

Cabinet

- Date and Time - **Monday 9 January 2023 – 6:30pm**
- Venue - **Council Chamber, Town Hall, Bexhill-on-Sea**
-

Councillors appointed to the Committee:

Councillor D.B. Oliver (Leader), S.M. Prochak (Deputy Leader), MBE, C.A. Bayliss, T.J.C. Byrne, K.P. Dixon, K.M. Field, A.K. Jeeawon, H.L. Timpe and J. Vine-Hall.

AGENDA

1. **MINUTES**

To authorise the Leader to sign the Minutes of the meeting held on 12 December 2022 as a correct record of the proceedings.

2. **APOLOGIES FOR ABSENCE**

3. **ADDITIONAL AGENDA ITEMS**

To consider such other items as the Leader decides are urgent and due notice of which has been given to the Head of Paid Service by 9:00am on the day of the meeting.

4. **URGENT DECISIONS**

The Leader to give details of those reports that have been referred to the Chairman of the Council to consider designating as urgent, in accordance with Rule 17 of the Overview and Scrutiny Procedure Rules contained within Part 4 of the Council Constitution, and to which the call-in procedure will not therefore apply.

5. **DISCLOSURE OF INTERESTS**

To receive any disclosure by Members of personal and disclosable pecuniary interests in matters on the agenda, the nature of any interest and whether the Member regards the personal interest as prejudicial under the terms of the Code of Conduct. Members are reminded of the need to repeat their declaration immediately prior to the commencement of the item in question.

6. **DRAFT REVENUE BUDGET 2023/24 PROPOSALS** (Pages 3 - 14)

At the discretion of the Leader, the order of the items set out in the agenda may be varied

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7. **TEMPORARY ACCOMMODATION INVESTMENT STRATEGY UPDATE**
(Pages 15 - 24)
8. **LEVELLING UP PARKS FUND GRANT** (Pages 25 - 28)

Malcolm Johnston
Chief Executive

Agenda Despatch Date: 22 December 2022

Rother District Council

Report to:	Cabinet
Date:	9 January 2023
Title:	Draft Revenue Budget 2023/24 proposals
Report of:	Antony Baden – Chief Finance Officer
Cabinet Member:	Councillor Jeeawon
Ward(s):	All
Purpose of Report:	To present the draft Revenue Budget 2023/24 for approval.
Decision Type:	Key
Officer Recommendation(s):	It be RESOLVED : That the draft Revenue Budget for 2023/24 be considered by the Overview and Scrutiny Committee at its meeting on the 23 January 2023.
Reasons for Recommendations:	To approve the draft Revenue Budget 2023/24 for consultation with the Overview and Scrutiny Committee

Introduction

1. The Council is required to set a balanced budget each year. The Local Government Finance Act 1992 requires the Council to estimate revenue expenditure and income for the forthcoming year from all sources, including contributions from reserves, in order to determine its net budget requirement.
2. This report updates Members on the second phase of the budget process, which is to prepare the draft Revenue Budget for 2023/24 by outlining the predicted financial position and the key issues Members need to consider.
3. Members will note that the 2023/24 budget requires £2.403 million from Usable Revenue Reserves in order to deliver the Council's services. Appendix A details the summary draft Revenue Budget for 2023/24 and an update on the five-year forecast, Appendix B gives summary information for each service area and Appendix C details the main changes from the 2022/23 Budget. Appendix D summarises the Council's Revenue Reserves position.
4. All Budgets are shown at "Net Operational Expenditure Levels" and exclude support service recharges. This ensures Members are provided with a clear identifiable core cost for each service.

Section 25 of the Local Government Act 2003

5. The Local Government Act 2003 (Section 25) requires that when a local authority agrees its annual budget and precept, the Section 151 Officer must

report to it on the robustness of the estimates made for the purposes of the calculations and the adequacy of its Reserves. As the Council's designated Section 151 Officer, the Chief Finance Officer in writing this report confirms that the estimates have been prepared on a robust basis and is satisfied with the adequacy of its Reserves. Further information to support this statement is given in paragraphs 6, 34 and 35.

Budget Assumptions

6. The following assumptions were made when calculating the draft budget:
 - a. **Inflation** – a standard increase of 4.57% has been applied to non-pay budgets except for contracts where specific indices are applied, (see paragraph 25 below).
 - b. **Salaries** – an increase of 3% has been applied, with effect from September 2023 and an allowance of 1% has been assumed for staff turnover.
 - c. **Transfers** – the use of transfers between existing budgets has been applied to enable funding is re-directed to priority areas.
 - d. **Income** – where applicable, income budgets have been increased in line with the fees and charges approved by Cabinet on the 12 December 2022.
 - e. **Interest rates** – rates ranging between 3.2% and 4.4% have been used to calculate the financing costs on capital investment schemes.
 - f. **Investment Returns** – returns on investment have been calculated using the following rates:
 - i. Bank current & deposit accounts between 0.05% and 1.75%;
 - ii. Investments with other institutions/local authorities – 2.50%;
 - iii. Property Fund investments – 4.40%.
 - g. **Council Tax Base** – numbers are based on the latest December 2022 forecast and assumes a collection rate of 98.3%.

