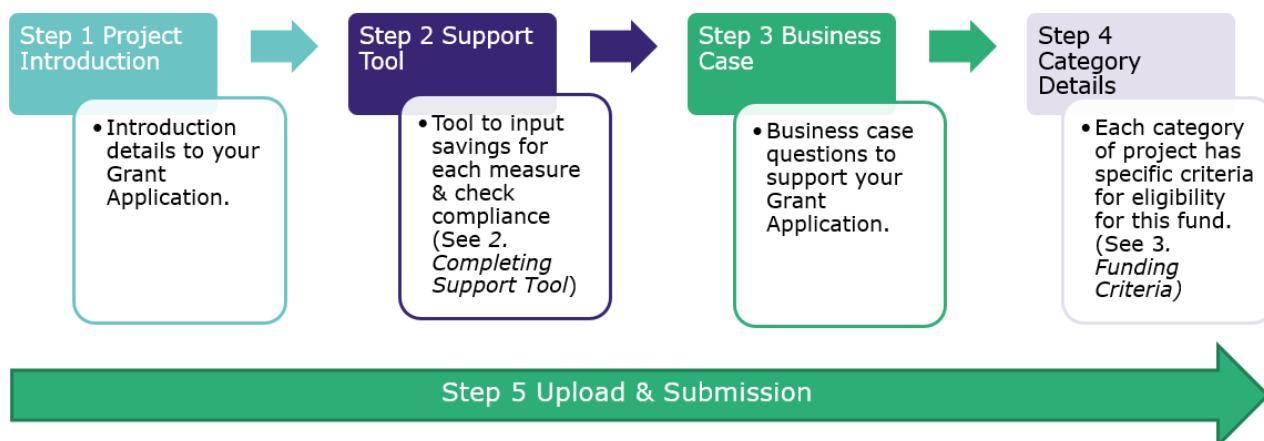
- Visit the Grant Scheme webpage at: www.salixfinance.co.uk/PSDS
- If you are a new client, register here: <https://www.salixfinance.co.uk/user/register>
- If you are an existing client, please log in here: <https://www.salixfinance.co.uk/user/login>

7.2 Completing the Grant Application Form

Applicants are required to download and complete the Grant Application Form, available from the Salix website [here](#).

The Grant Application Form is an Excel based form which includes project description, cost breakdown, expected carbon savings, and details on how the proposal meets the scheme criteria.

Below is a flow chart of the Grant Application Form, and there is additional guidance in the Form itself.



There is a list of all the technologies eligible for the Grant Scheme in the Appendix of this document and in the Grant Application Form. If you intend to include in your application technologies that do not appear on the list, please discuss with Salix prior to submitting your application.

The Grant Application Form includes a Support Tool which automatically calculates the carbon savings and compliance. If the Support Tool shows that the project is not compliant, please still do get in touch with a member of Salix on grants@salixfinance.co.uk to discuss your project.

A single application can be made to incorporate more than one project or category. These can be detailed on the Grant Application Form. The Support Tool in the Application Form will combine the costs and savings from all measures (excluding Category 3), and the Grant funding amount will be offered against the combined measures.

If the Applicant cannot reclaim VAT, this should be included as part of both the project cost and fuel costs. If VAT can be reclaimed, it should be excluded from the calculations.

7.3 Submitting the online application in the Grant Scheme Application Portal

When you're ready to submit the online application, visit our [Grant Scheme webpage](#) and click the link "Salix Grant Application".

This will take Applicants to the **Grant Scheme Application Portal**.

The Application Portal includes a progress bar showing completion of the steps. At any point you can save your application and continue later.

The Application Portal asks for contact details of the eligible body, a Main Contact and an Authorising Official at the eligible body.

The Application Portal will also ask Applicants to upload their completed Grant Application Form and any supporting information.

Supporting information provides further detail and backs up assumptions used in the Grant Application Form. This can include:

- Supporting calculations (such as energy saving models) which explain the kilowatt hour savings figures provided
- Evidence of costs
- Project delivery plan (Gantt chart or similar)
- Technology specifications (e.g. Product brochure)
- Risk register
- Building condition or site surveys
- Heat loss calculations

Once applicants are satisfied that all sections of the Application Portal are complete, click "Submit".

7.4 Application authorisation

Upon submission, an automatic email will be sent to the named Authorising Official at the eligible body, or lead Applicant for a group application. This email will request authorisation for Salix to begin assessing the application and **requires a response via email** by the Authorising Official before Salix can proceed.

Please ensure the Authorising Official is available to respond to this email so that your application is not delayed.

8. Assessment and award of funding

8.1 Assessment process

Applications will be assessed by our in-house technical team as well as external technical consultants, which provides added independent assurance that the project is deliverable, and any savings are reasonably achievable. The level of detail provided on the Grant Application Form and the quality of supporting information uploaded will speed up the technical check process.

All applications will have technical assessments and due diligence checks in line with the size and scope of their project.

Projects will be scored on the 3 key areas below:

1. **Technical case** which will cover areas including the technical feasibility, future resilience, energy/carbon savings calculations and energy monitoring plan;
2. **Financial case** which will cover areas including breakdown of project costs, operating and maintenance costs, evidence of firm pricing and any financial savings (where applicable);
3. **Project governance** which will cover areas including project risks and mitigations, project implementation/schedule, previous experience, procurement and deliverability within the grant funding time window.

If there are any questions or further information required then the Applicant will be contacted to request this. It will not be possible to progress the application further until requested information is provided and agreed by Salix.

The assessed Grant Application Form will be shared with the Applicant. This includes feedback for useful learning points.

In the event that an application does not fully meet the criteria to be 100% funded by this grant scheme, Salix will discuss with the applicant what other funding options are available.

Subject to the volume of applications, Salix aims to assess and award funding within the timeframes outlined in section 4. It is essential that applicants understand these timeframes, as applications submitted after a scheduled date will not be assessed until the next assessment period.

8.2 Issuing the Grant Offer Letter

Following successful assessment, confirmation of the grant funding will be sent to the successful Applicants in writing from Salix by way of a Grant Offer Letter over email. A copy of this letter must be signed by the public body's authorising official and returned to Salix within ten working days.

As mentioned above, funding will be awarded on a rolling basis, typically within 3 weeks of receipt of any fully completed application, depending on the completeness of information provided for assessment.

If an application is not developed enough to be awarded a Grant Offer Letter, Salix may issue a Reservation of Funding Letter which details remaining milestones that are required and the relevant timescales, such as procurement or detailed design. This ensures that funding has been secured, provided the required milestones are met as expected. Following completion of the required milestones, a Grant Offer Letter can be issued.

As explained in Section 6, all successful applicants must approach any consultant/contractor/private company who works on the project and request that they complete the Contact and Consent Form and send to the email address specified on the form. These details will be given to the applicant with the Grant Offer Letter. During the course of the delivery of the project, the applicant is required to request all those working on the project to complete a Contact and Consent Form and return them to the email address provided on the form.

If Salix considers that an application does not meet the scheme criteria, Salix will get in contact with the Applicant to discuss the project.

9. Delivery of the project

9.1 Progress updates to Salix

Within the contents of the Grant Offer Letter, Applicants are provided with further detail regarding delivery requirements and audit requirements.

All successful Applicants are required to provide Salix with monthly updates on achievement of key milestones during the delivery of the project, and to raise any delays or significant changes to cost/scope/staff. Applicants will be required to provide a short, written update on their project at regular monthly intervals.

In the event of any projected overspend by the successful Applicant in its delivery of the Project outside the sums set out in the Project Programme within the Grant Offer Letter, the amount of such overspend shall be met by the Recipient from its own funds. It is essential that all successful applicants inform Salix immediately if there are any significant changes to the costs of the project.

When a project is on a projected overspend track, Salix will arrange to discuss how this situation is being risk managed. That discussion will include alternative funding sources to meet the projected additional costs. Salix will also discuss if the project needs to make adjustments to the project programme which reduce the scope of the project. This would be to ensure that the remaining grant is sufficient to meet the remaining costs required for the delivery of the project. Salix is not authorised to agree additional funding if that funding will result in the project exceeding the £500/tCOeLT limit.

Should any part of the Grant remain unspent for the purposes on which it was given to the applicant, at the end of the Grant Period, or should any part of the Grant be provided for items of Eligible Expenditure which subsequently cost less than forecasted in the Project Programme, the Recipient shall ensure that any unspent monies are returned to Salix immediately.

9.2 Payment of the grant

Successful Applicants will be issued with a Grant Offer Letter following project assessment. In that document, Applicants are asked to outline the Grant Start Date and Grant End Date. Please note that payments are only made directly to eligible bodies.

The Grant will be available on the Grant Start Date and is available to be requested until the Grant End Date. The Grant will be provided in instalments in the amounts and at the times set out in the Project Programme, subject to various conditions including the provision of Evidence of Need, and Salix receiving a completed payment request at least 5 days in advance of the requested payment, signed by the

Authorising Official. Full conditions will be set out in the Terms and Conditions accompanying the Grant Offer Letter.

Where a lead Applicant has submitted a joint application for a group of eligible public bodies, payments can be made to individual eligible bodies following the same process as outlined in the paragraph above.

9.3 Monitoring and Reporting

For monitoring purposes, all Applicants are required to provide monthly updates to Salix on project delivery and in accordance with the milestones outlined in the Grant Application Form. Applicants will also be required to provide monitoring data for 3 years post-installation to inform whether measures achieved the expected outcomes. BEIS will be conducting an evaluation of this scheme, therefore all applicants must expect to provide relevant data to the evaluation team after all projects have completed.

10. Audit

Salix will take reasonable steps to monitor projects and eligible bodies' use of funds.

The eligible body is responsible for ensuring that, under audit, they would be able to demonstrate value for money and that they have followed their organisation's procurement guidelines and VAT policy. The eligible body is also responsible for ensuring that all contractors involved in the provision of services in relation to the proposed project(s) hold and maintain appropriate professional indemnity insurance cover to cover all the services to be carried out and that the eligible body obtain copies of the relevant certificates. The eligible body must also ensure that all professional consultants and/or contractors provide invoices, receipted invoices and completion certificates (where appropriate) in relation to the services carried out on the project(s), as these may be required for audit of the project(s).

