

To: Councillor Brock (Chair)
Councillors Page, Barnett-Ward, Emberson,
Ennis, Hoskin, Leng, McElroy, McEwan,
Mitchell, Robinson, Rowland, Terry,
Thompson and White

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24 March 2023

Your contact is: **Simon Hill - Committee Services (simon.hill@reading.gov.uk)**

NOTICE OF MEETING - POLICY COMMITTEE 3 APRIL 2023

A meeting of the Policy Committee will be held on Monday, 3 April 2023 at 6.30 pm in the Council Chamber, Civic Offices, Reading, RG1 2LU. The Agenda for the meeting is set out below.

1. CHAIR'S ANNOUNCEMENTS
2. DECLARATIONS OF INTEREST
3. MINUTES 5 - 12
4. PETITIONS AND QUESTIONS

To receive any petitions from the public and any questions from the public and Councillors.
5. DECISION BOOKS
6. LOCAL AUTHORITY HOUSING FUND **BOROUGH WIDE** 13 - 38

This report seeks endorsement of a decision to accept funding provided by the Department of Levelling up, Housing and Communities to purchase 15 homes to be made available initially to Afghan and Ukrainian refugees and in the longer term to be used as General Needs Social Housing, as well as spend approval and match funding for the scheme.
7. APPOINTMENT OF REMUNERATION PANEL MEMBERS **BOROUGH WIDE** 39 - 42

This report asks the Committee to make appointments to the Council's Independent Remuneration Panel.

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8. SOUTHCOTE LIBRARY DISPOSAL	SOUTHCOT E	43 - 48
<p>This report sets out a proposal to appropriate Southcote library from the General Fund to the Housing Revenue Account for market value for the development and provision of affordable housing.</p>		

9. DISPOSAL OF 40 CHRISTCHURCH ROAD	REDLANDS	To Follow
<p>This report sets out the outcome of a marketing exercise to dispose of the freehold of the former Phoenix School at 40 Christchurch Road and seeks authority to dispose of the freehold interest.</p>		

ITEMS FOR CONSIDERATION IN CLOSED SESSION

10. 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”

11. DECLARATIONS OF INTEREST FOR CLOSED SESSION ITEM

12. DISPOSAL OF 40 CHRISTCHURCH ROAD	REDLANDS	To Follow
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Present: Councillor Brock (Chair);

Councillors Barnett-Ward, Emberson, Ennis, Hoskin, Leng, McElroy, McEwan, Mitchell, Robinson, Rowland, Terry, Thompson and White

Apologies: Councillors Page

RESOLVED ITEMS

59. MINUTES

The Minutes of the meeting held on 20 February 2023 were agreed as a correct record and signed by the Chair.

60. PETITIONS AND QUESTIONS

A petition on ‘Tackling Wokingham Road rubbish’ was presented by Sarah Magon.

Questions on the following matters were submitted by members of the public:

	<u>Questioner</u>	<u>Subject</u>	<u>Reply</u>
1.	Ann Dally	Prevention Concordat for Better Mental Health	Cllr McEwan

Questions on the following matters were submitted by Councillors:

	<u>Questioner</u>	<u>Subject</u>	<u>Reply</u>
1.	Cllr Thompson	Occupational Therapy for Children	Cllr Hoskin

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

61. ADULT SOCIAL CARE ASSETS - RESPITE PROVISION

The Acting Executive Director for Adult Social Care And Health and the Executive Director For Economic Growth And Neighbourhood Services submitted a report on a proposal for the development of a facility at Amethyst Lane to deliver a respite service to support carers and vulnerable people who had complex needs. The following documents were attached to the report:

- Appendix 1 - 18 January 2021 Policy Committee report - Adult Social Care Asset Review and Capital Strategy
- Appendix 2 - Equality Impact Assessment

POLICY COMMITTEE MEETING MINUTES - 13 MARCH 2023

The report noted that it had been agreed by the Committee at its meeting on 18 January 2021 (Minute 81 refers) that a respite facility would be delivered at Hexham Road. The Council had subsequently taken the decision that it was too much of a risk to proceed with the build on Hexham Road, due to the Care Quality Commission (CQC) advising that they were unable to grant registration until the building was completed as per their policy and that the co-location of a respite service with sheltered and general needs housing might not meet their regulatory guidance.

The report explained that alternative proposals to deliver a respite facility had therefore been considered and that it was now proposed to build a Profound and Multiple Learning Disabilities respite facility for up to six people at Amethyst Lane. This would offer short term support to people with complex needs and provide their carers with a break from their caring role. In addition, the service would be developed to deliver a more flexible and person-centred service including offering support to young people transitioning to adult services to develop their life skills.

The site at Amethyst Lane had been assessed as meeting the requirements to develop a respite service in terms of space, location and accessibility; it was on a public transport route and local amenities were nearby. The design would respond to the feedback received from CQC on the previously proposed development at Hexham Road and the site would allow the respite facility to be designed as a standalone building and not have multiple uses on one site. The number of rooms had been reduced to six and there would be a designated entrance to the building. Engagement with CQC had commenced to ensure that the building was designed to meet their guidance.

The report noted that the area at Amethyst Lane would also allow development of general needs housing, with the site being split into two and housing and the respite facility being built on adjacent sites. In order to proceed it was proposed that the land required, known as Amethyst Lane, be transferred from the Council's Housing Revenue Account to the General Fund under Section 19 of the Housing Act 1985.

The report also provided an update on the progress of delivering Adult Social Care services, sheltered housing and general needs housing at the sites on Battle Street and Hexham Road, which had also been agreed by the Committee on 18 January 2021.

Resolved -

- (1) That the proposal to use the Amethyst Lane site to deliver a respite facility for Adult Social Care be approved;**
- (2) That the appropriation of the land known as Amethyst Lane from the Housing Revenue Account to the General Fund with effect from 1 April 2023, to enable the delivery of the proposed Respite Service, be approved;**
- (3) That the procurement process to date be noted;**

- (4) That the Executive Director for Economic Growth and Neighbourhood Services, in consultation with the Executive Director for Adult Social Care and Health, the Assistant Director for Legal and Democratic Services, the Director of Finance, the Lead Councillor for Housing and the Lead Councillor for Adult Social Care, be authorised to enter into all necessary works and agreements, including with Gleeds Cost Management and HTA Design, the multi-disciplinary team, and Hampshire County Council for the development of the site at Amethyst Lane, including detailed designs, the securing of planning permission and the procurement of a main building contractor for the construction works;
- (5) That the Executive Director for Economic Growth and Neighbourhood Services, in consultation with the Executive Director for Adult Social Care and Health, the Assistant Director for Legal and Democratic Services, the Director of Finance, the Lead Councillor for Housing and the Lead Councillor for Adult Social Care, be authorised to procure, award and enter into a contract with the main building contractor for the construction works at Amethyst Lane;
- (6) That additional spend approval of capital of £1.8m from the General Fund in addition to the £5,993m already in the capital programme to deliver an adult social care respite facility be approved and allocated.

62. 2022/23 QUARTER 3 PERFORMANCE AND MONITORING REPORT

The Director of Finance submitted a report setting out the projected revenue and capital outturn positions for 2022/23 for both the General Fund and the Housing Revenue Account as at the end of Quarter 3 (December 2022), as well as performance against the measures of success published in the Council's Corporate Plan. The following documents were attached to the report:

- Appendix 1 - Financial Monitoring for Quarter 3
- Appendix 2 - Capital Programme for Quarter 3
- Appendix 3 - Debt Write-Offs (exempt information)
- Appendix 4 - Corporate Plan Measures for Quarter 3
- Appendix 5 - Corporate Plan Projects for Quarter 3
- Appendix 6 - Corporate Plan Measures Charts for Quarter 3

The report explained that the forecast General Fund (GF) revenue outturn position at the end of Quarter 3 included a projected adverse net variance on service expenditure of £3.985m. This included net pressures totalling £1.316m within Adult Care and Health Services, relating to care cost pressures; £1.369m within Economic Growth and Neighbourhood Services, primarily relating to ongoing income shortfalls in Car Parking and Planning as an ongoing impact of Covid-19; £0.871m within Brighter Futures for Children (BFfC), primarily relating to Childrens' Social Care; £0.290m within Resources and £0.139m within Chief Executive Services. Detailed explanations for the variances were set out in the report.

POLICY COMMITTEE MEETING MINUTES - 13 MARCH 2023

The report noted that a corporate contingency of £3.627m set for 2022/23 had been released to offset most of the adverse variance on service expenditure. In addition, other Corporate Services budgets were forecast to deliver a positive net variance of £3.665m, including a positive variance of £2.505m against the Capital Financing budget and a positive net variance of £1.160m for other Corporate Budgets. This variance included a pressure of £0.954m relating to the 2022/23 pay award which was more than offset by positive net variances of £2.114m within Other Corporate Budgets due to the release of all unspent contingencies and the forecast reduction in the bad debt provision. Overall, this resulted in a projected overall positive net variance of £3.307m, which was an improvement of £2.040m from Quarter 2. It was recommended that, should the forecast positive variance on the General Fund revenue budget crystallise at the end of the financial year, this balance be transferred into earmarked reserves to support the Capital Programme.

The report also explained that £5.289m (52%) of budgeted savings had been delivered to date in this financial year, with a further £1.745m (17%) of savings on track to be delivered by March 2023. £2.601m (25%) of savings were currently categorised as non-deliverable (and £0.589m (6%) categorised as at risk of delivery. There was therefore a potential impact on the 2023/24 budget should these savings not be deliverable on a recurring basis. These savings had been reviewed as part of the 2023/24 budget setting and 2023/24-2025/26 Medium Term Financial Strategy processes.

