



<b>Meeting</b>	Cabinet (Housing) Committee
<b>Date and Time</b>	Wednesday, 21st November, 2018 at 4.30 pm.
<b>Venue</b>	Walton Suite, Guildhall, Winchester

## AGENDA

### PROCEDURAL ITEMS

- 1. Apologies**  
To record the names of apologies given.
- 2. Disclosure of Interests**  
To receive any disclosure of interests from Members and Officers in matters to be discussed.  
*Note: Councillors are reminded of their obligations to declare disclosable pecuniary interests, personal and/or prejudicial interests in accordance with legislation and the Council's Code of Conduct.*
- 3. To note any request from Councillors to make representations on an agenda item under Council Procedure Rule 35.**  
*Note: Councillors wishing to speak about a particular agenda item are requested to advise the Democratic Services Officer before the meeting. Councillors will normally be invited by the Chairman to speak immediately prior to the appropriate item.*
- 4. Minutes of the previous meeting held on 4 July 2018 (Pages 5 - 10)**
- 5. Public Participation**  
– to receive and note questions asked and statements made from members of the public on issues relating to the responsibility of this Committee (see note overleaf).



## **BUSINESS ITEMS**

6. Housing Revenue Account (HRA) Budget Options 2019/20 (Pages 11 - 32)

**Key Decision** (CAB3098(HSG))

7. Home Loss and Discretionary Payment Policy (Pages 33 - 56)

**Key Decision** (CAB3097(HSG))

8. Disposal of Land at Mountbatten Place, Kings Worthy (Pages 57 - 62)

**Key Decision** (CAB3104(HSG))

L Hall  
Head of Legal Services (Interim)

Members of the public are able to easily access all of the papers for this meeting by opening the QR Code reader on your phone or tablet. Hold your device over the QR Code below so that it's clearly visible within your screen and you will be redirected to the agenda pack.



13 November 2018

Agenda Contact: Nancy Graham, Senior Democratic Services Officer  
Tel: 01962 848235 Email: ngraham@winchester.gov.uk

### **Membership 2018/19**

**Chairman:** Horrill (The Leader with Portfolio for Housing)

Brook  
Miller

Deputy: Ashton

#### Non-Voting Invited representatives

Councillors Berry, Burns, Izard and Power, McLean (Non-voting Deputy)

#### TACT representatives

Mr M Fawcitt and Mrs M Gill, Mrs S Downs (Non-elected, Non-voting Deputy)

In the event of any of the standing or deputy or deputy member not being available for a particular meeting, another member of Cabinet will be selected in alphabetical rotation by the Legal Services Manager to substitute for the standing member.

**Quorum** = 3 members

### **PUBLIC PARTICIPATION**

Public Participation is at the Chairman's discretion. If your question relates to an item on the agenda, you will normally be asked to speak at the time of the relevant item. Representations will be limited to a maximum of 3 minutes, subject to a maximum 15 minutes set aside for all questions and answers. If several people wish to speak on the same subject, the Chairman may ask for one person to speak on everyone's behalf. As time is limited, a "first come first served" basis will be operated.

To reserve your place to speak, you are asked to arrive no later than 10 minutes before the start of the meeting to register your intention to speak. Please contact the Democratic Services Officer in advance for further details.

The names of members of the public etc who have registered to address committee meetings will appear in the minutes as part of the public record, which will include on the Council's website. Those wishing to address a committee meeting who object to their names being made available in this way must notify the Democratic Services Officer either when registering to speak, or within 10 days of this meeting.

### **DISABLED ACCESS:**

Disabled access is normally available, but please phone Democratic Services on 01962 848 264 or email [democracy@winchester.gov.uk](mailto:democracy@winchester.gov.uk) to ensure that the necessary arrangements are in place.

### **TERMS OF REFERENCE**

Included within the Council's Constitution (Part 3, Section 2) which is available [here](#)

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## CABINET (HOUSING) COMMITTEE

Wednesday, 4 July 2018

Attendance:

Councillors  
Horrill (Chairman)

Brook

Miller

TACT:

Mr M Fawcitt  
Mrs M Gill

Others in attendance who did not address the meeting:

Councillor Scott

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1. **MINUTES OF THE PREVIOUS MEETING HELD ON 26 MARCH 2018 (LESS EXEMPT MINUTE)**

RESOLVED:

That the minutes of the Cabinet (Housing) Committee held 26 March 2018, less exempt minute, be approved and adopted.

2. **PUBLIC PARTICIPATION**

There were no questions asked or statements made.

3. **THE FUTURE OF HOMELESSNESS SERVICES AND SUPPORT IN WINCHESTER**

(Report CAB3054(HSG) refers)

The Head of Housing Options and Allocations introduced the report and responded to questions from Members.

During debate, Members endorsed the proposal to support co-commissioning of services with the County Council. Members believed that this offered better value for money, provided a satisfactory deal could be reached. The Chairman suggested that an all Member briefing be arranged to update all Councillors on the proposals.

Mrs M Gill (TACT) confirmed that the proposals had been discussed at a TACT briefing earlier in the year where they were generally supported.

The Committee agreed to the following for the reasons outlined above and set out in the report.

RESOLVED:

1. That the principle of “co-commissioning” of support services in partnership with Hampshire County Council be supported.
2. That the Homelessness Prevention Fund Reserve and Flexible Homelessness Grant be used to fund the commissioning of community and floating support services and that a detailed spending plan be brought back to this Committee to approve proposals for 2019 and beyond.
3. That the Corporate Head of Housing be authorised to respond to the Hampshire County Council consultation on proposed changes to Homelessness Support Services (Social Inclusion Services) on the basis of the above recommendations.

4. **PROPOSED DISABLED FACILITY GRANT POLICY UPDATE**  
(Report CAB3051(HSG) refers)

The Corporate Head of Housing introduced the report and outlined the reasons for the proposals. He requested that Recommendation 3 be amended to delete the words “subject to consultation with Portfolio Holder and appropriate panel approval” as the intention was to give the Officer delegation up to £100,000. This was agreed.

The Chairman emphasised that the report proposed that there be no cap on the level of a grant. The Corporate Head of Housing advised that if the recommendations were agreed, there was a current case that would require Portfolio Holder approval for a grant of approximately £250,000.

In response to questions, the Corporate Head of Housing advised that the underspend in the previous year was due to initial low demand for the grants. The Council were seeking to increase awareness and access to the grants and had employed an occupational therapist to assist with this process. The grants were not available for adaptations to Council owned properties (these would be funded through the Housing Revenue Account, as appropriate).

During debate, Members highlighted the benefits of enabling a person to remain in their own home, both in terms of the individual/families directly affected and savings to the wider public purse.

The Committee agreed to the following for the reasons outlined above and set out in the report.

## RESOLVED:

1. That the policy not to cap discretionary grants be approved.
2. That for grants larger than £30k, full specifications and drawings are required for approval by a pre-appointed officer panel (which should include a Council appointed Quantity Surveyor).
3. That the Corporate Head of Housing be given delegated authority to approve grants up to £100,000.
4. That in event of a larger than £100k grant, the Portfolio Holder for Housing be given authority to approve via a Portfolio Holder Decision Notice.

5. **EXPANSION OF HMO MANDATORY LICENSING**

(Report CAB3052(HSG) refers)

The Corporate Head of Housing introduced the report. He advised that the fee proposed would enable the Council to fully cover the costs of implementing this new statutory licensing obligation.

In response to Members' questions, the Corporate Head of Housing confirmed that measures were being taken to advertise the new licensing requirements, including details on the Council's website and contacting all lettings agencies in the district. Members suggested Housing Officers work closely with the Communications Team to increase publicity and awareness as widely as possible, for example by reaching occupiers of HMOs in addition to the landlords. This was agreed.

The Committee also agreed a review should take place in one year's time.

The Committee agreed to the following for the reasons outlined above and set out in the report.

## RESOLVED:

1. That the new requirements resulting from the changes introduced by the new legislation to expand HMO mandatory licensing be noted.
2. That the HMO licence fee be set at £900 (per 5 year licence).
3. That the additional resource requirements be supported.
4. That the Corporate Head of Housing, in consultation with the Corporate Head of Resources, be authorised to negotiate

terms with Idox for the provision of additional licensing software to support the administration of the additional licensing, as set out in the report, and a Direction be made under Contracts Procedure Rule 2.4 a) accordingly.

5. That a review be undertaken in one year's time and a report be submitted to the Committee accordingly.

6. **ASSET MANAGEMENT STRATEGY**  
(Report CAB3053(HSG) refers)

The Corporate Head of Housing introduced the report and outlined the reasons for the changes proposed. He also responded to questions thereon.

In response to questions from the TACT representatives present, he advised that as part of the revised strategy, there would be a wider review of sheltered housing schemes. The membership of the Asset Management Strategy Working Group currently consisted of Council Officers only, with no direct Councillor or TACT input. He would give consideration to how the Working Group could report back to TACT through an appropriate Panel.

The Committee agreed to the following for the reasons outlined above and set out in the report.

RESOLVED:

1. That the progress made against priorities outlined and agree the future priorities set out in Appendix 2 be noted.

2. That the existing property value thresholds included in the Property Disposal policy be amended and approved as set out in this report.

3. That the Corporate Head of Housing be given delegated authority, in consultation with the Corporate Head of Resources and the Leader with the Portfolio Holder for Housing to review the scope of the Southampton City Council 'ECO and Green Deal Delivery Scheme' Framework and, if eligibility and compliance criteria met in accordance with Contracts Procedure Rules, to sign up to the framework to support work to improve the energy efficiency of non traditional housing stock.

4. That the Wise Move incentive payment scheme be increased to £2,500 per household for each move for a trial period of 12 months.



7. **HOUSING REVENUE ACCOUNT AND HOUSING CAPITAL PROGRAMME  
OUTTURN 2017/18**

(Report CAB3036(HSG) refers)

The Head of Housing Finance introduced the report and outlined the reasons for the main variances and proposals contained therein.

On behalf of TACT, Mrs Gill thanked the Head of Housing Finance for a thorough explanation of the contents of the report at a recent TACT meeting. The Chairman echoed these thanks on behalf of the Committee.

The Committee agreed to the following for the reasons outlined above and set out in the report.

RESOLVED:

1. That the HRA Outturn figures for 2017/18 be approved as detailed in Appendices 1 and 2.
2. That the carry forward items from 2017/18 be noted the Re-forecast HRA Budget for 2018/19 be approved as detailed in Paragraph 11.2 and Appendix 3.
3. That the provision of up to £100,000 for costs related to the rollout of Universal Credit in the Winchester area be approved with delegated authority to the Corporate Head of Housing to spend as required.
4. That the Housing capital programme outturn for major works and new build developments as detailed in Paragraphs 11.5 to 11.6 and Appendices 4 & 5 be noted.
5. That the funding of the HRA capital programme be approved, as detailed in Paragraph 11.8 and Appendix 6;
6. That the re-forecast capital programme budget of £17,606,400 for 2018/19 in Paragraphs 11.9 to 11.12 of the report and detailed in Appendix 7 be supported.
7. That the additional expenditure required to complete the Mitford Road development be approved, as detailed in Paragraph 11.12.d).
8. That the proposal detailed in paragraph 11.12.m) to buy back former Right to Buy properties in line with the Asset

Management policy to ensure the full use of 1-4-1 Right to Buy receipts in 2018/19 be approved.

