

To: City Executive Board
Council

Date: 11th September 2013
30th September 2013

Report of: Head of Housing and Property Services

Title of Report: Homeless Accommodation Supply

Summary and Recommendations

Purpose of report: To make recommendations to improve the supply of suitable temporary accommodation in order to meet the Council's duties to homeless households.

Key decision? Yes

Executive lead member: Councillor Scott Seamons, Housing
Councillor Ed Turner, Finance

Policy Framework:

Corporate Plan (Meeting Housing Needs & Efficient, Effective Council)
Housing Strategy 2012-15 & Homelessness Strategy 2013-18 (Prevent and Respond to Homelessness)

Recommendation(s): The City Executive Board are recommended:

(1) To note the report and endorse the approach being taken to procure additional properties for temporary accommodation as part of our discharge of homelessness duties.

(2) To recommend to Council that the 2013/14 General Fund Capital Budget be updated with the inclusion of a new scheme, namely "Homeless Property Acquisitions", estimated at £5 million, funded from borrowing and to include a further £5m budget in 2014/15

(3) To recommend to Council an increase in General Fund external borrowing of up to £10million to finance the capital expenditure;

(4) To give project approval to the Homeless Accommodation Supply project identified in this report, and to grant delegated authority to the Executive Director for Regeneration and Housing in consultation with the Chief Executive, to decide on the final management model, to tender contracts to set up and operate a scheme, and to award appropriate contracts, and as necessary, agree property acquisitions, that are the

most financially advantageous for the Council with respect to the Council's Medium Term Financial Plan, following approval from the Council's Head of Finance; and

(5) To request that Officers report progress to CEB after the first £5m spend to evaluate the impact of the scheme.

Appendices to report:

Appendix A - Risk Register

Appendix B - Equality Impact Assessment

Context

- 1 Local housing authorities have a statutory duty to ensure that households believed to be homeless, eligible for assistance, and in priority need (primarily if the household is vulnerable or has dependents) are provided with interim accommodation. Following homeless investigations, the Council may accept that it has a statutory duty to find suitable settled (permanent) accommodation for that household. Temporary accommodation is the accommodation provided by the Council on either an interim basis or, where it has accepted a statutory homeless duty, for the period until it discharges that duty. The Council may exercise its discretion and continue to accommodate households that are appealing a negative homeless decision, or, for a limited time period, those families that may have been found intentionally homeless.
- 2 Best practice, as recognised by the Homeless Code of Guidance, is to try to prevent statutory homeless applications and acceptances, by taking action at the earliest possible stage to either prevent homelessness (by keeping the household in their current accommodation) or to alleviate it by finding alternative suitable accommodation available to them. This is recognised in Oxford City Council's Homelessness Strategy (2013-18) approved by CEB on 13th Feb 2013. As part of this report, the Council also agreed to use new powers in the Localism Act (commenced from 9th Nov 2012) to discharge the Council's homeless duty into suitable private rented accommodation, where this was appropriate. This report is concerned with trying to ensure a ready supply of suitable accommodation for this purpose.
- 3 Nationally statutory homeless acceptances have been increasing. In Oxford, we have presently 'bucked' this trend, reducing acceptances by 13%, and reducing households in temporary accommodation by 7% (from 129 to 120) over the same period. The number of households in temporary accommodation in Oxford has steadily declined from a peak of around 1,000 households in 2004, to 120 as at the end of March 2013. As at the end of June 2013, 123

households were in temporary accommodation (excluding any accommodated pending appeal). The significant reductions in temporary accommodation have been through exemplary and innovative combined work across Housing Needs. Specific initiatives in homelessness prevention; in temporary accommodation management; in the allocation of housing; and in the supply of permanent housing, have all contributed to targets being consistently exceeded.

- 4 The Council’s target is to ensure that the number of households in temporary accommodation, at any one time, is 120 or less. However, concerns exist that the impact of the following factors could lead to an increase in homelessness presentations namely.
- Welfare Reform – LHA changes (to 30th percentile); Benefit Cap; Bedroom Tax; Universal Credit (and direct payments)
 - Deficit reduction/ public sector cuts – impacting in various ways, including increased pressure on the resources of partners; reduced house building; and less mortgage lending
 - Rising living costs and increasing personal debts

Temporary Accommodation

- 5 The Council uses a variety of models of temporary accommodation. This comprises of:

First Stage	
First stage accommodation is generally the initial accommodation that a household is placed in, should they be deemed to need temporary accommodation. The accommodation is actively and intensely managed by the Council’s own Accommodation Team.	
Nightly Charge (NC)	Accommodation that is usually provided on a night by night basis only (including out of hour’s placements). Accommodation is procured as required, and is now predominately guest house or hotel rooms (as available). <i>A typical nightly charge is around £350-500 per week, (£18,000 to £26,000 per annum), per unit, and is the most expensive form of accommodation</i>
Council-owned Hostel (OCC)	Accommodation that is owned and managed by the Council for this purpose. This consists of one property of 8 units. This has been supplemented by two decommissioned sheltered housing schemes (albeit on a shorter term basis) and two further ‘hard to let’ properties. <i>The cost to the Council of this accommodation is broadly cost neutral and is</i>

	<i>accounted for in the HRA.</i>
Private Sector Lease (PSL)	Property that is leased by the Council (typically on 1 to 5 year leases) from the private sector. This comprises of the majority of first stage accommodation. <i>The net cost is around £2,800 per annum, per unit (exc staff costs).</i>
Second Stage	
Second stage accommodation was generally for households to whom the Council had accepted a statutory homeless duty. It mostly comprises of family accommodation.	
Oxford Social Lettings Agency (OSLA) – Now operated by Green Square only and being wound-up	OSLA comprised of Oxford Citizens Housing Association and Catalyst Communities Housing Association (formerly Ealing Family HA) who worked together to operate the scheme. They leased property from the private rented sector to be used as temporary accommodation, with the Housing Association effectively acting as the managing agent – This is under a Housing Association Leasing Scheme (HALS) model. This scheme is now in a wind-down period with the providers no longer willing to continue with this ‘non-core/higher risk’ activity for much smaller numbers of households than originally housed. <i>The net cost is now around £1,400 per annum, per unit, this being the Nomination fee. (The Council is also liable for voids costs on ready property, but this is now negligible).</i>

- 6 As at 30th June 2013, the breakdown of households, by the type of temporary accommodation (TA) used, was as follows*:

First Stage			Second Stage		Total
NC	OCC Hostel	PSL	OSLA	Hard to Lets	
0	40	70	8	5	123

* These figures use the Government definition for the P1e return and exclude a small number of households in temporary accommodation, where homeless duties have ended; that the decision has not been appealed; and where the household is not yet evicted. (This comprised of only 1 household at the end of June 2013).

7 At the same date, the status of households in TA was as follows:

Status	Number
Pending case	41
Accepted case	73
Negative decision/ appealing/ exiting	9
Total	123

Current Expenditure

8 The current cost (2013/14) of temporary accommodation to the General Fund is set out below:

Reason	(£)
Nightly Charge expenditure	40,000
Nightly Charge rental income (capped at HB subsidy)	- 20,000
Nightly Charge bad debt provision	10,000
Nightly Charge Net Cost	30,000
PSL lease expenditure	750,000
PSL utility costs	75,000
PSL & OCC Hostel council tax costs	10,000
PSL damage/ dilapidations costs	35,000
PSL rental income (capped at HB subsidy cap levels, plus service charge)	- 700,000*
PSL bad debt provision	30,000
PSL Net Cost	200,000
OCC Hostel costs to the General Fund (other costs and income in the HRA)	5,000
Second Stage (OCHA) costs (£1,400 pa nomination fee and void losses) – wind-down	15,000
Sub-total (accommodation costs)	250,000
Staffing costs (managing PSL and OCC units)	250,000
Vehicle costs	15,000
Storage/ Removal costs	6,000
Sub-total (other costs)	271,000
Total	521,000

* PSL rental income may hit £740,000 this year, due to very low void rates – presently at about 0%. The target is for void rates to be at 10% to ensure sufficient units are available and ready when needed – to avoid ‘overspill’

into expensive nightly charge accommodation, and to ensure officers have a range of property type, size & location in order to make suitable placements.

- 9 The main pressure point in spend is on Nightly Charge accommodation because if additional accommodation is required, that is either unexpected, or because it cannot be sourced elsewhere, then this costs in the region of £350-£500 per week per household. We are very restricted as to the rent that can be charged for such accommodation under Housing Benefit subsidy regulations, that effectively limits this charge to £160 per week.
- 10 The Council has operated a very successful Home Choice scheme for the past ten years, helping to prevent homelessness by providing clients that might otherwise have required temporary accommodation (under the Council's statutory duties) with a deposit or bond in order to secure access to private rented sector (PRS) accommodation. Approximately 1,000 households are currently supported in this way through the scheme. The number of new tenancies established by the scheme has fallen significantly however – from 200 in 2010/11 to 110 in 2012/13. The changes to LHA rates and concern over other benefit changes, plus a very buoyant local rental market, have resulted in landlords increasing rent charges significantly above LHA rates, and favouring working tenants over those more reliant on benefits and with less favourable tenancy histories. About 10% of existing Home Choice clients are in property which is outside of Oxford City, and the team increasingly have to look beyond Oxford to access additional property, although the disparity between supply and demand, and LHA rates and actual rents, are increasingly similar across the County.
- 11 Budgeted revenue expenditure on the Home Choice scheme in 2013/14 is expected to be approximately:

Reason/ Costs	(£)
Staffing	230,000
Deposits, Bond Settlements, Finders Fees, Rent in Advance, Rent Top-ups	400,000
Deposit Returns	- 50,000
Total	580,000

- 12 This is a similar cost to past years, but less new starts of accommodation are being achieved. At present however, the team are still able to sustain most existing tenants in the scheme, albeit that this is requiring some to move to alternative landlords or properties.

Challenges and Pressures

- 13 Since the Council's Private Rented Discharge Policy went live from

1st April 2013, the immediate opportunities have been limited because of the limited supply of affordable private rented accommodation (within the Local Housing Allowance) in the city and surrounding area. Officers are now searching the next nearest urban areas out of County. Households at imminent risk of homelessness are usually prioritised over households already placed in temporary accommodation, in order to prevent their homelessness. Access to more PRS accommodation is needed, both short and medium term, to address this need.

- 14 A number of measures have been put in place to mitigate the impact of some pressure on the service, including:
- Increased funding for DHP payments
 - Welfare reform outreach work
 - Funding for additional debt surgeries to prevent homelessness
 - Developing more affordable homes (e.g. Barton West/ HCA programme)
 - Improved homeless prevention and casework
- 15 There are pressures on current temporary accommodation. These include:
- Opportunities to release Council owned accommodation for the redevelopment of permanent housing (namely Alice Smith House and Eastern House)
 - The winding-up of the OSLA (second stage) contract
 - Further minimising Nightly Charge use
 - Maintaining approximately a 10% void rate in TA to ensure sufficient suitable property is available when required (currently the void rate is close to 0%).
- 16 In the absence of more accommodation, the Council will need to secure increasing volumes of temporary accommodation in order to meet its statutory homeless obligations. If such accommodation cannot be secured, increased use of nightly charged bed and breakfast style accommodation will be necessitated, having negative impacts on both the households placed there, and on the Council's budgets.

New Approaches

Efficiency Improvements

- 17 In order to improve the financial efficiency of homelessness accommodation, the Council intends to focus increasingly on assisting clients into suitable private rented accommodation, and to keep the number of households in temporary accommodation to the minimum possible. It is recognised that to do so in the local private rented market, the Council needs to explore a number of other options. This approach is therefore one where we are intending to adopt a more sustainable approach, and also to remodel from a revenue to a capital

investment one, for homelessness accommodation.

- 18 In addition to our use of PRS discharge, it is proposed that an additional complementary approach is used to provide flexible options for the Council to address homelessness in Oxford.

Local PRS accommodation at LHA Rates

- 19 Temporary accommodation within the City or as near as possible will continue to be required when homelessness prevention fails and discharge in the private rented sector is unachievable or otherwise not appropriate. Placement of households in this accommodation will be subject to Chief executive and director approval and will only be available for those where there is an ongoing housing liability and there are particular circumstances where PRS discharge and out of area would be inappropriate. In these cases, the supply of more local accommodation, that can be sustained at LHA rates, is required. It is increasingly becoming apparent that the local private rented market is unable to provide this, at the rates required, for both homeless prevention accommodation and for temporary accommodation. To address this, it is proposed that the Council procures a limited number of properties (approximately 45-50) as part of a revised capital programme, and this accommodation is made available, for homeless clients to access at LHA rates. **This report seeks approval for this.**

Options Considered

- 20 Delegated authority to enter into a new contract to provide temporary accommodation, under a 'Temporary to Permanent' model, was agreed, under the Single Member Decision (Housing Needs) process, on 9th November 2011. However, following that, there were significant changes in the banking and finance markets, and the loans required by the successful tenderer in order to operate the scheme were no longer available. The Council has continued to explore options, and has considered a number of alternative options, including a 'Long Term Affordable' model, using private pension fund equity. However, this option was dropped as there were unacceptable risks with the funding over 35 years and the Council can fund or borrow more cheaply.

