

# COUNCIL

TUESDAY, 27TH APRIL, 2021

At 6.15 pm

by

VIRTUAL MEETING - ONLINE ACCESS, ON [RBWM YOUTUBE](#)

## SUPPLEMENTARY AGENDA

### PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
11.	<u>URGENT DECISION</u>  To consider the above report	3 - 18

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Report Title:	Urgent Decision to purchase at auction of a 10-bedroom B&B for use as temporary accommodation
Contains Confidential or Exempt Information	Yes – Appendix B only - RBWM Property Company Investment Report Part II <b>Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.</b>
Decision Maker	Duncan Sharkey, Managing Director
Meeting and Date:	Full Council – 27 <sup>th</sup> April 2021
Responsible Officer(s):	Tracy Hendren – Head of Housing, Environmental Health & Trading Standards Hilary Hall – Director of Adults, Health and Housing
Wards affected:	All / Eton and Castle Ward



## REPORT SUMMARY

1. This report deals with the urgent decision, taken with the necessary approval of the Chair of the Infrastructure Overview & Scrutiny Panel, to approve additional capital expenditure of up to £1,611,500 to finance the purchase of Cedar Tree Guest House that is a 10 bedroomed bed and breakfast located in St Leonards Road and situated in the ward of Eton and Castle in The Royal Borough of Windsor and Maidenhead.
2. The Council already uses the Bed and Breakfast to house homeless households, and therefore, owning the accommodation will decrease the local authority's overall cost of temporary accommodation for homeless households.
3. The decision required urgent approval to ensure that the Council could participate in the Property Auction held on 14th April 2021.
4. In accordance with Part 3B, paragraph 4b of the Council's Constitution, the use of these powers is now reported to Council.
5. The Report recommends that Council acknowledges and notes that this decision has been taken.
6. It should also be noted that the urgent action enabled a successful bid to be made for the freehold of Cedar Tree Guest House for £1,214,000 plus all associated-on costs against a guide price of £1,000,000 to £1.214,000 plus costs. The property had a reserve price of £1,214,000, at which the owners were not prepared to sell below.

If recommendations are adopted, how will residents' benefit?	
Benefits to residents and reasons why they will benefit	Dates by which residents can expect to notice a difference
Temporary accommodation will be available in Borough at local housing allowance rates.	Summer 2021

## 1. DETAILS OF RECOMMENDATION

**RECOMMENDATION:** That Council notes that the urgent decision has been taken and that up to £1,611,500 is added to the 2021/2022 Capital Programme.

## 2. REASON FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 The strategic objective this proposal relates to is the Council's Homelessness and Rough Sleeping Strategy 2018-2023, that states that in future the Council aims to have a small pool of good quality temporary accommodation for those who need emergency accommodation. By purchasing this property, the aim has been partially fulfilled for the Council and satisfies part of Priority 2 of the Action Plan.

"Priority 2: Reducing the numbers of households in temporary accommodation and improving the quality of that accommodation".

- 2.2 The purchase of this unit supports opportunity and innovation by creating council owned temporary accommodation, that can be managed and owned in partnership with the local authority property company.
- 2.3 Cedar Tree Guest House is located in St Leonards Road and is situated in the ward of Eton and Castle in The Royal Borough of Windsor and Maidenhead.
- 2.4 Cedar Tree Guest House is situated in a popular Windsor location on the west side of St Leonards Road. It is near Windsor Castle, the town centre, and the local hospital. The property is a four-floor semi-detached building and is currently being operated as a guesthouse. The property has 10 bedrooms, 8 of which are let to The Royal Borough, one sitting tenant and the final room in the basement houses the current managers of the property.
- 2.5 Cedar Tree Guest House was offered at an auction held on 14<sup>th</sup> April 2021 (the investment report is attached at Appendix B). The auction guide price was £1m to £1.2m plus costs.
- 2.6 The key benefits to purchasing the property as part of the temporary accommodation pool, include:
- a. A reduction in the cost of overall Temporary Accommodation (TA) due to The Royal Borough's pricing structure proposed for the accommodation.
  - b. The ability for The Royal Borough to prioritise and manage placements to ensure full occupancy and therefore minimising the overall cost of TA for the Borough.
  - c. Enabling the ongoing usage of the accommodation as TA within borough.
  - d. Not having to decant the current TA residents into more expensive TA out of Borough if this unit of accommodation had been sold to another company.
- 2.7 An Officer Delegated Decision report was prepared and signed off by the Managing Director and is attached at Appendix A. The report included an upper bidding limit – the maximum price the Council would be prepared to pay to ensure best value was delivered.