9. That the Corporate Head of Housing, in consultation with the Corporate Head of Resources, be authorised to negotiate terms with Galliford Try's mechanical and electrical equipment advisor and installer at Chesil Lodge for the provision of the first year's support for specialist systems as detailed in Paragraph 11.2.iv) in the report, and a Direction be made under Contracts Procedure Rule 2.4 a) accordingly.

8. **EXEMPT BUSINESS**

RESOLVED:

1. That in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2. That the public be excluded from the meeting during the consideration of the following items of business because it is likely that, if members of the public were present, there would be disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

<u>Minute Number</u>	<u>Item</u>	<u>Description of Exempt Information</u>
##	Exempt minute of the previous meeting	) Information relating to the ) financial or business affairs of ) any particular person (including ) the authority holding that ) information). (Para 3 Schedule ) 12A refers)

9. **EXEMPT MINUTE OF THE PREVIOUS MEETING HELD 26 MARCH 2018**

RESOLVED:

That the exempt minute of the Cabinet (Housing) Committee held 26 March 2018 be approved and adopted.

The meeting commenced at 4.35 pm and concluded at 6.00 pm

Chairman

REPORT TITLE: HOUSING REVENUE ACCOUNT (HRA) BUDGET OPTIONS  
2019/20

21 NOVEMBER 2018

REPORT OF PORTFOLIO HOLDER: LEADER WITH PORTFOLIO FOR HOUSING  
– CLLR CAROLINE HERRILL

Contact Officer: Richard Burden Tel No: 01962 848136

Email [rburden@winchester.gov.uk](mailto:rburden@winchester.gov.uk)

WARD(S): ALL

## PURPOSE

This report provides an update on the Housing Revenue Account (HRA) budget for 2018/19 and sets out options for Members to consider in relation to the budget for 2019/20. It updates Members on the latest forecasts for the Housing Capital Programme for 2018/19, (together with a proposed programme for the next 9 years) and also sets out the impact on the long term HRA business plan, which remains sustainable throughout the 30 year planning period.

## RECOMMENDATIONS:

1. The revised forecasts for the HRA for 2018/19, as detailed in Appendices 1 and 2 be approved.
2. The amended capital programmes for Housing Services and New Build Projects together with the funding schedule for 2018/19 to 2027/28 as detailed in Appendices 3, 4 and 5 are approved.
3. The rent reduction for Council dwellings of 1% in 2019/20, as highlighted in paragraph 11.7, in line with MHCLG rent setting policy is approved.
4. The latest forecast for the rectification works, as outlined in paragraph 11.11, for Victoria House are noted.

5. Recommend to Council, that subject to the Corporate Head of Housing being satisfied that suitable delivery arrangements are in place and the completion of a funding agreement between Wickham Community Land Trust (WCLT) and the Council, a supplementary capital estimate of £410k be approved and a grant award of this sum be made to WCLT for the provision of affordable housing.

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

- 1.1 Providing good quality housing and new affordable homes is a strategic priority for the Council. Effective management of the resources available to the Council enable it to take advantage of new opportunities and ensure that satisfaction levels remain high amongst tenants in relation to their home and community.

2 FINANCIAL IMPLICATIONS

- 2.1 These are fully detailed in Section 11 of the report and accompanying appendices.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Council is required under statute to maintain a separate Housing Revenue Account with a positive working balance. MHCLG recently announced that the HRA borrowing cap would be removed on 29 October 2018. Further announcements are expected from MHCLG before the end of March 2019 on the use of right to buy receipts and from CIPFA on potential changes to the prudential borrowing code. This paper updates the latest HRA financial position based on the existing HRA debt cap remaining in place. The HRA business plan will be revised in January 2019 forming part of the 2019-20 HRA Budget paper. The January 2019 paper will also take into consideration any further funding announcements and a review of the New Build programme. . Effective management of the HRA is necessary to ensure that both of these requirements are met.
- 3.2 Any Housing Services contracts and new build schemes will be procured in accordance with the Council's Contract Procedure Rules and where applicable, The Public Contract Regulations 2015. Any projects with costs in excess of £100,000 will be subject to a financial appraisal in line with Financial Procedure Rules.
- 3.3 The proposals and the business plan projections included in this report have been prepared based on the restrictions imposed by the HRA debt cap rules. However, the debt cap has now been lifted as detailed in this report..
- 3.4 Provided that the grant terms, in relation to the proposed WCLT grant award, adequately describe the purposes for which the grant can be used, and make certain provisions about the receipts of shared ownership staircasing (ie the sale of a greater proportion of the shared ownership house to the occupant), then the grant will be treated as compensation for delivery of a public service obligation, which is excluded from the State aid regime.

#### 4 WORKFORCE IMPLICATIONS

- 4.1 The 2019/20 forecast and future years in the business plan include the impact of the closure of the car leasing scheme in September 2019.
- 4.2 The employee cost forecast for 2019/20 includes known additional costs arising from the proposed salary assimilation process.

#### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 In order to meet one of the key principles of the Council Strategy, the HRA is required to provide sufficient financial resources to both maintain existing stock to decent homes standard and to enable new affordable housing to be built to help meet local demands.

#### 6 CONSULTATION AND COMMUNICATION

- 6.1 This report will be reviewed by the Overview & Scrutiny Committee on 26 November.
- 6.2 The report was reviewed and approved by the TACT support group on 5 November.

#### 7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The Housing Service considers environmental factors when preparing and developing major projects e.g. working closely with Planning and Landscape Officers when considering new build developments to meet the required codes for sustainable housing.

#### 8 EQUALITY IMPACT ASSESSMENT

- 8.1 There are no equality issues arising from this report.

#### 9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required.

#### 10 RISK MANAGEMENT

- 10.1 The key risks impacting on the HRA budget are shown below.

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Property That the Council fails to adequately maintain housing stock and their condition falls below decent home standards.</i>	An effective and well funded programme of capital works linked to a comprehensive stock condition survey and sound future planning ensures decent home	The government are currently looking at a potential revision to decent home standards following the Grenfell Tower disaster in 2017.

	standards are met and maintained.	
<i>Community Support Consultation is required with tenants regarding HRA budgets and with the wider community over new build developments.</i>	Regular communication is maintained with tenants and leaseholders on a variety of housing issues. The Council consults with local residents and stakeholders on proposed new build schemes.	Pro-active consultation can bring forward options that otherwise may not have been considered.
<i>Timescales Delays to new build contracts results in lost revenue and potentially increased costs.  An achievable new build programme is necessary to avoid the Council having to repay Right to Buy 1-4-1 receipts with interest or penalties.</i>	New build contracts contain clauses to allow the Council to recover damages if the project is delayed due to contractor actions. Close control is maintained on Right to Buy receipts and these are monitored against future spending plans to ensure action can be taken if necessary.	The MHCLG have recently consulted on the use of Right to Buy receipts, including extending the retention of existing receipts from 3 to 5 years. There is also the potential for the use of receipts on shared ownership properties. An announcement following the consultation is expected later in 2018/19.
<i>Project capacity The HRA debt cap and rules around the use of Right to Buy receipts may limit the ability of the Council to implement proposed new build schemes at the required pace.  Staffing resources (sometimes outside of Housing) reduce the time available to push forward new build schemes at the required pace.</i>	Regular monitoring of budgets and business plans, together with the use of suitable financial assessment tools enables the Council to manage resources effectively.  Staff resources within Housing are regularly reviewed and regular project meetings are held with colleagues in other Departments to enable an ambitious new build programme to be delivered.	The MHCLG have announced the lifting of the HRA debt cap from 30 October 2018. This will allow the Council to control the level of debt taking into consideration prudential funding rules and the ability to service debt within the HRA balance. This will allow the Council to fund more housing development activity in the future.
<i>Financial / VfM The current rent reduction rules are directly impacting on the Council's ability to</i>	Regular budget monitoring and opportunities to save costs assist with	

<p><i>maintain services at existing levels but new announcements should allow an element in business planning until 2025.</i></p> <p><i>The roll out of Universal Credit (UC) in Winchester is due to complete by December 2018. This will have an impact on the level of arrears and the potential for rent write offs in future years.</i></p>	<p>maintaining services at required levels.</p> <p>Winchester is working closely with the DWP and tenants who are affected by UC. Additional resource has been included in the 2018/19 budget to support tenants and minimise the impact on rent arrears.</p>	
<p><i>Legal</i> <i>Changing Government priorities and a greater emphasis on “social housing” (as compared to affordable housing) may impact on the Council’s new build programme.</i></p>	<p>Government policy changes are being followed closely to identify any new risks or opportunities that they bring.</p>	
<p><i>Innovation</i> <i>The introduction of a Housing Company to support the new build programme is brought in without reference to existing rules and consents.</i></p>	<p>Legal and business planning advice is being sought on an appropriate solution.</p>	
<p><i>Reputation</i> <i>Failure to complete major housing projects due to resources would be likely to affect both customer satisfaction levels and the Council’s reputation.</i></p>	<p>Business planning tools with regular updates are utilised to make sure resources are available to complete projects.</p>	
<p><i>Other</i> <i>None.</i></p>		

11 SUPPORTING INFORMATION:

11.1 Local Authority Housing Update

11.2 In the last couple of months there have been some significant funding changes & proposals announced by MHCLG. At the end of September the Council submitted a £52m bid for additional borrowing under the £2bn



MHCLG HRA additional borrowing programme 2019-2022. The bid demonstrated Council intention to deliver a significant number of new social housing units over the next 3 financial years. The size of the bid, together with a number of high bids nationally, contributed to the decision to remove the HRA debt cap from 30 October 2018. The removal of the HRA debt cap and potential changes on the use of right to buy receipts will give local authorities more freedom to plan and deliver additional social housing properties in the future. The 2019/20 HRA budget paper, to be presented to Cabinet (Housing) Committee on 30 January 2019, will include a revised 10 year business plan assuming no HRA debt cap. The business plan will focus on the delivery of new social housing properties, taking into consideration any changes to prudential borrowing rules and existing revenue commitments.

- 11.3 Proposals identified in the MHCLG use of right to buy receipts consultation include more tenure flexibility, allowing receipts to be used for shared ownership developments in addition to social & affordable rent. Other proposals include allowing receipts to be used in addition to Homes England grant on the same scheme and the potential for local authorities to retain more than the current 30% of right to buy sales. An announcement on the conclusions of the consultation is expected before April 2019.
- 11.4 In August MHCLG issued a green paper consultation on “A New Deal for Social Housing” asking for comment from housing providers on a wide range of questions & proposals. MHCLG are keen to understand how social housing providers view the future management and regulation of the sector, including funding and tenant involvement.
- 11.5 Housing Revenue Account Updated Forecast 2018/19
- 11.6 The 2018/19 working budget is showing an improved position for the current financial year. The latest forecast is showing a surplus of £1.59m for the year against the original budget of £627k deficit. Appendices 1 & 2 detail the service and subjective HRA summaries as they are now forecast.
- 11.7 Repair costs, including response, voids and cyclical repairs, are forecast to increase by £170k compared to budget.
- 11.8 Depreciation has increased by £616k compared to the budget. This is as a result of change of calculation identified during the 2017/18 year end audit review. The new calculation basis will be followed in future years.
- 11.9 Rental income is forecast to reduce by £200k compared to budget. This is as a result of delays in the handover of new build properties during the year.
- 11.10 Housing Rents 2019/20 and beyond
- 11.11 For 2019/20, it is proposed that rents for all Council dwellings be reduced by 1% in line with the current MHCLG policy. 2019/20 will be the final year of the

national “rent reduction” proposals, after which all registered providers are able to set rents based on an annual increase of CPI+1%.

