



WORTHING BOROUGH
COUNCIL

Joint Strategic Committee
6 February 2025

Key Decision [Yes]

Ward(s) Affected:
Cabinet Portfolio:

38 Teville Road Proposal

Report by the Director for Housing and Communities

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Executive Summary

1. Purpose

- 1.1. This report seeks approval for the purchase of 38 Teville Road, Worthing for Temporary Accommodation (TA) use. The councils currently house residents in the property. The property is to be sold, and the current owner has offered to sell to the Council.
- 1.2. Worthing Borough Council currently houses residents in the property for use as temporary accommodation. If the property is sold to a third party the Council would likely be required to rehouse the residents in spot purchased accommodation at higher cost.
- 1.3. This report sets out the savings which would be made by purchasing the property, and directly letting the rooms to Adur and Worthing residents in need of TA.

2. Recommendations

- 2.1. To approve the purchase of 38 Teville Road, Worthing, for the purpose of letting the property to Council residents in need of TA.

- 2.2. To approve allocation of £569,000 from the Housing Development capital budget, to allow for the purchase of the property, including associated purchase costs, as detailed in 7.1.
- 2.3. To note the proposed savings which would be made if 38 Teville Road is purchased, compared to housing the displaced residents in alternative nightly paid spot booked accommodation.
- 2.4. To delegate authority to the Assistant Director for Housing and Homelessness Prevention to enter into all necessary contracts to purchase 38 Teville Road.

3. Context

- 3.1. 38 Teville Road comprises a 7-bed HMO. Worthing Borough Council let the entire property for the purpose of housing residents in need of Temporary Accommodation (TA). The landlord is looking to sell the property, and is actively marketing it on rightmove.
- 3.2. The seller has offered to sell the property to the Council. If the Council purchases the property and let the rooms directly to the existing tenants, or residents on the Council's housing register, this will generate income for the Council.
- 3.3. If the property is not sold to the Council, a different buyer may charge the Council more to keep the tenants in situ (the current rate is considered to be very reasonable), or they may serve notice on the tenants, and then the Council would likely be required to house the tenants in much more expensive spot-booked accommodation, which increasingly is only found outside of the Borough.
- 3.4. The purchase of 38 Teville Road would secure the future of much needed TA accommodation in Worthing.

4. Policy Context

- 4.1. Purchasing the site to secure the property as Temporary Accommodation will meet the Council's policy aims around affordable housing and provision of Temporary Accommodation. Chapter 3 of the Housing Strategy outlines the local need for affordable housing, in the context of increasing prices and rents.
- 4.2. Priority 3 of the Housing Strategy demonstrates the Council's commitment to the delivery of affordable housing, including a commitment to deliver 250 homes directly by Adur & Worthing Councils. This commitment is reiterated in 'Delivering Pathways to Affordable Homes' which was adopted in March 2021.
- 4.3. Adur & Worthing's Temporary Accommodation Strategy was adopted in 2017 and focuses on the placement and procurement of accommodation. There is recognition in the Housing Strategy that the Temporary Accommodation Strategy should be reviewed and updated with extra emphasis on developing our own accommodation for these purposes.
- 4.4. The demand for Temporary Accommodation continues to increase year on year. This places a significant burden on Council finances, especially in Worthing. Jointly the Councils spent £4.4m on Temporary Accommodation in 2023/2024. This is forecast to increase to almost £5m in 2024/2025 and to increase at perhaps an even more significant rate (based on the latest data from the Council's Housing team) beyond 2024/2025.
- 4.5. Due to the increased demand for Temporary Accommodation, the Councils are currently housing a number of families outside of Adur & Worthing. There is an urgent need to provide accommodation to bring these families back into the area. Out of area placements significantly disrupts support networks, making it harder for people to work towards being in more permanent accommodation. As of July 2024, 410 households from Worthing were in temporary accommodation, with 211 of these households placed outside their local authority area.
- 4.6. The proposal to purchase 38 Teville Road to provide TA fully meets the policy strategy set out in the Housing Strategy, and will assist in reducing financial pressures on the Council and avoiding placing yet more residents in out of area accommodation.

5. Issues & Recommendation

5.1. Worthing Borough Council has been offered the opportunity to purchase 38 Teville Road. This would be a market value sale. The options available to the Council are to purchase the property to generate long term savings for the Council, or to not purchase the property to avoid the initial investment expenditure. Both options are considered below, followed by a recommendation to Members on how to proceed.

5.2. Option to not purchase 38 Teville Road

5.2.1. The current owner of 38 Teville Road is actively marketing the property for sale on rightmove. Currently Worthing Council let all 7 rooms in the property directly from the owner. There are 7 Worthing residents in need of accommodation placed in the property.

5.2.2. If the Council does not purchase the property, an alternative owner could continue to let the property to the Council, or they could let it privately. Even if they continue to let the property to the Council, it is very likely that they will increase the rents currently being charged.