The report explained that the Housing Revenue Account (HRA) was projecting a positive net variance of £2.103m as at the end of Quarter 3, which resulted in a forecast contribution to HRA reserves of £0.051m. The General Fund Capital Programme was forecasting a positive net variance of £1.671m against a proposed revised budget of £74.517m in 2022/23. This variance related to £0.817m of the Delivery Fund that had not yet been allocated to specific proposals as at the end of Quarter 3 and a forecast positive variance of £0.854m on approved Delivery Fund allocations. The HRA Capital Programme was forecasting an adverse variance of £0.098m against a revised budget of £29.987m in 2022/23.

The report sought approval for a number of amendments to the General Fund and HRA Capital Programmes, resulting from additional budgets added to the Programme funded by grants and contributions, reduced budgets due to completed schemes and other carry forward budget adjustments and reprogramming of budgets into future years. Amendments were also proposed to the HRA capital programme. The amended Capital Programme with a revised budget of £74.517m and amended HRA Capital Programme with a revised budget of £29.987m were attached to the report at Appendix 2.

The report explained that formal confirmation of grant funding for the Bus Service Improvement Plan had now been received, and therefore sought spend approval for the total amount of £15.939m across three financial years. The scheme was fully funded by the government grant. Approval was also sought for the write-off of a number of debts which were set out in a confidential appendix to the report.

The report also set out performance against the measures of success published in the Council's Corporate Plan. Of the 27 Corporate Plan Performance Measures monitored

POLICY COMMITTEE MEETING MINUTES - 13 MARCH 2023

monthly or quarterly, 70% were currently “green”, 15% “amber” and 15% “red”. 56% had improved since Quarter 2, whilst 30% had gotten worse. Of the 52 Corporate Plan Projects, 56% were currently “green”, 38% “amber” and 6% red”. Those measures that had shown significant change since Quarter 2 were set out in Appendix 6.

Resolved -

- (1) That it be noted that:**
 - a) The forecast General Fund revenue outturn position as at the end of Quarter 3 was a positive net variance of £3.307m;**
 - b) The Housing Revenue Account (HRA) was projecting a positive net variance of £2.103m as at the end of Quarter 3, which resulted in a forecast contribution to HRA reserves of £0.051m;**
 - c) £5.289m (52%) of savings had been delivered (blue) to date in this financial year, with a further £1.745m (17%) of savings on track to be delivered (green) by March 2023; £2.601m (25%) of savings were currently categorised as non-deliverable (red) and £0.589m (6%) categorised as at risk of delivery (amber);**
 - d) There was a total £4.065m Delivery Fund available for 2022/23 (inclusive of 2021/22 approved carry forwards); at Quarter 3, £3.248m of this funding had been allocated out to approved schemes;**
 - e) The General Fund Capital Programme was reporting a positive net variance of £1.671m against a proposed revised budget of £74.517m;**
 - f) The HRA Capital Programme was forecasting an adverse variance of £0.098m against a revised budget of £29.987m;**
 - g) The performance achieved against the Corporate Plan success measures was as set out in the report and Appendices 4 and 5;**
- (2) That the intent to transfer the balance of any positive General Fund revenue budget variance at the end of the financial year to earmarked reserves to support the Capital Programme be approved;**
- (3) That the amendments to the General Fund Capital Programme (as set out in further detail in Section 12 of this report and Appendix 2) resulting in a revised budget of £74.517m be approved;**
- (4) That spend approval be given for the Bus Service Improvement Plan scheme;**
- (5) That the amendments to the HRA Capital Programme (as set out in further detail in Section 12 of this report and Appendix 2) resulting in a revised budget of £29.987m be approved;**
- (6) That the write-off of debts be approved as set out in Section 8 and Appendix 3 relating to:**
 - a) Non-Domestic Rates - £111,313.32;**

- b) Housing Benefit Overpayments - £57,120.48;
- c) Sundry Debt - £90,858.25.

63. BRIGHTER FUTURES FOR CHILDREN 2023/2024 BUSINESS PLAN

The Director of Finance submitted a report to the Committee, in its capacity as sole member of Brighter Futures for Children Limited (BFfC), setting out at Appendix 1 the Business Plan submitted by BFfC in response to its obligation to agree an annual Business Plan and contract sum, a matter reserved to the Sole Member.

The report set out the key points arising from the Company's Business Plan including BFfC's strategic objective and four key priorities which were: to work together and across local partnerships to provide the right support and services at the right time to deliver the best possible outcomes for children and their families; to deliver effective early help services to prevent the escalation of need at a later stage while contributing to increased resilience across the partnership to meet children's need at the earliest opportunity; to deliver a sustainable Children's Social Care Service through practice rooted in relationship-based and timely statutory engagement with families; and to influence and support education settings to offer high quality inclusive teaching and learning to support achievement for all, including those who require bespoke, specialised or SEND support. The Plan also set out three enablers to support delivery of the priorities: building a stable workforce of permanent staff, improved quality and ways of working and resources aligned to priorities and delivering value for money.

In agreeing the 2023/24 Business Plan, the Committee were asked to note that the Council had made provision for a contract sum of £51.430m within its Medium-Term Financial Plan, which was an increase of £2.472m from the 2022/23 contract sum and included £6.716m for leases and services provided by RBC via Service Level Agreements. The report set out a breakdown of the increase in the contract sum. The report also explained that a transformation funding bid of £0.257m from the Council's Delivery Fund had been agreed on a one-off basis for 2023/24, for Consultant Practitioners to support Newly Qualified Social Workers and Recruitment and Retention payments for Social Workers. The recruitment and retention payments scheme had been approved by the Committee at its meeting on 23 January 2023 (Minute 50 refers).

Resolved -

- (1) That the increase in the proposed contract sum for 2023/24 to £51.430m, which included growth of £3.679m from the provisional contract sum included in the MTFP for 2022/23, be noted and agreed;
- (2) That the Delivery Fund bid, which was in addition to the contract sum, be noted;
- (3) That the Brighter Futures for Children Business Plan, as set out in Appendix 1 of the report, be agreed.

POLICY COMMITTEE MEETING MINUTES - 13 MARCH 2023

(The meeting started at 6.30 pm and closed at 7.24 pm)

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READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF ECONOMIC GROWTH & NEIGHBOURHOODS

TO:	POLICY COMMITTEE		
DATE:	3 APRIL 2023		
TITLE:	LOCAL AUTHORITY HOUSING FUND		
LEAD COUNCILLOR:	CLLR EMBERSON	PORTFOLIO:	HOUSING
SERVICE:	HOUSING	WARDS:	BOROUGHWIDE
LEAD OFFICER:	ZELDA WOLFLE		
JOB TITLE:	ASSISTANT DIRECTOR OF HOUSING AND COMMUNITIES	E-MAIL:	Zelda.wolfle@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report sets out the position in relation to funding provided by the Department of Levelling up, Housing and Communities (DLUHC) to purchase 15 homes to be made available initially to Afghan and Ukrainian refugees, and in the longer term to be used as General Needs Social Housing.
- 1.2 It also requests the required spend approval and budget (match funding) for the scheme.
- 1.3 Annex 1 - Local Authority Housing Fund Prospectus

2. RECOMMENDED ACTION

- 2.1 That Policy Committee endorse the signing by the Director of Finance, of the Memorandum of Understanding between Reading Borough Council and DLUHC to receive an award of grant totalling £2,164,331 to purchase 15 homes for the purposes set out in this report.
- 2.2 That Policy Committee approve the budget of £3m to match fund the grant, funded through a combination of S106 contributions and Housing Revenue Account borrowing.
- 2.3 That Policy Committee approve the total spend of £5.5m to purchase 15 homes as set out in the body of the report.

3. POLICY CONTEXT

- 3.1 On 21st December 2022 the Department for Levelling Up, Housing and Communities announced a £500m capital fund to support local authorities who are facing challenges in providing move on and settled accommodation for Afghan and Ukraine families. (Prospectus attached at Annex 1).
- 3.2 Reading was identified as being eligible for this capital support which provides in the order of 40% capital grant towards acquisition or redevelopment of properties (2 bedroom homes or larger) suitable for these families and their subsequent re-purposing

for general affordable use. It also allows for a 50% grant contribution for a small number of 4 bed+ homes.

- 3.3. The scheme required the Council to submit a non-binding expression of interest by the end of February 2023. Upon signature of the Memorandum of Understanding (required by the 15th March) the initial grant awards will be processed with funding split between 22/23 (30%) and 23/24 (70%) although spending does not need to follow this profile.
- 3.4. The objective of this scheme is to provide settled accommodation for families in housing need who have arrived via the Ukrainian or Afghan resettlement schemes relieving pressures on existing housing supply and with a longer term objective of creating additionality to the wider affordable housing stock which can then be used to meet more general housing need.
- 3.5. The framework is intended to be flexible allowing local authorities to determine the best route to acquisition of stock and includes refurbishment or conversion; acquisition of new build from developers or passporting funding to housing associations.
- 3.6. Allocations to Local Authorities is split between the main element of grant, which can be used for properties that are 2 bedroom homes or larger, and the 'bridging' element which has to be used on 4 bed homes or larger and be specifically allocated to families currently in 'bridging' accommodation. £20k per property is also allowed for refurbishment costs to purchased homes.