11.12 The 1% rent reduction effectively results in £266k reduced income and has an immediate and direct impact on the HRA business plan. However, the projections in Appendix 8 demonstrate that this reduction can be afforded whilst still retaining revenue reserves at a reasonable level.

11.13 Housing Capital Programme Updated Forecast 2018/19

11.14 The Housing Services Programme shows a net decrease of £270k compared to the original budget of £8.44m. The decrease is as a result of the timing of external envelope repairs, including roof work, which will be carried forward into 2019/20.

11.15 The new build programme shows a net decrease of £70k compared to the original budget. The changes compared to budget are as follows;

- Victoria House – The cost is forecast to increase by £30k compared to the original £410k budget. This includes taking into consideration the additional costs of the completion works less a claim against the original contractor performance bond. The scheme is being managed to completion by Rekan following HH Drew going into administration. Overall contract costs are still within the 10% overspend limit but it is possible further costs may arise before the scheme is completed at the end of December.
- Winnall Flats – The scheme will not start on site until 2019/20 resulting in reduced expenditure of £430k during the year.
- Meryon Road – The budget included initial feasibility costs of £100k but the scheme has now been put on hold.

11.16 Appendices 3 & 4 show the revised forecasts for 2018/19 together with the proposed budgets for the next 9 years.

11.17 Housing Capital Programme Budgets 2019/20 to 2027/28

11.18 Within Housing Services, the major repairs budgets from 2019/20 are based on the latest stock condition information. Forecast cost predictions over the 30 year business plan have been broken down into 5 year bandings to smooth the effect of the major repairs programme over the life of the plan.

11.19 The projected stock condition information gives a reduction in repair spend until 2024/25 when a £2.8m increase in mechanical & electrical services is required for a period of 5 years. For the remainder of the 30 year plan from 2028/29 repair costs reduce back down to the current level.

- 11.20 The Estate Improvements programme is set to continue at £250k per annum until 2027/28. Sheltered housing upgrades will remain at £100k per annum until 2021/22 and reduce to £50k per annum until 2028/29.
- 11.21 For the new build programme, no further known schemes have been added to programme. From 2021/22 funding of £8m per annum has been allocated within the 30 year business plan to cover the future new build programme, including small sites and schemes funded by RTB sales.
- 11.22 HRA Capital Programme Funding
- 11.23 Appendix 5 gives full details of how it is proposed to fund the Housing Services & New Build budgets from 2018/19 to 2027/28.
- 11.24 The 30 year business plan takes into consideration the current HRA debt cap of £168m. It has been announced that the HRA debt cap will be lifted from 30 October 2018 which will allow further borrowing to deliver more new build properties. Precise details on the prudential borrowing rules that will be required have not yet been published but this is expected shortly.
- 11.25 There has also been a recent MHCLG consultation on the use of RTB receipts, the results of which are expected by the end of 2018/19. There is the potential for use of RTB receipts on other tenures including shared ownership and a short term increase in the 3 year time limit for utilising existing receipts to 5 years.
- 11.26 Prudent assumptions have been made on the future funding programme the HRA business plan on shared ownership and S106 receipts.
- 11.27 Housing Management Budgets 2019/20 to 2047/48
- 11.28 The car leasing scheme will close in September 2019, following which all cars will be handed back. Staff affected may be given the alternative of an essential car user allowance depending on the level of annual mileage. Savings will be limited in 2019/20, allowing for the early termination of leases. From 2020/21 annual savings are expected to be £117k and will continue for the remainder of the 30 year business plan.
- 11.29 The forecast for 2019/20 includes known costs arising from the Local government pay award and the 1% increase in employer pension contributions.
- 11.30 HRA Business Plan 2019/20 to 2047/48 – Key assumptions
- 11.31 The latest iteration of the 30 year HRA business plan uses the 2018/19 latest forecast position as the base.
- 11.32 The business plan includes the current 1% rent reduction for 2019/20 and the MHCLG policy of increasing rents by CPI +1% for 5 years from 2020/21 until

2024/25. Rents will revert to base CPI only from 2025/26 for the remainder of the plan.

- 11.33 Appendices 6 & 7 show extracts from the business plan operating account and loan financing schedule. Internal loan funding of £4.5m is required in 2020/21 to fund the current capital programme. Appendix 7 demonstrates a gradual repayment of the outstanding loan finance over the life of the plan.
- 11.34 As outlined in previous housing cabinet papers, the garage stock is being transferred to the general fund over 4 years commencing in March 2019. The business plan assumes a 25% reduction in rental income for each of the 4 years with a capital payment from the general fund. Garage rent is predicted to increase by RPI annually until all garages have been transferred to the general fund.
- 11.35 There are no specific budget options identified other than to maximise the level of new build development within the current HRA debt cap.
- 11.36 General assumptions used in the plan have been reviewed and amended, details of which are shown at Appendix 8.
- 11.37 Wickham CLT funding requirement
- 11.38 The Council have been approached by Wickham Community Land Trust (WCLT) to financially support the development of 10 affordable homes (5 affordable rent, 5 shared ownership) in Wickham. WCLT is a registered provider (RP) and has previously developed (with Council financial support) 8 affordable homes in Wickham. The WCLT proposals relate to land in Wickham that already has a planning permission for a mixture of market and affordable homes (with a S106 Agreement requiring the provision of affordable homes). This means without the funding requested it is likely that all the affordable homes would still be provided but by a larger RP, however WCLT ownership would offer local stewardship of the homes and help build their asset base which, in turn, would enable further local development in the future. Any funding agreement would include conditions excluding the grant from the State aid regime.
- 11.39 The Council promotes a mixed economy of affordable housing provision in order to accelerate and maximise the supply of affordable housing. It is a founding partner of the Hampshire Community Housing Partnership and its own Housing Strategy seeks to adopt an innovative approach to new provision, including community led housing. Community led housing (housing where ownership and stewardship is vested in community based groups) is being promoted by Government, including through its “New Deal for Social Housing” Green Paper and the Community Housing Fund.
- 11.40 The total scheme costs are estimated to be £1.7m with WCLT funding from a mixture of its reserves, commercial loans and the requested grant from the Council. The financial details presented by WCLT, and analysed by the Council, indicate a funding gap of £410k, being the amount requested by

WCLT. The offer of grant would assist WCLT in finalising negotiations on delivery. Should Members be minded to approve the award of grant no payment would be made until there was certainty over the delivery.

11.41 The Council's agreement with MHCLG allows retained RTB 1-4-1 receipts to be paid to a partner for the development of replacement social housing but with the same restrictions that apply to the Council using 1-4-1 receipts. This includes only using funds for rented (not shared ownership) housing, being unable to use the receipts where Homes England grant is being received for the development and with a maximum of 30% of relevant development and/or acquisition costs.

11.42 Due to these limitations, the value of RTB 1-4-1 receipts that can be allocated to this scheme is restricted to £244k, leaving a gap of £166k to be found. This can be met from the following sources:

- £40k from the Community Housing Fund grant (already awarded by Government to the Council); and
- £126k from S106 developer contributions.

11.43 The Council currently has £360k of available S106 developer contributions that have not been allocated to other development schemes. The HRA business plan has taken into consideration the use of the proposed £126k from available S106 developer contributions.

#### BACKGROUND DOCUMENTS:-

##### Previous Committee Reports:-

CAB 3016(HSG) HRA Budget 2018/19 and Business Plan 2018 – 2048; 31 January 2018

CAB 3036(HSG) HRA 2017/18 Outturn and Key Performance Indicators; 4 July 2018

##### Other Background Documents:-

HRA Business Plan 2018 to 2048, from which Appendices 6 and 7 are extracted.

APPENDICES:

Appendix 1 – Housing Revenue Account Revised Budget Forecast 2018/19 – Service Summary

Appendix 2 – Housing Revenue Account Revised Budget Forecast 2018/19 – Subjective Summary

Appendix 3 – Housing Services Re-Forecast Capital Programme 2018/19 and Proposals for 2019/20 to 2027/28

Appendix 4 – New Build Re-Forecast Capital Programme 2018/19 and Proposals for 2019/20 to 2027/28

Appendix 5 – Housing Capital Programme Funding Re-Forecast and Proposals for 2019/20 to 2027/28

Appendix 6 – HRA Business Plan Extract – Operating Account 2018/19 to 2047/48

Appendix 7 – HRA Business Plan Extract – Financing Schedule 2018/19 to 2047/48

Appendix 8 – HRA Business Plan – Updated Assumptions

Housing Revenue Account - Re-Forecast Service Summary 2018/19			CAB3098(HSG) Appendix 1	
	18/19 Original Budget £	18/19 Working Budget £	18/19 Further Adjustments £	18/19 Forecast Budget £
<b>Housing Management General</b>				
Estate Management	1,260,431	1,260,431	0	1,260,431
HRA General	2,147,271	2,247,271	0	2,247,271
Removal Incentive Scheme	50,000	60,000	0	60,000
Rent Accounting	260,211	260,211	0	260,211
Tenants Information	116,249	136,249	0	136,249
Vacant Dwellings	9,200	9,200	0	9,200
New Build Programme Support	668,468	718,468	0	718,468
	4,511,830	4,691,830	0	4,691,830
<b>Housing Management Special</b>				
Communal Services	(90,500)	(90,500)	0	(90,500)
Disabled Adaptations	115,245	115,245	20,000	135,245
Estate Maintenance	511,717	531,717	0	531,717
Homelessness	(66,600)	(66,600)	0	(66,600)
Sewage Works	185,179	185,179	0	185,179
Sheltered Housing	760,988	830,988	0	830,988
	1,416,029	1,506,029	20,000	1,526,029
<b>Repairs</b>				
Responsive Maintenance	2,351,407	2,200,000	200,000	2,400,000
Voids	585,000	950,000	(100,000)	850,000
Cyclic	850,000	750,000	50,000	800,000
Sub - total Repairs Works	3,786,407	3,900,000	150,000	4,050,000
Repairs Administration	1,244,978	1,253,978	0	1,253,978
	5,031,385	5,153,978	150,000	5,303,978
Debt Management Expenses	18,297	18,297	0	18,297
Interest Payable	5,182,000	5,168,000	0	5,168,000
Depreciation of Fixed Assets	6,044,100	6,044,100	616,000	6,660,100
	11,244,397	11,230,397	616,000	11,846,397

			CAB3098(HSG)	
			Appendix 1 (continued)	
<b>Rents and Other Income</b>				
Dwelling Rents	(26,097,400)	(26,097,400)	200,000	(25,897,400)
Garage Rents	(650,240)	(650,240)	0	(650,240)
Other Income	(264,800)	(264,800)	0	(264,800)
Sheltered Charges	(517,400)	(517,400)	0	(517,400)
Interest Receivable	(21,000)	(21,000)	0	(21,000)
	(27,550,840)	(27,550,840)	200,000	(27,350,840)
<b>Surplus for year on HRA Services</b>	<b>(5,347,199)</b>	<b>(4,968,606)</b>	<b>986,000</b>	<b>(3,982,606)</b>
Capital Expenditure funded by HRA	5,550,000	5,550,000	(3,207,000)	2,343,000
Right to Buy Admin Fees	(20,800)	(20,800)	0	(20,800)
<b>Net (increase)/decrease in HRA Balance before transfers to or from reserves</b>	<b>182,001</b>	<b>560,594</b>	<b>(2,221,000)</b>	<b>(1,660,406)</b>
Transfer re Insurance Reserve	66,300	66,300	0	66,300
<b>(Increase)/ decrease in HRA Balance</b>	<b>248,301</b>	<b>626,894</b>	<b>(2,221,000)</b>	<b>(1,594,106)</b>
<b>HRA Working Balance</b>				
Opening Balance	(9,116,004)	(9,116,004)	0	(9,116,004)
Add Projected Deficit/(Surplus)	248,301	626,894	(2,221,000)	(1,594,106)
<b>Projected Balance at Year End</b>	<b>(8,867,703)</b>	<b>(8,489,110)</b>	<b>(2,221,000)</b>	<b>(10,710,110)</b>