- 21 Do Nothing

This is not an option. Without sufficient accommodation, increased use of temporary accommodation will be required, and this is most likely to have to take the form of B&B accommodation, due to the lack of other accommodation available. The cost, currently around £18,000 to £26,000 per family, per year, is predicted to grow year-on-year in line

with homeless presentations, as existing households in temporary accommodation have few viable move-on options.

Alternative Models to supply suitable PRS Accommodation

- 22 Various approaches, such as the 'Long Term Affordable' model (described above) have been considered by officers, but discounted as the cost and risks are considered to outweigh the benefits. It may be possible to re-tender for a 'Housing Association Leasing Scheme' type model (as used for the OSLA scheme previously), but this would also be dependent on the PRS market for the supply of accommodation, and it would require the payment of a nomination fee which would not allow for the Council to make savings in temporary accommodation costs. The 'Temporary to Permanent' model (using an organisation that will secure 10-15 year bank lending to procure property) is also no longer viable.
- 23 Alternatives, such as an Equity Investment model, with the Council entering into a long-term partnership with another organisation, such as a Registered Provider, to provide accommodation in return for an equity investment, are innovative new approaches and will be explored as a medium term option. Other approaches also being pursued, as 'business as usual', include exploring whether any large scale accommodation providers may wish to lease surplus accommodation, although, to date, this does not appear likely.

Recommended Option

Overview

- 24 Under this model, the Council would use additional General Fund borrowing to purchase properties on the open market. These properties would then be let on license or be leased and then let on Assured Shorthold Tenancies, at Local Housing Allowance (LHA) rates, to households that would otherwise be homeless or to whom the Council has accepted a homeless duty.
- 25 It is proposed that the capital borrowing envelope for this scheme is capped at £10m. That should procure approximately 45-55 properties.

Benefits

- 26 This model is beneficial, compared to alternatives, as:
- It could deliver access to new units of accommodation, in or close to Oxford, to a good quality standard, that are well managed, and rented at LHA rates.
 - The Council can secure better interest rates than the alternative

models discussed to date

- Operationally, the scheme would be under the Council's direct ownership. This provides more flexibility, including allowing for the disposal of units (at the end of lease terms), should unforeseen changes occur in the future
- The model is flexible enough, to allow for the property to be used for other purposes (social or market renting) if the need for homeless accommodation declines at any point in the future
- The model is more sustainable and will provide a Council saving in that no nomination fees; finder's fees; deposits/ bonds; agent admin fees; top-up payments; or DHPs are required. If homeless approaches to the Council stay constant, the model will allow for further temporary accommodation reductions and make further budget savings as a result. If homeless approaches increase, then this initiative should help to contain that growth within existing resource provision.
- It is assumed within the model that purchasing the properties will save in the region of £60k per annum from the existing budgeted homeless accommodation costs which is in addition to the £100k per annum saving currently allowed for in the Medium Term Financial Plan.

27

Model Sensitivities

Assumptions around key factors such as numbers of units purchased, cost of units, property improvements, running costs, rent and rent increases and borrowing rates have been modelled. All assumptions could change and the most sensitive is around borrowing rates and whether internal as opposed to external borrowing is undertaken. PWLB borrowing rates for 30 year money are currently running at around 4.75% with shorter 10 years monies running at around 3.7%. In addition a Minimum Revenue Provision would be charged to the revenue account based on the life of the asset (currently estimated at 60 years). The Minimum Revenue Provision is to 'ensure that debt is repaid over a period that is commensurate with that over which the capital expenditure provides benefit'.

Whilst the rate of interest on borrowing will be determined and fixed at the time borrowing is taken out at the prevailing rates, based on current rates this would be around 4.75% and at the rate it is estimated that there would be a small deficit over the 30 year period in the order of £476k (average £15k per annum) without any MRP charge. Should this scenario occur then the £60k saving used in the model will be reduced to around £45k.

28

Procurement Options

A procurement strategy for this project is to be developed. This will need to consider a number of issues including the approach taken to each of the key elements:

- Acquisition
- Management
- Maintenance

29 The following framework will inform the development of this approach:

Properties – Good quality property standards - ideally to Decent Homes (although this is not be mandatory). Accessible to local transport and amenities. Any units procured should be capable of being brought up to suitable letting standards within 4 weeks of purchase, and should not require more than £5,000 of initial refurbishment works (unless the purchase price presents a clear business case for an exception). Properties may be flats or houses, and may include ex-Council homes bought under the Right to Buy, or flats where the Council has the leasehold.