- 2.8 The Council's Constitution requires Council approval before sums of this order can be added to Budgets. As the property was going to auction within seven days of being made aware the property was for sale, the decision was made to use the Urgency Powers under the Constitution to facilitate a Council bid at auction. To enable the use of Urgency Powers, approval was sought from the Chair of the Infrastructure Overview & Scrutiny Panel, Mayor, Leader of the Council, and the Lead Members. This included the Chair of the Infrastructure Overview & Scrutiny Panel accepting this is an urgent report and by definition of the binding nature of an auction cannot be called in. Full Cabinet were also consulted in advance of this report being prepared. All consultees are supportive of the recommendations.
- 2.9 The property will now be able to be used as part of the local authority Temporary Accommodation stock. There will be additional revenue costs required for the ongoing management and maintenance of the property including housing options staff resources, but these will be less than the savings generated by providing the accommodation for ourselves rather than a private provider.

Option	Comments
Note the Urgent Decision taken.	This is in accordance with the requirements in the constitution

### 3. KEY IMPLICATIONS

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
Approval to release funding to bid at public auction	n/a	This was achieved when agreement to use the Urgency process was granted	n/a	n/a	Auction held 14 <sup>th</sup> April 2021
Urgent decision taken within terms of the Council Constitution	n/a	This was achieved when agreement to use of the urgency process was granted	n/a	n/a	14 <sup>th</sup> April 2021

### 4. FINANCIAL DETAILS

- 4.1 The officer delegated decision paper attached as Appendix A authorised officers to spend up to £1,611,500, including on costs. A maximum of £1,611,500 will be added to the capital programme for 2021/22 once final on costs have been agreed. This will be reported as part of the Month 2 Finance Update paper to July 2021 Cabinet.

4.2 Details of the net revenue saving of £39,239 are also included in appendix A.

## 5. LEGAL IMPLICATIONS

5.1 The urgent action was taken with the approval of the Chair of Infrastructure Overview & Scrutiny in accordance with Part 3B, paragraph 4b of the Council Constitution which relates to Urgent Decisions within the Budget and Policy Framework Procedure Rules.

## 6. VALUE FOR MONEY

6.1 The Council's winning bid of **£1,214,000** plus all associated-on costs **up to a total sum of £1,611,500** represents value for money due to:

- 6.1.1 A reduction in revenue costs will be made by the housing team on their temporary accommodation costs which have been under pressure during 2020/21 and continue to be a financial risk during 2021/22 due to the ongoing impact of Covid. By setting the rates at the Local Housing Allowance (LHA) allowable levels, the Council will no longer be paying an additional premium to enable us to secure available accommodation. Based on 8 units, this would be the equivalent of £48,000 per annum that the Council does not have to spend. The estimated net saving if the whole property is in use is £39,239.
- 6.1.2 The Council would seek to transfer the property and borrowing to the Property Company and allow the Property Company to own and maintain the building whilst the Housing Service operates the accommodation as described.
- 6.1.3 By setting the rental levels at the LHA rates, the Council would need to ensure that its tenants make claims for any relevant financial support such as Housing Benefit and collect the rents from individuals – this is exactly what happens now. However, we would be taking on the risk of bad debts or void costs.
- 6.1.4 If the property is transferred to the Property Company, the Property Company will charge the Council for the units and therefore the Property Company will generate additional income than is currently included within its business plan. This means that the dividend that is due to the Council will increase by an equivalent sum after revenue costs for running the property.
- 6.1.5 The exact split in responsibility for costs between the Council and the Property Company will need to be carefully considered to ensure that they do not impact on the amount of LHA that is claimable by a tenant.
- 6.1.6 Details of the additional costs and savings are included in Appendix A. The net saving is £39,239 per annum.