Housing Revenue Account - Re-Forecast Subjective Summary 2018/19	CAB3098(HSG)			
	Appendix 2			
	18/19	18/19	18/19	18/19
	Original Budget	Working Budget	Further Adjustments	Forecast Budget
	£	£	£	£
Employees	3,967,922	3,967,922	0	3,967,922
Premises	5,074,653	5,208,246	170,000	5,378,246
Transport	305,526	305,526	0	305,526
Supplies & services	868,054	1,117,054	0	1,117,054
Third party payments	106,500	116,500	0	116,500
Support Services	2,027,212	2,027,212	0	2,027,212
Net Interest	5,185,090	5,171,090	0	5,171,090
Depreciation on Fixed Assets	6,044,100	6,044,100	616,000	6,660,100
External income	(28,926,256)	(28,926,256)	200,000	(28,726,256)
<b>Surplus for year on HRA Services</b>	<b>(5,347,199)</b>	<b>(4,968,606)</b>	<b>986,000</b>	<b>(3,982,606)</b>
Capital Expenditure funded by HRA	5,550,000	5,550,000	(3,207,000)	2,343,000
Right to Buy Admin Fees	(20,800)	(20,800)	0	(20,800)
<b>Net (increase)/decrease in HRA Balance before transfers to or from reserves</b>	<b>182,001</b>	<b>560,594</b>	<b>(2,221,000)</b>	<b>(1,660,406)</b>
Transfer re Insurance Reserve	66,300	66,300	0	66,300
<b>(Increase)/ decrease in HRA Balance</b>	<b>248,301</b>	<b>626,894</b>	<b>(2,221,000)</b>	<b>(1,594,106)</b>
<b>HRA Working Balance</b>				
Opening Balance	(9,116,004)	(9,116,004)	0	(9,116,004)
Add Projected Deficit/(Surplus)	248,301	626,894	(2,221,000)	(1,594,106)
<b>Projected Balance at Year End</b>	<b>(8,867,703)</b>	<b>(8,489,110)</b>	<b>(2,221,000)</b>	<b>(10,710,110)</b>

Housing Services Re-forecast Capital Programme 2018/19 and Proposals 2019/20 to 2027/28												CAB3098(HSG) Appendix 3	
Housing Services Programme	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	Budget.	July Update	Forecast	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Major Repairs</b>													
External Envelope Works	2,942	2,942	2,642	2,743	2,864	2,927	2,991	3,055	3,389	3,453	3,521	3,348	30,933
External Ground Works	933	500	600	509	525	541	557	574	503	519	534	550	5,412
External Window/Door/Screens	417	417	275	348	359	370	381	392	229	236	243	250	3,083
Internal Structure & Finishes	231	231	303	49	50	52	53	55	67	69	71	73	842
Kitchen & Bathroom Renewals	763	1,100	1,100	996	1,027	1,057	1,089	1,122	1,224	1,261	1,298	1,337	11,511
Mechanical & Electrical Services	797	1,762	1,762	1,232	1,271	1,309	1,348	1,388	4,011	4,131	4,255	4,383	25,090
	<b>6,083</b>	<b>6,952</b>	<b>6,682</b>	<b>5,877</b>	<b>6,096</b>	<b>6,255</b>	<b>6,419</b>	<b>6,586</b>	<b>9,423</b>	<b>9,669</b>	<b>9,923</b>	<b>9,941</b>	<b>76,871</b>
<b>Improvements &amp; Conversions</b>													
Estate Improvements	250	285	285	250	250	250	250	250	250	250	250	250	2,535
Loft Conversions/Extensions	60	60	60	60	0	0	0	0	0	0	0	0	120
Sheltered Housing Conversions	0	0	0	0	0	0	0	0	0	0	0	0	0
Sheltered Housing Upgrades	100	100	100	100	100	100	50	50	50	50	50	50	700
	<b>410</b>	<b>445</b>	<b>445</b>	<b>410</b>	<b>350</b>	<b>350</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>3,355</b>
<b>Disabled Adaptations</b>													
Disabled Adaptations	770	806	806	770	770	770	770	770	770	770	770	770	7,736
<b>Other Capital Spending</b>													
Sewage Treatment Works	100	100	100	103	106	109	111	114	117	121	124	127	1,132
<b>Total HS Capital Programme</b>	<b>7,363</b>	<b>8,303</b>	<b>8,033</b>	<b>7,160</b>	<b>7,322</b>	<b>7,484</b>	<b>7,600</b>	<b>7,770</b>	<b>10,610</b>	<b>10,860</b>	<b>11,117</b>	<b>11,138</b>	<b>89,094</b>

Housing New Build & Other Capital Re-forecast Capital Programme 2018/19 and Proposals 2019/20 to 2027/28													CAB3098(HSG)
													Appendix 4
New Build Programme & Other Capital	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	Budget	July Update	Forecast	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Scheme Name/Description	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Victoria House		410	440										440
Hillier Way		10	10										10
Chesil Street - Extra Care	560	1,980	1,980										1,980
Mitford Road	267	425	425										425
The Valley, Stanmore	3,975	850	850	9,000	6,120								15,970
Mayles Lane, Knowle	1,530	1,540	1,540	386									1,926
Bailey Close	300	525	525										525
Rowlings Road, Weeke	680	250	250	1,170									1,420
Wykeham Place, Stanmore	50	50	50	800	1,000								1,850
Meryon Road, Alresford	250	100											0
Abbotts Barton (Charles/Dyson)	700	100	100	662	2,638								3,400
Dolphin Hill, Twyford	500	260	260	240									500
Woodman Close, Sparsholt	50	50	50	950									1,000
Hookpit, Kings Worthy	3,750	750	2,050		6,364								8,414
Winnall Flats		500	70	1,650	6,606								8,326
Wickham CLT				410									410
Sheltered Conversions	200	200	200										200
Sheltered Wi-Fi Scheme	38	143	143										143
Small sites / unallocated programme						5,614	5,550	6,006	6,366	5,360	4,000	7,070	39,966
Sites funded by RTB 1-4-1 receipts	1,820	1,300		250	250	2,000	2,000	1,500	3,000	1,800	2,000	1,055	13,855
<b>Other Capital Total</b>				<b>410</b>									<b>410</b>
<b>Total New Build Programme</b>	<b>14,670</b>	<b>9,443</b>	<b>8,943</b>	<b>15,108</b>	<b>22,978</b>	<b>7,614</b>	<b>7,550</b>	<b>7,506</b>	<b>9,366</b>	<b>7,160</b>	<b>6,000</b>	<b>8,125</b>	<b>100,350</b>

HRA Re-Forecast Capital Programme Funding 2018/19 and Proposals for 2019/20 to 2027/28										CAB3098(HSG)	
										Appendix 5	
HRA Capital Programme Funding	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	Forecast	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Right to Buy 1-4-1 Receipts	1,584	1,825	4,116	1,629	1,039	1,060	1,082	1,104	1,126	1,149	15,714
Right to Buy Other Retained receipts	610	505	527	548	570	593	617	641	666	692	5,969
New Build Sales	3,127		3,991		250	250	250	250	250	250	8,618
Other capital receipts	967	40									1,007
S.106 Contributions	360	200	200	250	250	1,600	3,500	2,600	1,400	4,400	14,760
Garage Transfers to General Fund	3,078	2,361	1,977	1,510							8,926
HCA Grants		1,501	1,501								3,002
HCC Extra Care Grant	716										716
HRA Revenue Contributions to Capital	2,343	6,858	6,355	3,627	5,226	3,694	6,175	4,773	4,727	3,519	47,297
Additional/Refinanced Borrowing			4,490								4,490
Major Repairs Reserve	4,191	9,388	7,143	7,534	7,815	8,079	8,352	8,652	8,948	9,253	79,355
<b>Total Funding</b>	<b>16,976</b>	<b>22,678</b>	<b>30,300</b>	<b>15,098</b>	<b>15,150</b>	<b>15,276</b>	<b>19,976</b>	<b>18,020</b>	<b>17,117</b>	<b>19,263</b>	<b>189,854</b>
<b>Housing Services</b>	<b>8,033</b>	<b>7,160</b>	<b>7,322</b>	<b>7,484</b>	<b>7,600</b>	<b>7,770</b>	<b>10,610</b>	<b>10,860</b>	<b>11,117</b>	<b>11,138</b>	<b>89,094</b>
<b>Other</b>		<b>410</b>									<b>410</b>
<b>New Build</b>	<b>8,943</b>	<b>15,108</b>	<b>22,978</b>	<b>7,614</b>	<b>7,550</b>	<b>7,506</b>	<b>9,366</b>	<b>7,160</b>	<b>6,000</b>	<b>8,125</b>	<b>100,350</b>
<b>Capital Programme Total</b>	<b>16,976</b>	<b>22,678</b>	<b>30,300</b>	<b>15,098</b>	<b>15,150</b>	<b>15,276</b>	<b>19,976</b>	<b>18,020</b>	<b>17,117</b>	<b>19,263</b>	<b>189,854</b>