Location – Likely to be Oxford or neighbouring urban areas, should property be secured at better value in these areas.

Acquisition – Initially, to be phased over a period of 9-12 months to ensure that property values are not impacted, although this may be subject to review pending the financial impact of the scheme. Purchases could be directly from individuals, via agents, or direct from developers. The initial preference is that this should be outsourced to ensure that sufficient resources are quickly mobilised to undertake this work. Properties should be secured for under 90% of the marketing value. The Council will need to undertake independent valuations in order to comply with the need to meet and seek value for money.

Management – The initial preference is that the operation of the scheme will need to be outsourced. This will ensure the scheme is managed arms-length from the Council, identifying this product as a very different one from social rented housing. Legally, a third party is also required, in order for Assured Shorthold Tenancies (ASTs) to be used if some of the properties were to be used for prevention. Detailed contractual arrangements will clearly identify the expectations and responsibilities for performance around key areas such as rent collection; void relet times; bad debts; and service standards.

It is proposed that a business case for an internal model of management is also developed as a comparator to ensure the Council achieves value for money and that the final decision on the management model to be adopted, be delegated to the Corporate Director for Regeneration and Housing following procurement. This final decision whilst delegated to the Director for Regeneration and

Housing will be made in consultation with the Board Members for Finance and Housing.

Maintenance – There are possible benefits of tendering this as a parcel with the above two elements. This will provide a more viable scheme for a third party to tender for and operate. It is likely to minimise ‘hand-over’ issues between acquisition, management and maintenance functions. The opportunity for maintenance work to be carried out by Direct Services as additional Council trading should also be explored.

Governance

- 30 It is proposed that an officer group, including the Chief Executive, Corporate Director of Regeneration and Housing, Heads of Housing, Finance, Legal, and Business Improvement have operational oversight of this project, including the monitoring of spend and the accuracy of the modelling used. The group will report quarterly to the Housing Programme Board. In addition, Directors will review the on-going business case for the additional accommodation throughout the phased procurement period (expected to be 9 months following a 3 month mobilisation period).
- 31 After the scheme is fully operational (after the procurement stage) the scheme will also be fully reviewed by this group, and this will continue annually, with the initial report also being submitted to CEB. The scheme should also be independently reviewed, and valuations undertaken every five years.

Environmental impact

- 32 There will be minimal environmental impact from this initiative. Any impact however is likely to be positive, as the Council is likely to be able to make modest improvements to property standards and efficiency over the term of the initiative.

Equalities impact

- 33 Regular monitoring of homeless clients is undertaken – most recently reported as part of the evidence base for the Homelessness Strategy. Analysis consistently shows that homeless clients are usually younger than the usual resident population, and predominantly women. Assessments as to vulnerability are made, as necessary, under homelessness law. BME groups are represented to a higher degree than the base population, in presentations as homeless, although research commissioned by the Council has shown this to link to lower income status, rather than to particular racial issues. The PRS Discharge policy identifies households that may, or may not be considered for out-of-area moves. (This was approved by CEB in Feb 2013 as part of the Homelessness Strategy Report.) An impact

assessment is attached at Appendix B to this report.

Risk and mitigating any possible detrimental impact

- 34 There are a number of risks associated with the project. These are shown Risk Register is shown at Appendix A.

Non-financial risks are:

Whether the scale of the proposal is too small.

- 35 Predictions from initial research as to the impact of the first wave of changes to LHA rates (Shelter/ Cambridge CHPR Report on the LHA impacts, 2010) suggests that up to 269,000 households in England are likely to get into severe difficulties as a result, with 35,000 presenting as homeless (and half of these found to be in Priority Need). This could be taken to apply to at least 1,000 Oxford households, with 80 being in Priority Need on top of current cases. This would indicate that this initiative would not address all of the extra needs of presenting households. Should this be the case, this would be identified as part of the on-going review of the scheme, and options would need to be considered, including the up-scaling of this initiative.

Whether the scale of the proposal is too much.

- 36 There is also a risk that the expected increase in homelessness does not arise, and that all the additional units of accommodation are not required. Again, this would be identified through on-going reviews of the housing need; business case; and scheme progress throughout the procurement period. Subsequent to this, the scheme is flexible enough to use for a range of options, including changing the households referred into the scheme (to broaden it); shifting the model to renting at market rent or sub-market/ Affordable Rent; disposing of property; or moving the property into the HRA to use as social rented accommodation. This is highly unlikely however. Demand for suitable, affordable, private rented accommodation is at a premium, and the Home Choice scheme has maintained an internal list of referred cases (households considered at risk of homelessness) of over 50 for over two years.