Local Government Finance Settlement

7. The draft Local Government Finance Settlement (LGFS) was announced by the Government on the 19 December 2022 and applies to 2023/24 and 2024/25. It does not give the Council any indication of funding streams beyond this two-year period. The Government had previously committed to undertake a Fair Funding review and a reset of the business rates system, but this was not addressed as part of this Spending Review. However, it has reaffirmed its commitment to do this in the next Parliament.
8. Each year, the Government sets the Council's Core Spending Power (CSP) as part of the LGFS. The CSP is a measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available through the LGFS. The table below shows that the 2023/24 CSP is £12.3 million, which is an increase of just over 5% (£0.9 million) on the 2022/23 figure:

	£ M
Core Spending Power 2022/23	11.4
Consisting of:	
Settlement Funding Assessment (SFA)	2.6
Compensation for under-indexing the Business Rates multiplier	0.4
Council Tax	8.4
Total	11.4
New Homes Bonus Grant (NHB)	0.2
Rural Services Delivery Grant (RSD)	0.1
Lower Tier Services Grant (LTSG)	0.0
Services Grant	0.1
Funding Guarantee Grant	0.5
Core Spending Power 2023/24	12.3

9. The SFA consists of the Council's share of business rates income and Revenue Support Grant, (RSG). Its baseline funding figure of £2.6 million is an increase of £0.2 million from 2022/23 and there is also an increase of £0.4 million due to the freezing of the business rates multiplier. This brings the total SFA to £3.0 million but because the expected share of business rates income comfortably exceeds £3.0 million the Council yet again will not receive an RSG. The LGFS did explicitly state though that local authorities would not be expected to make a payment to the Department for Levelling Up, Housing and Communities (DLUHC) for a 'negative RSG'. Other key points that directly impact on the Council are discussed in paragraphs 10 to 16.
10. **Business Rates** - As mentioned in paragraph 7, the Business Rate baseline reset, which was originally planned for 2020, has been delayed again until the next Parliament. The risk of a redistribution of business rates away from the Council still exists but no assumptions have been included in the five-year forecast. The Business Rates Multiplier for 2023/24 will remain frozen again at 49.9p but Councils will be compensated for any reduction in income as a result of this decision. Finally, the Government has committed to reimburse Councils for any negative impact on its business rates income arising from the implementation of the 2023 revaluations.
11. **East Sussex Business Rates Pool** - Further to Cabinet's decision on the 12 December 2022 to continue its participation in the East Sussex Business Rates Pool (Minute CB22/54 refers), DLUHC has since written to the Council to approve the arrangement for 2023/24 and 2024/25.
12. **Revenue Support Grant** – The DLUHC has increased the overall RSG in line with Consumer Price Index inflation, however as explained in paragraph 9, the Council effectively has a negative RSG. Members will note that the DLUHC has confirmed, in common with previous years, Councils will not be required to pay over negative RSG.
13. **Council Tax setting** – The LGFS includes additional flexibility in setting the council tax for 2023/24 and 2024/25. The Council can now increase it by the higher figure of 3% (was 2% for 2022/23) or £5. Members could decide to set a higher increase but would need consent via a local referendum. A 3% increase would yield approximately £30,000 more than an increase of £5. The

draft Revenue Budget assumes that the Council will increase Council Tax by the maximum allowed, which is 3% in this case. The Council will need to ensure that it remains within this limit, including Special Expenses. An estimated increase to about £198.85 for an average Band D property is anticipated and this will be confirmed in phase three of the budgeting process, which will be reported to Cabinet on the 6 February 2023. This will be subject to agreement by Full Council on the 20 February 2023.

14. **Council Tax (other preceptors only)** – Whilst not directly impacting on the Council, Members may wish to note that the LGFS also included council tax setting flexibilities for precepting authorities. These are outlined below:
 - a. County Councils with social care responsibilities can again set an adult social care precept of up to 2% per year, without a referendum.
 - b. Council tax referendum principles continue **not** to apply to Town and Parish councils meaning there are no limits on their increases.
 - c. Fire & Rescue authorities are subject to a £5 referendum principle on Band D bills.
 - d. Police and Crime Commissioners are subject to a £15 referendum principle on Band D bills.
15. **The Council Tax Base** - The 2023/24 base has been calculated at 38,520.8 and shows an increase of 293.80 Band D equivalents since December 2021. The main reasons for the change are as follows:
 - a. An increase of 250.0 in chargeable dwellings;
 - b. A continued reduction in the take up of the Council Tax Reduction Scheme, (the number of claimants increased in 2020/21 due to the impact of lockdown), which has increased the base by 82.0;
 - c. An increase in the number of eligible Discounts, which has decreased the base by 46.3;
 - d. Other minor changes, which has increased the base by 8.1.
16. **Other announcements** – The Government has indicated that it expects local authorities to benefit from a significant new funding stream in relation to the ‘Extended Producer Responsibility for packaging’ scheme. This will be assessed during 2023/24 and further details will be announced in due course.