HRA Business Plan Extract - Operating Account													CAB298(HSG) Appendix 6						
Year	Year	Income			Total Income £,000	Expenditure							Net Operating (Expenditure) £,000	Repayment of loans £,000	RCCO £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000	Interest £,000	Surplus (Deficit) £,000
		Net rent Income £,000	Other income £,000	Misc Income £,000		Management £,000	Depreciation £,000	Responsive & Cyclical £,000	Other Revenue spend £,000	Misc expenses £,000	Total expenses £,000	Capital Charges £,000							
1	2018.19	26,174	1,209	1,304	28,687	(8,607)	(6,660)	(4,070)	(32)	(235)	(19,605)	(5,188)	3,895	0	(2,343)	1,552	9,116	43	10,711
2	2019.20	26,752	1,246	1,109	29,106	(8,807)	(6,904)	(4,031)	(12)	(243)	(19,997)	(5,888)	3,222	0	(6,858)	(3,636)	10,711	38	7,113
3	2020.21	27,540	1,282	878	29,700	(8,826)	(7,145)	(4,154)	(13)	(250)	(20,387)	(6,074)	3,239	0	(6,353)	(3,115)	7,113	22	4,021
4	2021.22	28,920	1,318	680	30,918	(8,953)	(7,533)	(4,338)	(13)	(258)	(21,095)	(6,199)	3,624	0	(3,627)	(3)	4,021	14	4,032
5	2022.23	29,310	1,343	689	31,342	(9,128)	(7,815)	(4,472)	(14)	(265)	(21,694)	(6,200)	3,449	0	(5,226)	(1,778)	4,032	11	2,265
6	2023.24	30,640	1,370	699	32,708	(9,326)	(8,079)	(4,608)	(43)	(273)	(22,330)	(6,212)	4,167	0	(3,694)	472	2,265	9	2,747
7	2024.25	32,368	1,397	708	34,473	(9,537)	(8,352)	(4,747)	(44)	(282)	(22,963)	(6,216)	5,294	0	(6,175)	(881)	2,747	9	1,874
8	2025.26	32,601	1,424	718	34,744	(9,756)	(8,653)	(4,891)	(46)	(290)	(23,636)	(6,215)	4,892	0	(4,773)	119	1,874	8	2,001
9	2026.27	33,438	1,452	728	35,618	(9,962)	(8,948)	(5,040)	(47)	(299)	(24,316)	(6,215)	5,087	0	(4,727)	360	2,001	8	2,370
10	2027.28	34,283	1,481	739	36,502	(10,214)	(9,254)	(5,191)	(48)	(308)	(25,014)	(6,214)	5,274	0	(3,519)	1,755	2,370	11	4,136
11	2028.29	35,124	1,510	750	37,384	(10,451)	(9,562)	(5,344)	(117)	(317)	(25,792)	(6,205)	5,386	0	(4,156)	1,230	4,136	15	5,381
12	2029.30	35,974	1,539	761	38,274	(10,694)	(9,875)	(5,500)	(121)	(327)	(26,517)	(6,205)	5,552	0	(5,516)	35	5,381	16	5,433
13	2030.31	37,551	1,570	772	39,893	(10,943)	(10,197)	(5,657)	(125)	(336)	(27,258)	(6,206)	6,429	0	(5,656)	773	5,433	17	6,224
14	2031.32	37,732	1,601	784	40,117	(11,199)	(10,530)	(5,817)	(128)	(346)	(28,021)	(6,180)	5,917	0	(5,679)	238	6,224	19	6,480
15	2032.33	38,643	1,632	797	41,072	(11,460)	(10,874)	(5,981)	(132)	(357)	(28,804)	(6,134)	6,133	0	(5,928)	205	6,480	19	6,704
16	2033.34	39,575	1,664	809	42,048	(11,728)	(11,229)	(6,149)	(136)	(367)	(29,610)	(6,134)	6,304	0	(5,914)	391	6,704	20	7,115
17	2034.35	40,528	1,697	822	43,048	(12,002)	(11,596)	(6,322)	(140)	(379)	(30,438)	(6,135)	6,475	0	(4,045)	2,430	7,115	24	9,569
18	2035.36	42,302	1,731	835	44,869	(12,283)	(11,974)	(6,498)	(144)	(390)	(31,290)	(6,074)	7,505	0	(4,045)	3,460	9,569	31	13,060
19	2036.37	42,503	1,765	849	45,117	(12,571)	(12,364)	(6,679)	(149)	(402)	(32,165)	(6,074)	6,878	0	(4,072)	2,805	13,060	39	15,905
20	2037.38	43,525	1,800	863	46,188	(12,865)	(12,768)	(6,864)	(153)	(414)	(33,065)	(6,031)	7,093	(6,610)	(4,216)	(3,733)	15,905	38	12,210
21	2038.39	44,571	1,836	878	47,285	(13,168)	(13,184)	(7,054)	(158)	(426)	(33,990)	(5,827)	7,468	0	(4,189)	3,279	12,210	38	15,527
22	2039.40	45,641	1,872	893	48,407	(13,477)	(13,614)	(7,248)	(162)	(439)	(34,941)	(5,827)	7,639	0	(853)	6,786	15,527	50	22,363
23	2040.41	46,737	1,909	908	49,555	(13,794)	(14,058)	(7,448)	(167)	(452)	(35,919)	(5,826)	7,809	(4,490)	(794)	2,525	22,363	62	24,950
24	2041.42	48,778	1,947	924	51,650	(14,119)	(14,516)	(7,652)	(172)	(466)	(36,924)	(5,697)	9,029	(10,000)	(353)	(1,324)	24,950	64	23,689
25	2042.43	49,005	1,986	941	51,932	(14,452)	(14,989)	(7,861)	(178)	(479)	(37,959)	(5,350)	8,624	0	(267)	8,357	23,689	73	32,119
26	2043.44	50,179	2,025	958	53,162	(14,793)	(15,477)	(8,075)	(183)	(494)	(39,021)	(5,350)	8,791	0	(97)	8,694	32,119	94	40,907
27	2044.45	51,380	2,066	975	54,421	(15,142)	(15,981)	(8,294)	(188)	(509)	(40,114)	(5,350)	8,957	0	(949)	8,008	40,907	115	49,030
28	2045.46	52,609	2,107	993	55,709	(15,500)	(16,501)	(8,519)	(194)	(524)	(41,238)	(5,350)	9,121	0	(823)	8,299	49,030	136	57,465
29	2046.47	53,867	2,149	1,011	57,027	(15,867)	(17,039)	(8,749)	(200)	(540)	(42,394)	(5,345)	9,288	(10,000)	(405)	(1,117)	57,465	145	56,493
30	2047.48	55,215	2,192	1,030	58,437	(16,242)	(17,593)	(8,985)	(206)	(556)	(43,582)	(4,995)	10,860	(5,000)	(313)	5,547	56,493	151	62,192

HRA Business Plan Extract - Self Financing Schedule										Appendix 7
Year	Year	Borrowing Opening Balance	New Borrowing (from borrowing schedules)	Principal Repayments	Debt Repayments	Additional Required Borrowing	Borrowing Bal/Cfwd	Closing HRA Working Balance		
		£ pa	£ pa	£ pa	£ pa	£ pa	£ pa	£ pa	£ pa	£ pa
1	2018.19	164,022,000	-	-	0	0	164,022,000	10,711,111		
2	2019.20	164,022,000	7,300,000	7,300,000	0	0	164,022,000	7,113,191		
3	2020.21	164,022,000	4,490,000	-	0	0	168,512,000	4,020,845		
4	2021.22	168,512,000	-	-	0	0	168,512,000	4,031,748		
5	2022.23	168,512,000	5,000,000	5,000,000	0	0	168,512,000	2,264,946		
6	2023.24	168,512,000	5,000,000	5,000,000	0	0	168,512,000	2,746,512		
7	2024.25	168,512,000	5,000,000	5,000,000	0	0	168,512,000	1,874,247		
8	2025.26	168,512,000	5,000,000	5,000,000	0	0	168,512,000	2,001,489		
9	2026.27	168,512,000	10,000,000	10,000,000	0	0	168,512,000	2,370,193		
10	2027.28	168,512,000	10,000,000	10,000,000	0	0	168,512,000	4,135,852		
11	2028.29	168,512,000	-	-	0	0	168,512,000	5,380,799		
12	2029.30	168,512,000	-	-	0	0	168,512,000	5,432,683		
13	2030.31	168,512,000	10,000,000	10,000,000	0	0	168,512,000	6,223,560		
14	2031.32	168,512,000	15,000,000	15,000,000	0	0	168,512,000	6,480,260		
15	2032.33	168,512,000	-	-	0	0	168,512,000	6,704,486		
16	2033.34	168,512,000	-	-	0	0	168,512,000	7,115,200		
17	2034.35	168,512,000	15,000,000	15,000,000	0	0	168,512,000	9,569,109		
18	2035.36	168,512,000	-	-	0	0	168,512,000	13,060,294		
19	2036.37	168,512,000	10,000,000	10,000,000	0	0	168,512,000	15,904,844		
20	2037.38	168,512,000	-	7,300,000	0	0	161,212,000	12,210,299		
21	2038.39	161,212,000	-	-	0	0	161,212,000	15,526,961		
22	2039.40	161,212,000	-	-	0	0	161,212,000	22,362,748		
23	2040.41	161,212,000	-	4,490,000	0	0	156,722,000	24,949,709		
24	2041.42	156,722,000	-	10,000,000	0	0	146,722,000	23,689,351		
25	2042.43	146,722,000	-	-	0	0	146,722,000	32,118,723		
26	2043.44	146,722,000	-	-	0	0	146,722,000	40,907,091		
27	2044.45	146,722,000	-	-	0	0	146,722,000	49,030,421		
28	2045.46	146,722,000	-	-	0	0	146,722,000	57,465,149		
29	2046.47	146,722,000	-	10,000,000	0	0	136,722,000	56,493,273		
30	2047.48	136,722,000	-	5,000,000	0	0	131,722,000	62,191,729		

## Appendix 8

**HRA Business Planning Assumptions**

There are a number of assumptions required for the 30 year HRA business plan. The key assumptions are detailed below.

**Inflation**

Year	RPI	CPI	Repairs	Staffing
2019/20	3.3%	2.4%	3.3%	2.0%
2020/21	3.1%	2.1%	3.1%	2.0%
2021/22	3.0%	2.0%	3.0%	2.0%
Thereafter	3.0%	2.0%	3.0%	2.0%

NB RPI and CPI percentages for 2019/20 are based on September 2018 actual figures as published by the ONS. Repairs contracts are often linked to BMIS factors, produced by RICS. Staffing indices reflect those being used for the General Fund.

**Average Rents**

The average weekly rent levels used for the HRA business plan are based on the properties in management as at 31 March 2018 and new properties developed over the life of the 30 year plan.

No of Bedrooms	Social Rent	Affordable Rent	Temporary Accommodation
Bedsit	£62.47	-	£92.78
1	£86.68	£114.73	£88.51
2	£100.18	£148.04	£103.89
3	£114.10	£172.24	£120.45
4	£122.97	£216.21	-
5	£144.41	-	-
6	£146.44	-	-
Overall Average	<b>£100.35</b>	<b>£151.53</b>	<b>£94.52</b>

**Rent Increases**

Year	Social & Affordable Rents	Shared Ownership Rents
2019/20	-1.0%	RPI + 1%
2020/21 to 2024/25	CPI + 1%	RPI + 1%
Thereafter	CPI + 0%	RPI + 1%

NB Affordable rents have a requirement to reset the rent level in relation to current market rents when a property is re-let. However, in business planning terms, it is assumed that market rent income will rise in line with CPI.

## Appendix 8 (continued)

**Voids and Bad Debts**

Year	Voids		Bad Debts	
	Social & Affordable	Temporary Accommodation	Social & Affordable	Temporary Accommodation
2018/19	0.40%	15.0%	0.5%	2.0%
2019/20	0.40%	10.0%	0.8%	2.2%
2020/21	0.40%	10.0%	1.2%	2.6%
2021/22	0.40%	10.0%	1.6%	3.0%
2022/23	0.40%	10.0%	4.0%	4.0%
Thereafter	0.40%	10.0%	3.0%	3.0%

NB The potential effect of Universal Credit has been factored in to the bad debt allowances.

**Right to Buy Sales**

16 sales have been assumed for 2018/19 and all subsequent years.

**HRA Working Balance**

The minimum HRA working balance for 2018/19 has been set at £1,118,000 with the minimum requirement increasing by CPI thereafter.

**Interest Rates***Internal*

All internal transactions with the General Fund are determined by the Treasury Management Strategy approved by the Council. All interest rates are variable and the current rates are set at 0.25% on both internal borrowings and credits in the HRA and reserves.

*External*

All current external borrowing was undertaken in March 2012 to fund the self-financing payment to DCLG. Loans outstanding were all for fixed terms and currently total £156,722,000 with interest rates ranging from 2.56% to 3.52% depending on the length of the loan. The first repayment is due in March 2023 and no assumptions have been made on early repayment due to the likely cost of penalties imposed by PWLB for this facility.