That suitable arrangements can be found to acquire, manage and maintain the properties

- 37 This report has already outlined the principles to be followed in developing a procurement plan, and this seeks to minimise risk and ensure the initiative delivers successfully. It is proposed to undertake some soft-market testing to ensure that there is appetite in the market to tender for such a proposal. Assuming there is, the Council will seek to minimise operational risks through placing contractual obligations on the provider to meet minimum performance standards, including those

relating to income collection.

- 38 Officers will develop an alternative in-house model as a substitute to out-sourcing, if required. This is expected to be possible, although the mobilisation prior to procurement is likely to be delayed, to ensure sufficient resourcing; operational risks (including rent collection) will fall to the Council; the management approach of using ASTs will also have to change, with one consideration being that an Affordable Rent model is used; costs may also need to be reviewed.

Financial risks of the initiative are:

- 39 In summary, the key financial risks and mitigations are:

<i>Ref</i>	<i>Description</i>	<i>Mitigation /Notes</i>
I	Comparative variations in RPI, CPI, LHA rates, and borrowing costs	The model has made conservative assumptions on these, particularly for borrowing. The GF revenue Implications of adverse budgetary issues materialising needs to be identified and form part of the MTFP.
li	Procurement costs exceed expectations	The purchase price of the properties significantly influences the modelling. Where lower prices can be achieved, additional units can be procured (yielding greater income) or borrowing levels can be reduced. If purchases cannot be secured to budget forecasts, then less units or more borrowing may be required, subject to its affordability within the GF MTFP. It is proposed that scheme monitoring will identify this however, and procurement will be suspended or delayed (in order to find properties within budget) if this occurs. The model also allows a 1% contingency for some cost overruns, if needed.
lii	The accuracy of assumptions relating to income collection/ bed debts; management costs; maintenance costs; and voids	The assumptions in the model have been sense-tested against other models (Council, RP and private) and appear reasonable – ranging from 23% of gross rental income (in year 1) to 25% of gross rental income (in year 15).

iv	There is no plan in place for the £60k saving and should it not materialise there will be a cost on the General Fund	Track and monitor the spend on homelessness. Defer purchase of properties if there are no indications of pressures.
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Financial implications

- 40 If homeless approaches to the Council stay constant, the model will allow for further temporary accommodation reductions and make further budget savings as a result. If homeless approaches increase, then this initiative should help to contain the financial impact than might otherwise have been the case.

Should additional savings be possible, then these might be in the region of £60,000 – This being the reduction of B&B budgets by 75% (£30,000); the elimination of the remaining second stage temporary accommodation budgets (£15,000); and the reduction of PSL budgets (expenditure net of rental income) by 10% (£15,000). This reflects the equivalent of losing about 50 units of accommodation. Temporary Accommodation budgets have been reduced by £100,000 in 2013/14 in anticipation of this approach being initiated in this financial year. It should be noted that the savings of £60k per annum are included in the attached financial analysis (Appendix A), summarised in the table at paragraph 29. The current assumption used is that annual surpluses would be used to repay borrowing and therefore would not accrue to the revenue account. Equally the borrowing could be rolled after maturity or decisions could be taken about dwelling disposal to repay borrowing depending on need.

For establishing an initial revenue budget a capital financing rate of around 4.6% will be used at which point revenue costs will be covered over the 30 year period. The position will be monitored monthly and a review undertaken in the next Budget cycle

	2013/14	Full Year effect
	£000's	£000's
Income	278	557
Management	23	46
Maintenance	38	76
Less savings in current budget	(23)	(45)
Loan Interest	240	480
Total Expenditure	278	557
Net Surplus/deficit	0	0

The property acquisition up to the approved level of £10m will be classed as General Fund borrowing.

Legal implications

- 41 A legally compliant procurement process will need to be followed, as outlined previously in this report. A legally binding contract (for acquisition services) and lease (for the on-going management and maintenance of the properties, let under Assured Shorthold Tenancies) will be entered into with the successful tenderer(s), or an alternative contractual arrangement established to achieve the same outcomes, which could include purchasing through a SPV (Special Purpose Vehicle) or similar.
- 42 The Council's authority to enter into these arrangements are contained in the Local Government Act 2000 (Section 2), as amended by the Localism Act 2011; all relevant enabling provisions in the Housing Acts; and all other relevant enabling legislation.

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List of background papers:

None

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