Non-Specific Revenue Grants

17. As outlined in the table in paragraph 8, the Council will receive £856,000 in government grants as part of the LGFS and a further £900,000 in other grants, making a total of £1.756 million, (excluding New Burdens funding) as shown in Appendix A. This represents an increase of £106,000 from 2022/23. Further information is given in paragraphs 18 to 23.
18. **New Homes Bonus (NHB)** – This grant is paid to encourage councils to develop housing growth in their area. For 2022/23, the Council was allocated funding of £467,000, which included £32,000 for legacy payments, (legacy

payments refer to homes brought into use in prior years). In 2023/24 legacy payments will no longer be payable (see also paragraph 20), however, a new round of NHB payments have been included in the 2023/24 settlement. The Council's allocation is £226,000, which is £241,000 less than 2022/23. The Government will set out the future position of the NHB before 2024/25 LGFS.

19. **Rural Services Delivery Grant** – This grant remains unchanged at £64,000.
20. **Lower Tier Services Grant** – In response to the inflationary pressures facing local authorities the DLUHC have repurposed this grant and combined it with NHB legacy payments to form the Funding Guarantee Grant. The Council's allocation is £473,000 in 2023/24.
21. **Services Grant** – This has been reduced because the Council no longer must fund the 1.25% increase in employers National Insurance Contributions. The impact of this has been built into the department budgets. The Council's allocation is £92,000 in 2023/24, which is £32,000 less than 2022/23
22. **New Burdens Grants** – From time to time the Council receives funding for the net additional costs of new burdens placed on it by the Government. In 2023/24 the Council will receive an allocation of £32,000 to implement the requirements of the Elections Act 2022 and an unspecified grant to administer the impact of the Business Rates revaluations, (£20,000 has been included in the budget).
23. **Other grants** – the Benefits Administration, Local Council Tax Support and Homelessness Prevention grants do not form part of the CSP calculation and are still subject to confirmation. This will be reported to Members during phase three of the budget setting process.

Review of Cost Pressures

24. In the Medium-Term Financial Plan (MTFP) forecast reported to Cabinet on the 12 December 2022, Members were advised of several cost pressures that may affect the Council's budget. These have been reviewed as part of the second phase of the budget process and are discussed in paragraphs 25 to 31 below.
25. **Contractual Inflation** – The base budget has been revised upwards to £628,000 to allow for inflationary increases on other smaller service contracts.
26. **Homelessness** – The pressures on the Council's budget are well documented. Members will recall an overspend of £260,000 was outlined in the Quarter 2 monitoring report to Cabinet on the 31 October 2022 (Minute CB22/47 refers) and included in the first draft of the MTFP. Further discussions with the Head of Service have indicated that an additional £240,000 is required for the 2023/24 budget, bringing the total additional cost since 2022/23 to £500,000. The Senior Leadership Team will be actively managing this issue in order to reduce the forecast costs to a more manageable level.
27. **External Audit fees** – The forecast has been revised downwards slightly since the MTFP report to Cabinet on the 12 December 2022 by about £8,000 from 2023/24 onwards.

28. **Net Financing Costs** – Since phase one of the budget reported an estimated cost of £889,000 the forecast has been reviewed for subsequent changes in interest rates. In general terms the PWLB rates have decreased slightly whilst conversely the Bank of England base rate has yet again increased. This means that forecast borrowing is slightly cheaper whilst our income returns from investments has increased. This has resulted in a net reduction of £246,000. Members should note however, that these estimates continue to be extremely sensitive to changes in interest rates and capital expenditure cash flows. Therefore, the need to review larger and more complex schemes on an individual basis for affordability must remain in place.
29. **Staffing Costs** – The salaries budget has been calculated from first principles and has resulted in an overall cost increase of about £502,000, which is broadly in line with original expectations. The main changes are as follows:
- a. Impact of 2022/23 pay award and the 3% increase payable from September 2023 - £722,000;
 - b. Net reduction of 1% in employer pension contribution rates – (£36,000);
 - c. Reversal of the 1.25% increase in the employer's national insurance rate – (£99,000);
 - d. Staff turnover of 1% - (£105,000);
 - e. Other minor changes - £20,000.
30. **Non-Pay Inflation and Electricity** – These forecasts remain unchanged.
31. **Housing Benefits** – As reported to Cabinet on the 31 October 2022 in the Quarter 2 monitoring paper (Minute CB22/47 refers) there is a cost pressure in the Housing Benefits budget due to less than anticipated recovery of Housing Benefit overpayments arising from the improved performance of claims processing. Whilst it represents only around 2% of the overall expenditure on Housing Benefit payments, the cost is nonetheless significant. A detailed review was carried out between the Revenues and Benefits Manager and the Chief Finance Officer and an estimate of £520,000 has been built into the 2023/24 Budget. Further work will continue in order to identify a possible reduction.