4. THE PROPOSAL

4.1 Current Position:

- 4.1.1 The Government is responsible for managing the response to those seeking Asylum or Refuge in the UK. In terms of accommodation and support for people the Government has different approaches. Asylum Seekers remain the responsibility of the Government whereas the Government works with local authorities to co-ordinate support to Refugees. The funding outlined in 4.2.3 of this report relates to individuals on the Resettlement Schemes and the Ukrainian Schemes.
- 4.1.2 **Asylum Seekers** - The Government commissions providers who procure private sector accommodation across the country to move people in to. The current system is at capacity and to meet the accommodation need Asylum Seekers are being placed in hotels. There are 3 hotels procured for contingency asylum accommodation in Reading. They accommodate approximately 330 people.
- 4.1.3 The Home Office announced a full dispersal policy to increase the availability of asylum accommodation, this means they are procuring asylum dispersal accommodation across the country (prior to that they only did so with agreement of the LA). According to the figures provided by the Home Office, for the allocation of this funding, the number of bedspaces procured in Reading at 27 March 2023 was 461.
- 4.1.4 Although the Council is not responsible for the care and support of these individuals regular meetings are held with the Strategic Migration Partnership and the Home Office to ensure their needs are appropriately met.
- 4.1.5 **Resettlement Schemes** - currently the UK Resettlement Scheme (UKRS) and the Afghan Citizens Resettlement Scheme (ARAP) - the Government works with local authorities to provide settled accommodation and support. Due to capacity issues in the system a number of Afghan refugees are currently accommodated in hotels across the country although there are none in Reading. There are currently no bridging hotels in Reading however there is one in use just outside the borough boundary. Allocations to accommodation acquired with the bridging element of the grant can be made through central Government. Since 2016 RBC has resettled 106 people through these schemes.

- 4.1.6 **Homes for Ukraine** - UK citizens with a home or room to offer, sponsor an individual's visa application. Reading currently has supported a total of 275 refugees. The current active number of groups is 96 (208 individuals), 63 with a bedroom requirement of 2 bedrooms or more.
- 4.1.7 **Ukraine Family Visa scheme** - Ukrainian nationals who were settled in the UK prior to March 2022 are able to apply to the Ukraine family scheme to bring immediate or extended family to live with them and sponsor them. There is no Local Authority funding for this scheme and we are not provided with any data on the number of people in our area.
- 4.1.8 **Ukraine Extension scheme** - Ukrainian nationals are able to apply for this scheme if they meet one of the two criteria, the first is they held permission to be in the UK on or between 18th March 2022 and 16th May 2023 or they previously held permission to be in the UK and that permission expired on or after 1st January 2022. This scheme does not require the applicant to have a UK based sponsor. The Local Authority is not in receipt of any data regarding the number of individuals on this scheme.
- 4.1.9 The Council has a Refugee and Asylum Team who prioritise prevention of homelessness for refugees and those who obtain a positive asylum decision. The Library Team offer coffee mornings and access to books and online learning and New Directions provides ESOL classes for those who wish to improve their English language skills. The Council also funds voluntary sector partners to provide additional support.

4.2 Options Proposed

- 4.2.1 It is proposed that Committee retrospectively endorse the signing of the Memorandum of Understanding by the Director of Finance, to deliver 15 homes for the purpose set out above by the end of March 2024, in return for government grant as set out in the table below.
- 4.2.2 Due to the speed of delivery required (all homes available by March 2024) it is proposed that the mechanism to deliver would be purchasing additional properties from the open market.
- 4.2.3 Reading's grant allocation to support this proposal is set out in the table below:

Grant	Expected number of homes	Grant Amount	Match funding required	Refurb costs (£20k per property)	Total spend
Main Element	13 (2 beds or larger)	£1,625,000 (can be used for up to 40% of scheme costs)	£2,437,500	£260,000	£4,322,500
Bridging Element	2 (4 beds or larger)	£539,331 (can be used for up to 50% of scheme costs)	£539,331	£40,000	£1,118,662
Total		£2,164,331	£2,976,831	£300,000	£5,441,162

- 4.2.4 It is intended that for the main element of the grant, 13 x 3 bed houses will be purchased with prices at the lower end of the market and let at target rent. Limits on the cost of the homes will be established to ensure that the scheme is cost neutral to

the HRA. The match funding would need to be a combination of £2.7m of HRA borrowing and £300k of S106 receipts. These figures are approximate and would vary depending on the final prices of purchases.

- 4.2.5 The appraisal for the 2 x 4 beds or larger in the Bridging Element of grant indicates that there would be a S106 requirement of £25k in order for it to remain cost neutral to the HRA.
- 4.2.6 This mix would meet the needs both of the refugees initially, and in the longer term bring additional homes into the general housing stock of a size that is most required.
- 4.2.7 Reading Borough Council has had an acquisitions programme in place for 8 years and has to date purchased 42 homes from the open market to be used as social housing within the Housing Revenue Account. Therefore, we have the structures and processes in place to facilitate this approach, there would only be the requirement to increase the intensity of this programme (we currently purchase at a rate of 5-6 per year).
- 4.2.7 Where possible we intend to purchase properties within our existing estates that were previously owned by the Council. Should the number of properties available within these parameters not meet the required need, we would meet the need by purchasing other houses within suitable locations - we will continue to avoid flats in blocks where we are not the freeholder.
- 4.2.8 In order to facilitate this scheme, Policy Committee is asked to agree to allocate Capital Funding of £3m to match fund the capital grant payable by Department for Levelling Up, Communities and Local Government. This will be a combination of Housing Revenue Account borrowing and S106 allocation. Delegation is also requested to the Assistant Director of Housing and Communities in consultation with the Director of Finance to agree final funding arrangements for each individual purchase.
- 4.2.9 Policy Committee are also asked to agree an overall spend approval of £5.5m for the purchase of 15 homes.

4.3 Other Options Considered

- 4.3.1 To not accept the offer of grant and not purchase the 15 homes as set out above.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 Reading Borough Council's vision is:

To help Reading realise its potential - and to ensure that everyone who lives and works here can share the benefits of its success.

- 5.2 The recommendations contribute to the following Corporate Plan Themes:

- **Healthy environment**
- **Thriving Communities**

As a City of Sanctuary Reading aims to welcome and support people seeking a place of refuge from conflict. Acquiring accommodation with this funding will in the first instance enable the Council to support some of the most disenfranchised members of our communities - Refugees from Afghanistan and the Ukraine. In the longer terms these homes will be used as social housing for the wider community of Reading, providing a safe and stable home for those that need one.

5.3 Full details of the Council's [Corporate Plan](#) are available on the website and include information on the projects which will deliver these priorities.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

6.1 The Climate Impact assessment tool indicates that there will be a net low positive impact as a result of this proposal. This impact is expected due to all 15 homes being refurbished in line with the Council's existing stock and therefore is likely to result in improve thermal efficiency.

7. COMMUNITY ENGAGEMENT AND INFORMATION

7.1 None

8. EQUALITY IMPACT ASSESSMENT

8.1 An Equality impact assessment is not required for this proposal, as it is not expected to have a negative impact on a protected group.

9. LEGAL IMPLICATIONS

9.1 There are no legal implications

10. FINANCIAL IMPLICATIONS

10.1 The LAHF programme assumes the acquisition of 15 properties at a total estimated cost of £5.41m. The programme is funded with £2.46m of DLUHC grant (including £20k per property for refurbishment costs), and £2.95m of match funding (£106 grant and HRA borrowing).

10.2 The programme offers good value for money, as the DLUHC grant equates to 45.4% of the total scheme cost. Minimal £106 funding is required in addition to the grant to make the programme financially viable.

10.3 The 15 properties will be ready for letting, once any refurbishment works have been carried out, resulting in an immediate revenue stream. The financial viability of each acquisition will be assessed before an offer is made and properties will only be considered once an assessment of their condition has been carried out by the Housing Surveying Team.

10.4 The viability of each acquisition will also be evaluated against the full 30-year HRA business plan. As this scheme has only recently been announced, the HRA borrowing required is not currently assumed in the approved HRA 30-year business plan for 2023/2024. Given the high level of grant received plus the instant revenue stream from letting the properties these 15 properties are highly likely to make a positive return to the HRA business plan over the 30 years.

11. BACKGROUND PAPERS

11.1 None

FINANCIAL IMPLICATIONS

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

1. Revenue Implications

None

2. Capital Implications

Capital Programme reference from budget book: page line	2022/23 £000	2023/24 £000	2024/25 £000
Proposed Capital Expenditure		£5,441	
Funded by			
Homes England Grant - Main Element		£1,625	
Homes England Grant - Bridging		£539	
Homes England Grant - Refurbishment		£300	
Section 106		£325	
Other services			
Capital Receipts/Borrowing		£2,652	
Total Funding		£5,441	



Department for Levelling Up, Housing & Communities

Local Authority Housing Fund

Prospectus and Guidance

December 2022
Department for Levelling Up, Housing and Communities

1. Introduction

Earlier this year the United Kingdom took the historic decision to welcome tens of thousands of Ukrainians fleeing the invasion of their homeland. Since then, and thanks to the generosity of the British public, more than 150,000 Ukrainians have been welcomed into homes and communities under the Homes for Ukraine and Ukraine Family schemes. We have also welcomed around 23,000 Afghans who worked alongside the UK Government and risked their lives alongside our Armed Forces, as well as people who assisted UK efforts in Afghanistan.

Local authorities play a vital and integral role in welcoming and integrating recent visa-scheme arrivals to the UK. It is thanks to the hard work of so many in local government, and the wider public sector, across all parts of our country that we have been able to welcome so many people to safety. The Government is introducing further support to help our guests from Ukraine and those who arrived from Afghanistan to find their feet, including local help to find suitable private rented accommodation; assistance via the Department of Work and Pensions to access benefits, skills training and gain employment; and signposting and access to charities and mental health providers. This is backed up by the tariff that authorities receive for each Homes for Ukraine guest arriving in their area; the Afghan Resettlement Schemes to support integration; and additional funding specifically for education and healthcare in the first year of arrival on the Homes for Ukraine scheme.

To assist local authorities further, the Department for Levelling Up, Housing and Communities (DLUHC) is introducing a £500 million capital fund – the Local Authority Housing Fund (LAHF) – for local authorities in England to provide accommodation to families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes. Local authorities who have welcomed arrivals are facing challenges in securing settled accommodation for these households, which unless alleviated will further impact existing housing pressures. LAHF will help them to address these immediate pressures as well as build a sustainable stock of affordable housing for the future.