The latest business plan assumes that further external borrowing of £4.5m is required in March 2021 at an interest rate of 2.8%. Later in the plan it will be necessary to re-finance some of the existing loans from 2023. It is assumed that these loans will bear an interest rate of between 2.8% and 3.0%. The loan balance at the end of the 30 year business plan is currently forecast at £136,722,000.



REPORT TITLE: HOME LOSS AND DISCRETIONARY PAYMENT POLICY

21 NOVEMBER 2018

REPORT OF PORTFOLIO HOLDER: Cllr Caroline Horrill

Contact Officer: Deborah Sunley Tel No: 01962 848 248 Email  
dsunley@winchester.gov.uk

WARD(S): ALL

## PURPOSE

This report seeks approval of the Home Loss and Discretionary Payment Policy.

This new policy establishes procedures for compensating tenants whose property is directly affected by the council's planned development proposals. The policy provides guidance and procedures to Officers to implement either statutory or discretionary compensation as appropriate.

## RECOMMENDATIONS:

1. That the Home Loss and Discretionary Payment Policy is approved.
2. That delegated authority is given to the Corporate Head of Housing to approve discretionary and statutory compensation.
3. That delegated authority is given to the Corporate Head of Housing to authorise and sign Demolition Notices.

## IMPLICATIONS:

### 1 COUNCIL STRATEGY OUTCOME

- 1.1 The Council's Strategy 2017 -2020 recognises "delivering quality housing options" and "improving the quality of the District's environment." The procedures set out in the Home Loss and Discretionary Payment Policy will improve the ability of officers to progress planned development proposals, and minimise disruption.

### 2 FINANCIAL IMPLICATIONS

- 2.1 Owing to the small number of properties which will be affected, there will be limited financial implications as a result of the policy. Statutory compensation is a mandatory fixed amount and discretionary compensation will not exceed the statutory amounts. The current statutory home loss payment is £6,300. Compensation payments will be considered as part of the viability test for the scheme and will be included in the overall scheme costs.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Home Loss and Disturbance Payments are a statutory requirement and provided for in the Land and Compensation Act 1973. There will therefore be legal resources involved, particularly to ensure compliance with statute. Any works procured by the Council using discretionary payments to meet the cost will be in accordance with the Council's Contract Procedure Rules as set out in the Council's constitution.

### 4 WORKFORCE IMPLICATIONS

- 4.1 No additional implications

### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The policy meets the Housing Strategy 2017/18 – 2022/23 priorities to accelerate and to maximise the supply of high quality housing across the District and to make best use of housing.
- 5.2 Winchester City Council's Development Strategy sets out that consideration will be given to buying properties back (which may include gardens) when this enables access to wider development opportunities or supports adjacent site development.

### 6 CONSULTATION AND COMMUNICATION

- 6.1 The Corporate Head of Housing and the Portfolio Holder for Housing have been briefed on the policy. In addition, members of the Legal team, Housing Options and Allocations, New Homes and Housing Management have been briefed and consulted on the policy. Recommendations have been subsequently incorporated into the policy.

## 7 ENVIRONMENTAL CONSIDERATIONS

7.1 None

## 8 EQUALITY IMPACT ASSESSEMENT

8.1 An Impact Assessment has been undertaken. No outcomes were considered necessary following this assessment.

## 9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required.

## 10 RISK MANAGEMENT

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Property</i>	Improvement to existing stock through planned development work.	Gaining support of affected tenant(s) through compensation and enables planned development work and supports positive community consultation.
<i>Community Support – lack of support for development proposals</i>	The policy enhances support, improves communication with tenants and provides opportunities to gain community support to proposals. There are also opportunities to manage tenant expectations and continue the supply of council housing.	Positive working with the local community supports future development proposals.
<i>Timescales - risk of compromising development timescales.</i>	The policy encourages tenant support to planned development.	Policy provides ability to progress planned development proposals to timescale, avoiding delays.
<i>Project capacity - ability of officers to meet the aims of the Home Loss and Discretionary policy.</i>	Use of monitoring to ensure consistency and effectiveness of the policy will be put in place once policy adopted.	Facilitates efficiency to meet the new homes targets, on timescale.
<i>Financial / VfM– minimum risk</i>	Statutory payments are mandatory fixed payments. Discretionary	

	payments will not exceed statutory levels. Any appropriate compensation payments will need to be considered within the scheme financial viability.	
<i>Legal – potential for payments being made or refused inappropriately</i>	Statutory payments are mandatory, fixed payments. Discretionary payments will not exceed statutory levels. Monitoring will ensure any payments are in compliance with statute and policy.	Policy allows better communication and outcomes with affected tenants and provides for consistency and transparency
<i>Innovation</i>		Policy allows better communication and outcomes with affected tenants.
<i>Reputation</i>	The policy mitigates against negative reputation by managing tenant expectations.	Ability to communicate with tenants on development proposals supports community consultation. Opportunity to avoid court action. Manages tenant expectations. Increased opportunity of enhancing reputation as a result of positive outcomes.
<i>Other</i>		

## 11 SUPPORTING INFORMATION

- 11.1 This new policy has been written in the context of the council's target for delivering new homes over the next few years. Over recent years there have been occasions where the council's planned development programme has involved developing on part, or some of a tenant's property for example developing on all or part of a tenant's garden.
- 11.2 In these few cases, there has been no procedural guidance to support Officers to communicate with affected tenants. In addition, the absence of a policy has meant that there is not any basis for offering any kind of discretionary compensation for the loss of say, a garden. It is considered that without any basis, this leaves scope for inconsistency and additionally, may result in the council having to seek possession of the property in order to progress planned development works.

- 11.3 In addition, it is considered that there may be instances where the council may seek approval for the demolition of a property in order to progress planned development works. In these instances, statutory compensation, which is governed by legislation, is appropriate. The Council does not currently have a policy to support officers with any procedural guidance on statutory compensation.
- 11.4 Therefore, the “Home Loss and Discretionary Payment Policy” aims to provide guidance to Officers at operational level to communicate with tenants whose homes may be directly affected by the council’s planned development programme and provide guidance on compensation. The policy establishes a fair, transparent and consistent procedure and outlines the process of communication with tenants to determine the appropriate type, and level of compensation.

#### Details of Policy

- 11.5 The policy provides details on both statutory and discretionary compensation and provides guidance to officers when these forms of compensation are appropriate.
- 11.6 The following legislation is referenced and outlines that tenants will be compensated according to the relevant legislation.
- Land Compensation Act 1973
  - Housing Act 1985
  - Planning and Compulsory Purchase Act 2004
  - Localism Act 2011
- 11.7 In summary, the different types of compensation are as follows:
- 11.8 *Statutory Compensation – Home Loss Payment*  
This is a statutory payment made to compensate tenants who are required to move out permanently as a result of redevelopment or demolition of their home. The policy provides details on when this type of compensation is appropriate and when tenants are eligible. Home Loss payments can be made where the council has obtained possession by agreement of a secure tenancy under Part 1V of the Housing Act 1985.
- 11.9 *Statutory compensation - Disturbance Payments*  
A disturbance payment is compensation provided under the Land Compensation Act 1973 Sections 37 and 38. It is statutory compensation which can be made to displaced tenants, resident freeholders or leaseholders who are required to move to another property temporarily. It can also be paid to tenants who have lived in the property for less than 12 months and therefore not entitled to Home Loss but are required to move home permanently due to redevelopment or improvement.

No specific figures are set by the legislation but a Disturbance Payment should cover the reasonable costs of moving and setting up home and is

meant to compensate for necessary expenses involved from moving from one property to another in order that the tenant is not out of pocket. It is not a statutory amount. It should be an amount equivalent to the reasonable expenses of the person.

#### 11.10 *Discretionary compensation*

Discretionary Payments are payments made over and above the council's legal obligations and can be made under provisions in the Localism Act 2011 where tenants do not qualify for Home Loss or Disturbance payments. Discretionary payments can be used to compensate tenants who may lose all or part of their garden for example, as a result of the council's proposed development works. In these instances, tenants need to agree to a variation in their tenancy.

By virtue of the discretionary nature of this compensation there is no limit imposed on the payment but this policy proposes that discretionary payment should not exceed the maximum statutory payment.

The policy is written on the premise that the costs and benefits of making a discretionary payment are justified when balanced against the cost of seeking legal possession of the property. The guidance confirms that wherever possible, seeking possession of the property should be a last resort and could be resolved by the offer of discretionary compensation.

#### Procedures

- 11.11 Further to an explanation of the different types of compensation involved, the policy sets out procedures for officers to follow when communicating with affected tenants as well as key internal teams, such as Legal and Housing Management. These procedures cover both discretionary and statutory compensation. It also provides key information on the principles of and the serving of Demolition Notices.

#### Conclusion

- 11.12 The Home Loss and Discretionary Payment Policy provides a fair, transparent and consistent procedure for communicating with tenants whose property is directly affected by the council's planned development proposals. It provides guidance to officers to understand the differences between the various types of compensation available, and in particular, identifies the differences between statutory and discretionary compensation. In addition, it supports officers to determine whether compensation payments are appropriate for those tenants directly affected by planned development proposals.
- 11.13 It enables Officers to identify the appropriate type and level of compensation and outlines the circumstances in which discretionary compensation may be paid to tenants. This has previously been open to inconsistency.

11.14 The policy ensures that any tenants affected by development proposals are consulted at the appropriate stage and throughout the development process. It also seeks to minimise disruption and avoid any unnecessary delays to the development programme by averting ongoing disputes between affected tenants and the council.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 The alternative, not to make discretionary payments has been rejected in the interests of supporting the council's planned development programme.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

None

Other Background Documents:-

None

APPENDICES:

Appendix 1 Home Loss and Discretionary Payment Policy

# WINCHESTER CITY COUNCIL

## HOME LOSS AND DISCRETIONARY PAYMENT POLICY

DRAFT



## **INTRODUCTION**

This policy explains the process for compensating tenants whose property is directly affected by the Council's planned development programme. It outlines the process of communication and consultation with such tenants to determine the appropriate type and level of compensation.

In some cases the compensation is controlled by legislation. This is referred to as statutory compensation and this policy outlines the key points of statutory compensation. The policy is also intended to provide clear guidelines on when it is appropriate to offer discretionary compensation, and in what form.

### **1 PURPOSE AND AIM**

The aims of this policy are:

- 1.1. To establish a fair, transparent and consistent procedure for dealing with tenants whose property is directly affected by the Council's planned development proposals and to consider who may be entitled to compensation.
- 1.2. To understand the differences between the various types of compensation available, and in particular, to identify the differences between statutory and discretionary compensation (non-statutory).
- 1.3. To support officers at operational level to determine whether compensation payments are appropriate for those tenants directly affected by planned development proposals.
- 1.4. To enable officers at operational level to identify the appropriate type and level of compensation. In particular, the policy outlines the circumstances in which discretionary compensation may be paid to tenants as a result of the council's development proposals.
- 1.5. To provide guidance on non-statutory payments i.e. discretionary compensation, and to establish a basis for making offers of support to those tenants directly affected by the Council's development proposals.
- 1.6. To ensure that any tenants affected by development proposals are consulted at the appropriate stage and throughout the development process.
- 1.7. To minimise disruption and avoid any unnecessary delays to the Council's planned development programme by averting ongoing disputes between affected tenants and the Council.

