

Report to: Cabinet

Date of meeting: 08 July 2024

Report author: Laura Marland Housing Enabling and Development Manager

Report sponsor: Justine Hoy Associate Director – Housing and Wellbeing

Portfolio holder: Councillor Jennifer Pattinson

Report title: Relocation of New Hope service from 64 Rickmansworth Road

Nature of report: Discussion and recommendation for referral to PH/Cabinet or Council for decision

1.0 Executive Summary

- 1.1 64 Rickmansworth Road (a Council owned 4 bed house) is currently leased to New Hope for the provision of services to clients who have been homeless. In February 2024 a decision was made at Property Investment Board (PIB) to sell 64 Rickmansworth Road and relocate New Hope to an alternative lower cost property to release capital.
- 1.2 Cabinet is also asked to recommend to Council that the remaining capital receipt from the sale be ringfenced for additional social and temporary accommodation provision as require in the Temporary Accommodation Strategy, approved in 21/1/2019 and updated on 15/5/2024.

2.0 Recommendations

- 2.1 Cabinet recommends that Council provides a capital grant of £160,000 to Watford Community Housing. This grant to be used to secure an alternate property for New Hope to deliver services currently delivered from 64 Rickmansworth Road.
- 2.2 Cabinet recommends that Council allocate the remaining capital receipt from the sale of 64 Rickmansworth Road to secure additional housing units. The sum allocated to be no greater than the total capital receipt profit, less the £160,000 committed to Watford Community Housing.

3.0 Report pathway

- 3.1 Next review body: *Council:*
 - 3.1.1 Indicative date: 16 July 2024
- 3.2 Final review body: *Not applicable*
- 3.3 Contact Officer: Laura Marland Housing Enabling and Development Manager
Email: laura.marland@watford.gov.uk

Reviewed and signed off by: Justine Hoy, Associate Director Housing and Wellbeing

4.0 Detailed Proposal

4.1 Background of sale

- 4.1.1 A decision was taken at Property Investment Board (PIB) in February 2024 to sell 64 Rickmansworth Road. It was agreed that the property was not surplus to requirements due to the homeless support services run from it and that these services would need to be relocated elsewhere as part of the sale. The property went on the market early April for £850,000.
- 4.1.2 The anticipated capital receipt is not currently built into financing of the capital programme.

4.2 New Hope

- 4.2.1 New Hope use 64 Rickmansworth Road to accommodate 4 single individuals. The scheme provides much needed low support 'move-on' accommodation and is part of Watford's Single Homeless Pathway.
- 4.2.2 New Hope have been consulted and are in support of the proposal contained in this report.

4.3 Proposal with WCH

- 4.3.1 In order to relocate the New Hope service provision a proposal has been developed with WCH. WCH have identified a property suitable for New Hope, and they will purchase it and lease it to New Hope. The Council will subsidise the purchase via a capital grant of £160,000. A Funding Agreement would be put in place with WCH to protect the Council's capital contribution and the property's use. The Council would also have a SLA with New Hope keeping the beds accessible to Watford's Single Homeless Pathway.
- 4.3.2 The following principles would be incorporated into the funding agreement.
- An initial lease rent of no more than £15,500 per year.
 - Limits as to how much the rent can be increased by.
 - A minimum lease term of 8 years for New Hope.
 - At lease renewal the Council has input into whether the lease continues and/or who the property is leased to depending on current housing needs.
 - The leaseholder enters a SLA with the Council covering how they will use the property and for what cohort, linked to the lease.
 - That the property remains leased to a homeless organisation for as long as the Council considers there to be a need. If the Council does not consider there to be a need, the property should be let as general needs housing with the Council having nomination rights.

4.5 Ringfencing the capital receipt to reduce revenue spend

- 4.5.1 As identified in the Council's Temporary Accommodation Strategy there is an increasing need for temporary accommodation and social housing as a result of the economic situation nationally.

4.5.2 In order to address this need, it is recommended that the remaining capital receipt from the sale of the property (once the £160,000 grant is paid to WCH) be ring fenced for additional housing. Best value delivery options will be explored including partnering with Registered Providers, working with other developers and direct purchase by the Council. Schemes will be put forward for approval in the coming months.

5.0 Implications

5.1 Financial

5.1.1 Under the proposed arrangement, WCH will buy the replacement property rather than the Council. This will mean that the Council no longer own the asset leased to New Hope, and the lease revenue of c£15,500 per annum will be lost. However, this will increase the balance of the capital receipt that will be available to the Council after meeting the re-provision requirements.

5.1.2 The capital could be reinvested in further TA or assist the delivery/purchase of affordable homes which would facilitate moving current TA tenants into permanent housing. Both these options would reduce the current B&B spend.

5.1.3 The Chief Finance Officer comments that the Council's cost of capital is currently around 7.5% based on repayment of borrowing over 50 years (2%) and interest rates of 5.5%. This equates to an annual revenue cost of capital financing of £7,500 for every £100,000 of debt relating to capital investment. When considering the use of capital receipts, the Council must weigh the opportunity to reduce debt and reduce capital financing charges against the benefit of proposed capital investment.

5.1.4 Reinvestment of the capital receipt to provide additional temporary accommodation or affordable housing provides an invest to save opportunity.

5.1.5 The proposed arrangement with WCH to relocate New Hope is likely to create a 'right of use asset' for the Council under IFRS16. IFRS16 is an accounting standard that applies to local authorities from 2024/25. It requires the Council to recognise assets on its balance sheet where contractual arrangements, in this case an SLA with New Hope, give the Council substantial control over how an asset is used. It will be necessary to ensure that the Council is able to obtain the necessary information to complete the required accounting entries, including annual valuation of the Council's interest in the asset.

5.2 Legal issues (Monitoring Officer)

5.2.1 The Council would have a Funding Agreement and Nominations Agreement to protect our capital contribution and use of the property, as we have done previously with WCH on the projects for re-provision of 64a and 62 Rickmansworth Road and the LAHF project.

5.3 Risks

Nature of risk	Consequence	Suggested control measure	Response (treat, tolerate, terminate, transfer)	Risk rating (combination of severity and likelihood)
The Council would reduce their assets by 1 property.	Lost asset value and lease rent. No longer responsible for maintaining asset.	Capital gained would offset lost asset value. Capital gained could be used to deliver new additional units, reducing B&B revenue pressures. A Funding Agreement, Nominations Agreement and SLA would be in place to safeguard WBC's interests and the grant.	Tolerate Treat	4 low

5.4 Equalities, Human Rights and Data Protection

5.4.1 Equalities

5.4.1.1 Having had regard to the Council's obligations under s149, it is considered that there is no impact from this report.

5.4.2 Human Rights

5.4.2.1 Having had regard to the Council's obligations under the Human Rights Act, it is considered that there is no impact from this report.

5.4.3 Data Protection Impact Assessment

5.4.3.1 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.

5.5 Sustainability

5.5.1 There are no sustainability impacts from this report.

5.6 People Implications

5.6.1 There are no people impacts from this report.

5.7 Community Safety/Crime and Disorder

5.7.1 There are no community safety/crime and disorder impacts from this report.

5.8 Property

5.8.1 The Property and Asset Management team and in particular the Surplus Sites Board is aware of the recommendations in this report and have been integral in the strategy and approach

6.0 Next steps should recommendations be approved

6.1 Subject to Cabinet approval, report to be taken to Council for approval of capital allocation.

7.0 Appendices

7.1 None

8.0 Background papers

8.1 None