All Recipients are obliged to maintain all invoices, receipts, accounts and other relevant documents relating to the project and the expenditure of the Grant for a period of at least six years following the Grant End Date. Salix has the right to review, at Salix's request, the Recipient's accounts and records that relate to the Project and the expenditure of the Grant and reserve the right to take copies of such accounts and records.

Under the terms of the Salix Grant Offer Letter, a selection of eligible bodies will be requested to assist Salix with a short audit of recently completed projects which is confirmed in writing. This audit will either be through an onsite visit and/or by requesting certain papers which support the work in progress.

The audit will focus on ensuring that the project has gone ahead as documented including that the eligible body has complied with their internal policies and procedures. Salix expect the above-mentioned types of documentation to form part of the eligible body's internal project file.

Frequently asked questions

General

Q: If grant funding isn't available for 100% of the project costs, can this be combined with other sources of funding?

A: Yes, other sources of funding (such as ERDF, PWLB, capital etc) can be used as long as they are not double-funding the exact same parts of the project. Other sources of funding and value should be stated in the Salix grant application. If ERDF funding is used as part funding, it will be important not to double-claim any outcomes such as carbon savings.

Q: Where a project is underway or we have recently completed a project, can we still apply for a grant?

A: This scheme is designed to enable new projects. Those projects already started or completed are not eligible as they do not meet the additionality criteria. However if a project is currently underway and that project can be expanded with additional scope, an application for grant funding for that expansion can be made.

Q: Should VAT be included within the grant application?

A: If the Applicant cannot reclaim VAT, the disallowable element should be included as part of the project cost to be shown on the Grant Application Form. If VAT can be reclaimed, it should be excluded from the calculations, as the VAT paid to your suppliers can be reclaimed from HMRC.

Q: What is the maximum amount a public sector body can apply for?

A: There is no maximum application limit, although Salix may need to review very large applications to ensure deliverability and completion within the agreed timeframe, and a reasonable spread of funding allocation.

Q: Can I apply to the Grant Scheme for a project that will also utilise the renewable heat incentive (RHI)?

A: No. Ofgem rules on claiming RHI state that organisations looking to utilise RHI must repay other Public Grants beforehand. Therefore, an organisation would not be able to claim the RHI in conjunction with The Public Sector Decarbonisation Scheme.

Q: Do we have to go through a tender process before submitting our application?

A: Public bodies should follow their internal procurement guidance. It is not required to have completed procurement before submitting an application, however it is required that cost estimates have been sought. Tender can be completed after application if necessary. To confirm award of funding it may be necessary to complete the tender process to finalise the scope and cost of the application. In such cases, Salix can issue a Reservation of Funding letter until milestones such as tender have been completed.

Q: I am only authorised to go out to tender once I know that funding has been approved, can I still apply?

A: Yes, in such circumstances Salix can issue a Reservation of Funding letter which secures the funding, then once procurement is complete, Salix will issue a Grant Offer Letter which is the final approval allowing the project to start on site.

Q: We provide accommodation for our students; can we carry out energy efficiency projects in these areas?

A: This will depend on who benefits from the energy saving projects. If the students gain from lower rents or energy charges, then these projects are not eligible. If the organisation benefits and it is not passed to the students, then the projects are eligible. However, if you are a Specialist Further Education College where the accommodation is seen as part of the learning process, this would be eligible.

Technology, Energy saving calculations and Criteria

Q: Can the Grant Scheme be used to fund upgraded specifications on new builds?

A: Yes, where projects are enhancing new-build projects beyond regulation standards or planning consent, they can be included in applications.

Q: Can we add new technologies that aren't currently on the list for the grant funding?

A: Where an applicant is considering a technology which is not on the technology list, we recommend that you contact Salix and we will consider any technology on a case-by-case basis. Please note, cases for new technologies must be raised to Salix by the public body interested only.

Q: How do I calculate energy savings?

A: The [Knowledge Share Area](#) on the Salix Website holds a number of calculation tools and good practice documents that can be used to estimate energy savings for energy efficiency projects. The [Carbon Trust energy efficiency guides](#) and the [Carbon Trust guidance on benchmarking](#) are resources which may be useful in helping you estimate savings covering technologies funded by Salix.

Q: How do I calculate current energy use if a building is not metered?

A: A first principle calculation which incorporates typical benchmarks for the type of building in question can be used to determine energy consumption. Alternatively, if energy bills are available these can be apportioned on a square metre basis.

A: Refer to [Carbon Trust guidance on benchmarking](#) which provides useful details to assist.

Q: Is there any other documentation I can read about energy saving and heat decarbonisation measures?

A: We would also refer you to the Carbon Trust energy efficiency guides and the Energy Services and Technology Association (ESTA) website.

Payment

Q: Why is the final payment only being paid out at the end of the project?

A: Good governance of public money requires Salix to be diligent in its use and to ensure it is spent for the purposes given. The final Grant payment is provided on completion and a Completion Certificate being issued by the applicant. Drawdown of funding will be outlined in the agreed Project Programme on commitment of the funding. Interim payments can be made prior to completion where needed.

Project completion and delays

Q: What if we complete earlier than the date we specified in the Application Form?

A: You can submit your completion certificate at any time and will receive final payment once all documentation has been authorised.

Q: What if the project becomes delayed beyond the completion date specified in the Application Form?

A: As part of the application, contingency should be built into the timescales. Should there be further unforeseen delays beyond this for all or parts of the project, please contact Salix at the earliest indication to advise. Good project management skills are required to keep projects on track and part of the assessment process is to ensure these skills are available.

Working with the private sector

Q: Can a private sector company submit an online application on behalf of an eligible body?

A: No, all applications must be submitted by a Main Contact at the eligible body. However, a private sector company can help you prepare your Application Form and supporting documents. The authorising official

on the application form must be from the PSB. The named authorising official will receive an automated email on submission of the online application, requesting their approval for Salix to assess the application.

Further FAQs that are published after the launch can be found here: www.salixfinance.co.uk/PSDS

Appendix 1 – List of eligible technologies and relevant category

Project Type	Work Type
Category 1 - Technologies that directly contribute to the heat decarbonisation of a building by installation of low carbon heating.	
Heating	Air Source Heat Pump (air to water)
	Ground Source Heat Pump
	Water Source Heat Pump
	Connect to existing district heating
	Heating - electric heating
Category 2 - Technologies that do not directly contribute to the heat decarbonisation of a building but reduce overall energy demand and so will support future heat decarbonisation. Additional Criteria must be met (see section 5.2 Project Criteria).	
Building management systems	BEMS - bureau remotely managed
	BEMS - not remotely managed
	BEMS - remotely managed
Compressor	Compressed Air: air compressor upgrade
Computers & IT solutions	CRT to LED monitors
	Energy Efficient File Storage Replacement
	Energy Efficient Server Replacement
	Evaporative cooling for ICT
	Free Cooling for ICT
	Hot aisle/cold aisle containment
	LED monitors instead of LCD (cost difference)
	Multi Functional Devices
	Network PC power management

	Thin client
	Uninterruptible Power Supplies
	Virtualisation
Cooling	Cooling - control system
	Cooling - plant replacement/upgrade
	Energy Efficient Chillers
	Free cooling
	Replacement of air conditioning with evaporative cooling
Energy from waste	Anaerobic digestion
	Incineration
Hand Dryers	Hand Dryers - replacement to more efficient type
Heating	Heat recovery
	Heating - discrete controls
	Heating – distribution pipework improvements
	Heating - TRVs
	Heating - zone control valves
	Replace steam calorifier with plate heat exchanger
	Steam trap replacements
	Thermal Stores
Hot water	Flow restrictors
	Hot Water - chlorine dioxide dosing and biocide treatment
	Hot Water - distribution improvements
	Hot Water - Efficient taps

	Hot Water - point of use heaters
Industrial kitchen equipment	Energy efficient combi-oven
	Energy efficient convection-oven
	Steriliser to dishwasher replacement
Insulation - building fabric	Cavity wall insulation
	Double glazing with metal or plastic frames
	Dry wall lining
	Loft insulation
	Floor Insulation
	Roof insulation
	Secondary glazing
Insulation - draught proofing	Insulation - draught proofing
Insulation - other	Air Curtains - ambient
	Air Curtains - heated
	Automatic speed doors
	Automatic/revolving doors
	Draught Lobby (external)
	Draught Lobby (internal)
	Radiator reflective foil (external walls)
Insulation - pipework	Heating pipework insulation (external)
	Heating pipework insulation (internal)
Lab Upgrades	Diode pumped solid state lasers
	Energy Efficient Drying Cabinets

	Energy Efficient Freezers (-25°C)
	Energy Efficient Freezers (-86°C)
	Energy Efficient Fume Cupboards
	Energy Efficient Growth Cabinets
	Energy Efficient X-Ray Generator
	Fume Cupboards - Auto Sash Closing + PIR
	Fume Cupboards - VAV Controls + Inverter Drives
	Heat Recovery on Extract System
LED lighting	LED - new fitting
	LED - same fitting
Lighting controls	Lighting - discrete controls
	Lighting control system centralised
Motor controls	Fixed speed motor controls
	Motors - flat belt drives
	Variable speed drives
Motor replacement	Motors - high efficiency
Office equipment	Office equipment improvements for non-ICT
Renewable energy	Small Hydropower
	Solar PV
	Solar Thermal
Time switches	Time switches
Transformers	Low loss
	Low loss (cost difference)