## 7. SUSTAINABILITY IMPACT APPRAISAL

7.1 None arising from this decision.

## 8. RISK MANAGEMENT

8.1 Risk of being unable to bid at auction averted by Urgency Decision.

## 9. LINKS TO STRATEGIC OBJECTIVES

- 9.1 The strategic objective this proposal relates to is the council's Homelessness and Rough Sleeping strategy 2018-2023, that states that in future the Council aims to have a small pool of good quality temporary accommodation for those who need emergency accommodation. By purchasing this property, the aim has been partially fulfilled for the Council and satisfies part of Priority 2 of the Action Plan.

"Priority 2: Reducing the numbers of households in temporary accommodation and improving the quality of that accommodation".

## 10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION

- 10.1 An EQIA screening assessment has been completed and a full assessment is not required. [council's website.](#)

## 11. STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS

- 11.1 The purchase of Cedar Tree Guest House will enable The Royal Borough to have Temporary Accommodation with 100% nomination rights that is in Borough. The Housing Service will manage the accommodation, placements of guests and collection of income.

## 12. PROPERTY AND ASSETS

- 12.1 The Council now owns Cedar Tree Guest House and will seek to transfer the property and borrowing to the Property Company and allow the Property Company to own and maintain the building whilst the Housing Service operates the accommodation for Temporary Accommodation.

## 13. ANY OTHER IMPLICATIONS

- 13.1 None.

## 14. CONSULTATION

- 14.1 This report deals with the Urgent Decision, taken with the necessary approval from the Chair of the Infrastructure Overview & Scrutiny Panel, along with the Leader for the Council, Mayor and Lead Members. As this was a Delegated Officer Decision, the Chair of the relevant Overview & Scrutiny Panel accepts this was an urgent report and by definition of the binding nature of an auction cannot be called in. Full Cabinet were also consulted in advance of this report being prepared. All consultees were supportive of the decision.

Name of consultee	Post held	Date Consulted
Cllr Story	Mayor – as Chairman of Council	12/4/2021
Cllr Johnson	Leader – as Chairman of Cabinet	12/4/2021
Cllr Hilton	Lead Member for Finance and Ascot	12/4/2021

Cllr McWilliams	Lead Member for Housing, Communications and Youth Engagement	12/4/2021
Cllr Luxton	Chair of Infrastructure O&S Panel	12/4/2021
Duncan Sharkey	Managing Director	12/4/2021
Adele Taylor	Director of Resources/S151 Officer	12/4/2021
Andrew Vallance	Head of Finance	12/4/2021
Barbara Richardson	Managing Director, PropCo	12/4/2021
Tamsin Trail	Regeneration Manager, PropCo	12/4/2021
Louise Freeth	Head of Revenues and Benefits	12/4/2021
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	12/4/2021
Karen Shepherd	Head of Governance	13/4/2021

## 15. TIMETABLE FOR IMPLEMENTATION

Activity	Date
Contracts Exchanged – immediate on confirmation of winning bid (fall of the hammer).	14 April 2021
Purchase Completion	12 <sup>th</sup> May 2021
Initial Works to prepare site for Temporary Accommodation	12 <sup>th</sup> May 2021
Site owned and managed as temporary accommodation	12 <sup>th</sup> May 2021
Property transferred to RBWM Prop Co	31 <sup>st</sup> July 2021
Service Level Agreement between Council and RBWM Prop Co in place by	31 <sup>st</sup> July 2021

## 16. APPENDICES

- 16.1 Appendix A – a Delegated Officer Decision report
- 16.2 Appendix B – RBWM Prop Co Investment Report (Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)



## APPENDIX A – DELEGATED OFFICER DECISION

Report Title:	Purchase of a 10 room B*B for Housing Options team for affordable housing.
Contains Confidential or Exempt Information	Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972
Decision Maker	Duncan Sharkey, Managing Director
Meeting and Date:	Officer Delegate Decision
Responsible Officer(s):	Tracy Hendren – Head of Housing, Environmental Health & Trading Standards Hilary Hall – Director of Adults, Commissioning and Housing
Wards affected:	All / Eton and Castle Ward