## **2 SCOPE OF THE POLICY**

- 1.8. This policy includes both statutory and non-statutory compensation and provides procedures for officers to deal with the various forms of tenant compensation.
- 1.9. In recognition of the way non-statutory or discretionary compensation can be subjective and open to interpretation, the policy is intended to specifically support operational officers to determine if, and in what form, it is appropriate to offer discretionary compensation to tenants affected by the Council's development proposals.
- 1.10. Statutory compensation is also included in the policy in order to provide operational officers with a broader overview of this form of compensation to ensure officers know when, and who may be entitled to statutory compensation. Officers should always seek the advice from the Legal team when dealing with statutory compensation.
- 1.11. Although the policy is chiefly intended to consider compensation when dealing with the Council's development proposals, the policy may be used to offer discretionary compensation in other areas. Such cases will be decided by the Corporate Head of Housing and considered on its own merits.
- 1.12. For the purposes of this policy, "tenants" include both secure and introductory council tenants. Discretionary compensation will not be paid to tenants who are exercising their Right to Buy or where the tenant has been served a Notice of Seeking Possession and is subject to a Court Order.

## **3 ELIGIBILITY**

- 1.13. Only tenants and joint tenants named on the tenancy agreement will be eligible to receive any form of compensation. Lodgers, or any other persons not named on the tenancy agreement are not eligible for compensation.
- 1.14. The policy does not apply to people placed in temporary accommodation (under section 188 or section 193 of the 1996 Housing Act (as amended)), and other non-secure tenants or people who are unauthorised occupants, sub-tenants, lodgers or licensees.
- 1.15. Tenants with rent arrears or other debts to the council including rent deposit arrears, will not receive discretionary financial payment. For those tenants with rent or rent deposit arrears, any discretionary financial

compensation which may be considered appropriate will be deducted or off-set from their rent account. Different rules apply for statutory compensation which are also covered in this policy (see section 6).

#### **4 RELEVANT LEGISLATION**

The following legislation has been referred to in this policy. Tenants will be compensated according to the relevant legislation.

- a. Land Compensation Act 1973
- b. Housing Act 1985
- c. Planning and Compulsory Purchase Act 2004
- d. Localism Act 2011

#### **5 THE DIFFERENT FORMS OF COMPENSATION**

Legislation exists to financially compensate tenants in a number of situations. There are different types of compensation and it is important to understand these in order to determine which, if any, tenants are entitled to. The following forms of compensation are covered in this policy.

<b>STATUTORY COMPENSATION</b>	<b>DISCRETIONARY COMPENSATION</b>
Home Loss Payments and Disturbance Payments	Compensation agreed as part of this policy for delivery of the New Homes programme

#### **6 STATUTORY COMPENSATION**

##### **HOME LOSS PAYMENT**

- 6.1 This is a statutory payment made to compensate tenants who are required to move out **permanently** as a result of redevelopment or demolition of their home. It is designed to compensate for the stress and inconvenience caused by the move, for example, in demolition cases.
- 6.2 A person is not entitled to receive a Home Loss Payment if only their garden or part of their garden, or outbuildings is acquired. In this instance, the Council may consider that discretionary payments would be appropriate (see section 7).
- 6.3 Home Loss Payment may be given in addition to a statutory Disturbance Payment (see below). It is not payable to tenants who temporarily move out of their home and are able to return to their original property once the work is completed. However, if the area is being demolished and rebuilt

and the tenant returns, the tenant would be entitled to Home Loss payment because they would be returning to a completely new home.

- 6.4 To be eligible, the tenant must move as a result of the redevelopment, it cannot be because they wanted to move and had achieved a transfer in the usual manner under the allocations policy.
- 6.5 The Home Loss Payment is a mandatory fixed payment set by S30 (2) of the Land Compensation Act 1973 and is currently £6,300. As the thresholds are subject to change by the Secretary of State, the levels of payment will be reviewed each time this policy is used.
- 6.6 In all cases, Home Loss Payments are limited to one per household. If joint tenants claim, the amount will be divided equally between them. This should be documented by a disclaimer accordingly.
- 6.7 If a tenant is required to move from their home permanently as a result of development, the tenant should be given the option of transferring to alternative accommodation, based on their rehousing needs and consistent with the Scheme of Allocation. However, in this scenario, the tenant may not be entitled to Home Loss compensation. However, they may be entitled to Disturbance Payments to cover the reasonable expenses of moving (see 6.22 to 6.27).
- 6.8 Home Loss Payments can be made, where the Council has obtained possession by agreement of a secure tenancy under Part IV of the Housing Act 1985 and the circumstances set out in that part have been fulfilled. (1)
- 6.9 It is the responsibility of the tenant to make a claim and the tenant or joint tenant is required to have lived in the property as their principal home for at least 12 months prior to the date of displacement and is required to move out of their home permanently, as a result of the property being demolished, sold or remodelled.

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<sup>1</sup> Where a landlord obtains possession by **agreement** of a dwelling subject to a secure tenancy within the meaning of Part IV of the Housing Act 1985 and (a) notice of proceedings for possession of the dwelling has been served, specifying ground 10 or 10A in Part II of Schedule 2 to that Act, or (b) the landlord has applied, to the Secretary of State for approval for the purposes of ground 10A of a redevelopment scheme including the dwelling, the landlord may make to [any person giving up possession or occupation] a payment corresponding to any home loss payment [or discretionary payment] which they would be required [or authorised] to make to him if an order for possession had been made on either of those grounds.

- 6.10 Where the tenant dies without having claimed the Home Loss Payment, a claim for Home Loss may be made by any person, (not minors) who has lived in the dwelling for a minimum of one year, ending with the date of displacement. In such cases, the claimant must have lived in the dwelling as his only or main residence and have rights to the succession of the tenancy.
- 6.11 If tenants have rent arrears, the Council should obtain permission from the tenant (usually in the form of a disclaimer) for the tenant to agree that the Council can deduct any outstanding amounts owed from the Home Loss Payments. Whilst there is no legal reason why Disturbance Payments cannot be withheld, these payments are likely to assist tenants to move to alternative accommodation so Disturbance Payments should be paid to tenants whether or not they are in arrears.
- 6.12 If the Council organise and pay for a move to alternative accommodation, Disturbance Payments could be offset against outstanding monies owed to the Council.
- 6.13 Applications for the Home Loss Payment must be made in writing by the tenant. Accepted claims must be paid within the time limit set out in S32 of the Land Compensation Act 1973. By law, the Council must make the Home Loss Payment to the tenant on or before the latest of the date of displacement or three months from the date of the claim.
- 6.14 Legal action to gain possession of tenanted properties will be a last resort. Where possible, the council will move secure tenants by agreement. However, where this is not possible, the council reserves the right to seek possession through the legal process, in which case the applicable criteria for rehousing will be as defined by legislation.
- 6.15 The Council has powers under the Housing Act 1985 to seek possession of a property that is earmarked for redevelopment. Grounds 10 of Schedule 2 of the Housing Act 1985 allows a court to grant a possession order where the Council intends to redevelop a property, and cannot reasonably do so without obtaining possession. Ground 10A allows the court to grant possession where the property is in an area subject to a redevelopment scheme approved by the Secretary of State. In both cases the court must be satisfied that there is suitable alternative accommodation available.

- 6.16 The issuing of a Final Demolition Notice would allow a tenant to be prioritised for a move to suitable accommodation in accordance with the Scheme of Allocation. See link: [Hampshire Home choice](#)
- 6.17 If a tenant moves from their property via the Scheme of Allocation before the Final Demolition Notice has been issued, the tenant may not be entitled to Home Loss Payment.
- 6.18 The issuing of a Final Demolition Notice would allow the tenant to claim for the Home Loss Payment.
- 6.19 All Home Loss Payments will be authorised by the Corporate Head of Housing.
- 6.20 The Council will make payment once the keys are returned for the property, as long as this is within the time limits, but Home Loss Payment cannot be restricted. If the tenant leaves items in the property, the Council reserves the right to dispose of these once the keys have been returned. The tenant may be recharged for this.
- 6.21 Where the tenant does not meet the criteria for Home Loss Payment, the tenant may be eligible for discretionary compensation

#### **DISTURBANCE PAYMENTS**

- 6.22 A Disturbance Payment is compensation provided under the Land Compensation Act 1973 Sections 37 and 38. It is statutory compensation which can be made to displaced tenants, resident freeholders or leaseholders who are required to move to another property temporarily. It can also be paid to tenants who have lived in the property for less than 12 months and therefore not entitled to Home Loss but are required to move home permanently due to redevelopment or improvement.
- 6.23 Tenants who are eligible for a Home Loss Payment (or: who are entitled to statutory compensation) and are required to move out but who do not meet the criteria for a Home Loss Payment, are entitled to Disturbance Payments.
- 6.24 No specific figures are set by the legislation but a Disturbance Payment should cover the reasonable expenses of the person. It is to cover reasonable costs of moving and setting up home and is meant to compensate for necessary expenses involved from moving from one property to another in order that the tenant is not out of pocket. It is not a statutory amount. It should be an amount equivalent to the reasonable expenses of the person.

- 6.25 The value of disturbance payments will vary according to the circumstances of each household. Costs covered may include removals, disconnection and reconnection of cooker, washing machine, dishwasher, landline telephone reconnection, the redirection of post, and the refitting of carpets.
- 6.26 Reimbursement may be considered where the expense incurred has been as a direct result of the move and could not have been avoided. However, payment will only be made if legitimate receipts can be provided and the expense has been agreed in advance with a council officer. This should be authorised by the Corporate Head of Housing.
- 6.27 In cases where upfront payments for moving costs by tenants would cause hardship, the council can provide payments directly to approved contractors. These should be considered on a case by case basis.

## **7. NON-STATUTORY COMPENSATION**

- 7.1. Discretionary payments are payments made over and above the Council's legal obligations and can be made under provisions in the Localism Act 2011 where tenants do not qualify for Home Loss or Disturbance Payments.
- 7.2. By virtue of the discretionary nature of this compensation there is no limit imposed on the payment but any discretionary payment should not exceed the maximum statutory payment as this would not be equitable.
- 7.3. Discretionary payments can be used to compensate tenants who may lose all or part of their garden as a result of the Council's proposed development works. In these instances, tenants need to agree to a variation in their tenancy.
- 7.4. This policy is based on the premise that the costs and benefits of making a discretionary payment are justified when balanced against the cost of seeking legal possession of the property. Therefore, discretionary payments can be made to tenants to ensure a positive working relationship with tenants and assist in securing community support for development proposals.
- 7.5. Discretionary compensation may be made to tenants who have to move out of their home permanently because their length of residency does not qualify them for any Home Loss Payment.

- 7.6. Discretionary payments can be used as an incentive to move, where, for example, a tenant has not been resident in the property for over a year and therefore, is not entitled to Home Loss Payment.
- 7.7. There may also be other instances where it is considered appropriate to make discretionary payments to tenants and these will be considered on a case by case basis and approved by the Corporate Head of Housing.
- 7.8. Discretionary compensation is **not** intended to be paid for the loss of general amenity space. The loss of any amenity space will be mitigated in the development proposals and all tenants in the area should benefit from the proposed mitigation.
- 7.9. Discretionary compensation is for council tenants and will not therefore be paid to tenants who have exercised their Right to Buy or where the Council tenancy ends as a result of a Court Order.
- 7.10. Tenants should not receive discretionary compensation if an alternative incentive award has been granted for example, a downsizing award.
- 7.11. The Council needs to ensure a consistent and reasonable approach in making discretionary payments to tenants and should recognise that discretionary compensation may be made to tenants in the context of the Council's planned development programme.