This prospectus sets out the objectives for the fund, what local authorities can spend the grant on, defines the cohort eligible, and the process we will follow for allocating grants to local authorities.

2. Purpose of the fund

The Local Authority Housing Fund is a £500m capital grant fund in financial years 2022/2023 and 2023/2024 to support selected local authorities in England to obtain and refurbish property in order to provide sustainable housing for those unable to secure their own accommodation who are here under the following schemes: Afghan Citizen Resettlement Scheme (ACRS), Afghan Relocations and Assistance Policy (ARAP) (collectively referred to as the Afghan Schemes), Ukraine Family Scheme, the Homes for Ukraine and the Ukraine Extension Scheme (collectively referred to as Ukraine schemes). A full definition of the eligible cohort is at section 3.2.

As well as helping to fulfil the UK's humanitarian duties to assist those fleeing war, this fund will reduce the impact of new arrivals on existing housing pressures and ultimately create a lasting legacy for domestic households by providing a new and permanent supply of accommodation for local authorities to help address local housing and homelessness pressures. We expect up to 4,000 properties would be provided through this fund.

Local authorities will be allocated capital funding under section 31 of the Local Government Act 2003 on the basis of a formula. Delivery targets will be based upon this funding allocation, estimated by a blended grant per property model. Local authorities will determine the most effective means to deliver the fund objectives in their area.

The grants will be non-ringfenced and we will sign Memoranda of Understanding with all local authorities receiving funding to set out our shared expectations for how the fund should be delivered.

Local authorities in scope of the funding formula for this fund will be contacted with their indicative allocation and asked to return a proposal on how they would deliver this accommodation in line with fund objectives outlined below.

2.1 Fund Objectives

The fund aims to alleviate housing pressures on local authorities arising from recent and unforeseen conflicts in Afghanistan and Ukraine. As part of this government's humanitarian response to these crises, we have welcomed over 170,000 people to the United Kingdom. This act of generosity has unavoidably created additional demand for housing at a time when local authorities are already under strain.

The objectives of the fund are to:

- Ensure recent humanitarian schemes (Afghan and Ukraine schemes) which offer sanctuary, via an organised safe and legal entry route, to those fleeing conflict, provide sufficient longer term accommodation to those they support.
- Support areas with housing pressures which have generously welcomed substantial numbers of Ukrainian refugees so that these areas are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems.
- Mitigate the expected increased pressures on local authority homelessness and social housing resources which arise from the eligible cohort (as defined at section 3.2 of the fund's prospectus) as sponsorship/family placements/bridging accommodation arrangements come to an end by increasing the provision of affordable housing available to local authorities to support those in the cohort who are homeless, at risk of homelessness, or in bridging accommodation;
- Reduce emergency, temporary and bridging accommodation costs;

- Deliver accommodation that as far as possible allows for the future conversion of housing units to support wider local authority housing and homelessness responsibilities to UK nationals (i.e. after usage by this cohort ends);
- Utilise accommodation solutions to enable effective resettlement and economic integration of the eligible cohort.
- Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.

3. What the funding can be used for

Within the framework of the purpose and objectives of the fund set out above, we want to provide local authorities with as much flexibility as possible to shape local delivery according to circumstances in each area. The guidance provided in this document is intended to support this. Local authorities will need to be satisfied that their specific plans are lawful and deliverable.

This fund will pay capital funding in two tranches, to be spent in financial years 2022/23 and 2023/24. Local authorities cannot combine this fund with the Affordable Homes Programme or Right to Buy receipts. There is no revenue funding available. Local authorities will have their own processes in place to determine the accounting treatment of revenue costs directly attributable to capital works. It is for local authorities to determine whether it is appropriate to capitalise any revenue costs and their accounting teams should ensure that the accounting treatment adopted is deemed compliant with the code of Practice for Local Authority Accounting.

The basic model assumes stock acquisition. In practice this could include, but is not limited to:

- Refurbishing and/or converting local authority-owned residential or non-residential buildings, including defunct sheltered accommodation;
- Acquiring, refurbishing and/or converting non-local authority owned residential or non-residential buildings, including bringing empty or dilapidated properties back into use;
- Acquiring new build properties 'off-the-shelf', including acquiring and converting shared ownership properties;
- Developing new properties, including developing modular housing on council-owned sites, and;
- Working with and supporting other organisations who want to offer accommodation for this cohort.

Ultimately, local authorities may choose the most appropriate delivery mechanism to achieve the fund's objectives, and to bring on stream the accommodation as quickly as possible.

While local authorities will take the lead in their areas, this does not mean the above activities must be all be undertaken by local authorities. We expect local authorities to work closely with their housing association partners who stand ready to assist and, in

some cases, may be the most appropriate delivery vehicle to achieve the fund objectives. Housing association stock, development, and disposals pipelines could be instrumental in assisting local authorities to deliver this fund, as could their expertise and capacity for stock purchase, management and wraparound support.

Local authorities may choose to acquire properties in their own area or work with neighbouring authorities to acquire properties in their region; it is left to each local authorities' discretion whether collaboration of this kind would be an appropriate route although we would encourage collaboration where possible.

Local authorities should consider the needs of the cohort in their area when determining the size of properties to acquire. Our expectation is that the vast majority of properties acquired will be family sized homes (2-4+ bedrooms).

There are 182 local authorities, plus the Greater London Authority (GLA), eligible for funding. Eligible local authorities will receive an allocation email, which will set out the funding amount and the minimum number of units the LA needs to deliver with this funding. Local authorities or their partners are expected to fund the remainder of the costs, examples include but are not limited to funding from capital receipts, revenue, borrowing or funding by a partner.

Local authorities will be expected to manage this fund within their normal budgetary guidelines, with confidence that any budgeting decisions can be justified to their auditors. We will ask Section 151 officers to agree this with the department via a Memorandum of Understanding (MOU); further details can be found at section 4.

It is expected that all homes delivered through this fund will be affordable/low-cost housing to support wider local authority housing and homelessness responsibilities for the remainder of their lifetime. If properties are disposed of, they will be subject to the Recycled Capital Grant regulations. Funding provided under this fund is for whole-life housing costs and local authorities are expected to use the funding in line with the fund objectives outlined in 2.1. It is up to local authorities to determine the precise rent level and tenure of homes in line with the fund objectives. This could include social rent, Affordable Rent, or a discounted private rent.

3.1 Ambition for housing those in bridging accommodation

There are around 9,200 people currently living in Home Office bridging accommodation who are being resettled via the Afghan Relocations and Assistance Policy and the Afghan Citizens Resettlement Scheme. This fund aims to support local authorities to help move more households out of bridging accommodation. Each of the 182 local authorities, plus the Greater London Authority on behalf of London boroughs, in scope for grant funding will be expected to increase their number of pledges to support people under the Afghan resettlement schemes through the usual process (by notifying their Strategic Migration Partnerships) and will be set an ambition for the number of homes to acquire specifically for housing those currently in bridging accommodation. This will be for larger homes (four or more bedrooms), given the average family size of those in bridging accommodation, and the number of properties will be determined by the population size of the local authority. The funding allocation

includes a specific element for the acquisition of larger properties for this cohort. However, local authorities can also use the main element of their funding allocation to move smaller families out of bridging accommodation into smaller homes with fewer than 4 bedrooms in addition to their allotted target for larger homes.

For this fund, we expect all local authorities in scope for funding to deliver their allocation of 4+ bedroom homes for those in bridging accommodation, and local authorities will be asked as part of the validation process whether they are able to deliver those additional units.

If local authorities do not increase their pledges and do not commit to provide sufficient larger homes to this cohort (or if the GLA commits to provide fewer than its targeted amount within London), then their provisional allocation (both the bridging and main element) will be reallocated.

3.2 Cohort Definition and Eligibility

Given the objectives of the fund, those eligible for the housing are those who are homeless, at risk of homelessness or who live in unsuitable Temporary Accommodation (including bridging accommodation) and who also meet the below definition.

Those on the:

- Afghan Citizen Resettlement Scheme (including eligible British Nationals under this scheme) (ACRS),
- Afghan Relocations and Assistance Policy (ARAP)
- Ukraine Family Scheme (UFS),
- Homes for Ukraine (HFU),
- Ukraine Extension Scheme (UES)

For those not in bridging accommodation, the local authority does not have to have accepted a Housing Act 1996 Part 7 homelessness duty in respect of the household for the household to be eligible, but the local authority should satisfy themselves that the household is already or would otherwise be homeless or at risk of homelessness if this accommodation was not available.

3.3 Matching households with properties

It will be up to local authorities to decide how to deliver and manage this fund locally. The accommodation funded through this fund should increase the housing available for the cohort outlined in section 3.2.

In addition to the eligibility criteria above, the local authority should make reasonable endeavours to prioritise households based on who is most in need when matching eligible households with properties. Beyond this, local authorities may use any lawful route that allows them to deliver this fund to cater for the needs of their area. They may wish to use their experience from the Rough Sleepers Accommodation Fund or use the same assessment and prioritisation process as for mainstream social housing stock.

Some examples of options for matching eligible households to properties include:

- Using, amending or putting in place a Local Lettings Policy to allow homes to be allocated by local authorities, or nominated to housing associations, to eligible applicants of a particular description. This is allowed under the Housing Act 1996 (section 166A(6)(b))
- Letting accommodation through a local authority owned housing company.

This is not exhaustive and depending on how local authorities are delivering the fund, they may identify other legal ways for matching households with properties.

For the larger homes acquired to enable households to move out of Home Office bridging accommodation, we would encourage local authorities to use their relationships with each other, their Strategic Migration Partnerships and with staff in bridging hotels to identify and match families to suitable properties. This is to increase the chances of successful matches, as we recognise that local resettlement leads are well-placed to use local intelligence on households in their regions to identify suitable matches and reduce the chances of refusals as much as possible. Local authorities can indicate a preference for a specific family to be matched to a property they have acquired on the ARAP/ACRS property offer form. Alternatively, if a local authority is unable to identify a specific family in a bridging hotel, the local authority can put forward properties (via their Strategic Migration Partnership) to be centrally matched by the Home Office. As mentioned above, we expect local authorities to increase their pledges for the Afghan resettlement schemes beyond their existing pledge amount to reflect the acquisition of these new properties.