Financial Stability Programme (FSP) and further Savings

32. Further progress has been made in respect of the service devolution part of the FSP and discussions have taken place with some Parish and Town Councils. The outcome of these will be costed and reported as part of phase three of the budget setting process.
33. Work has also begun to identify further savings in order to address the underlying budget deficit. Managers are completing service plans for their areas of budget responsibility and this will be completed by the 31 January 2023. Plans will include savings proposals, which will be discussed with Members. Although these savings are not required as part of the 2023/24 budget setting process, it is crucial that proposals are developed and

implemented as early as possible in order to give the Council greater budget flexibility.

Usable Revenue Reserves

34. The draft Revenue Budget for 2023/24 proposes the use of £2.217 million from Usable Revenue Reserves and the drawdown of £186,000 to support capital expenditure. This would be a total drawdown of £2.403 million, which will reduce Reserves to £5.125 million by the 31 March 2024. Appendix D sets out the impact on Usable Revenue Reserves of the five-year forecast if the actions explained in paragraphs 32 and 33 are not implemented.
35. Reserves are currently forecast to be about 45% of the Council's Net Revenue Expenditure by the end of 2022/23 and this is forecast to reduce to about 33% by the end of 2023/24. It is highly likely that many other local authorities will be in a similar position. Members should also note that in the context of this Council's budget setting process, Reserves means Usable **Revenue Reserves**. It does **not** include, for example, Capital Receipts, which until recently were permitted to be used to fund revenue expenditure.
36. Whilst one of the Council's corporate objectives was to achieve Financial Stability by the end of 2025/26 and so end the revenue budget's reliance on Reserves, the current financial crisis has made this significantly more difficult to achieve. The LGFS does little to alleviate the problem and there is an expectation on the part of Government that councils will use their Reserves to fund revenue expenditure. In fact, the written statement issued by the Secretary of State for Levelling Up, Housing & Communities on the 19 December 2022 *'encourages local authorities to consider whether they can use their reserves to maintain services in the face of immediate inflationary pressures, taking account, of course, of the need to maintain appropriate levels of reserves to support councils' financial sustainability and future investment. The Government notes the significant increase in some local authority reserves over the two years of the pandemic'*. As a result, the DLUHC are intending to publish reserves data currently collected in the Local Authority Revenue Expenditure and Financing Outturn statistics.

Collection Fund Surplus/Deficit

37. The Collection Fund will be reviewed during the third phase of the budget process and reported to Cabinet at the 6 February 2022 meeting.

Budget Consultation

38. The budget consultation is due to close on the 31 January 2023 and interim results will be reported to the Overview and Scrutiny Committee at their meeting on the 23 January 2022.

Conclusion

39. The Council's financial outlook has significantly deteriorated over the last 12 months due to economic uncertainty, the cost of living crisis and increasing inflation. Its ability to deliver a balanced budget is now even more dependent on strong financial management, the delivery of the FSP and now the delivery of further Savings. Resources will also need to be reorganised if the priorities and objectives of the Corporate Plan are also to be achieved.

40. Therefore, it is essential that the Council maintains a suitable level of Reserves and continues to operate within the approved budget each financial year to prevent further unplanned calls on reserves. Failure to do so will impact on the Council's ability to meet its statutory obligations and will result in Members having to make more difficult decisions around the provision of local services.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	Yes
Environmental	No	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	No		

Chief Executive	Malcolm Johnston
Report Contact Officer:	Antony Baden, Chief Finance Officer
e-mail address:	Antony.Baden@rother.gov.uk
Appendices:	Appendix A - Draft Revenue Budget – 2022/23 to 2026/27 Appendix B - Revenue Budget Summary - Cost of Services – TO FOLLOW Appendix C - Main changes in net cost of services between 2021/22 and 2022/23 – TO FOLLOW Appendix D – Usable Revenue Reserves
Relevant Previous Minutes:	CB22/54 CB22/47
Background Papers:	Local Government Settlement 2023/24
Reference Documents:	None.

DRAFT REVENUE BUDGET - 2022/23 TO 2026/27

Appendix A

	Revised 2022/23 Budget £ (000)	2023/24 Budget £ (000)	2024/25 Budget £ (000)	2025/26 Budget £ (000)	2026/27 Budget £ (000)	2027/28 Budget £ (000)
Departmental Budgets						
Corporate Core	2,173	2,219	2,141	2,141	2,141	2,141
Environmental Services	629	676	674	674	674	674
Strategy and Planning	1,325	1,129	1,113	1,113	1,113	1,113
Acquisitions, Transformation and Regeneration	(11)	(310)	(865)	(1,294)	(1,835)	(1,809)
Housing, Community & Neighbourhood Services	8,211	9,432	8,833	8,821	8,811	8,994
Resources	3,302	3,868	3,964	3,964	3,964	3,964
Total Cost of Services	15,629	17,014	15,860	15,419	14,867	15,077
Net Financing Costs	1,542	634	1,144	1,305	1,284	1,392
Inflation and Staff turnover savings	0	0	250	285	283	281
Budget Contingency	200	200	200	200	200	200
Financial Stability Programme	(635)	(1,988)	(2,048)	(2,048)	(2,048)	(2,048)
Net Cost of Services	16,736	15,860	15,407	15,161	14,587	14,902
Total Income	(13,551)	(13,643)	(14,284)	(14,322)	(14,650)	(14,975)
Funding Gap	3,186	2,217	1,123	838	(63)	(73)

Revenue Budget Summary - Cost of Services

TO FOLLOW.

