



**Financial Implications Outline**

- How have the savings above been determined? Please provide a brief breakdown of the factors considered.
- Is any additional investment required in order to deliver the proposal?
- If relevant, how will additional income be generated and how has the amounts been determined?

The assumptions for the proposed saving are that approximately 50% of the acquisitions could proceed as some landlords will not want to sell even at enhanced values that could still be justified by future savings.  
 It will take time to agree the purchase price with some landlords and a start to negotiation cannot commence until Cabinet approval is obtained.  
 It is therefore assumed that in year 2020/21, approximately 50% of the acquisitions that are likely to proceed will be delivered so that savings can be obtained.  
 Savings will increase year on year as rent reviews are undertaken to increase the rent to tenants.  
 Rent reviews are normally arranged at five yearly cycles so the predicted passing rent is difficult to predict so the anticipated future rent receivable is spread evenly across the five year period.  
 The financial modelling ignores inflation but this is the most significant saving.  
 Capital borrowing is modelled on a fifty year loan with flat line repayment of capital and interest payable from revenue.

**Delivery Confidence**

At this stage, how confident are you that this option could be delivered and benefits realised as set out? (1 = not at all confident; 5 = very confident)	3
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**Indicative timescale for implementation**

Est. start date for consultation DD/MM/YY		Est. completion date for implementation DD/MM/YY	01/04/2020
Is there an opportunity for implementation before April 2020? Y/N ; any constraints?	Yes		

**Implementation Details**

- How will the proposal be implemented? Are any additional resources required?
- Please provide a brief timeline of the implementation phase.
- How will a successful implementation be measured? Which performance indicators are most relevant?

Phase 1: May/June 2019. Review of lease documents, commercial review of landlords, due diligence/title search, prioritisation of head lease negotiations, appraisal of the capital cost and benefit of prioritised properties, budget setting with corporate finance. This will be carried out by current MTFS agency staff within Strategic Property Unit and supported by commercial appraisals by Carter Jonas as part of the existing commercial review appointment. Completed.

Phase 2: January-May 2020: Approaches to landlords.

Phase 3: April 2020 onward: Acquisition programme.

**Impact / non-financial benefits and disbenefits**

What is the likely impact on customers and how will negative impacts be mitigated or managed?

List both positive and negative impacts. Where possible link these to outcomes (please refer to relevant Borough Plan 2019-23 objectives and outcomes)

**Positive Impacts**

Tenants will no longer have a confusing landlord model with the Council and the owner of the head lease. The Council will have unfettered access to its buildings so be able to redevelop run down estates to secure more suitable accommodation that promotes economic growth and secures additional rental income.

**Negative Impacts**

N/A

What is the impact on businesses, members, staff, partners and other stakeholders and how will this be mitigated or managed? How has this been discussed / agreed with other parties affected?  
List both positive and negative impacts.

**Positive Impacts**

Lower management resource requirements as Council becomes the 'sole landlord' with no head lessee to deal with.

**Negative Impacts**

N/A

How does this option ensure the Council is able to meet **statutory requirements**?

Strengthens the Council's control in managing the estates.

## Risks and Mitigation

What are the main risks associated with this option and how could they be mitigated?(Add rows if required)

Risk	Impact (H/M/L)	Probability (H/M/L)	Mitigation
Owner unwilling to sell/abortive fees	L	M	Early approaches to head lessees

Has the EqIA Screening Tool been completed for this proposal?  <a href="#">EqIA Screening Tool</a>	Yes
Is a full EqIA required?	No