

## BRECKLAND COUNCIL FINANCIAL COMMENTS &amp; APPRAISAL

THIS DOCUMENT PROVIDES THE FINANCIAL IMPLICATIONS  
IN RESPECT OF THE ATTACHED REPORT

**FROM:** Alison Chubbock (Assistant Director Finance)  
**REPORT:** Local Authority Housing Fund  
**REPORT DATE:** February 2023

|                                     | £ Year 1<br>2022-23 | £ Year 2<br>2023-24 | £ Year 3<br>2024-25 | £ Year 4<br>2025-26 |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Revenue</b>                      |                     |                     |                     |                     |
| <b>Income</b>                       |                     |                     |                     |                     |
| Growth & investment reserve         | (2,000)             | (14,000)            | (-)                 | (-)                 |
| Rental income (LHA rates)           | -                   | (30,000)            | (120,000)           | (120,000)           |
| <b>Costs</b>                        |                     |                     |                     |                     |
| Additional resource for acquisition | 2,000               | 14,000              | -                   | -                   |
| Ongoing running costs               | -                   | 20,000              | 80,000              | 80,000              |
| Contribution to repay capital       | -                   | 10,000              | 40,000              | 40,000              |
| <b>Total Revenue</b>                | -                   | -                   | -                   | -                   |

|                                    |           |             |     |     |
|------------------------------------|-----------|-------------|-----|-----|
| <b>Capital</b>                     |           |             |     |     |
| <b>Income</b>                      |           |             |     |     |
| Local Authority Housing Fund grant | (497,388) | (1,160,573) | (-) | (-) |
| <b>Costs</b>                       |           |             |     |     |
| Acquisition & associated costs     | -         | 3,522,961   | -   | -   |
| <b>Total Capital</b>               | (497,388) | 2,362,388   | -   | -   |
| <b>Considered By:</b>              | Council   |             |     |     |
| <b>Date:</b>                       | 22-02-23  |             |     |     |

**Financial Services Comments**

The match funding of £1,865,000 from Breckland would be funded from capital. Currently if all forecast capital receipts are achieved, this funding can be covered from existing resources. If our capital receipts are less than forecast then there is a possibility that MRP (minimum revenue provision) will need to be charged, this would be an additional cost of circa £35k per annum above those shown in the table.

Where there is S106 affordable housing funding available where this spend would meet the required conditions, then the S106 funding will be utilised to the maximum possible.

The revenue costs and income in the table above cover the rental plus ongoing landlord costs such as insurance, repairs and landlord inspections. It also includes provision to repay the capital spend to bring the properties to a cost neutral position to ensure capital is available for other projects in future years.

There is a relatively short time frame to acquire the properties in, therefore an additional resource is included in the costs in the table above through to November 2023, to ensure we can meet the deadlines within the grant funding Memorandum of Understanding.

The lost interest from spending these funds will be circa £55k per annum.

Associated costs includes items such as stamp duty land tax (SDLT), searches, legal fees, furniture and other due diligence.

This appraisal is valid for 1 month from issue date  
If there are changes to the original report it may invalidate this document & must be reviewed by Finance.

**Financial Risk**

The grant funding of 40%/50% per property plus the £20k is inclusive of all costs, if we are unable to purchase properties within this envelope, Breckland will be responsible for the additional match funding.

If the properties are not purchased there is a significant future risk to our temporary accommodation budgets once the existing refugee accommodation provision ends.

Legal advice will be sought on the most appropriate delivery vehicle for the purchase and holding of these properties, to ensure the Council is protected against the potential financial pressures such as VAT exemption, etc.

Disposal of the properties in future would require the 40%/50% grant to be repaid, however it is likely that the properties would be retained for use rather than disposed of, to support areas such as affordable rental or temporary accommodation.

This appraisal is valid for 1 month from issue date  
If there are changes to the original report it may invalidate this document & must be reviewed by Finance.

14/02/2023

Page 2 of 2

D:\moderngov\Data\AgendaItemDocs\2\1\6\AI00035612\5xa  
5nxjci.docx