TO FOLLOW.

Appendix C

Usable Revenue Reserves

	Revised 2022/23 Budget £ (000)	2023/24 Budget £ (000)	2024/25 Budget £ (000)	2025/26 Budget £ (000)	2026/27 Budget £ (000)	2027/28 Budget £ (000)
Potential Use of Reserves						
Earmarked Reserves and General Reserves	(11,088)	(7,528)	(5,125)	(3,815)	(2,847)	(2,780)
Use of/(Contribution to) Reserves	3,560	2,403	1,310	968	67	57
Total Reserves	(7,528)	(5,125)	(3,815)	(2,847)	(2,780)	(2,723)
<u>Analysis of (Use of)/Contribution to reserves</u>						
To fund capital expenditure	374	186	187	130	130	130
To balance the budget	3,186	2,217	1,123	838	(63)	(73)
TOTAL	3,560	2,403	1,310	968	67	57

Rother District Council

Report to:	Cabinet
Date:	9 January 2023
Title:	Temporary Accommodation Investment Strategy Update
Report of:	Joe Powell, Head of Housing and Community
Cabinet Member:	Councillor Byrne
Ward(s):	All
Purpose of Report:	To seek approval for the amended Temporary Accommodation Investment Strategy 2023 to include the ability to purchase residential property that includes an element of commercial use as part of the freehold.
Decision Type:	Key
Officer Recommendation(s):	Recommendation to COUNCIL: That the amended Temporary Accommodation Investment Strategy be approved.
Reasons for Recommendations:	To improve the quality of accommodation and reduce costs to the Council while ensuring homeless households are well supported in the local area and are enabled to access longer-term housing effectively.

Introduction

1. A key objective within the Council’s Housing, Homelessness and Rough Sleeping Strategy 2019-24 (Minute C18/65 refers) is to acquire in partnership, or develop where appropriate, Council-owned Temporary Accommodation (TA) provision to meet the varied needs of homeless households in Rother. In September 2019, Cabinet approved the allocation of £3m to purchase accommodation for temporary use by homeless households (Minute CB19/09 refers). In March 2021, Cabinet approved a further £6m (Minute CB20/119 refers).
2. The Temporary Accommodation Investment Strategy (TAIS) outlines the approximate number and types of property the Council will target for use as temporary accommodation alongside how these properties will be purchased, managed, repaired and maintained. The TAIS 2023 is included at Appendix A.
3. Through the purchase of property for use as TA, the Council is able to continue to improve the model of service it provides from one of high cost, single room accommodation – which is sometimes remotely located – to a model which:

- provides self-contained accommodation for households with children;
 - increases the amount of temporary accommodation available locally;
 - ensures a minimum quality standard of accommodation;
 - ensures a minimum standard of property management and support for residents; and
 - reduces costs.
4. To date the Housing Solutions team has secured 22 houses and flats (units of accommodation) with 16 occupied and seven under refurbishment, within one block of flats. There are a further nine units under offer at various stages of purchase. Inclusive of the 22 units of accommodation are eight units of accommodation that are used for Housing First, supporting former rough sleepers, and for which external grant has been secured from Homes England.
 5. The Council's capital investment to date is £4,356,000, including £817,650 secured Homes England grant under their Rough Sleeping Accommodation Pathway (RSAP). A further £1,375,000 is earmarked for the purchase of a further nine units of accommodation on which we have offers. The draft housing budget for 2022/23 has been reduced by £200,000, which will likely be revised upwards as further sales complete. The budget reduction captures the costs that are avoided by accommodating households in Council-owned properties as opposed to the cost we would have realised using private providers.
 6. The Council has struggled to secure sufficient numbers of freehold tenure flats to accommodate single people and smaller families with children. The market for these properties is competitive, given the rental yield they offer to buy-to-let investors. The Council observes that there is a market surplus of residential property that has a commercial retail element as part of the freehold; typically, these properties are located on high streets in Bexhill and Sidley as well as some within the towns of Battle and Rye, some of which have been vacant or unoccupied for some time.

Temporary Accommodation Investment Strategy

7. The TAIS has been in place since the Council began purchasing accommodation for this purpose in 2019. It was developed following a review of the level and type of demand for TA alongside a review of local property prices, ancillary purchase costs, investment risks and property management risks.
8. It is proposed that the TAIS be amended to include the purchase of residential property where there is a commercial element as part of the freehold. Council officers have observed that the price of residential accommodation, typically located above commercial retail units, is of lower value than equivalent property in exclusively residential areas; therefore, it is not proposed that officers deviate from the guide prices for property approved previously by Council (Minute CB20/119 refers) and which are copied at Appendix B for reference. Members should note that these approved prices are an approximate price guide for officers and not a price cap, the £9m of capital approved for purchasing TA is to secure units of accommodation, across a range of tenures and values.