	Low loss+voltage management
	Low loss+voltage management (cost difference)
	Transformer tapping change
Ventilation	Fans - air handling unit
	Fans - high efficiency
	Phase change material
	Ultrasonic Humidifiers
	Ventilation - distribution
	Ventilation - presence controls
Category 3 - Technologies that do not reduce carbon emissions but enable future heat decarbonisation projects to take place – these technologies are exempt from the requirement to meet the £500/tCO ₂ lifetime criteria. Additional Criteria must be met (see section 5.2 Project Criteria).	
Battery Storage	Battery in combination with renewable
	Standalone Batteries
	Upgrade uninterruptible power supply
Electrical Infrastructure	Capacity Improvements
	Electrical Distribution
	Incoming Electricity Provision
Metering	Flow Meters
	Heat Meters
	Metering Other
	Metering Software
Category 4 - Technologies that are only permitted if: (a) they are used to replace coal-fuelled heating systems or oil-fuelled heating systems, AND (b) if, in Salix's reasonable opinion, it has been demonstrated that a low carbon	

heating system is not viable as a replacement for the coal-fuelled or oil-fuelled heating system.	
Boilers	Boilers - control systems
	Boilers - replacement combination
	Boilers - replacement condensing
	Boilers - replacement modular
	Boilers - retrofit economiser
Combined heat & power	CHP Private Wire Connection
	Gas Turbine
	Gas Engine CHP
Heating	Oil to Gas – boiler fuel switching

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READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR FOR ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	18 JANUARY 2021		
TITLE:	ACCEPTANCE OF CULTURE RECOVERY FUND GRANTS		
LEAD COUNCILLOR:	CLLR KAREN ROWLAND	PORTFOLIO:	CULTURE, HERITAGE AND RECREATION
SERVICE:	CULTURE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	DONNA PENTELOW	TEL:	07921 941 075
JOB TITLE:	ASSISTANT DIRECTOR FOR CULTURE	E-MAIL:	donna.pentelow@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to advise Policy Committee of the award of an Arts Council England (ACE) culture recovery fund and The National Lottery Heritage Fund's (NLHF) culture recovery fund for heritage, totalling £1.069m.
- 1.2 In July 2020 the government announced a £1.57 billion Culture Recovery Fund (CRF) designed to safeguard cultural and heritage organisations across the UK from the economic impact of COVID-19. Portions of the funding are being distributed by Arts Council England for arts and culture, the British Film Institute for film and cinema and The National Lottery Heritage Fund, for heritage. The deadline for applications to The National Lottery Heritage Fund was 17 August 2020 and the deadline to the ACE fund was 21 August 2020. Both funds had very short application timelines and organisations were encouraged to apply to round one of the funding.
- 1.3 A bid for up to £80,500 was submitted to the culture recovery fund for heritage to support the Abbey Quarter and a bid for £989,374 was submitted to the culture recovery fund to support The Hexagon, South Street and Reading Museum. In October the council was notified that it had been successful with both bids and awarded the full amount requested. Arts Council England gave the council two weeks within which to accept the grant. Having sought legal advice, the council accepted the ACE grant. The National Lottery Heritage Grant provided their final terms and conditions of the grant in December and having sought legal advice, the council accepted the grant, again due to the limited time frame within which to accept the grant.

2. RECOMMENDED ACTION

- 2.1 That grant funding of £989,374 from the Arts Council England's culture recovery fund be accepted and the Executive Director for Environment, Neighbourhoods and Economic Growth, in consultation with the Lead Councillor for Culture, Heritage & Recreation, be authorised to allocate the funding to support The Hexagon, South Street and Reading Museum to mitigate the economic impacts of COVID-19 on those venues.

- 2.2 That grant funding of up to £80,500 from The National Lottery Heritage Fund's culture recovery fund be accepted and the Executive Director for Environment, Neighbourhoods and Economic Growth be authorised, in consultation with the Lead Councillor for Culture, Heritage & Recreation, be authorised to allocate the funding to support activities within Reading Abbey Quarter to mitigate the economic impacts of COVID-19.
- 2.3 That, subject to satisfactory terms and conditions being published by Arts Council England, the Executive Director for Environment, Neighbourhoods and Economic Growth be authorised to apply for grant funding from the second round of Arts Council England's culture recovery fund to support eligible cultural services transition back to a viable and sustainable operating model during April-June 2021.

3. POLICY CONTEXT

- 3.1 External funding is an important source of income to the Council, but funding conditions need to be carefully considered prior to entering into agreements, to ensure that: (i) They are compatible with the aims and objectives of the Council; (ii) The necessary procedures are in place to meet funding conditions and reporting requirements; and (iii) Appropriate budget provision is available if 'match funding' is required.
- 3.2 In March 2020 when the country moved into lockdown The Hexagon, South Street and Reading Museum were forced to close among many other businesses and venues. While the buildings were closed to the public Reading Museum moved much of its content online, including a successful VE Day 75 resources and Windrush Day. Reading Museum reopened to the public in September 2020. During lockdown, The Hexagon and many of its staff transformed the theatre into the One Reading hub delivering vital support packages to vulnerable residents. The Hexagon reopened for public performances in October 2020. As of 5 November 2020, all three venues are closed again under current lockdown restrictions. In a usual year, the Abbey Quarter, which is focused around Reading Abbey ruins and the Forbury Gardens, plays host to a wide variety of events and activities that showcase and tell the story of this historically significant part of Reading. As a result of ongoing social distancing measures and the tragic events that took place in Forbury Gardens in June 2020 where three men lost their lives, limited activities and events have taken place. The financial impact of these closures has been significant with a reported £1.254m income shortfall. To mitigate these losses, staff were furloughed where applicable or redeployed and the council has also been able to claim some of the lost income from central government a part of the scheme to compensate local authorities for irrecoverable income losses from sales, fees and charges. The scheme enables authorities to recover 75p in every £1 of budgeted income lost due to COVID-19 restrictions this financial year once the authority has absorbed 5% of those losses themselves.
- 3.3 In July 2020 the government announced a £1.57 billion Culture Recovery Fund (CRF) designed to safeguard cultural and heritage organisations across the UK from the economic impact of COVID-19. Portions of the funding are being distributed by Arts Council England (ACE) for arts and culture, the British Film Institute for film and cinema and The National Lottery Heritage Fund, for heritage.
- 3.4 The aims of the ACE culture recovery fund were to maintain England's cultural ecology by supporting significant organisations which were financially sustainable before Covid-19 but are now at imminent risk of failure and have exhausted all other options for increasing their resilience. This investment is intended to ensure that, by 31 March 2021, successful applicants are either: a) fully or partially reopened, or b) if

not yet reopened, operating on a sustainable, cost-efficient basis, so that they are able to reopen at a later date.

3.5 Key criteria of the fund included:

- No match funding required from RBC
- All of the grant funding must be used to deliver the Plan as agreed between RBC and ACE - any services agreed in the Plan cannot be unilaterally reduced by RBC without ACE's prior written consent. The Plan covers the period 1 Oct 2020 - 31 March 2021
- This fund is to enable cultural organisations that have been affected by the Covid-19 crisis to stay afloat, providing them with support over a 6-month period to ensure that by 31 March 2021 they can reopen, either fully or partially, or operating on a sustainable, cost-efficient basis until they are able to reopen at a later date.
- No changes can be made to the "Plan" put forward by RBC in its Application for funding without ACE's prior written consent. The 'Plan' includes revenue costs for the Hexagon, South Street and Museum including; staffing, utilities, some equipment and cleaning costs to enable re-opening for the period 1 October - 31 March 2021
- All records, including financial records must be kept by RBC for 7 years after the completion of the Plan.
- RBC is responsible for ensuring that its Plan is compliant with State aid law. State Aid analysis carried out by Legal
- Confirmation that any pay restraint conditions referenced in the Terms, for local authorities this condition applies as far as it is legally possible to do so, where it is not legally possible for a local authority to meet this condition, it would not be enforced against them.

3.6 A bid was submitted to the ACE CRF covering the costs associated with The Hexagon, South Street and Reading Museum. The bid outlined:

- the intention to open all venues as Covid 19 secure from September/October either fully or with a reduced programme to reflect social distancing, and where it presents value for money.
- adapting our cultural programme to adapt to Covid 19, depending on the layout of the venue, suitability for social distancing and the programme available.
- The funding enables the Museum to care for its sites and collections, allow for full reopening of the Museum to the public, and maximise income through a reconfigured learning offer, and enable income through shop sales and visitor donations.
- South Street to partially re-open with a programme produced to incorporate social distancing and for private hires/ creative tenants. This applies only up to 31 March 2021.
- Some of the existing theatre and comedy programme that cannot be delivered at South Street will be repurposed to the Hexagon to ensure ongoing support to the industry, creatives and retain South Street audiences.

3.7 The bid also outlined the financial procedures in place including a financially robust review of accounts and ongoing finances, and dedicated finance and accountancy support.

3.8 The aim of the Culture Recovery Fund for Heritage is to support organisations across the heritage ecosystem that were financially sustainable before COVID-19, have exhausted all other financing options, and are now at risk of failure. A bid was submitted to NLHF and Historic England for the Culture Recovery Fund for Heritage to help the Abbey Quarter site (Forbury Gardens and Reading Abbey Ruins) to be more resilient in responding to the needs of the communities in engaging and accessing culture events in a safe manner and to explore new avenues to safeguard income

streams from the site. The funding must be spent by the end of this financial year, 31 March 2021.

3.9 The bid outlined:

- Delivering event and heritage activities in the Abbey Quarter safely and appropriately.
- Exploring the new technologies including the use of live streaming equipment to help us reach larger audiences through a range of digital platforms, especially those dedicated to video conferencing and live streaming,
- Adapting good practices and taking learning from the upcoming events over the next 6 months into next year and the wider programming of site.
- Diversifying potential income streams to safeguard the future of the site.
- Sharing new learning and good practices with the wider community and peers to ensure that the community can continue to use the site and be part of its sustainable development.

4. THE PROPOSAL

4.1 **Current Position:**

The conditions of the ACE grant meant the council needed to accept the grant within two weeks of being awarded it. This was accepted in consultation with colleagues in Finance and Legal Services.

4.2 In order to draw down the ACE funding, the council will need to submit a claim form, and confirm its participation in a programme evaluation. The council will also need to provide an updated activity plan with a new budget and cashflow to draw down the second payment, and activity report and income and expenditure account for the final payment.

