

PART A

Report to:	Council
Date of meeting:	12 th March 2024
Report author:	Julian Hart
Report sponsor:	Peter Hall, Associate Director Property and Asset Management
Portfolio holder:	Cllr Mark Watkin
Report title:	Allocation of Disposal Proceeds to Acquire TA Properties
Nature of report:	Decision

1. Summary

- 1.1 As Council will be aware the council is facing increasing demand for temporary accommodation. To address increased demand officers have been working with Watford Community Housing. The council currently owns properties on Rickmansworth Road which are currently being used for temporary accommodation. This is a high value area in Watford. Selling two of these properties would raise sufficient funds together with funding from Watford Community Housing to acquire five properties elsewhere in the Borough for temporary accommodation. Council is therefore asked to agree to allocating capital funding of £1.250m to Watford Community Housing for this purpose.

2. Risks

Nature of Risk	Consequence	Control	Response	Risk Rating
The council will no longer own the TA properties.	Less control over the future properties.	Tolerate	A nominations agreement is being agreed with WCH.	Low
The sale of the council properties does not raise sufficient funds	Either a small additional borrowing is required or WCH is asked to acquire fewer additional TA.	Tolerate	Contractual arrangements with WCH to cater for such scenarios	Low

3. Recommendations

- 3.1 That a capital budget of £1.250m is set up to grant fund Watford Community Housing to contribute to the purchase of properties in Watford for temporary accommodation.

Further information:

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Report approved by:

Donna Nolan, Chief Executive

4. Detailed Proposal

- 4.1 The council owns residential properties on Rickmansworth Road, which are being used for temporary accommodation. This is a high value residential area of Watford. There is an opportunity to dispose of these properties to release capital, which can be used together with funding from Watford Community Housing to acquire more temporary accommodation properties elsewhere in Watford, potentially purchasing five properties from the sale of two, together with funding from Watford Community Housing.
- 4.2 This will help address urgent temporary accommodation needs within Watford and reduce the current cost of providing B&B accommodation to families in temporary accommodation.
- 4.3 This proposal has been considered and approved by the Property Investment Board and disposal of the existing Rickmansworth properties has been agreed by the Board. The capital receipt generated from the disposal is not currently included in the estimate for capital receipts to fund the capital programme so this will generate additional capital funding.
- 4.4 Watford Community Housing is currently actively seeking to purchase properties in Watford and the council therefore needs to set up a capital budget to grant fund them when the property purchases are completed. It is intended that the funding for this will eventually come from the proceeds of sale of the two Rickmansworth Road properties. Watford Community Housing has committed to forward fund the purchase of the properties and payment will not be made by the council until sale proceeds have been received. Council is asked to approve the capital budget provision of £1.250m for this purpose.
- 4.5 Watford Community Housing will contribute around £600,000, depending on precise purchase price of street properties, to enable this initiative to acquire additional temporary accommodation to proceed.
- 4.6 Once purchased Watford Community Housing will own, manage and maintain the new properties but, by means of a funding and nominations agreement, the council will be

able to use them for temporary accommodation purposes.

5. Implications

5.1 Financial

- 5.1.1 The proposed capital investment will generate revenue savings through reducing costs within the council's temporary accommodation budget as a result of increasing availability of temporary accommodation.
- 5.1.2 The transfer of money to Watford Community Housing will be through a capital grant, underpinned by a grant agreement which will include nomination rights. Council is asked to agree inclusion of the capital expenditure budget of £1.250m within the council's Capital Programme. As this should be fully funded by the capital receipt generated by the disposal of the two existing properties on Rickmansworth Road, this will not increase the council's Capital Financing Requirement or incur borrowing costs.
- 5.1.3 The sale proceeds from the two Rickmansworth properties are expected to exceed the total grant of £1.250m. However, there is a small risk that the proceeds will be lower than the £1.250m grant allocation. If this occurs, the balance would be met from prudential borrowing. This would incur revenue costs, however, these will be minimal in comparison to the cost to the council's revenue budget of not re-providing the existing temporary accommodation and creating additional capacity.
- 5.1.4 If the capital receipt exceeds £1.250m, the balance will be available to fund the existing capital programme, reducing planned borrowing and associated revenue costs, or to be allocated to other invest to save opportunities in relation to managing revenue budget pressures, including those relating to temporary accommodation.

5.2 Legal issues (Monitoring Officer)

- 5.2.1 Whilst the Portfolio Holder for Resources has the delegated authority at Property Investment Board to approve the disposal of the Rickmansworth Road properties council has to agree the grant funding to Watford Community Housing as it was not in the capital programme approved by Council on 30 January 2024. The council will enter into a funding and nomination agreement with Watford Community Housing to ensure the council has continued use of the acquired properties for temporary accommodation.

6. Equalities, Human Rights and Data Protection

- 6.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –
 - eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
 - advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
 - foster good relations between persons who share relevant protected characteristics and persons who do not share them.

6.2 Having had regard to the council's obligations under the Equality Act, it is considered that officers are not required to undertake an Equalities Impact Assessment (EqIA) for this report.

6.3 Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report.

7. Staffing

7.1 This decision will marginally reduce resource requirements as future ownership, management and maintenance of the TA properties will be the responsibility of Watford Community Housing.

8. Accommodation

8.1 There are no accommodation implications associated with these recommendations.

9. Community Safety/Crime and Disorder

9.1 No implications.

10. Sustainability

10.1 Not applicable.

Appendices

None

Background papers

No papers were used in the preparation of this report.