### REPORT SUMMARY

1. The objective of this report is to seek approval to purchase Cedar Tree Guest House that is a 10 bedroomed bed and breakfast located in St Leonards Road and situated in the ward of Eton and Castle in The Royal Borough of Windsor and Maidenhead.
2. The intention would be for RBWM to purchase the property at auction, which will be held on 14<sup>th</sup> April, if we were the successful bidder. The property would then be transferred to RBWM Property Company Limited subject to Secretary of State approval (if this were not secured the property would remain within the Council to own). The property maintenance will be the responsibility of the property services team within RBWM Council via a Service Level Agreement and the RBWM Council housing team would manage the scheme.
3. If the recommendations are approved the capital budget required is £1,611,500, this will enable the purchase of the property including all associated costs, Stamp Duty Land Tax, and cosmetic refurbishment costs. The property will then be able to be used as part of the local authority temporary accommodation stock. There will be additional revenue costs required for the ongoing management and maintenance of the property including housing option staff resources, but these will be less than the savings generated by purchasing the accommodation from ourselves rather than a private provider.
4. The key benefits to purchasing the property as part of the temporary accommodation pool, would include:
  - A reduction in the cost of overall Temporary Accommodation (TA) due to the RBWM pricing structure proposed for the accommodation.
  - The ability for RBWM to prioritise and manage placements to ensure full occupancy and therefore minimising the overall cost of TA for the borough
  - Enabling the ongoing usage of the accommodation as temporary accommodation within borough

- Not having to decant the current TA residents into more expensive TA out of borough if this unit of accommodation is sold to another company.
5. The purchase of this unit would support opportunity and innovation by creating council owned temporary accommodation, that can be managed and owned in partnership with the local authority property company.
  6. The strategic objective this proposal relates to is the council's Homelessness and Rough Sleeping strategy 2018-2023, that states that in future the Council aims to have a small pool of good quality temporary accommodation for those who need emergency accommodation. By purchasing this property, the aim can be fulfilled for the Council and satisfy part of Priority 2 of the Action Plan.

"Priority 2: Reducing the numbers of households in temporary accommodation and improving the quality of that accommodation".

## **DETAILS OF RECOMMENDATION(S)**

- A. RECOMMENDATION: That the Managing Director in consultation with the Mayor, Leader of the Council and relevant Cabinet Members notes the report and:**
- B. Agrees to purchase via auction of this asset to a maximum purchase price of £1,465,000 plus £146,500 on costs and estimated refurbishment costs totalling £1,611,500.**
- C. To then approve the subsequent transfer of the property from RBWM to RBWM Property Company, subject to Secretary of State approval and relevant legal advice on state aid.**
- D. To agree the Councils property services team can then enter into a service level agreement with the property company for the ongoing maintenance of the building.**
- E. To agree the Councils housing team will manage the scheme operationally.**
- F. Approves additions to the Capital Budget of £1,611,500 of borrowing, funded by income from the scheme, noting this is outside of the current budgetary framework.**
- G. Agrees to take a report to inform Council of this action at the first opportunity.**

## 1. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

**Table 1: Options arising from this report**

<b>Option</b>	<b>Comments</b>
To purchase via auction this asset with one tenant in situ to a maximum purchase value of £1,465,000 plus on costs anticipated to total £1,611,500 <b>This is the recommended option</b>	Once acquired, existing Temporary accommodation residents will stay, and any empty rooms can accommodate new residents
To not purchase this property via auction, manage the impacts of sale to a third party with unknown intentions	There are currently 240+ households in private temporary accommodation putting financial pressure on the council. Affordable temporary accommodation is needed to reduce these costs. If the asset is not acquired these costs will continue to increase. Further existing use of the venue may cease under new ownership potentially increasing costs future.

- 2.1 The Council's Homelessness and Rough Sleeping Strategy 2018-2023, states that in future the Council aims to have a small pool of good quality temporary accommodation for those who need emergency accommodation. By purchasing these properties, the Council can begin to fulfil this aim and commence satisfying part of Priority 2 of the Action Plan.

Priority 2: Reducing the numbers of household in temporary accommodation and improving the quality of that accommodation.