The ACE payments schedule is as follows:

- Payment Request #1 (Initial) 13/10/2020 £494,687
- Payment Request #2 (Interim) 30/12/2020 £395,750
- Payment Request #3 (Final) 28/04/2021 £98,937

4.3 The final terms and conditions of the NLHF grant have been published and are satisfactory. The grant will be paid in two instalments of 50%, subject to the submission of satisfactory information to NLHF.

Options Proposed

4.4 It is proposed that the council accepts the grants awarded by both ACE and NLHF to support the ongoing viability of the Hexagon, South Street, Reading Museum and Abbey Quarter, which have been heavily impacted as a result of covid19.

4.5 It is also proposed to apply to the second round of the ACE culture recovery fund to support the transition of eligible services back to a viable and sustainable operating model during April-June 2021. This is subject to the terms and conditions being satisfactory and not

Other Options Considered

4.6 Since applying for the grant, the government's Coronavirus Job Retention Scheme has been extended to until 31 March 2021. It had been due to end on 31 October 2020. Both Reading Museum, the Hexagon and South Street furloughed staff and included staff costs in the application to the ACE fund. Following the extension of the CJRS, the council has been advised by ACE that there are no restrictions to Culture Recovery Fund awardees applying to CJRS to cover staff costs that were not factored into the CRF grant. However, we cannot apply to CJRS for staff costs that were set out in the application to the Culture Recovery Fund to be covered by the Culture Recovery Fund grant, as there cannot be double funding of the same staff costs by two government

grants. In the funding claim back to ACE, the council will need to identify any CJRS payments received.

- 4.7 The council could choose not to accept the grant. The implications would be continued pressure on the 2020/21 revenue budget due to the ongoing covid19 restrictions limiting revenue generating activity.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The proposal to accept the grants supports the following Corporate Plan priorities:

1. Securing the economic success of Reading and provision of job opportunities
2. Ensuring that there are good education, leisure and cultural opportunities for people in Reading

The grant also contributes to the Council's strategic aims. The strategic aims are:

- To Develop Reading as a Green City with a sustainable environment and economy at the heart of the Thames Valley
- To establish Reading as a learning City and a stimulating and rewarding place to live and visit

- 5.2 The Hexagon and South Street generate £4.5M in revenue and both venues support a wider ecosystem of SMEs and freelance workers to produce and stage performances, delivering an arts programme to over 200,000 people a year. The Hexagon is the largest theatre in Reading, and the local region, connecting with audiences from a wide geographical range. The venue presents a busy mixed programme that attracts audiences from the local community and provides a wide range of community uses. With over 250 events a year the venue is popular on the national touring circuit. There are no other similar venues in Reading, and it provides a crucial cultural and economic driver for the night time economy, enabling Reading to achieve Purple Flag status and supporting the hospitality sector in central Reading. South Street is the only professional arts centre in Reading and the only one to regularly present high-quality touring theatre programme. South Street has a national reputation for its high quality, small-scale, contemporary performing arts programme & is a vital part of the UK's touring ecology. It is unique in Reading, offering audiences access to high quality, nationally acclaimed work & has a long history of programming early work from artists that have gone on to national significance

- 5.3 Reading Museum works with its local partners to provide cultural opportunities to underserved groups, particularly through the ACE supported Museums Partnership Reading's youth strategy and volunteering scheme. The Museum's learning and engagement team reach large numbers of young people. Up to 20,000 children visit each year and another 50,000 use our loans boxes a year. Its 'Museum on Wheels' outreach project attended 16 community venues in 2019 and reached over 6,400 people. The Museum is also a founder member of Reading's well-respected Cultural Educational Partnership co-ordinating cultural opportunities for young people.

- 5.4 Reading's communities see the Museum as the 'go to place' to explore and present their histories. The team works with a wide range of local groups to co-produce programmes that tell stories from Caribbean carnival to football, from Asian architecture to climate change, both within the museum and in the community, as well as online. Examples this year include the nationally acclaimed Windrush Day project and a school's Diwali dance project, both of which were adapted to virtual cultural offers due to the pandemic.

- 5.5 The Museum led the Reading Abbey Quarter project, which in September was awarded 'Best use of Heritage in Placemaking' at the National Planning Awards 2020. The judges were particularly impressed with the use of community participation in

consultations to ensure a broad spectrum of people could participate and enjoy a new 'sense of place' within the Abbey Quarter.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).
- 6.2 There are no environmental and climate implications resulting from these recommendations.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out "any of its functions" by providing information, consulting or "involving in another way".
- 7.2 No public consultation has been carried out on the proposal to apply or accept the culture recovery funding. However, the museum, Hexagon Theatre and South Street theatre plus the activities that take place within the Abbey Quarter have customer feedback and evaluation embedded as part of their operations and use this to inform future service delivery.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 8.2 There are no equality implications as a result of this decision. Accepting the grant will enable the museum in particular continue to carry out its work with underserved and diverse communities including those protected by the Equality Act.

9. LEGAL IMPLICATIONS

- 9.1 ACE's offer of funding under the Arts Council England's Recovery Grants programme is made available to all recipients, including local authorities, pursuant to ACE's standard terms and conditions for grant dated July 2020. The NLHF's offer of funding is subject to its standard terms and conditions for grant dated December 2020. This document sets out the legal responsibilities of the Council in accepting both the ACE and NLHF funding.
- 9.2 This standard form of grant requires that all grant funding must be used by the Council to deliver the activities set out in its application for funding (the "Plan") as agreed by ACE and NLHF. Any activities/services documented in the Plan cannot be unilaterally reduced or changed by the Council without ACE's or NLHF's prior written consent. The Plan covers the period 1 October 2020 to 31 March 2021 and the activities included therein are consistent with the expected/planned activities to be delivered by the Council during this period.

- 9.5 Both the ACE and NLHF standard form of grant includes a “pay restraint” condition as required by the Department for Digital, Culture, Media and Sport (DCMS). Confirmation has been requested and received by the Council from ACE that any pay restraint condition referenced in the standard form of grant will not be enforced against a local authority where it is not legally possible for that local authority to implement such a pay restraint condition.
- 9.4 As the grant comes from public funds the Council has carried out a State aid analysis and is satisfied that the support provided through the ACE grant is compliant with State aid law.

10. FINANCIAL IMPLICATIONS

- 10.1 Cultural Services is forecasting an overall overspend of £2.763m in Period 7, an improvement of £0.989m on Period 6. The improvement is due to the successful bid for grant funding from the Arts Council Funding for the Cultural Recovery Fund. The funding will cover the expenditure incurred at the Hexagon, South Street and the Museum until the end March 2021 including staffing, utilities and covid19 adaptations. There remains a £1.254m income shortfall across the theatres and Town Hall, assuming no shows are possible until April 2021.

11. BACKGROUND PAPERS

- 11.1 Arts Council England, Culture Recovery Fund: Grants.
National Lottery Heritage Fund, Culture Recovery Fund for Heritage

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READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	18th JANUARY 2021		
TITLE:	CIVIL ENFORCEMENT (PARKING) CONTRACT AND PARKING STRATEGY - UPDATE		
LEAD COUNCILLOR:	COUNCILLOR PAGE	PORTFOLIO:	STRATEGIC ENVIRONMENT, PLANNING AND TRANSPORT
SERVICE:	PLANNING, TRANSPORT AND REGULATORY SERVICES	WARDS:	BOROUGHWIDE
LEAD OFFICER:	GIORGIO FRAMALICCO	TEL:	0118 937 2068
JOB TITLE:	DEPUTY DIRECTOR	E-MAIL:	Giorgio.Framaliccio@reading.gov.uk

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The current Civil Enforcement Contract with NSL Ltd commenced November 2014 for a term of up to 10 years, consisting of an initial term of 5 years and extensions of a period or periods of not less than one year up to 5 years. Policy Committee agreed contract extensions in January 2019, and January 2020.
- 1.2 This report provides Policy Committee with an update of the work officers have completed since the January 2020 extension was agreed. During the year officers have worked with specialist parking consultants who were appointed to guide the Council towards two key outcomes - a new Civil Enforcement Contract and a new Parking Strategy.
- 1.3 This work has included the implementation and review of the performance of the existing contract improvements agreed as a part of the current contract extension, a review of the procurement strategy, and the outline development of a new parking strategy to align with the objectives of the new Reading Transport Strategy (due to be adopted early 2021).
- 1.4 This report sets out the next stages and recommends that, in light of the impacts of the COVID 19 pandemic on the original programme, and the need to continue further detailed work on the most appropriate route to Market for any new Civil Enforcement (Parking) contract and development of a new parking strategy for Reading, a further extension of the existing Civil Enforcement (Parking) contract with NSL Ltd be requested up to 2 years.