9. All prospective property purchases are valued independently by Royal Institution of Chartered Surveyors (RICS) qualified surveyors and the Council's Acquisitions Officer, an experienced property sales agent, who ensures that best value is achieved for the Council against her knowledge and experience of the local housing market.
10. The commercial retail element of the freehold will also form part of the survey completed by a RICS qualified surveyor, to include its value and likely rental yield. The value of the property purchase will be guided by the approved indicative purchase prices for residential purchases (see Appendix B). Any rental income generated by the commercial retail element will add surplus income to the Council.
11. The commercial purchase and management will be undertaken in consultation with the Council's Estates team and be added to the Council's asset register. Responsibility for repair and maintenance of the commercial element will depend on the terms of any existing lease and the Housing Needs team will assume the freeholder maintenance costs and responsibility for the whole building.
12. There is a risk that vacant commercial retail property proves difficult to re-let in the current environment. Where let, the Council will inherit sitting tenants and there is a risk that they may struggle to meet their rental and other lease obligations. Where possible and appropriate new commercial tenants will be sought where required. Alternatively, the Council is aware that a number of voluntary and community sector agencies struggle to find suitable and affordable accommodation in which to operate; although these may be unable to pay a commercial rent.

Conclusion

13. The purchase of property for use as TA provides the Council with more control over the quality of TA available locally as well as being able to achieve greater control of revenue costs. The Council is finding it difficult to secure freehold accommodation for single people and smaller families.
14. The recommended amendments to the TAIS will enable the Council to secure property that has a commercial retail element as part of its freehold. The approach will allow the Council to have more success in securing freehold flats, conveniently located in central locations, and provide the opportunity for the Council to generate income through retail leases.

Financial Implications

15. The financial costs and benefits of the proposal are detailed in the report and appendices. The Council's Housing Solutions and Estates teams will review each property purchase against the TAIS and the Estates team's processes and procedures.

Legal Implications

16. The legal implications of the proposed recommendation are detailed within the report and its appendices.

Environmental

17. The accommodation purchased will continue to be offered to tenants with the following standard: EPC C or above. The housing will comply with Health and safety standards for rented homes (HHSRS) and Decent Homes Standard.
18. In line with the Council's strategic documents:
 - Rother District Council Corporate Plan 2014-2021 – Quality Physical Environment/ Reducing carbon emissions - support low carbon initiatives, reduce fuel poverty
<https://www.rother.gov.uk/strategies-policies-and-plans/corporate-plan-2014-2021/>
 - Rother Environment Strategy – priority area Sustainable energy
<https://www.rother.gov.uk/strategies-policies-and-plans/environment-strategy/>

Risk Assessment Statement

19. The TAIS has been amended and describes how the Council will conduct due diligence in order complete the purchase of residential properties to minimise investment risks.
20. It is possible that there may be a reduction in the level of homelessness we experience over time. The exit strategy from the investment will be to first review whether any property owned by the Council can be put to a different use; ultimately any asset under Council ownership can be sold and the capital receipt reinvested into Council budgets.
21. There are also risks associated with choosing not to invest in property for use as TA. The Council has had some success in reducing the rate at which the number of households in TA rose prior to the pandemic; however, in addition to minimising demand, the Council needs to reduce the amount it spends on providing TA.
22. There is a risk to Council reputation of continuing to use single room accommodation to house families with children which may be seen as compromising the Council's values and ethics.
23. There is a financial risk to the Council in taking ownership of retail premises which, in other circumstances would not be considered a prudent investment.
24. There is a reputational risk to the Council should commercial premises remain empty for any length of time, as retail premises are visible and there will be an expectation on the Council to keep them occupied.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	Yes	Access to Information	No
Risk Management	Yes	Exempt from publication	No

Chief Executive:	Malcolm Johnston
Report Contact Officer:	Joe Powell
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Appendices:	Appendix A – Temporary Accommodation Purchase Strategy 2023 Appendix B – Indicative Property Prices
Relevant Previous Minutes:	CB19/09 CB20/119
Background Papers:	Housing, Homelessness and Rough Sleeper Strategy 2019-24 Health and safety standards for rented homes (HHSRS) A decent home: Definition and guidance for implementation (June 2006 update)
Reference Documents:	List any published documents you want to reference.

TEMPORARY ACCOMMODATION INVESTMENT STRATEGY 2023

The Temporary Accommodation Investment Strategy will outline the approximate number and types of property the Council will target for use as temporary accommodation alongside how these properties will be purchased, managed, repaired and maintained.

1. Property Purchases

The risks of each potential investment will be considered by carrying out due diligence to include the following:

- Valuation.
- Market Conditions.
- Building surveys.
- Funding options.
- External red book valuations.
- Future costs: e.g. ground rent, service charges, major works, and maintenance throughout the lifecycle of the property.