- 2.2 Cedar Tree Guest House is in St Leonards Road and situated in the ward of Eton and Castle in The Royal Borough of Windsor and Maidenhead.
- 2.3 The property is situated in a popular Windsor location on the west side of St Leonards Road. It is in proximity of Windsor Castle, the town centre, and the local Hospital.
- 2.4 The property is a four-floor semi-detached building and is currently being operated as a guesthouse. There is currently an agreement with the Royal Borough of Windsor and Maidenhead (RBWM) Housing Options team on a rolling let basis. The property has 10 rooms, 8 of which are let to RBWM, one sitting tenant and the final room in the basement houses the current managers of the property. The property comprises of the following:

Ground Floor - Communal reception room, kitchen/dining room, entrance hall

Ground Floor - Room 1 - Room Type: Triple with en-suite shower room/WC  
 Lower Ground Floor - Room 2 - Room Type: Single with en-suite bathroom/WC  
 Ground Floor - Room 3 - Room Type: Double with en-suite shower room/WC  
 First Floor - Room 4 - Room Type: Twin  
 First Floor - Room 5 - Room Type: Small double with en-suite shower room/WC  
 First Floor - Room 6 - Room Type: Twin with en-suite shower room/WC  
 First Floor - Room 7 - Room Type: Single with balcony  
 First Floor - Communal shower room, separate WC and utility room,  
 Second Floor - Room 8 - Room Type: Single with WC  
 Second Floor - Room 9 - Room Type: Single  
 Second Floor - Room 10 - Room Type: Double with en-suite shower room/WC

- 2.5 Acquiring this asset will help to reduce the cost of temporary accommodation, by giving the housing team access to a range of affordable temporary accommodation rather than expensive private temporary accommodation in the borough.
- 2.6 The rental income that is generated capped at Local Housing Allowance (LHA) levels will fund the ongoing business plan for running the facility and making savings as well as future cost avoidance on the temporary accommodation budget. It should be noted that there is currently a freeze on LHA (to 2011 levels) that would likely affect this property. This would require the existing top up being paid to the owners to be paid to the PropCo in future but is neutral to the overall savings the Council will generate.
- 2.7 If this asset was to be acquired by the private sector, in addition to the above aims not being met and dependant on the new owner, could result in losing this property as a temporary accommodation resource for the council and the residents would need to be relocated. If the new owner keeps the property as a guest house, we could still be subject to increased costs.

### **3. KEY IMPLICATIONS**

- 3.1 Providing access to good quality affordable temporary accommodation is an essential priority for the Council.
- 3.2 Reducing the cost of temporary accommodation, with over 240 families currently accessing varying types of accommodation mainly through the private sector.
- 3.3 An investment return with an Internal Rate of Return (IRR) of at least 7%.
- 3.4 Gross saving on existing temporary accommodation budgets of a minimum of £53,502 in a full year with a proportion of the financial benefit starting during 2021/22
- 3.5 There will be capital cost for the Council for the acquisition and cosmetic refurbishment of the asset of up to £1,611,500 (a maximum cost of £1.465m for the acquisition and £146,500 for associated fees and works) that are not currently within the Capital programme. The management of the asset will also incur revenue costs, including managing the property, although these are anticipated to be less than the current amount spent with private providers for a similar cohort of clients.
- 3.6 The auction is to take place at 9.30 am on Wednesday 14th April and the bidding will be online. The maximum bid the Council are prepared to bid will be

£1,465,000. If we are the successful bidder a 10% deposit plus the documentation fee of £1,150 will be payable immediately. Our solicitors Winckworth Sherwood will then deal with the signing of the contract and completion will be within 30 days where the balance will be payable. The auction is an unconditional auction whereby once the hammer falls exchange of contracts happens immediately meaning if the Council is the successful bidder we have entered into a binding contract.