2 RECOMMENDED ACTION

- 2.1 To note progress made on both the development of a new Parking Strategy and a new Civil Enforcement Contract.**
- 2.2 That a two-year extension to the contract for Civil Enforcement with NSL Ltd from 1 November 2021 - 31 October 2022 and if needed to 31 October 2023 be agreed in accordance with the terms of the contract.**
- 2.3 To endorse the ongoing development of a new Parking Strategy and a new Civil Enforcement (Parking) Contract over the next 12 months.**

3 POLICY CONTEXT

- 3.1 Enforcement of moving traffic (bus lanes/gates) and parking contraventions, in accordance with the Road Traffic Act 1988, Transport Act 2000 and the Traffic Management Act 2004, is a statutory duty required of the Council as Reading Borough is designated as being a Civil Enforcement Authority (CEA).**
- 3.2 Following a tender in accordance with the Contract Procedure Rules, a Civil Enforcement contract was awarded to NSL Ltd in 2014 to provide parking enforcement and related services (as detailed below). The contract consisted of an initial period of 5 years with an option to extend the term of this contract by a period or periods of not less than one year, with such extension periods or periods totalling in aggregate not more than 5 years for a total maximum contract period of 10 years.**
- 3.3 The services provided under the current contract includes:**
 - On and off-street civil enforcement
 - Back office administration and associated services together with Penalty Charge Notice (PCN) payment processing and reconciliation;
 - In-Car camera services and associated back office administration;
 - Bus Lane Enforcement (BLE) and associated back office services;
 - Maintenance including supply and install of Pay and Display (P&D) machines and secure cash collection;
 - On-line permits including associated IT provision and management of permit database;
 - Pay by phone parking and cashless parking systems with associated IT provisions.
 - An option to provide, during the term of the contract, vehicle clamping, vehicle removal, vehicle pound operation and all associated services.
- 3.4 Consultation on Council's new Local Transport Plan (LTP) was undertaken from 4th May to 30th Aug 2020. The new strategy has been developed to help achieve wider objectives including the Reading 2050 Vision, the Climate Emergency which was declared in February 2019 and improved air quality. It is heavily focused on addressing these wider challenges through a package of solutions to both provide realistic sustainable alternatives to the private car, alongside measures to manage demand to improve air quality and congestion. The new strategy has been aligned with other Council strategies including the new Local Plan and Reading Climate Emergency Strategy 2020-25 and formal Council adoption will be sought early 2021.**

4 BACKGROUND

- 4.1 The parking services market is undergoing a rapid change. In particular, the specialist parking consultant confirmed the following areas are key considerations in order to move the Council's future Civil Enforcement model forwards:-
- The parking and kerbside management environment is rapidly changing and becoming more complex;
 - On-street and off-street parking management will need to be joined up in order to react to the changing technology offer and provide stakeholders with real choice (and benefits)
 - Parking technology and data systems will play a key role in the future world of connected sustainable mobility.
- 4.2 To ensure the Council is best placed to react to the changing parking services market, in January 2020, Policy Committee agreed to procuring a new Civil (Parking) Enforcement contract. In order to provide the necessary expertise and experience in the parking market, a specialist parking consultant was engaged in March 2020 to support the Council in delivering this.
- 4.3 In addition to progressing a specification for a new Civil Enforcement Contract, the specialist parking consultant was also engaged to develop a new Parking Strategy for Reading to align with the objectives of the new Reading Transport Strategy which is due to be adopted early 2021.

5 PARKING STRATEGY

- 5.1 The specialist parking consultant was appointed to develop a new Parking Strategy for Reading which provides a strategic vision for the future of parking and contributes to the wider objectives of the Council adopting the same period to 2036 as the new Reading Transport Strategy (Local Transport Plan) due to be adopted early 2021.
- 5.2 A new Parking Strategy is key to recognising the role of parking in its wider context as meeting the needs of residents, providing a positive visitor experience, supporting the local economy, place making, climate change and improving air quality, and its resilience in the context of the evolving function of the town centre.
- 5.3 The work on the Parking Strategy to date takes into account of national, regional and local policy objectives, aligning with the emerging Reading Transport Plan 2036, Reading Climate Change Partnership's Reading Climate Emergency Strategy 2020-25, the new RBC corporate Carbon Plan 2020-25 - adopted in November 2020 and the Reading 2050 Vision, and draws on the latest view of future developments in parking, technology, and kerbside management. Within the likely timeframe of the strategy, a range of technological, societal and environmental factors will influence the future demand for parking and kerbside management.
- 5.4 The outline strategy has been prepared at a time when the UK is emerging from the lockdown necessitated by the Covid-19 pandemic. The lockdown inevitably caused a very significant fall in traffic and parking volumes along with parking revenues. It is unclear for how long the pandemic will have an impact on daily life and what the "new normal" will look like, but it is likely that elements of the reaction to the pandemic at a societal level (social distancing, rise in home working, economic recession, rise in unemployment, decline in cash usage, decline in bus usage, increased levels of walking and cycling, rise in e-commerce and delivery businesses) will have a lasting impact. A key unknown is how long it will be before trends initiated by the pandemic can be

assumed to be permanent. It could reasonably be assumed that an interim period over the next year will be necessary for the “new normal” to become clear. This has impacted on the programme to present a meaningful and realistic new Strategy for Reading.

6 CIVIL ENFORCEMENT (PARKING) CONTRACT

- 6.1 In January 2020 Policy Committee received a report formally endorsing a one-year extension of the current contract but also noting the intention to procure a new Civil (Parking) Enforcement contract. The timetable for the procurement process was set out in that report.
- 6.2 Since that time, work has continued with a specialist parking consultant in developing a strategy for the most appropriate route to market for any new Civil Enforcement contract.
- 6.3 As detailed in paragraph 5.4 above, the impact of the COVID Pandemic across the Country has been substantial and, whilst officers and the Consultant have continued to develop a procurement strategy for Reading, the change to how people travel, the impact on car parking usage patterns both in the short term, and the longer term (based on the ongoing uncertainties around recovery from the Pandemic) and the impact to the overall Civil Enforcement market, makes it difficult to present a clear recommendation at this time on the most suitable route to market.
- 6.4 Officers therefore recommend to Policy Committee that a two-year extension to the contract for Civil Enforcement with NSL Ltd initially from 1 November 2021 - 31 October 2022 and if required to 31 October 2023 be agreed in accordance with the terms of the contract. During this further contract extension, officers will be able to continue the development of both the procurement strategy and the recommended route to market (be it internal or external contracting) as recovery from COVID continues. While it is hoped that a new contract would be in place for 1 November 2022 uncertainty around the pandemic means that this cannot be guaranteed.

7. MOVING TRAFFIC OFFENCES

- 7.1 The Department for Transport (DfT) has recently indicated that in Spring/Summer 2021, it is likely Local Authorities outside Greater London will be able to take on the powers under Part 6 of the Traffic Management Act 2004. This will allow further powers to enforce moving traffic offences (banned turns, yellow boxes etc) by camera. This is a key development in the ongoing management of the Network and Officers will need the time to consider how it could apply to areas in Reading, and also how it can effectively be enforced.
- 7.2 This development would add further weight to not progressing any new Civil Enforcement Contract until the full details are released by the DfT. The Committee will note that any charges relating to contraventions of moving traffic restrictions will also be ringfenced to Transport and Highways programmes and initiatives - similar to the current Bus Lane enforcement activity.

8 FINANCIAL IMPLICATIONS

- 8.1 As required by the Traffic Management Act 2004, the Council publishes a Parking Services annual report which details all financial information relating to the operation of the Parking Service. The reports are publicly available on the Council website. The 19/20 report is due to be reported to the January 2021 meeting of the Traffic Management Sub-Committee.

- 8.2 The emerging Medium-Term Financial Strategy (Policy Committee December 2020) includes contract savings as a part of the existing Civil Enforcement Contract and the Fundamental Service Review. These total £300k over the next two financial years.

9 CONTRIBUTION TO STRATEGIC AIMS

- 9.1 The Council has adopted a Strategic Framework (March 2020) which sets out the Council's key priorities including:

- To keep social care services running for the children and adults who need them;
- To support vulnerable and isolated people during the crisis;
- To support business and the economy, which will secure the long-term recovery of Reading.

- 9.2 The Council's Corporate Plan 'Shaping Reading's Future' 2018 -21 sets out the Council's key priorities including:

- Keeping the town clean, safe, green and active
- Providing infrastructure to support the economy
- Remaining financially sustainable to deliver these service priorities

10 COMMUNITY ENGAGEMENT AND INFORMATION

- 10.1 The contractor will be required to work with Reading Borough Council on the coordination of information to be provided to residents and businesses.

11 EQUALITY IMPACT ASSESSMENT

- 11.1 Under the Equality Act 2010, Section 149 the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 11.2 The Council has reviewed the scope of the proposals as outlined within this report and considers that the proposals have no direct impact on any groups with protected characteristics.

12 LEGAL IMPLICATIONS

- 12.1 Enforcement of moving traffic (bus lanes/gates) and parking contraventions, in accordance with the Road Traffic Act 1988, Transport Act 2000 and the Traffic Management Act 2004, is required as Reading Borough is designated as being a Civil Enforcement Authority (CEA).

- 12.2 As the estimated lifetime cost of the existing Civil Enforcement contract exceeded the "Service Threshold", the procurement exercise was subject to the Public Contract Regulations 2015, and as such the principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality were applied.

- 12.3 Enforcement of moving traffic (bus lanes/gates) and parking contraventions, in accordance with the Road Traffic Act 1988 and the Traffic Management Act 2004, is required as Reading Borough is designated as being a Civil Enforcement Authority (CEA).

13 ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS

- 13.1 Transport is the biggest greenhouse gas emitting sector in the UK accounting for around 27% of total carbon emissions. As set out in the Reading Climate Emergency Strategy 2020-25 this figure is lower in Reading with transport accounting for around 20% of carbon emissions, however significant investment in sustainable transport solutions is vital in order to respond to the Climate Emergency declared by the Council in February 2019 and to help achieve our target of a carbon neutral Reading by 2030. Reading Climate Change Partnership's Reading Climate Emergency Strategy 2020-25 and the new RBC corporate Carbon Plan 2020-25 was adopted in November 2020.
- 13.2 The proposals set out in this paper have no significant impact in this area.

14 BACKGROUND PAPERS

- 14.1 Policy Committee reports (23 June 2014, 14 January 2019 & 20 January 2020).
- 14.2 Traffic Management Sub-Committee - Parking Services Annual Reports (10th January 2019 and 9th January 2020).

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	18 JANUARY 2021		
TITLE:	SUPPORTING HOUSING DELIVERY AND PUBLIC SERVICE INFRASTRUCTURE - CONSULTATION RESPONSE		
LEAD COUNCILLOR:	COUNCILLOR PAGE	PORTFOLIO:	STRATEGIC ENVIRONMENT, PLANNING AND TRANSPORT
SERVICE:	PLANNING	WARDS:	ALL
LEAD OFFICER:	MARK WORRINGHAM	TEL:	0118 9373337
JOB TITLE:	PLANNING POLICY TEAM LEADER	E-MAIL:	<u>mark.worringham@reading.gov.uk</u>

1. EXECUTIVE SUMMARY

- 1.1 The government has published a consultation on changes to the existing planning system. The consultation proposes the following:
 - A new permitted development right to change commercial uses into residential;
 - Changes to simplify and streamline the process for new and extended public service infrastructure, including hospitals, schools, further education colleges and prisons; and
 - Consolidation and simplification of some existing permitted development rights.
- 1.2 The consultation is open until 28th January. This report recommends that the Council respond to the consultation as set out in Appendix 1.
- 1.3 Appendices
Appendix 1 - Proposed consultation response

2. RECOMMENDED ACTION

- 2.1 That the proposed response to the consultation on Supporting Housing Delivery and Public Service Infrastructure (Appendix 1) be approved.