The Council will employ the services of an external consultant to source and oversee each property transaction in-house in partnership with internal colleagues. It is proposed that other external specialist property investment advisors be retained on each transaction as required, advising on suitability having undertaken detailed pre-purchase due diligence, including valuation and risk analysis.

The Council will also consider options for the development of property where this is assessed as cost effective, relative to purchases; development options may include modular construction.

2. Property Standards and Management

All property purchased will adhere to decent homes standards or be refurbished to meet these standards. Properties will be inspected by the Council Environmental Health team to ensure compliance with the Housing Health and Safety Rating Systems (HHSRS) standards.

The Council will ensure each property has a minimum EPC standard of C or above prior to it being used as accommodation to accommodate homeless households temporarily.

The cost of repairs, maintenance and refurbishment are highlighted within the within the main report. It is proposed that the repairs, maintenance and refurbishment elements of the portfolio be delivered from existing resources within the Council's Housing Needs team with support from the Estates Maintenance and Private Sector Housing teams. We will contract additional specialist services as required.

We will also seek to commission a specialist property management service either from market providers or in partnership with neighbouring local authorities - already managing similar accommodation – to manage the tenant liaison and move-on responsibilities.

Households placed in temporary accommodation owned by the Council will not be required to pay utility bills as the accommodation is temporary. The Council will meet these costs and recharge the tenant an affordable personal contribution towards the cost; these personal contributions are standardised across all types of temporary accommodation provision, including private sector provision. Households will be required to pay Council Tax.

All white goods supplied by the temporary accommodation residents will be PAT tested by the Council and replaced as necessary where existing white goods are faulty.

3. Property Type, Tenure & Location

Freehold tenure is preferred to leasehold. Freehold provides greater levels of security than a leasehold asset that would effectively decrease in value over time. However, the Council will consider leasehold properties where leases are in excess of 99 years and where former local-authority flats – managed by Registered Provider partners – are available for purchase, following a due diligence process.

In addition, opportunities to acquire either very long leases of 900 years plus or a share of a freehold with flat purchases will be considered. There is the potential risk of purchasing leaseholds with poor quality freeholders or their agents; it is felt prudent to consider such purchases only following proper due diligence of the Freehold and management arrangements; should there be any significant changes to the either the freehold owner or management company that affect the quality of freehold management then a sale of the relevant asset can be considered.

The Council will consider property purchases where the present planning use is not residential – such as former residential care homes or guest houses, subject to close consultation with planning colleagues.

The Council will consider the purchase of residential property that includes a commercial element as part of the Freehold. The commercial valuation and survey will form part of the main building survey and existing due diligence processes, informed by the Council Estates team. The Council will look for opportunities to align purchases with wider strategic regeneration objectives.

Homeless applicants will be accommodated temporarily under the Council's Housing Act powers, which it is able to do when a household is homeless. This is the practice presently in self-contained temporary accommodation operated by private providers and by neighbouring local authorities already managing their own temporary accommodation.

The Council will consider opportunities to purchase property for use as temporary accommodation across the whole of the Rother district with a focus on urban areas which are close to amenities, schools and transport links. The Council will focus on purchasing former local authority housing as these tend to be in urban areas as well as having been built to minimum space and decent homes standards.

4. Property Price

Taking all of the above considerations into account, the following specific criteria are proposed:

- Up to £6m is set aside to purchase HMO, 1, 2, 3 and 4 bedroom flats and houses.
- Freehold preferred and leasehold considered where Registered Provider is the Freeholder or the lease is over 900 years; share of freehold is also considered.
- Geographically located within the Rother District
- Meets decent homes standards or can be affordably refurbished to meet these standards.

Funding for the acquisition of assets should be reviewed on a case-by-case basis.

The Council will review this strategy as the portfolio develops and as the Council's business needs evolve.

It is possible that we will experience a reduction in the level of homelessness we experience over time. The exit strategy from the investment will be to first review whether any property owned by the Council can be put to a different use, for example accommodating households permanently as part of potential future strategic aims; ultimately any asset under Council ownership can be sold and the capital receipt reinvested into Council budgets.

Indicative Property Prices

	Target Price	Total cost of purchase	No	Total Investment	Annual Saving	Avg. Annual Yield
2 HMO	-£500,000	-£541,434	2 (14 units)	-£1,082,869	£50,576	4.67%
1 Bed Flat	-£160,000	-£171,669	5	-£858,347	£20,772	2.42%
2 Bed Flat	-£190,000	-£202,956	11	-£2,232,512	£67,492	3.02%
3 Bed House	-£277,750	-£294,468	5	-£1,472,340	£21,613	1.47%
Total	-£1,127,750	-£1,210,527	35	-£5,646,067	£160,454	3.30%

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Rother District Council

Report to:	Cabinet
Date:	9 January 2023
Title:	Levelling Up Parks Fund Grant
Report of:	Deborah Kenneally, Head of Neighbourhood Services
Cabinet Member:	Councillor Timpe
Ward(s):	Sidley
Purpose of Report:	To seek approval to accept an £85,000 Levelling Up Parks Fund Grant
Decision Type:	Non-Key
Officer Recommendation(s):	It be RESOLVED : That the £85,000 Levelling Up Parks Fund Grant be formally accepted to deliver open space improvements to Sidley House, Bexhill.
Reasons for Recommendations:	Sidley House open space and play area is an under-utilised public space in need of investment. Doing so will increase its benefit to the community and enable Rother District Council funds to be used to maintain and improve other public open spaces.