3.4 Tenancy Duration and social housing legacy

Given this fund aims to create a lasting supply of affordable housing for the general population (see fund objectives at section 2.1), we expect this stock to become available to support wider local authority general housing and homelessness responsibilities after the immediate needs of the eligible cohort have been addressed.

As the housing landscape in each area and the circumstances of eligible households vary, we will not mandate local authorities to apply a fixed tenancy duration for housing funded through the fund, though in many cases this may be appropriate.

4. Funding Allocations and Delivery

4.1 Initial allocation of funding

The initial funding offer will be determined and offered to the 182 local authorities and Greater London Authority in England, who are deemed to have the greatest need for this funding based on a formula. A formula will be used to identify the total allocation to those local authorities in scope for funding across the duration of the fund.

Local authorities are given an overall ranking based on several sets of data. This combines their relative ranking in terms of the number of Ukrainian arrivals per 1000 population and their relative ranking in terms of the level of housing pressure (which includes Private Rented Sector rents in relation to income, unemployment rate, number of households in Temporary Accommodation (TA) per 1000 households and

number of households on local authority waiting lists per 1000). This data is used because in the areas of highest housing pressure, it will be most difficult for refugees/arrivals to find housing, and therefore the risk of homelessness will be higher. The capacity of local authorities to respond in these areas will also be more limited because of the shortage of housing and associated higher housing costs. The Ukrainian arrivals data is used in this ranking to reflect the sudden and additional pressure from a rapid increase in the number of arrivals of people fleeing war, which is a different magnitude to the number of refugee arrivals in recent years. Numbers in bridging accommodation in each local authority is not used because of the policy objective to move Afghans out of bridging accommodation into local authorities across the country.

An initial indicative allocation will then be offered to each local authority, working from the most pressured local authority down, on the basis of:

- A fair share requirement to accommodate families in bridging accommodation, based on a per capita distribution for those local authorities in scope of funding and a grant per property set at 50% of the estimated average lower quartile 4+ bed property price plus an allocation of £20k per property (to allow for refurbishment/other costs)
- Distributing the remaining budget based on a ratio of 1 home per 20 Ukrainian arrivals, which is then costed at a grant per property of 40% of the estimated average lower quartile property price (plus £20k per property for refurbishment/other costs)
- The model distributes funding down the list of local authorities (ranked based on Ukrainian arrivals and housing pressure) until the budget is expended, resulting in 182 local authorities (plus the GLA) being in scope for funding.

In addition, several caps are put in place for the initial allocation to help support deliverability, to minimise inflationary impacts and to ensure all parts of the country receive some support. These are:

- a. constraining the initial London allocation to reflect an achievable delivery target in the capital's highly constrained housing market;
- b. capping the allocation per region at 25% of the total fund spend; and
- c. capping the allocation to any single local authority at 30 homes.

4.2 Funding split between financial years

The local authorities who are identified by the formula as eligible for funding will be contacted directly with an indicative offer of their total allocation. Authorities will be asked whether they will be able to spend this allocation to deliver the outlined number of homes, in accordance with the details set out in this prospectus (and if not, what they could deliver). Local authorities will also be asked whether they can deliver more than the allocation using the same grant per property (detailed at 4.3).

Funding will be paid in two tranches representing 30% and 70% of the local authority's allocation agreed in the MOU. We expect that the first tranche of funding will be paid in February/March 2023 – depending on when the MoU is agreed.

The second tranche of funding will pay 'the balance' of the local authority's allocation. There will be two predetermined tranche payment dates; the first at three months and the second at five months from the tranche one payment. Dates will be confirmed as part of the MOU process. To receive the second tranche payment the local authority must have spent at least 60% of the tranche one payment delivering on the objectives of the fund, which we will ask the local authority to declare to us at progress 'checkpoints'. Local authorities do not need to wait until receiving the second tranche of payment before spending more than their tranche one payment given 'the balance' will be paid following the checkpoint when they have spent 60% of their tranche one payment.

We will also ask local authorities about the number of property purchase offers they have made, how many of those offers have been accepted, and how many contracts they have exchanged, for example. To monitor delivery, we will ask for these progress updates at each funding checkpoint, regardless of whether the local authority has reached the 60% spending threshold.

We anticipate that any additional funding agreed via the reallocations process will be paid at the same time as the second tranche payment, with an update to the MOU following the reallocations process to reflect this additional funding. Where there is no direct allocation already in place (eg London councils) new MoU arrangements may be created.

4.3 Grant Rate and Eligible Spend

Allocations to each council have been calculated as follows:

- For the "main element", the amount of grant per property is calculated as 40% of the average lower quartile property price in the council area (or for London, 40% of the average lower quartile property price in Greater London). A further £20k per property is then added to account for other costs (including refurbishment).
- For the "bridging element" (i.e. 4+ bedroom houses) the amount of grant per property is calculated as 50% of the estimated lower quartile property price for a 4+ bedroom property in the council area (or for London, 50% of the estimated lower quartile property price for a 4+ bedroom property in Greater London). A further £20k per property is then added to account for other costs, including refurbishment.

Grant rates and Eligible Expenditure for Main and Bridging Elements

It is expected that councils will use their best endeavours to acquire the target number of units and to achieve value for money. The average grant per property rate should not exceed the maximum described below but the grant per property for individual

purchases can be higher. It is recognised that the grant will not meet all of the acquisition costs and so there is an expectation that the council, or its partners, will provide the remainder of the funding required.

The maximum average grant per property rate (for the portfolio of properties, not individual purchases) for the “main element” is 40% of the costs the council charges to its capital budget plus £20k per property. Eligible costs funded by the 40% and the 20k per property could include the purchase price, stamp duty, surveying, legal and other fees, refurbishments, energy efficiency measures, decoration, furnishings, or otherwise preparing the property for rent and potentially irrecoverable VAT incurred on these items. Councils should ensure they comply with the Code of Practice for Local Authority Accounting when deciding eligible costs.

The maximum average grant per property rate (for the portfolio of properties, not individual purchases) for the “bridging element” is 50% of the costs the council charges to its capital budget plus £20k per property. Eligible costs funded by the 50% and the 20k per property could include the purchase price, stamp duty, surveying, legal and other fees, refurbishments, energy efficiency measures, decoration, furnishings, or otherwise preparing the property for rent and potentially irrecoverable VAT incurred on these items. Councils should ensure they comply with the Code of Practice for Local Authority Accounting.

In some cases, the amount of money provided by the grant per property may equate to an intervention rate higher than the maximum set out above - for example if the local authority is focussing on smaller homes, such as 2 bedrooms, because these better suit the needs of the eligible cohort in the area or constitute the majority of the available stock to purchase. If this means the grant rate equates to more than the maximum, the local authority is expected to acquire more units with this funding than the estimated minimum (or outline in the MOU process that less funding is needed to deliver the number of units outlined in their allocation) in order to ensure value for money and not exceed the maximum grant rate.

During the validation process, if local authorities ask to deliver fewer units than allocated, then their funding allocation will be reduced, maintaining the same grant per property rate.

Eligible Expenditure for Improvement Budget

The costs of obtaining a property are not the only costs councils may incur. They may also need to fund things like refurbishments, energy efficiency measures, legal costs, decoration, furnishings, or otherwise preparing the property for rent. We have included an un-ringfenced capital budget of £20,000 per property to account for this. This is a notional amount for the purposes of allowing for these costs in our formula. Councils can choose how much of the grant is to be spent on each individual property. For instance, it may choose to spend £10,000 on one property and £30,000 on another.

Example “main element” allocation

A local authority is allocated £380,000 to deliver 5 main element units plus £20k per unit nominally for refurbishment costs. In total it receives £480,000.

The local authority identifies 5 properties and the costs of obtaining and preparing them for rent:
Property 1: £220,000 capital cost
Property 2: £220,000 capital cost
Property 3: £240,000 capital cost
Property 4: £190,000 capital cost
Property 5: £230,000 capital cost
Total price: £1,100,000
The local authority uses the £100,000 it received nominally for refurbishment costs, leaving £1,000,000.
The £380,000 main element allocation equates to 38% of the remaining capital cost and is therefore within the 40% maximum average grant rate.
The council funds the remaining costs from other sources.

4.4 Validation forms

Eligible local authorities will have been emailed an indicative allocation offer email, a draft MOU, and a validation form. This email outlines the local authority's indicative allocation. Receipt of the initial indicative allocation email and completion the validation form is not a commitment to providing funding or a commitment by a local authority to receive and spend funding. Final allocations will be confirmed in writing following the department's review of the form(s) as outlined in this section. This does not prejudice a local authorities' right to not sign a Memorandum of Understanding.

We will ask all local authorities to submit the validation form no later than 25 January 2023 to confirm if they are willing and able to participate. This helps us understand which local authorities do not wish to take up this funding, how many units local authorities are willing to deliver and allows us to begin reallocating funding.

The validation form will ask local authorities to cover the key details of their delivery proposal; this will then be assessed and validated by the department.

In the validation form we will ask for information on:

- The number of homes that the local authority plans to acquire as part of this fund including the number of 4+ bedroom homes for families in bridging accommodation
- Delivery approach
- Project milestones
- Risks and barriers to delivery

A copy of the validation form questions is attached at Annex A. Validation forms must be submitted via [this page](#) no later than midday 25 January 2023. These will be reviewed and responded to as they are received, and we intend to respond to all forms by 15 February 2023.