3. POLICY CONTEXT

- 3.1 The government continues to make proposals that affect the way that the planning system would operate, with an emphasis on reducing regulation and speeding up the planning system for applicants. The latest proposals, published for consultation on 3rd December 2020, deal with a range of matters that are intended to support the delivery of new housing and public service infrastructure.

4. THE PROPOSAL

(a) Current Position

- 4.1 In recent years, the government have made frequent changes to the planning system with the aim of streamlining the development process and delivering more homes. Most recently, a consultation took place on the Planning White Paper, which proposed a fundamental overhaul of the entire planning system, to which the Council responded in October 2020.

- 4.2 This consultation deals with the existing planning system, and proposes a number of changes that could be made to the way it currently operates, in advance of any more fundamental changes as a result of the Planning White Paper. There are three elements of this consultation:

- A new permitted development right to change commercial uses into residential;
- Changes to simplify and streamline the process for new and extended public service infrastructure, including hospitals, schools, further education colleges and prisons; and
- Consolidation and simplification of some existing permitted development rights.

Changes of use to residential

- 4.3 The first element of the consultation is a new permitted development right to change commercial, business and service uses (use class E) into residential without requiring planning permission. Use class E is a new, wide-ranging use class introduced in August 2020, which includes:

- Retail;
- Financial and professional services;
- Food and drink;
- Indoor sport, recreation or fitness (not involving motorised vehicles or firearms);
- Medical and health services;
- Creche, day nursery or day centre; and
- Office, research and development or light industrial.

This therefore covers some or all uses formerly classed in the A1, A2, A3, B1, D1 and D2 use classes.

- 4.4 Permitted development rights enable specific types of development to take place without requiring planning permission. For many of these rights, there is instead a light-touch prior approval process where the local planning authority can consider specific, limited matters.

- 4.5 There are existing permitted development rights to convert some of these uses into residential. Most frequently used is the right to convert offices, but there are also permitted development rights for retail and financial and professional (up to 150 sq m) and light industrial (up to 500 sq m) to change to residential. These existing permitted development rights are due to expire on 31st July 2021 due to referring to use classes that no longer exist, and would be replaced by the new proposed right. There are no existing rights to convert the other uses on the list above to residential.
- 4.6 The permitted development right would not apply to sites of special scientific interest, listed buildings and their curtilage, scheduled monuments, safety hazard areas, military explosives storage areas and sites subject to an agricultural tenancy. It would also not apply to various other environmental designations of national significance, of which none exist in Reading.
- 4.7 The ability of a local authority to consider a scheme would be limited to certain key matters. Matters other than those listed below could not be taken into account:
- flooding;
 - transport;
 - contamination;
 - noise from existing commercial premises;
 - the provision of adequate natural light in all habitable rooms;
 - fire safety; and
 - the impact on the intended occupiers from the introduction of residential use in an area the authority considers is important for heavy industry and waste management.

Public service infrastructure

- 4.8 The second part of the consultation deals with public service infrastructure, which it defines as including schools, further education colleges, hospitals and prisons. It aims to support the delivery of these facilities through streamlining the planning process.
- 4.9 One proposal to address this is through expansion of an existing permitted development right for schools, colleges and hospitals to expand by 100 sq m (or 250 sq m for schools) or 25% of the existing footprint, whichever is the lesser, with a height limit of 5 metres, without requiring planning permission. The proposal is to increase this to whichever is the greater of 250 sq m or 25% of footprint, and subject to a height limit of 6 metres, and also expand it to include prisons. The change of emphasis from lesser to greater could be very significant, given how large a development a 25% expansion of the footprint of a school or hospital could actually be.
- 4.10 Where a planning application would still be required, the consultation aims to address this through measures to speed up the system. The proposal is that, for major development (of over 1,000 sq m or 1 hectare), local planning authorities will be expected to determine applications within 10 weeks rather than 13. In addition, consultation periods for these

applications would be reduced from 21 days to 14. The expectation seems to be that such developments would have been subject to considerable discussion before an application is made. The consultation also expects authorities to prioritise applications for public service infrastructure in order to meet these timescales. There is also a proposal that the Secretary of State be notified both when an application is validated and when the authority has an idea of the likely determination date, to allow monitoring of the processing of applications.

Existing permitted development rights

- 4.11 The third and final part of the consultation involves dealing with other existing permitted development rights that may need to change as a result of changes to the use classes order, for instance changes between certain commercial use classes. It proposes a review, consolidation and simplification of these rights. Consolidation may present a challenge, as some of these rights vary according to matters like size limits and whether or not they apply in a conservation area. However, there are few details in this part of the consultation on how this will be approached.

(b) Option Proposed

- 4.12 Committee is recommended to approve the response to the consultation set out in Appendix 1. This would be submitted to the government before the deadline of 28th January.

(c) Other Options Considered

- 4.13 The main alternative option is to not respond to these consultations. Given the wide-ranging implications for planning in Reading from this consultation, this is not considered to be an appropriate option.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The operation of the planning system in Reading contributes to the following priorities in the Corporate Plan 2018-21:
- Securing the economic success of Reading;
 - Improving access to decent housing to meet local needs;
 - Keeping Reading's environment clean, green and safe;
 - Promoting great education, leisure and cultural opportunities for people in Reading.
- 5.2 The changes proposed within the Planning White Paper may have impacts on the ability of planning to continue to meet those priorities.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 The climate implications of allowing for more extensive changes of use between uses are mixed. It can encourage the retention and reuse of buildings that may otherwise have been redeveloped, which reduces the emissions and other environmental effects associated with the

development process. However, in the long term, it can often be more difficult to achieve high sustainability standards in existing buildings as opposed to newly developed buildings.

- 6.2 In terms of expanding permitted development rights for public service infrastructure, this will mean that more development is able to take place without complying with the sustainability standards in our Local Plan. Development will instead rely on what is set out in the Building Regulations. This may mean that development has lower levels of performance. It may also allow for the loss of green areas and vegetation without the need for planning permission.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 The proposed response to the consultations does not require community engagement.
- 7.2 The effect of the proposals in the consultation will be to reduce opportunities for community engagement in the planning process. There is no scope for the public to give their views on the merits of prior approval applications where permitted development rights exist, and this will mean fewer applications are subject to consultation. In addition, major proposals for public service infrastructure would be subject to a reduced public consultation period, from 21 to 14 days.

8. EQUALITY ASSESSMENT

- 8.1 The consultation specifically asks for responses on the equalities impacts of the proposals. These impacts would need to be formally assessed when greater detail of the proposals is available. There are no equalities implications of the recommended actions of this report.

9. LEGAL IMPLICATIONS

- 9.1 Permitted development rights are set out in Schedule 2 of the Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended), known as the GPDO. Introduction of new and amended permitted development rights will require a change to this order, which would be introduced by statutory instrument.
- 9.2 The procedure for dealing with planning applications is set out in the Town and Country Planning (Development Management Procedure) (England) Order 2015, known as the DMPO. Changes to streamline the procedure for dealing with applications for public service infrastructure will primarily require amendments to this Order.

10. FINANCIAL IMPLICATIONS

- 10.1 The preparation of this response has been undertaken within existing budgets and does not have any financial implications for the Council.

- 10.2 The expansion of permitted development rights will have financial implications for the Council. It has been estimated that, since the introduction of the office to residential permitted development right in 2013, had the resulting developments come forward by the planning application route, they could have delivered over £5.2 million in Section 106 contributions up to 31st March 2020, in particular for affordable housing. Whilst the implications of the new permitted development right are unlikely to be in that order as many of these uses already benefit from such rights, the expansion of permitted development rights will nevertheless miss additional opportunities to secure Section 106 funding.
- 10.3 In addition, the office to residential permitted development right has meant that the Council has lost out on around £1.2 million in application fees. The consultation proposes increasing fees, which will be a positive financial implication, although the fees are still unlikely to cover the full cost of determining the application.
- 10.4 Further changes of use from commercial to residential would result in a loss of business rates revenue from those properties, but a gain in Council Tax revenue.
- 10.5 The introduction of permitted development rights for adding up to 25% new floorspace on school sites would remove the need to apply for planning permission for some Council development such as on school sites. This could represent a saving to the Council.

Value for Money (VFM)

- 10.6 The consultation has potential financial implications for the Council, and a response at this stage therefore represents good value for money.

Risk Assessment

- 10.7 There are no direct financial risks associated with making this response.

BACKGROUND PAPERS

- Supporting housing delivery and public service infrastructure
<https://www.gov.uk/government/consultations/supporting-housing-delivery-and-public-service-infrastructure/supporting-housing-delivery-and-public-service-infrastructure>

APPENDIX 1: PROPOSED READING BOROUGH COUNCIL RESPONSE TO CONSULTATION ON SUPPORTING HOUSING DELIVERY AND PUBLIC SERVICE INFRASTRUCTURE

1. Supporting housing delivery through a new national permitted development right for the change of use from the Commercial, Business and Service use class to residential

Q1 Do you agree that there should be no size limit on the buildings that could benefit from the new permitted development right to change use from Commercial, Business and Service (Class E) to residential (C3)? Please give your reasons.

No. Whilst the office to residential permitted development right has operated without a size limit since its introduction in 2013, other existing rights have had relatively low size limits, of 150 sq m in the case of A1 and A2 uses and 500 sq m in the case of B1c uses. This would therefore represent a considerable change. It could mean that very substantial retail buildings that are key to the vibrancy of a town centre for instance, or significant local employers, could be lost without any consideration of the impacts that will have on local communities and the economy.