#### **4. FINANCIAL DETAILS / VALUE FOR MONEY**

- 4.1 Included as Appendix A is a copy of the investment report from RBWM Property Company Ltd.
- 4.2 A capital budget for purchasing the property is not included within the existing capital programme and approval would need to be given to include this amount in the programme immediately given the urgency of the decision. This will need to be incorporated for the current financial year 2021/22 in terms of additional capital spend of £1,611,500 required for the acquisition of the asset and on cost for Stamp Duty Land Tax, valuation, building condition survey fees, and legal fees.
- 4.3 Although the Council does not borrow for specific projects and will only borrow on the basis of need, indicative revenue costs of borrowing £1.6115m, including MRP, are £50,000 per annum. Despite the need to provide for additional capital on top of the existing programme, the Council will remain within its own borrowing limits as set out as part of the Treasury Management Strategy that was agreed as part of the budget in February 2021.
- 4.4 A reduction in revenue costs will be made by the housing team on their temporary accommodation costs which have been under pressure during 2020/21 and continue to be a financial risk during 2021/22 due to the ongoing impact of Covid. By the setting the rates at the current LHA level (unfrozen), the Council will no longer be paying as much of an additional premium as we have had to secure available accommodation. Based on 8 units, this would be the equivalent of £48,000 per annum that the Council does not have to spend. The estimates saving if the whole property is in use is £53,502.
- 4.5 The Council would seek to transfer the property and borrowing to the PropCo and allow the PropCo to own and maintain the building whilst the Housing Service operated the accommodation as described.
- 4.6 By setting the rental levels at the LHA rates, the Council would need to ensure that its tenants made claims for any relevant financial support such as Housing Benefit and collect the rents from individuals – this is exactly as happens now. This should mean that the actual net costs to the council would reduce by approx. £48,000 (on the nine units we currently use, assuming everyone is appropriately claiming LHA) as we would no longer be paying the additional premium to the private sector landlord. Obviously, we would however be taking on the risk of bad debts or void costs.
- 4.7 If we transfer to the PropCo they would charge the Council for the units, the property company will generate additional income than is currently included within

its business plan. This means that the dividend that is due to the Council will increase by an equivalent sum after revenue costs for running the property.

- 4.8 The exact split in responsibility for costs between the Council and the property company will need to be carefully considered to ensure that they do not inadvertently impact on the amount of LHA that is claimable by a tenant.
- 4.9 Overall, the additional revenue costs across both the Local Authority (and the property costs (including bad debts, void costs and other property and housing related matters) are estimated to be £60k. This means that the expected overall reduction in ongoing costs is estimated to be in the region of £53,500.
- 4.10 The temporary accommodation budgets are currently already under pressure, this scheme is likely to help contain costs within the budget during the year but any ongoing reduction in costs will be considered within the overall MTFP for future years. The breakdown of how these have been calculated can be found in the investment report.

**Table 2: Financial impact of report's recommendations**

<b>REVENUE COSTS £</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Operating Costs	60,000	60,000	60,000
Borrowing including Minimum Revenue Provision *	50,000	50,000	50,000
Rental Income at LHA unfrozen level (no void costs as already in above figures)	-95,737	-95,737	-95,737
Estimate Saving on TA costs (against all rooms)	-53,502	-53,502	-53,502
Net Impact	-39,239	-39,239	-39,239
<b>CAPITAL COSTS</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Additional total	£1,611,500	£0	£0
Reduction	£0	£0	£0
Net Impact	£1,611,500	£0	£0

\* This assumes a purchase at the maximum budget allowed. Any reduction in purchase price will improve the bottom line as the borrowing costs would reduce.

## **5. LEGAL IMPLICATIONS**

- 5.1 The Council has a general power of competence to purchase property. In this case the decision is not being made through Council or Cabinet as normal but is being undertaken as an urgent decision through Officer powers.
- 5.2 The Council has the power to dispose of land in its ownership (disposal including the grant of a lease) under s123 of the Local Government Act 1972 provided the land is sold at a consideration not less than the best that could reasonably be obtained in the market, unless Secretary of State Approval is obtained to transfer at a value below market value for the use as affordable housing.
- 5.3 The Council will require approval from the Secretary of State to transfer properties at completion to RBWM Property Company Ltd for below market value for the use of affordable housing.