Introduction

1. The Department for Levelling Up, Housing and Communities' Levelling Up Parks Fund (LUPF) seeks to improve the equality of access and quality of green space in over 100 neighbourhoods across the UK through the creation or significant refurbishment of an urban green space. Rother District Council is amongst the pre-selected authorities eligible for a LUPF grant of £85,000.
2. LUPF stems from the Government's recognition of the importance of parks and open spaces to people's physical and mental wellbeing which was particularly apparent during the global COVID-19 pandemic. Public spaces can support a variety of activities, encourage social interaction, promote health, well-being, social and civic inclusion.
3. Through LUPF, the Government seeks not just to increase access to quality open space in deprived urban areas, but to increase tree-planting in urban areas and pride in our local places. To this end, the grant is broken down into:
 - Up to £47,500 capital for the creation or improvement of the open space
 - Up to £18,500 revenue for project prep, creation and maintenance
 - Up to £19,000 'tree uplift' for tree planting and related costs

4. LUPF recipients are encouraged to deliver projects before the end of the current financial year but flexibility on the project's timeline will be built into the Memorandum of Understanding enabling implementation of the capital works to push into the spring and early summer whilst the tree planting will proceed in February/March.

Options

5. Several open spaces have been considered for the funding including Masons Field on the Tillingham Estate in Rye, Darvel Down in Netherfield and Levetts Wood and Field in Sidley. However, although the total grant is £85,000 almost 50% is for costs other than capital works which will only facilitate modest improvements. It was not considered possible to deliver complete and meaningful projects at these sites with the funding available.
6. The open space and children's play area at Sidley House in Bexhill has been identified as the best fit with the Government's aims, grant amount and timeframe. Being a compact site, it better lends itself to delivering community benefit through a small budget. As the deadline for expressions of interest was 3 October 2022 in order to qualify for the funding, an application has been submitted for Sidley House and has been approved by the Fund's administrators.

Details of the proposals

7. At present the open space and play area is of limited interest and does not draw residents in. Use of the LUPF at Sidley House will provide a purpose for people to visit and deliver the following:
 - a) An inviting and usable open space with more of a 'park-like' feel through the introduction of seating, improved access and tree planting.
 - b) An improved local play facility for children of pre-school age through to age 8.
 - c) Environmental benefits associated with trees.
8. The beneficiaries will include users and staff of the on-site Early Help Service 0 - 19 who operate from the former Children's Centre, the neighbouring nursery and doctor's surgery, as well as children and families from All Saints CE Primary School and the wider community, many of whom live locally in flats and therefore have limited access to open space. These stakeholders together with the Heart of Sidley and others offer routes for consultation and engagement during the project's planning and delivery and subsequent use of the facilities.
9. Further small improvements to increase the usability of the space may be made in consultation with local stakeholders in the years following the project's delivery, funding allowing.

Conclusion

10. The open space at Sidley House has the potential to be a more beneficial asset to residents of this deprived ward. The adjoining children's play area is in a poor state of repair and either needs to be refurbished or removed.

Rising costs make it increasingly difficult to deliver new projects through the parks and open spaces revenue budget.

11. Following a site visit and discussion with officers, the site and proposal have been confirmed as suitable by the Government's appointed LUPF advisors who administer the Green Flag Park Award. There is also community support for the project to be taken forward.
12. If accepted, the LUPF Grant could be used to deliver modest improvement in the short term with supporting resources for maintenance without the onerous bidding requirements associated with most grants, although recipients are required to complete a project evaluation including a community survey between October 2023 and March 2024.

Financial Implications

13. There is no match funding required from the Council so low impact on Council finances other than a small level of general maintenance estimated to be no more than £300 in years 1 and 2 and increasing to £450 thereafter.

Legal Implications

14. Legal expertise may be required to review the terms and conditions of the Grant award prior to acceptance.

Crime and Disorder

15. Improved facilities have the potential to attract misuse, but equally improve the lives of others.

Environmental

16. The project will make a small contribution towards increased tree canopy cover in Bexhill.

Sustainability

17. LUPF includes a proportion of money that can be used for maintenance. This will be critical in ensuring the successful establishment of new trees and planting.

Equalities and Diversity

18. Measures will be taken as far as is practicable within the site constraints and budget to improve the accessibility of the site in terms of physical access and the range of facilities and equipment available so as to encourage use by a more diverse audience, including the elderly and those who benefit from sensory stimulation.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	Yes
Crime and Disorder	Yes	Consultation	No
Environmental	Yes	Access to Information	No
Sustainability	Yes	Exempt from publication	No
Risk Management	No		

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Appendices:	None
Relevant Previous Minutes:	Not applicable
Background Papers:	None
Reference Documents:	None