Q2.1 Do you agree that the right should not apply in areas of outstanding natural beauty, the Broads, National Parks, areas specified by the Secretary of State for the purposes of section 41(3) of the Wildlife and Countryside Act 1981, and World Heritage Sites? Please give your reasons.

The Council does not wish to respond to this question.

Q2.2 Do you agree that the right should apply in conservation areas? Please give your reasons.

No. Changes of use between commercial and residential can fundamentally alter the character of an area. Conservation areas are designated on the basis of their special architectural or historic interest, and the presence of commercial activity within a conservation area can be an essential part of that historic interest. Many conservation areas include historic town centres that have served their communities for hundreds of years, and failing to ensure the continuation of that activity risks causing serious harm to the historic interest of an area. Reading Borough Council is currently working with Historic England on a High Street Heritage Action Zone project relating to various streets in conservation areas in the town centre that in some cases have had a retail role for hundreds of years. This will focus on part on historic shopfronts. Any loss of ground floor retail or related uses in areas such as this would have a severe detrimental impact on the historic interest of the area.

Q2.3 Do you agree that, in conservation areas only, the right should allow for prior approval of the impact of the loss of ground floor use to residential? Please give your reasons.

Yes. For the reasons given in answer to Q2.2 we consider that the impact on the loss of a ground floor use to residential in a conservation area should be considered. However, as set out elsewhere in our response, this is best dealt with through a planning application.

Q3.1 Do you agree that in managing the impact of the proposal, the matters set out in paragraph 21 of the consultation document should be considered in a prior approval?

Please give your reasons.

Yes. The Council's view as set out in answer to question 5 is that the matters set out in paragraph 21 of the consultation document are best dealt with through a planning application rather than a prior approval process. However if the government proceeds with introduction of this permitted development right, all of the matters in paragraph 21 (plus other matters, for which see our answer to question 3.2) should be subject to local consideration.

Q3.2 Are there any other planning matters that should be considered?

Please specify.

Yes. The Council's view as set out in answer to question 5 is that these changes of use should be subject to a planning application, where the full range of planning matters can be considered. However, if the government proceeds with introduction of this permitted development right, there are a number of other planning matters that are essential to consider.

Firstly, condition (d) to existing class M changes of use from A1 and A2 use to residential requires local consideration of:

“whether it is undesirable for the building to change to a use falling within Class C3 (dwellinghouses) of the Schedule to the Use Classes Order because of the impact of the change of use—

- (i) on adequate provision of services of the sort that may be provided by a building falling within Class A1 (shops) or, as the case may be, Class A2 (financial and professional services) of that Schedule, but only where there is a reasonable prospect of the building being used to provide such services, or*
- (ii) where the building is located in a key shopping area, on the sustainability of that shopping area”...*

It is essential that this condition be applied to the new permitted development right, and that its wording be amended to reflect the fact that the right will also apply to medical and health services, day centres, nurseries etc, all of which provide key functions that are required to be in locations which can be easily accessed by members of the public. Introducing a permitted development right without this safeguard would lead to a hollowing out of important local shopping areas, reducing the viability of those centres, and could lead to loss of important local services, many of which may be the only such services within some areas. The introduction of additional residents will very rarely be sufficient to outweigh the loss of existing commercial activity in terms of footfall.

Secondly, the proposal includes the following consideration:

“the impact on the intended occupiers from the introduction of residential use in an area the authority considers is important for heavy industry and waste management”

This should be expanded to also cover storage and distribution. This is an activity which could equally generate impacts on adjoining residents, including disturbance at unsociable hours. Whilst noise is covered by the proposal, lighting is not, and significant levels of lighting are often required in distribution premises. Likewise, air

quality and public safety, which can be impacted by large numbers of HGV movements associated with storage and distribution, are not proposed to be covered. It is also an activity which is essential to our economy, as demonstrated particularly by the importance of home delivery during the pandemic, but also with likely implications as a result of Brexit. Introduction of residents in inappropriate locations could curtail the operations of these essential businesses.

Thirdly, consideration should be given to air quality. Residents should not be placed in locations where they will be subject to unacceptably poor levels of air quality, in particular where there is no opportunity to mitigate these impacts through the planning process. The government published the Clean Air Strategy in January 2019, identifying air quality as the greatest environmental health risk in the UK, but the permitted development right as proposed would risk development taking place in areas where people would be put at precisely that risk, without any safeguards.

Fourthly, the impact on the local economy through loss of business premises should be considered. We have seen an erosion of cheaper office space in Reading through permitted development rights over recent years, and this space is often important for small and growing businesses that form a key part of the health of the local economy. Now that such office accommodation within town centres has been exhausted, we are increasingly seeing this happen within important employment areas. Allowing this to continue without consideration of these impacts could seriously undermine economic growth. Condition (b)(iv) of class PA changes of use, from light industrial to residential, covers this to an extent but is not currently proposed to be carried forward into the new permitted development right.

The considerations above illustrate why changes of use are best dealt with through a planning application process.

Q4.1 Do you agree that the proposed new permitted development right to change use from Commercial, Business and Service (Class E) to residential should attract a fee per dwellinghouse?

Please give your reasons.

Yes. A flat fee of £96 per application would not be remotely sufficient to cover the costs of assessing the application, including the local considerations outlined in the proposal, and would simply put further pressure on already-stretched local authority budgets.

Q4.2 If you agree there should be a fee per dwellinghouse, should this be set at £96 per dwellinghouse?

Please give your reasons.

No. The fee should cover the cost of assessing the application for prior approval. The proposed permitted development right includes a variety of matters for local consideration, including noise, flooding, contamination and natural light. The Council believes that there should be many other matters that are subject to local consideration, for which please see our answer to question 3.2. These all take time and resources to assess, and will not be covered by £96 per dwelling, which is a figure that does not seem to have been derived from any research on the typical cost of making such assessments. The fees should be much closer to the current planning application fee of £462 per dwellinghouse up to 50 dwellings.

Q5. Do you have any other comments on the proposed right for the change of use from Commercial, Business and Service use class to residential?

Please specify.

Yes.

As is often the case in recent consultations, the questions do not include whether the new right should be introduced at all. Our view remains that changes of use between commercial and residential uses are not appropriate for the permitted development process, which was intended to cover smaller-scale or less impactful developments. These changes of use can have a myriad of impacts on both the existing area and the residents of any proposal, and this requires consideration through a full planning application process, determined in accordance with local policies. The number of conditions to which such prior approvals need to be subject illustrates why full consideration is needed.

The research published by MHCLG in July 2020 on the quality of accommodation provided by office to residential permitted development identified a number of concerns. Whilst some of these concerns have been taken on board with the requirement for compliance with national space standards and for natural light, this has not been the case for all criticisms. The frequent lack of outdoor amenity space was cited in the report, for instance, and there is no proposal to address this in the new permitted development right. Nor is there any proposal to address another finding of the research, the dominance by one-bed or studio apartments, which does not necessarily respond to the need for homes in a local area. Both of these would be difficult to address as a local consideration for prior approval, and are much better handled within a planning application.

One of the issues that the considerations subject to prior approval can never resolve is the provision of affordable housing. In an urban authority such as ours, a significant amount of new dwellings are provided through changes of use. Restricting the ability to secure affordable housing in such developments, in order to provide mixed and balanced communities and address our severe affordable housing needs, leads to reduced supply of affordable housing. Our assessment is that, since the introduction of the office to residential permitted development in 2013, had the resulting office to residential prior approvals come forward by the planning application route, they could have delivered up to 570 affordable homes. This would have been a very substantial contribution to meeting housing needs in our area, and is a gap that is almost impossible to fill from other sources.

Q6.1 Do you think that the proposed right for the change of use from the Commercial, Business and Service use class to residential could impact on businesses, communities, or local planning authorities?

If so, please give your reasons.

Yes.

The impacts are many, and have been set out elsewhere. However, in summary, they include:

- Impacts on the viability of town and local centres through loss of shops and services;
- Impacts on local communities as a result of the potential decline of town and local centres through loss of commercial uses;
- Impacts on businesses, particularly small businesses, through the loss of commercial floorspace, with knock-on effects for communities through impacts on the wider community;

- Impacts on businesses through introduction of residents into primarily commercial areas, which can potentially result in operations being curtailed;
- Impacts on local communities through loss of opportunities for securing essential infrastructure or affordable housing;
- Impacts on local authorities in the cost of considering proposals not being fully covered by the planning fees.

Q6.2 Do you think that the proposed right for the change of use from the Commercial, Business and Service use class to residential could give rise to any impacts on people who share a protected characteristic? If so, please give your reasons.

Yes. The permitted development right is proposed to be introduced without conditions that allow the local planning authority to assess the impact of loss of adequate provision of services and the sustainability of a local shopping area. These conditions currently existing in class M (changes of use from A1 and A2 to residential). Uptake of the proposed new permitted development right could lead to a hollowing out of centres which provide essential local shops and services, and could mean that local people are forced to rely on more distant facilities. This could have a detrimental impact on older people in particular, or some people with disabilities, who would be less able to walk longer distances in order to make essential shopping trips. Many older people may no longer drive. As the permitted development right will also now cover medical and health services, formerly in use class D1, this effect could also impact the ability to access such facilities for older and disabled people, particularly since many health facilities will physically lend themselves to residential conversion due to being within former residences. Policies in our Local Plan, as for many other authorities, provide that new development specifically for vulnerable people, including elderly people, should be in close proximity to a local centre, to ensure that these services are accessible. These policies would be undermined by the permitted development right as proposed.

2. Supporting public service infrastructure through the planning system

Q7.1 Do you agree that the right for schools, colleges and universities, and hospitals be amended to allow for development which is not greater than 25% of the footprint, or up to 250 square metres of the current buildings on the site at the time the legislation is brought into force, whichever is the greater? Please give your reasons.

No.

A 25% expansion of footprint on site could equate to a very significant amount of development, without any ability to test what this would mean on matters such as design, transport impacts or biodiversity. In the case of transport, impacts could be serious, and there would be no ability to secure contributions towards any mitigation.