After submitting your validation form, please send your completed and signed Memorandum of Understanding by email to the Local Authority Housing Fund Team via LAHF@levellingup.gov.uk <mailto:LAHF@levellingup.gov.uk>. The template MOU is [here](#), which are the standard terms that will be agreed with every local authority, and

the text of which is non-negotiable. If you are delivering the full allocation, complete the MOU using the numbers from your allocation email. If you are agreeing to deliver a lower number of units than your allocation, to complete your MOU, calculate the funding amount for your specified number of units, using the grant per property rate set out in your allocation email – further detail is included in the blank MOU.

We encourage local authorities to return their validation form and MOU as soon as they can as we may be able to work faster with those who agree to the terms of the programme and return their validation forms and MOU earlier. Any reallocations will be calculated and communicated by the end of March 2023.

Given that this is not a bid-based fund, proposals will be assessed acknowledging that accountability for delivery rests with the local authority. The questions have been designed to identify local authorities who would be unwilling or unable to deliver the fund. The assessed section of the validation form will consider responses regarding:

- The proposed scale of delivery relative to the indicative allocation
- Whether delivery plans meet fund objectives
- Confirmation that the local authority is content with formal reporting requests every 2 months
- Confirmation that the Section 151 Officer or Deputy Section 151 Officer has signed off the proposal

We will confirm by end of March 2023 any additional funding available to the local authority following a reallocations process based on validation form data.

If we have any queries on the answers provided in the validation form, we will contact the local authority directly.

4.5 Reallocation

During the validation process, local authorities will be asked whether they can deliver more than their initial allocation.

If in the validation form stage local authorities state they are unable to deliver the units allocated to them across the duration of the fund, the funding for the units they say they will be unable to deliver will be reallocated to other local authorities (including directly to London councils). This reallocation will be based on a process aligned with the fund objectives in 2.1, taking into account need and deliverability. If additional funding is available for local authorities who have told us they can deliver more than their initial allocation, we will contact them to confirm any further funding offer and to agree an update to the MOU to reflect this additional funding.

If a local authority misses the deadline for submitting their validation forms, they are unlikely to receive funding at tranche one. Whether it is still possible to provide them with any funding will depend on when we receive the necessary details from them and the progress of the reallocations process (including the amount of money left to reallocate). We ask that local authorities who foresee a difficulty in working to the

communicated deadlines get in touch with the Local Authority Housing Fund Team as soon as possible.

If money remains after allocating additional funding to the local authorities that have said they can deliver more across the two years of the fund, then the list of local authorities may be expanded beyond those in receipt of initial allocations.

If a local authority is allocated additional funding as part of the reallocation process, this will be paid together with the baseline funding amount for year two (agreed as in the original signed Memorandum of Understanding). As with the tranche two payment, this additional funding will be subject to the local authority having spent at least 60% of their tranche one payment at the 'checkpoint' before the tranche two payment. Where there is no pre-existing direct agreement (as would be the case with individual London councils), new agreements would be made.

The allocations for the "main element" and "bridging element" will be treated separately for reallocations, and so "bridging element" funding will not be reallocated to deliver more 'main element' properties. This is to avoid undermining the number of properties delivered for those in bridging accommodation.

4.6 How grants will be delivered

This fund will operate only in England and funding will be allocated direct to local authorities under section 31 of the Local Government Act 2003.

The funding will be allocated to the appropriate district council or unitary authority. Initial allocations for London will be made via the Greater London Authority. Further allocations may be made directly to London councils.

We will contact local authorities directly with their indicative allocation based on the formula outlined above.

4.7 Payment process

Payments will be made in the form of grants under Section 31 of the Local Government Act 2003 and paid as two instalments, on agreement of an MOU between the local authority and the Department for Levelling Up, Housing and Communities.

Once we have contacted local authorities to confirm their final allocation, we expect local authorities to obtain any further necessary clearances to enter into a MOU with the Department based on the information they provided in the validation form. Funding will then be distributed to the local authority following the signing of the MOU.

For local authorities allocated any additional funding via the reallocations process, prior to payment of any additional funding there will be an update to the MOU agreed to reflect this additional amount, and this will be paid alongside the tranche two funding.

Tranche one payments will be made in February/March 2023 depending on the date the MOU is agreed. Payments for tranche two will be paid in May and July 2023 respectively, dependent on when the local authority's spending on this fund surpasses 60% of their tranche one payment.

Given the urgency of delivery we expect all local authorities to show flexibility in how they apply their approvals processes in order to participate in this fund. All MOUs should be signed ahead of the first tranche of payments. Local authorities will ultimately be responsible for delivery and ensuring value for money of the allocation they have received.

4.8 Fraud Risk Assessments

Local authorities shall be responsible for ensuring that fraud is a key consideration in all spend activity and that the following minimum standards are met:

- Follow the [Grants Functional Standards on Fraud Risk Assessment](#) (FRA) – pages 15-19;
- Undertake FRAs at an appropriate level to each individual project dependent on risk;
- Ensure that this spend is undertaken in accordance with effective authority fraud prevention policy and procedure, and via engagement with your organisations' specialists in this area;
- Ensure that relevant evidence and data to prevent fraud is gathered as part of due diligence undertaken ahead of releasing funds;
- Implement reporting and monitoring requirements that will identify irregularities or issues in use of funds which can be investigated further;
- Store and file all work undertaken on FRA in the event of any issues or audit requirements.

4.9 Due Diligence

Local authorities shall be responsible for ensuring that proportional due diligence is applied to all this fund spend and that the following minimum standards are met:

- Follow the [Grants Functional Standards on Due Diligence](#) – pages 20-24;
- Undertake due diligence at an appropriate level to each individual project dependent on risk;
- Ensure that due diligence is undertaken in accordance with effective authority rules and procedures through authorities' teams specialising in this area;
- Ensure that key areas of due diligence identified for projects in which local authorities invest are reported on and monitored throughout the term of delivery;
- Store and file all work undertaken on due diligence in the event of any issues or audit requirements.

4.10 How we will monitor performance and delivery

Key Performance Indicators (KPIs) will be detailed in MOUs with local authorities and will be based on the fund objectives outlined at section 2.1.

Every two months, local authorities will provide a mix of quantitative and qualitative summary updates to the Department for Levelling Up, Housing and Communities to track against agreed delivery milestones. The reports will be due every two months until delivery is completed, with the dates specified in the MOU.

We will ask for the following information either as part of ongoing monitoring and/or as part of evaluation of the fund:

- Offers accepted, including bedroom size and whether these are part of the “main” or “bridging” element of the funding;
- Number of properties where contracts exchanged, including bedroom size;
- Number of properties occupied, including bedroom size;
- Number of families housed, including which resettlement programme they belong to;
- Number of individuals housed, including which resettlement programme they belong to;
- Total expenditure (including grant and other funding);
- Total committed spend (including grant and other funding);
- Government grant used;
- Overall assessment (RAG rated) of whether delivery is on track.

Future evaluation requests

We will conduct an evaluation of the fund near the end of the monitoring period. To understand how the fund is being delivered in further detail, we will ask local authorities for the following information:

- How properties have been sourced (e.g. through stock acquisition or another delivery route);
- Breakdown of households housed by previous housing situation, e.g. emergency accommodation/temporary accommodation;
- Tenancy duration;
- Rent levels;
- Number of additional pledges made to provide housing for those in bridging accommodation;
- Number of properties obtained outside the local authority’s area, if applicable, and where these are located.

We expect that local authorities will respond to any reasonable additional requests from the Department for Levelling Up, Housing and Communities to support any retrospective assessment or evaluation as to the impact or value for money of the fund. We will expect the authority to, at minimum, monitor spend, outputs and outcomes against agreed indicators and keep this information for at least 5 years.

We may also ask for details about how the acquired properties are being used, for example if they are still publicly owned and if they have become part of the social housing or affordable stock. This will require local authorities to maintain address-level data. This is for us to examine the legacy impacts of the fund.

4.11 Next steps and important dates

- Local authorities who have been identified as eligible for funding will be sent a link to a validation form, to confirm their interest in participating, and to set out how they intend to deliver this fund. Submissions will be reviewed as they are received and therefore forms submitted earlier may receive an earlier response.
- Local authorities must submit their validation form by 25 January 2023 via this [link](#). Forms will only be accepted submitted by the link above. After submitting their validation forms, we encourage local authorities to email their signed MOU as soon as possible.
- In the event we have any clarification questions about the contents of a validation form, we will contact the local authority directly for further detail.
- If a validation form is accepted, we will make best endeavours to contact the local authority to confirm their allocation by 15 February 2023. We will be prepared to sign a Memorandum of Understanding with local authorities as soon as they have received the appropriate internal clearances. We expect local authorities to have signed this no later than 1 March 2023 but will work flexibly with local authorities.
- Tranche one of funding is due to happen in February/March 2023 (depending on the date the MOU is agreed), tranche two is due to happen in May or July 2023, dependent on when the local authority's spending on this fund surpasses 60% of their tranche one payment as reported during the monitoring and evaluation windows.
- Local authorities will be asked to complete a monitoring return every two months on the basis as set out in the Memorandum of Understanding and we will discuss any concerns about delivery with local authorities directly. The final monitoring return is scheduled to take place in November 2023, however we will expect monitoring returns to be completed until delivery is complete. We expect to carry out an evaluation from December 2023.
- For any questions about this fund please contact LAHF@levellingup.gov.uk.

Annex A – Validation Questions

Overview

The Local Authority Housing Fund will provide up to £500 million in capital grants to help councils obtain additional housing to accommodate the defined eligible cohort at risk of homelessness or living in bridging accommodation.

Councils' funding offer has been allocated on the basis of a formula, taking into account housing pressures and the number of recent Ukrainian arrivals.

This form applies to eligible councils in England only.

The validation form will be split into two parts, assessed and non assessed additional questions.

If you need to edit or revisit any sections of the validation form you will need to use the browser back button. Be aware that if you use the browser back button, the screen that you are currently viewing will not be saved.