5.2.3. If the property was sold to an owner who wished to let the rooms out privately, the cost impact on the Council would be greater still.

5.2.4. Therefore, not purchasing 38 Teville Road will very likely result in a long term negative financial impact on the Council.

5.3. Option to purchase 38 Teville Road

5.3.1. If the Council were to purchase 38 Teville Road, the initial cost of the property purchase and the associated costs would be approximately £569,000 (approximate because the purchase price will be subject to an independent valuation, and negotiation to achieve best value).

5.3.2. The financial appraisals show, taking in account maintenance and running costs, and the income generated by the rent from residents compared to the cost of housing residents in spot

booked accommodation, that in year 1 of housing residents the Council would gain a saving of £71,375. This reflects the rapidly rising costs of private, spot booked accommodation, which the Council is required to pay when there is not sufficient TA accommodation in their ownership.

5.4. Recommendation

- 5.4.1. The key consideration for the Council is whether the long term savings which will be generated by purchasing the property is worth the initial investment in the purchase.
- 5.4.2. Following the purchase, no work is required to the property, therefore from day 1 after purchase the Council will begin to see a return on investment. The financial appraisal shows that long term savings of £2.985m could be achieved.
- 5.4.3. It is recommended that the Council proceed with the purchase of 38 Teville Road, to generate long term savings for the Council.

6. Engagement and Communication

- 6.1. The proposal has been discussed with finance and senior officers at the Affordable Homes Delivery Group, who have been supportive of the proposal.
- 6.2. It is anticipated that the purchase of the property by the Council would be welcomed by the existing residents, as this would result in minimal disruption to the residents.

7. Financial Implications

- 7.1. The Council has an unallocated budget for Housing Development of £1.980m for the provision of temporary and emergency accommodation funded through borrowing which is released on the presentation of a business case. This purchase proposes the use of £569k of this budget to purchase the property and bring it in to use.
- 7.2. A financial viability assessment has been carried out based on estimates of costs as provided by the service.

7.3. Over a projected 30 year life the property is expected to cost £3.986m, with the projected costs of similar accommodation expected to exceed £6.9m over a similar period of time.

7.4. The first year costs of the project are given below:

Annual costs	Purchase outright	Bed and Breakfast
	£	£
Debt charges		
Interest	28,735	
Principal repayment	8,491	
Total borrowing cost	37,226	
Maintenance	14,280	
Annual buildings insurance	3,570	
Staff management costs	9,780	9,780
Bed and Breakfast charges		133,820
Total costs	64,856	133,820
Less: Potential rental income	38,023	38,023
Allowance for rental voids	-1,901	
Council Tax Void Allowance	-513	
Net annual income	100,465	181,623
First operational years revenue saving	71,375	

7.5. In the longer term, it is expected that the proposed development will continue to save the council resources over the future 30 years. The scheme results in a net cost to the council in the delivery of the service, however the Net present value of the purchase is £1.937m more favourable than proceeding with nightly booked accommodation based on current projections. Therefore the purchase, based on the current projections meets the requirements to be considered an invest to save proposal.

8. Legal Implications

8.1 Under section 111 of the Local Government Act 1972 the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.

8.2 Section 3(1) of the Local Government Act 1999 contains a general duty on a best value authority to make arrangements to secure continuous

improvement in the way in which its functions are exercised, having regard to a combination of economy , efficiency and effectiveness.

- 8.3 Section1 Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available of assets or services for the purposes of, or in connection with, the discharge of the function by the local authority
- 8.4 Section1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation

Background Papers

- [Housing Strategy 2020-2023](#)

Sustainability & Risk Assessment

1. Economic

- The proposal will secure Temporary Accommodation for eligible households in Worthing. The rent will be set at an 'affordable' level, currently based 90% of the 2011 Local Housing Allowance. This helps to ensure that the individuals who are in need can afford the accommodation.

2. Social

2.1 Social Value

- The proposal will provide temporary homes within the Borough for Worthing residents in need. This avoids putting residents in sometimes substandard 'bnb' accommodation, or in accommodation which is outside of the Borough.

2.2 Equality Issues

- Worthing Borough Council has a responsibility under the Homelessness Reduction Act 2017 to provide interim accommodation to eligible households with the criteria for eligibility set and agreed by the Council.

2.3 Community Safety Issues (Section 17)

- Delivery of accommodation in small clusters removed the need for eligible families or individuals to be housed in 'bnb' accommodation where the Council has less ability to influence or address criminal or antisocial behaviour.

2.4 Human Rights Issues

- Matter considered and no issue identified.

3. Environmental

- The property is in a highly sustainable location within the immediate vicinity of Worthing Train station and Worthing Town Centre, allowing residents to live and travel sustainably.

4. Governance

- The proposals in this report are in line with the Councils' Housing Strategy.