The consultation does not make clear whether existing exclusions and criteria associated with permitted development right class M will continue. Land within the curtilage of a listed building should certainly continue to be excluded from this amended permitted development right. As it stands, the right applies in conservation areas subject to materials. However, if the changes would result in a 25% increase in footprint, this could have significant impacts on the character and historic interest of conservation areas (within which many schools, colleges and hospitals sit), many of which are defined by a sense of openness, setbacks from the frontage or green spaces.

The benefits of expansion of the facility need to be weighed against harm to a conservation area through a planning application.

In paragraph 36 of the consultation, there is talk of the benefits of replacement of buildings with newer, more energy efficient buildings, but this is an assumption with which we would not necessarily agree. Planning policies seeking high standards of energy efficiency in new buildings may well instead be undermined by the expanded permitted development right.

Q7.2 Do you agree that the right be amended to allow the height limit to be raised from 5 metres to 6?

Please give your reasons.

No. The difference between 5 and 6 metres can be significant to appearance. In combination with a potentially very significant increase in site coverage, these effects could be significantly magnified. There is no detail in the consultation to justify an increase to 6 metres, or to suggest why 5 metres was not already sufficient.

Q7.3 Is there any evidence to support an increase above 6 metres?

Please specify.

Not as far as the Council is aware.

Q7.4 Do you agree that prisons should benefit from the same right to expand or add additional buildings?

Please give your reasons.

The Council does not wish to respond to this question.

Q8. Do you have any other comments about the permitted development rights for schools, colleges, universities, hospitals and prisons?

Please specify.

No.

Q9.1 Do you think that the proposed amendments to the right in relation to schools, colleges and universities, and hospitals could impact on businesses, communities, or local planning authorities?

If so, please give your reasons.

Yes. The proposed amendments could result in a significant intensification of activities on sites, which could well impact upon the local communities within which they are situated, as well as businesses through impacts such as increased traffic generation.

Q9.2 Do you think that the proposed amendments to the right in relation to schools, colleges and universities, and hospitals could give rise to any impacts on people who share a protected characteristic?

If so, please give your reasons.

We do not consider that the impacts on those who share a protected characteristic will differ from the impacts on other groups.

Q10.1 Do you think that the proposed amendment to allow prisons to benefit from the right could impact on businesses, communities, or local planning authorities?

If so, please give your reasons.

We do not consider that the impacts on those who share a protected characteristic will differ from the impacts on other groups.

***Q10.2 Do you think that the proposed amendment in respect of prisons could give rise to any impacts on people who share a protected characteristic?
If so, please give your reasons***

We do not consider that the impacts on those who share a protected characteristic will differ from the impacts on other groups.

Q11 Do you agree that the new public service application process, as set out in paragraphs 43 and 44 of the consultation document, should only apply to major development (which are not EIA developments)? Please give your reasons.

As minor developments are subject to an 8-week timescale, there is little purpose in extending the proposals to cover minor development. However, the proposals could result in the curious situation of major developments being subject to a shorter consultation period than minor developments, which will be counterintuitive and quite difficult for the public to understand.

***Q12 Do you agree the modified process should apply to hospitals, schools and further education colleges, and prisons, young offenders' institutions, and other criminal justice accommodation?
If not, please give your reasons as well as any suggested alternatives.***

As set out in our response to other questions in this consultation, we do not agree that the modified process should apply to these uses. We have not identified any additional uses that the process should apply to.

***Q13 Do you agree the determination period for applications falling within the scope of the modified process should be reduced to 10 weeks?
Please give your reasons.***

No.

The Council works extensively, alongside its partners, as both a provider of public service infrastructure and as a local planning authority to ensure that such infrastructure is delivered at a high quality in a timely manner. In our view, the existing system allows for us to adequately support the delivery of that infrastructure in a timely manner. Reducing the time for decisions to be made is likely to impact on the quality of those decisions, particularly if the only hard measure to enable this three-week reduction is a one-week reduction in the consultation period.

Part of the justification for the proposal hinges on pre-application discussions. As a Council, we have an established pre-application process, and we strongly encourage applicants to make use of it. However, inevitably, some applicants, including those proposing public service infrastructure do not do so. We are grateful that the government is proposing to underline the importance of engaging with the local planning authority at pre-application stage, and will await further detail on this, but are sceptical about what difference that will make. Even where the pre-application route is used, there are a number of matters that are still to be resolved within the application process.

The other assumption behind the proposed change is that local planning authorities will simply prioritise public service infrastructure, and deal with this through effective case management. However, elsewhere, in the Planning White Paper, the government has consulted on proposals that would result in an automatic grant of permission if an application goes over statutory timescales. Local authorities are under pressure to issue all decisions in a timely manner, against a background of significant resource constraints, and many are already operating at or beyond capacity. The best way to prioritise such developments would be to adequately resource planning authorities to support them.

As the proposal relates to major developments, these will usually be determined by Planning Applications Committee. It will often be extremely difficult to get an application to a committee within a ten-week timescale. It is rarely an option to simply bring forward a committee in response to a single application, as suggested in the paragraph 58 of the consultation, as councillors will have many other commitments as part of their role.

Ultimately, a three-week saving in application time is unlikely to be a benefit that outweighs the consequences of a rushed decision that has not been able to take account of the full range of considerations.

Q14. Do you agree the minimum consultation/publicity period should be reduced to 14 days?

Please give your reasons.

No. The existing system gives a reasonable period of consultation of 21 days. 14 days would simply not be sufficient to allow adequate opportunity for the public to have their say on a proposed development. Whilst the public often supports the principle of provision of additional public service infrastructure, in practice the reality of such developments can be just as controversial as for any other type of development. We have had recent experience of proposals for a new school for instance generating over 1,000 objections, and it is worth noting that simply collating such an amount of responses would be almost impossible within an overall 10-week timescale. Reducing the timescale for consultation will serve only to reduce the community input into the proposals and lead to distrust. For many people, 14 days spans a period when they may well be on holiday and not be aware of their opportunity to have their say. For consultee bodies, it is already proving difficult to get responses within three weeks, so a reduction to two weeks will simply mean that responses are not received at all, or are in a more standardised format that is of limited value. The proposed change relies on an assumption that there has been substantial engagement taking place during the pre-application process, but this is not always the case.

Q15 Do you agree the Secretary of State should be notified when a valid planning application is first submitted to a local planning authority and when the authority it anticipates making a decision?

Please give your reasons.

It is agreed that notifying the Secretary of State when a valid application is received may help with monitoring and should not add a particularly significant burden to the process. However, it is not clear what the purpose would be of notifying the Secretary of State of when an authority anticipates making a decision would be. This would still potentially be subject to change, and would be much more difficult to cover by standard procedures, as it would be in the hands of a case officer to monitor. As such, it would appear to add an unnecessary burden.

Q16 Do you agree that the policy in paragraph 94 of the NPPF should be extended to require local planning authorities to engage proactively to resolve key planning issues of other public service infrastructure projects before applications are submitted?

Please give your reasons.

Yes. Working with other public service infrastructure providers such as hospital trusts, further education colleges and prisons to resolve issues wherever possible is simply good planning practice, although local authorities are of course dependent on engagement from those providers.

Q17.1 Do you have any comments on the other matters set out in this consultation document, including post-permission matters, guidance and planning fees?

Please specify.

We have no further comments to make.

Q17.2 Do you have any other suggestions on how these priority public service infrastructure projects should be prioritised within the planning system?

Please specify.

We have no suggestions to make.

Q18 Do you think that the proposed amendments to the planning applications process for public service infrastructure projects could give rise to any impacts on people who share a protected characteristic?

If so, please give your reasons.

We do not consider that the impacts on those who share a protected characteristic will differ from the impacts on other groups.

3. Consolidation and simplification of existing permitted development rights

Q19.1 Do you agree with the broad approach to be applied to the review and update of existing permitted development rights in respect of categories 1,2 and 3 outlined in paragraph 76 of the consultation document?

Please give your reasons.

Yes. The Council agrees that where rights are no longer required due to use class changes and would be superseded by the new right, that they should be removed. We also agree that the review should not seek to change permitted development rights that are unaffected by changes to use classes.

Q19.2 Are there any additional issues that we should consider?

Please specify.

No.

Q20 Do you agree that uses, such as betting shops and pay day loan shops, that are currently able to change use to a use now within the Commercial, Business and Service use class should be able to change use to any use within that class?

Please give your reasons.

Yes. There is no particular reason to treat changes of use away from betting shops and pay day lenders to commercial uses any differently from changes within the commercial use class.

***Q21 Do you agree the broad approach to be applied in respect of category 4 outlined in paragraph 76 of the consultation document?
Please give your reasons.***

As the broad approach seems to be to review the category 4 rights, without any indication of whether these rights will be broadened, restricted or carried forward in a similar form, it is not possible to fully answer this question. More detail on the changes would be required.

The consultation raises the issue of conservation areas in the case where permitted development rights that differ on whether they apply in conservation areas are to be merged. In these cases, we would encourage the government to err on the side of caution. Conservation areas by their nature have great historic or architectural significance, and the reasons for that significance will differ from case to case. In applying blanket permitted development rights to all conservation areas, serious harm could be caused to some areas, and this would not be a worthwhile price to pay for the fairly limited benefits that would result. In these cases, full consideration through a planning application would be a reasonable safeguard.

The final bullet point in paragraph 78 indicates that no changes are proposed to permitted development rights for demolition and rebuild. Leaving aside the Council's wider view that these permitted development rights are inappropriate, it is worth noting that class ZA refers specifically to the B1 use class and therefore would require amendment. We do not believe that demolition and rebuild should be extended to every use within use class E, as this could result in the loss of essential services and facilities as set out in the answers to other questions.

***Q22 Do you have any other comments about the consolidation and simplification of existing permitted development rights?
Please specify.***

Given the complexity of the task of reviewing, consolidating and updating permitted development rights, it is important that draft proposals are subject to further consultation, particularly since there are still key decisions to be made around matters such as size limits and application in conservation areas.