Once you have submitted your validation form you will not be able to edit your response.

Please keep a copy of your answers for future reference.

After submitting your validation form, please send your completed and signed Memorandum of Understanding by email to the Local Authority Housing Fund Team via LAHF@levellingup.gov.uk.

Validation Questions

1. Are you willing and able to participate in the Local Authority Housing Fund programme?
 - Yes (form proceeds to question 3)
 - No (form proceeds to question 2)
2. Please provide further details of why you are not willing or able to participate in the programme (form proceeds to end).
3. Does the proposal you outline in this form meet the fund objectives outlined below? (Please note this is requirement of the fund and if not agreed you will not be able to participate in the fund.)
4. For the "main element" of the fund, how many homes can you acquire by 30th November 2023 (this is a target date, payments will be honoured assuming delivery within financial years 2022/23 and 2023/24)?

Note: if you can deliver fewer than your initial allocation, your funding will be scaled down proportionally to reflect the number of homes, based on the grant per property outlined in your allocation email. If you state you can deliver more homes at this grant rate than your initial allocation, we will progress with the MoU using your initial allocation and following reallocation process, we will

confirm whether any additional funding is available to enable you to deliver more than your initial allocation.

All delivery proposals in this section should be based on the policy in section 2.1 of the prospectus and the grant per property set out in your allocation email.

5. For the "bridging element" of the fund, how many 4+ bedroom homes can you acquire by 30th November 2023 (this is a target date, payments will be honoured assuming delivery within financial years 2022/23 and 2023/24)?

Note: if you can deliver fewer than your initial allocation, your funding will be scaled down proportionally to reflect the number of homes, based on the grant per property outlined in your allocation email. If you state you can deliver more homes at this grant rate than your initial allocation, we will progress with the MoU using your initial allocation and following reallocation process, we will confirm whether any additional funding is available to enable you to deliver more than your initial allocation.

All delivery proposals in this section should be based on the policy in section 2.1 of the prospectus and the grant per property set out in your allocation email.

6. Do you agree to provide progress reports every 2 months until delivery is completed including Management Information (MI) and reporting against Key Performance Indicators (KPIs) as detailed in the prospectus?

(Please note this is requirement of the fund and if not agreed you will not be able to participate in the fund.)

7. Has your Section 151 Officer or Deputy S151 Officer approved this submission?

(Please note this is requirement of the fund and if not agreed you will not be able to participate in the fund.)

Additional non-assessed questions

The next set of questions are not assessed and will be used by the department to aid policy development and evaluation design only.

1. If the number of "main element" properties you can deliver is fewer than your allocated number, please outline the reasons for this.
2. If the number of 4+ bedroom "bridging element" properties you can deliver is fewer than your allocated number, please outline the reasons for this.

3. How do you plan on delivering your proposed/target number of homes?
Please provide details of the type of stock you plan to acquire, noting the non-exhaustive list of examples provided in section 3 of the programme prospectus.
4. If your chosen delivery plan will add to existing housing in your area, please provide an estimate of the number of new homes.
5. Please provide your key milestones for delivery, including decision making timelines.
6. Based on the indicative approach(es) identified in your delivery plan above, please provide a brief overview that shows a financial projection of how and when the budget will be spent versus the timescales / number of homes to be acquired.
7. How do you intend to fund your contributory share required to secure your proposed/target number of homes? (e.g. from capital receipts, revenue, borrowing or funded by a partner?)
8. What are the key risks for delivery and how do you intend to mitigate them?
9. If this programme continued into future years using the same or a similar approach, (e.g. assuming launch in late 2023 and running for the following 12 months), how many homes could you deliver in this time period?

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Policy Committee

03 April 2023



Reading

Borough Council

Working better with you

Title	Appointment of Independent Remuneration Panel Members
Purpose of the report	To make a decision
Report status	Public report
Report author	Michael Graham Assistant Director of Legal and Democratic Services
Lead councillor	Cllr Jason Brock Leader of the Council Cllr Liz Terry Lead Councillor for Corporate Services and Resources
Corporate priority	Not applicable, but still requires a decision
Recommendations	The Committee agrees to: <ol style="list-style-type: none"> 1. Appoint Jeanette Skeats and Sally Swift as members of the Independent Remuneration Panel for a term of four years. 2. Delegate authority to the Monitoring Officer to advertise for a further member of the Independent Remuneration Panel. 3. Delegate authority to the Monitoring Officer, in consultation with the Leader, to appoint a further member to the Independent Remuneration Panel.

1. Executive summary

- 1.1. The Independent Remuneration Panel was established by the Council on 13 November 2001, to review annually the Council’s scheme for Councillors’ Allowances and to make recommendations for a scheme of allowances.
- 1.2. This report asks Policy Committee to appoint further members to the Council’s Independent Remuneration Panel.

2. Policy context

- 2.1. The Council’s Corporate Plan has established three themes for the years 2022/25. These themes are:
 - Healthy Environment
 - Thriving Communities
 - Inclusive Economy
- 2.2. These themes are underpinned by “Our Foundations” explaining the ways we work at the Council:
 - People first
 - Digital transformation
 - Building self-reliance
 - Getting the best value
 - Collaborating with others

- 2.3. Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.
- 2.4. Local authorities are required to set up and maintain an Independent Remuneration Panel and must take the Panel's recommendations into account when making its scheme concerning the allowances to be paid to elected members. The maintenance and support of the Panel is therefore essential to the good corporate governance of the authority.

3. The proposal

- 3.1. The Independent Remuneration Panel was set up on 13 November 2001 to review annually the Council's scheme for Councillors' Allowances and to make recommendations for a scheme to include:
- i) The amount of basic allowance to be paid to all Councillors
 - ii) The duties in respect of which Councillors should receive a special responsibility allowance, and the amount of such an allowance
 - iii) Allowances for the care of children or dependents
- 3.2. The Independent Remuneration Panel was set up to include at least three and no more than five independent members appointed to represent where possible, the following stakeholders with the Council:
- (a) The local business community
 - (b) The local trades union movement
 - (c) The local voluntary sector
 - (d) The local media
 - (e) A person with past experience of local government
- 3.3. The current membership of the panel is:
- Linda Fort – member with experience of the local media (retiring on 30.3.2023)
 - Mick Pollek – member with experience of the local trade union movement
 - Lady Audrey Durant – member with experience of the local voluntary sector
- 3.4. As one of the panel members will be retiring at the end of March 2023 and to retain a quorum of three members, two new panel members have been identified:
- Jeanette Skeats – member with past experience of local government
- Sally Swift – member with experience of the local media
- 3.5. The persons listed above have been proposed as they represented the stakeholders set out in paragraph 3.2, which the Council has agreed would, where possible, be used to appoint to the Independent Remuneration Panel.

4. Contribution to strategic aims

- 4.1. This report does not directly contribute to the strategic aims of the Council, however it is necessary to ensure compliance with the law to have an Independent Remuneration Panel which will be able to discharge its functions later this year when allowances will be reviewed.

5. Environmental and climate implications

- 5.1. The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).
- 5.2. There are no environmental or climate implications arising from this decision.

6. Community engagement

- 6.1. There has been no consultation, community engagement or publicity for this matter. Guidance indicates that local authorities should be transparent about their appointments, and it is for this reason that the appointments are made at Policy Committee. Guidance also indicates that authorities may seek their members from a variety of sources including local networks, voluntary and business sector. It is also noted that authorities may wish to advertise for members. It is proposed to use all these channels when seeking further appointments.

7. Equality impact assessment

- 7.1. 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

- 7.2. An Equality Impact Assessment (EIA) is not relevant to the decision.

8. Other relevant considerations

- 8.1. There are no other relevant considerations to report.

9. Legal implications

- 9.1. The Local Government Act 2000 requires local authorities to set up and maintain an independent remuneration panel to make recommendations to the authority concerning the allowances to be paid to elected members.

- 9.2. The relevant regulations came into force on 4 May 2001 and from that date local authorities have been under a duty to set up an Independent Remuneration Panel. Any decision to amend, revoke or replace an allowances scheme will have to be taken having regard to the recommendations of the Panel.

10. Financial implications

- 10.1. There are no financial implications arising from the appointment of panel members as the role is voluntary. Panel members may claim out-of-pocket expenses if they wish. Any expenses claimed will be met from existing budgets.

11. Timetable for implementation

- 11.1. The decision will be implemented immediately if the Committee approves and will be confirmed in writing to the new Independent Remuneration Panel members.

- 11.2. It is anticipated that an advertisement for a further member will be placed in September 2023 to allow for recruitment and induction before the Independent Remuneration Panel is called to consider councillors allowances in autumn 2023.

12. Background papers

- 12.1. There are none.

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Policy Committee

03 April 2023



Reading
Borough Council
Working better with you

Title	Southcote Library Disposal
Purpose of the report	To make a decision
Report status	Public report
Report author	Charan Dhillon, Assistant Director Property & Asset Management
Lead councillor	Councillor Leng, Lead Councillor for Planning and Assets
Corporate priority	Thriving Communities
Recommendations	<p>The Committee is asked to:</p> <ol style="list-style-type: none"> 1. Approve the appropriation of the Southcote Library site from the General Fund to the Housing Revenue Account (HRA) for Market Value for the development and provision of affordable housing.

1. Executive summary

- 1.1 Southcote Library is edged red on the attached Plan **Appendix 1** and is currently vacant and secured.
- 1.2 The proposal is to appropriate Southcote library from the General Fund to the Housing Revenue Account (HRA) for market value for the development and provision of affordable housing.