## **6. RISK MANAGEMENT**

- 6.1 The auction legal pack has been reviewed by Winckworth Sherwood Solicitors and they have confirmed no significant title issues.
- 6.2 Fire Risk Assessment, Legionella testing and all gas and electrical safety test would need to be provided, along with EPC certificates to demonstrate that the properties had been regularly maintain and are currently legally compliant.
- 6.3 An assessment of Housing Benefit income is very difficult as all potential TA clients have different circumstances, so assumptions have been made about average LHA figures at the current unfrozen rate. This is neutral for the purpose of this assessment as for any TA client who cannot claim the Council would already cover their costs.
- 6.4 The model includes an assessment of potential voids and bad debts that have been calculated at 4%. If the numbers are significantly higher of either of these, then the potential reductions in costs will be lower than indicated. Given the pressure for temporary accommodation in the borough, it is unlikely that we will have significant voids. To mitigate against bad debts, the units will be prioritised for occupation, the council will always have a need for TA units. The council will need to work with tenants to ensure that they are able to claim any benefits that they may be entitled to, that they are invoiced regularly and that we work with individuals to support their management of debt.
- 6.5 The Council is also liable for costs of significant tenant damage that may not be recoverable from individuals. Working with our tenants will be crucial to mitigating this risk. This is as now.
- 6.6 The property currently has an 'existing tenant', that the estate agent has confirmed is only required to receive one weeks' notice, due to the nature of the accommodation and services provided. Residing in a B&B reasonable notice is felt to be one week.

- 6.7 The property currently has a managing agent, that currently lives in and the estate agent has confirmed the managing agent is required to receive four weeks' notice. If the managing agent is required to reside in the property to undertake the role, the role will terminate upon sale of the property and therefore the right to occupy will end at the same time. However, in the worst case, if a tenancy agreement has been issued that is not connected to the employment, then the managing agent will be entitled to six months' notice.

**Table 3: Impact of risk and mitigation**

<b>Risks</b>	<b>Uncontrol led risk</b>	<b>Controls</b>	<b>Controlle d risk</b>
Title issues	Medium	Legal advice	Low
Health & Safety Compliance certification	High	Obtain copies of FRA, CP12, Legionella test, PAT test, & Asbestos register.	Medium
Valuation report	Medium	Obtain s.123 report on MV (market value) and MVSTT (market value subject to tenancy).	Low

## **7. POTENTIAL IMPACTS**

- 7.1 Equalities. An Equality Impact Assessments has been completed for this project, and will be published on the [council's website](#).
- 7.2C Climate change/sustainability. EPC ratings within the existing assets are low, but all pass the legal requirement for the letting of an asset. However, some improvements will be made as part of the refurbishment to improve these in order to reduce the cost in use of these properties and their impact on the environment.
- 7.3 Data Protection/GDPR. If approval is given for the acquisition of this asset, with tenants in situ then a data protection impact assessment (DPIA), will need to be completed before any personal data can be passed from the existing asset holder to the council.
- 7.4 Additional staffing will be required by the Council housing team, and this is included above, in terms of both roles required and costs. The landlord responsibilities will be met by RBWM Property Company Ltd. if the leasehold interest has transferred to them. If not, the Property Service Team will manage the property, line managed by the PropCo as at present.

## **8. CONSULTATION**

- 8.1 As this is a delegated report the relevant chair of each decision-making panel or committee has been consulted. This includes the Chair of the relevant Overview and Scrutiny Panel accepting this is an urgent report and by definition of the binding



nature of an auction cannot be called in. Full Cabinet were also consulted in advance of this report being prepared. All consultees are supportive of the recommendations.

## 9. APPENDICES

9.1 This report is supported by an appendix:

- Appendix 1 Investment Report

## 10. BACKGROUND DOCUMENTS – None

## 11. CONSULTATION (MANDATORY)

<b>Name of consultee</b>	<b>Post held</b>	<b>Date Consulted</b>
Cllr Story	Mayor – as Chairman of Council	12/4/2021
Cllr Johnson	Leader – as Chairman of Cabinet	12/4/2021
Cllr Hilton	Lead Member for Finance	12/4/2021
Cllr McWilliams	Lead Member for Housing	12/4/2021
Cllr Luxton	Chair of Infrastructure O&S Panel	12/4/2021
Duncan Sharkey	Managing Director	12/4/2021
Adele Taylor	Director of Resources/S151 Officer	12/4/2021
Andrew Vallance	Head of Finance	12/4/2021
Barbara Richardson	Managing Director, PropCo	12/4/2021
Tamsin Trail	Regeneration Manager, PropCo	12/4/2021
Louise Freeth	Head of Revenues and Benefits	12/4/2021
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	12/4/2021
Karen Shepherd	Head of Governance	13/4/2021

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