2. Policy context

- 2.1 The Council's new Corporate Plan has established three themes for the years 2022/25. These themes are:
 - Healthy Environment
 - Thriving Communities
 - Inclusive Economy
- 2.2 These themes are underpinned by "Our Foundations" explaining the ways we work at the Council:
 - People first
 - Digital transformation
 - Building self-reliance
 - Getting the best value
 - Collaborating with others
- 2.3 Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

3. The proposal

3.1 Background

- 3.1.1 Having been declared surplus by the Council for operational requirements, on 3rd August 2020, Policy Committee resolved to dispose of Southcote Library to Sovereign Housing Association (SHA) for the sum of £710k for the development of 4 x 1 bed and 11 x 2 bed flats for affordable rent capped at 70% market rent following an open market and 3rd sector marketing exercise.
- 3.1.2 Policy Committee also resolved that “If the offer price was subsequently reduced, or the purchaser did not perform to an acceptable timescale, the Executive Director of Economic Growth & Neighbourhood Services was given delegated authority in consultation with the Leader of the Council, the Lead Councillor for Corporate and Consumer Services and the Assistant Director for Legal and Democratic Services to reengage with other bidders as appropriate or remarket the property for disposal at best consideration”.
- 3.1.3 The Lead Councillor role for property matters is now with Lead Councillor for Planning & Assets instead of the Lead Councillor for Corporate and Consumer Services.
- 3.1.4 This sale was on a subject to planning basis and alongside the conditional contract SHA and the Council were to enter into a Nomination Agreement in favour of the Council and a Grant Agreement whereby the Council would contribute £785,000 later increased to £1,025,000 in housing grant towards the development.
- 3.1.5 The highest monetary offer received at the time was £807,000 from a private housing developer also on a subject to planning basis.
- 3.1.6 The value of the nomination rights was a material factor in considering Best Consideration.
- 3.1.7 Contract negotiations have been protracted for several reasons. Contracts were agreed in draft in July 2022 and since then the Council has been pushing for exchange.

3.2 Current Position

- 3.2.1 In January 2023, the Council was advised by SHA’s Head of New Business that following an internal review SHA were withdrawing from the purchase.
- 3.2.2 The site is identified in the MTF5 as delivering a receipt of £710,000 in 2023/24 based on the SHA purchase price.
- 3.2.3 The early demolition of the library was an obligation on SHA to progress immediately upon exchange of contracts at risk of planning for a residential development.

3.3 Options

3.3.1 Option 1: Contact previous underbidders

This is not recommended as the market has moved significantly since the original marketing in 2020.

3.3.2 Option 2: Remarket the property

As set out at 3.1.2, if this option is preferred there is delegated authority to remarket the property if necessary. The level and range of offers is not known and in the current market unconditional offers carry greater risk, which will be reflected in the level and number of such offers.

Remarketing could potentially take 3-6 months with a further 3-6 months to contract. Subject to planning offers carry inherent risk on price delivery and timing and could take a further 12-18 months to crystallise depending on planning.

3.3.3 Option 3 – RECOMMENDED OPTION: Appropriate to the HRA for Council Housing Development

There is delegated authority to appropriate suitable sites for the purpose of delivering new housing in cases where a business plan has identified that it is cost effective to do so. The proposed scheme has been modelled within the latest 30 Year HRA business plan and it remains financially viable.

One of the council's corporate priorities as per the Housing Strategy 2020-2025, is to build new homes, therefore this recommendation supports delivery of the council's corporate plan.

It is therefore recommended that appropriation to the HRA is the best option rather than remarketing the site.

Subject to planning the HRA will potentially deliver 15 x 2 Bed flats for Social Rent. The anticipated scheme cost is £3.8m (£800k Land Appropriation and £3m build cost).

The appropriation and inclusion in the Local Authority New Build (LANB) programme has been approved in principle by the LANB Board and the appraisal endorsed by the Director of Finance (151 officer).

4 Contribution to strategic aims

4.1 The recommendation contributes to improving the quality of life of Reading residents as outlined below:

- Healthy Environment – Building new affordable housing which is energy efficient supporting Reading's net zero ambition.
- Thriving Communities – this recommendation will help improve access to good quality council housing while helping to reduce the housing waiting list and provide affordable rent properties for Reading residents.

5 Environmental and climate implications

5.1 The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).

5.2 The building has been unoccupied for several years.

5.3 The Housing new build will entail incorporation of energy efficiency improvements.

5.4 Appropriation of this site to the HRA does not cause environmental or climate implications.

6 Community engagement

6.1 No consultation or community engagement is required to progress this recommendation.

7 Equality impact assessment

7.1 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.

7.2 An Equality Impact Assessment (EIA) is not relevant to the decision of disposal of this asset.

8 Other relevant considerations

8.1 There are no other issues which are relevant to this report.

9 Legal implications

- 9.1 The appropriation would be at market value and an independent externally commissioned S123 valuation has confirmed a market value of £800k.

10 Financial implications

- 10.1 The proposed scheme is financially viable within the HRA with either Right to Buy 1-4-1 receipts or with a combination of Homes England grant and S106 receipts.
- 10.2 The financial implications of an appropriation to the HRA rather than a standard sale and capital receipt are broadly equivalent.
- 10.3 With an Appropriation the General fund receives an independently agreed market price, which will therefore be equivalent in value to a standard sale to a third party.
- 10.4 An Appropriation is actioned by a reduction in the councils Capital Financing Requirement, and this ultimately is able to reduce the total amount the General fund pays on its debts (Conversely the HRA picks up higher cost of debt by the same amount).
- 10.5 The difference with an Appropriation compared to a Capital Receipt is that there is a loss of flexibility for the council. With a capital receipt from a standard sale these can be applied to new capital expenditure or repay debt and capital receipts are currently mostly earmarked for Delivery Fund expenditure. This option is not available with an Appropriation as the only option is offsetting debt costs.
- 10.6 The proposed scheme has been modelled within the latest 30 Year HRA business plan and it remains financially viable.

11 Timetable for implementation

- 11.1 An appropriation could be progressed so the value transfer occurs in Q1 2023/24, and early demolition of the library could then proceed ahead of planning.

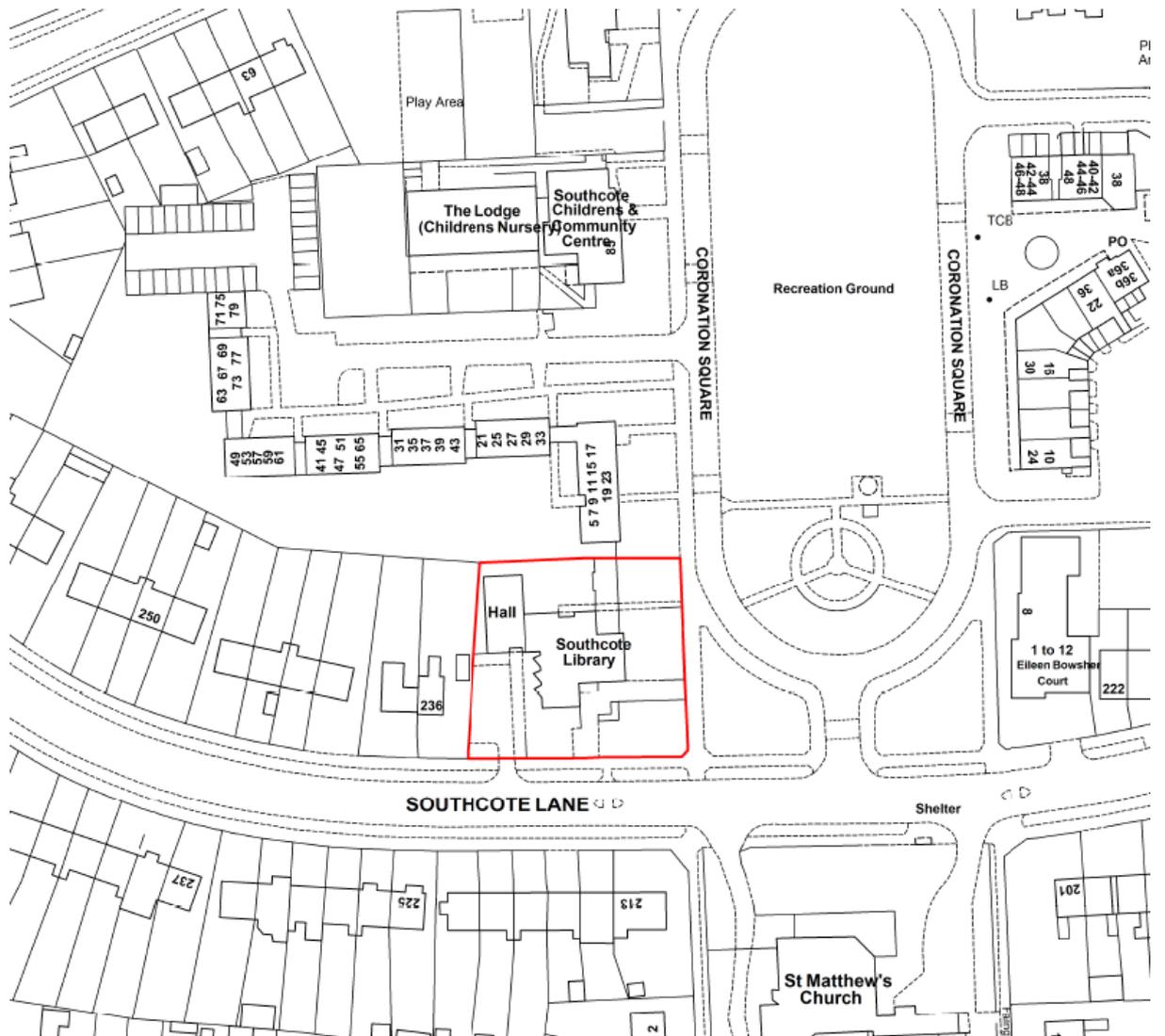
12 Background papers

- 12.1 None.

Appendices –

- 1. Southcote Library Site Plan**

APPENDIX 1 – Southcote Library Site Plan



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