## **8. PROCEDURAL GUIDANCE FOR OFFICERS WORKING WITH TENANTS AFFECTED BY DEVELOPMENT PROPOSAL**

- 8.1 If development proposals include demolition of a tenant's property, the New Homes Officer should notify the Housing Finance Manager of key dates and development proposals. This will allow the Housing Finance Manager to deal with any potential Right to Buy applications at the earliest opportunity (see section 9).
- 8.2 If the development proposals include plans either to demolish a tenant's property or take part of, or the whole of the garden, officers from the New Homes and Housing Management teams should visit the tenant at an appropriate time once there is formal cabinet approval to proceed with the development.
- 8.3 Prior to this visit, officers should establish any potential concerns or issues such as vulnerabilities of the tenant(s) and whether there are any tenancy issues such as rent arrears. The length of tenancy should also be established as this is important in determining the type of statutory compensation payments which may be appropriate. The New Homes



Officer should also clarify the names on the tenancy agreement and if the tenancy is sole or joint.

- 8.4 Prior to the visit, the New Homes Officer, in partnership with Housing Management, should discuss with the Legal team whether the tenant is entitled to statutory or discretionary compensation.
- 8.5 Officers should be mindful that a tenant's entitlement to statutory compensation may not be determined at this point. This is because entitlement to statutory compensation may be subject to the timescale of development and whether a tenant's housing needs may be met through the social housing register prior to a Final Demolition Notice being served. In such cases it is unlikely that Home Loss Payment would be made.
- 8.6 Following discussions with the Legal team, if it is considered that the tenant **may** be entitled to statutory compensation, the New Homes Officer should meet with the Head of Housing Options and Allocations to discuss alternative housing solutions which may be available to the tenant, once the Final Demolition Notice (in the case of demolition) has been served. This may be a direct match offer.
- 8.7 If a tenant is required to move from their home permanently, the tenant should be given the option of transferring to alternative accommodation based on their rehousing needs in accordance with the choice based lettings scheme. If the tenant moves to alternative accommodation, via the social housing register, the tenant may not be entitled to Home Loss compensation.
- 8.8 Entitlement to Home Loss compensation would usually be triggered by the serving of the Final Demolition Notice (section 32 of the Land and Compensation Act 1973). The Final Demolition Notice will usually be triggered by the Council requiring the tenant to move. The Council has to be confident of the timescale for demolition at the time of serving this notice.
- 8.9 The affected tenant, depending upon the circumstances, may also be entitled to Disturbance Payments to cover the reasonable expenses of moving (see section 6.22 to 6.27).
- 8.10 Officers should visit the tenant to discuss the development proposals and the impact this may have on the tenant's property. It should be made clear to the tenant at this stage, that the tenant's entitlement to statutory compensation (if this is relevant) may depend on the timescale of the development and whether they choose to bid on the housing register

before any requirement to move. Giving precise timescales of the development proposals to the tenant should be avoided at this stage.

- 8.11 In cases of demolition of property, the serving of an Initial Demolition Notice will enable affected tenants to join Hampshire Home Choice to enable them to move through the choice-based lettings system and affected tenants should be advised of this.
- 8.12 Where possible, the Council will move secure tenants by agreement. Legal action to gain possession of tenanted properties will be a last resort. However, where this is not possible the Council reserves the right to seek possession through the legal process.
- 8.13 The Council has powers under the Housing Act 1985 to seek possession of a property that is earmarked for redevelopment. Grounds 10 of Schedule 2 of the Housing Act 1985 allows a court to grant a possession order where the Council intends to redevelop a property, and cannot reasonably do so without obtaining possession. Ground 10A allows a court to grant possession where the property is in an area subject to a redevelopment scheme approved by the Secretary of State. In both cases a court must be satisfied that there is suitable alternative accommodation available for the tenant(s).
- 8.14 In cases of demolition, and where tenants have not already moved through the choice based lettings system, the issuing of a Final Demolition Notice would allow a tenant to be prioritised for a move to suitable accommodation in accordance with the Scheme of Allocation. Please see link: [Hampshire Homechoice](#) this is likely to be a direct match offer of suitable accommodation, consistent with the Scheme of Allocation.
- 8.15 If the tenant is not entitled to statutory compensation, the New Homes Officer should consider whether discretionary compensation may be appropriate. New Homes should discuss with Housing Management whether there may be other incentives to offer which may be more appropriate such as the downsizing incentive.
- 8.16 Following the home visit, the New Homes Officer should provide written confirmation of the visit and confirm the issues discussed, identifying whether the tenant may be eligible for compensation but avoiding precise details and timescales at this stage. The tenant should be advised of a named contact and written contact details. If it is proposed to reduce or take a tenant's entire garden, the tenant should be advised that a variation to the tenancy agreement would be required to be agreed by both parties.

The tenant should be advised in writing to obtain independent legal advice.

- 8.17 If the tenant agrees to a reduction or removal of their garden as a result of the development proposals, the New Homes Officer should liaise with the Legal team. An agreed reduction in what was included in the original tenancy amounts, in law, to a surrender of part. A form of variation should be supplied to be signed by both parties. This should be in writing and include a coloured drawing of the affected garden. The New Homes and Housing Services officers should visit the tenant again to confirm the variation to the tenancy agreement.
- 8.18 If the tenant is entitled to statutory compensation, such as Home Loss Payment, the tenant should be advised, as part of the Final Demolition Notice, when to request this in writing to the Corporate Head of Housing. The Final Demolition Notice will contain prescribed information about claiming compensation.
- 8.19 All correspondence to the tenant must confirm that compensation, whether statutory or discretionary, will only be paid if the development goes ahead and in the case of Home Loss Payment, that the tenant is required to vacate the property permanently.
- 8.20 In cases where the New Homes Officer considers that the tenant may be entitled to discretionary compensation, the New Homes Officer should discuss with a colleague and check the records relating to other cases of discretionary payments, in order to ensure a fair and consistent approach.
- 8.21 The New Homes Officer should establish whether the affected tenant has outstanding rent arrears. If the tenant is in arrears, any discretionary payment agreed should be offset by the level of arrears. If the level of arrears is greater than a discretionary payment, then the tenant will not receive any compensation.
- 8.22 Discretionary payments can be given as cash amounts and credited to a tenant's rent account. However, tenants may wish to have the money issued directly to them if their account is in credit.
- 8.23 Alternatively, for discretionary payments, an amount equivalent to an agreed cash payment may be provided in the form of works, such as the laying of a patio or the purchase and installation of a garden shed for example. These works should, wherever possible, be undertaken by the approved development contractor once the site works for the whole development has started.

- 8.24 The New Homes Officer should provide a recommendation to the Corporate Head of Housing advising whether discretionary compensation should be provided, at what level and in what form. This can only be approved by the Corporate Head of Housing.
- 8.25 Once authorisation is received from the Corporate Head of Housing for discretionary compensation and the tenant is in receipt of the compensation, the tenant should confirm their acceptance of the payment and confirm that they consider the matter closed. This can be provided by a disclaimer. A disclaimer should be accepted and signed by the tenant before the receipt of the payment.
- 8.26 If a tenant is not willing to cooperate and does not agree to a variation to their tenancy for loss or part loss of their garden, or is unwilling to move out and allow for demolition, court proceedings for possession of the dwelling would need to be made.
- 8.27 Officers however, should try to reach an agreement with the tenant prior to court action and officers should be mindful that possession proceedings can be protracted if the Court adjourns cases. In all cases, the Council is required to have offered suitable alternative accommodation. This can include the house that the tenant currently resides in with a reduced garden as the suitable offer, or a completely different property in the case of demolition of the existing house.
- 8.28 As long as all of the necessary legal steps have been taken a court will generally grant possession of a secure tenancy. However, the procedure can be significantly protracted if the tenant defends the application and this should be taken into consideration.
- 8.29 With introductory tenancies where the tenant does not agree to a reduction in the demised area, a notice under s128 of the Housing Act 1996, giving four weeks' notice should be served. Although possession is mandatory, tenants both secure and introductory can still mount a defence under Article 8 of the Human Rights Act.
- 8.30 The notice would not take effect for 28 days, and after the 28 day period the Council could issue court proceedings to gain possession of the dwelling as long as a suitable offer of alternative accommodation has been made.
- 8.31 Once obtained, a Possession Order will suspend the Right to Buy. If the tenant submits a Right to Buy application, then the application cannot be delayed and will run at the same time as the proceedings.

## **9 DEMOLITION NOTICES: PROCEDURAL GUIDANCE**

- 9.1. Demolition Notices are usually issued in two stages. The timing of demolition notices is important as the notices affect Right to Buy applications. Therefore, as soon as formal cabinet approval has been given for demolition, the New Homes Officer should advise the Housing Finance Manager. The Housing Finance Manager should advise the tenant affected by the development of the implications with regard to the suspension of Right to Buy applications.
- 9.2. Initial Demolition Notices should be issued to tenant(s) when formal cabinet approval has been given to the demolition of a property but there is no definitive timescale as to when this might happen. These notices can last for up to seven years. The issuing of the Initial Demolition Notice is more about alerting tenants to the suspension of the Right to Buy and does not mean that demolition is about to begin. An Initial Demolition Notice suspends the tenant's right to complete a purchase of their home under the Right to Buy scheme.
- 9.3. Initial Demolition Notices and Final Demolition Notices will be authorised and signed by the Corporate Head of Housing.
- 9.4. The Initial Demolition Notice will state which properties are intended to be demolished when and why. The notice should also state the validity period of the notice, that Right to Buy claims will be accepted and processed, but that completion will not occur unless the notice becomes ineffective or is withdrawn.
- 9.5. The Initial Demolition Notice will also state that a Final Demolition Notice will end any existing Right to Buy application and that compensation is payable for certain reasonable expenses incurred in relation to an affected Right to Buy application and how to claim it.
- 9.6. A Final Demolition Notice is issued once the Council is confident of the timescale for demolition. No demolition can happen until the Final Demolition Notice is issued.
- 9.7. A Final Demolition Notice replaces the Initial Demolition Notice and is usually issued when a date is set for the demolition to take place. A Final Demolition Notice enables any existing or future Right to Buy applications to be refused and new Right to Buy applications cannot be accepted while this notice is in force. A Final Demolition Notice is valid for two years so demolition would have to take place within this timescale. Only a Final Demolition Notice can prevent a Right to Buy application.

- 9.8.A Final Demolition Notice may be served without an Initial Demolition Notice having been served but where an Initial Demolition Notice has been served the Final Demolition Notice will replace it.
- 9.9.Both the Initial and Final Demolition Notices can be extended at the discretion of the Secretary of State. Either notice can be revoked by the Secretary of State if he or she takes the view that the Council has no intention of developing the properties.
- 9.10. If the Council decides not to demolish buildings or properties affected by a demolition notice, a revocation notice should be served.
- 9.11.The Council is required to publish demolition notices locally, both in the press, any newspaper published by the Council as well as on the Council's website.
- 9.12.If a tenant has established a valid claim to exercise the Right to Buy before either an Initial Demolition Notice or a Final Demolition Notice is served, the tenant has three months in which to claim compensation for expenditure connected with the conveyancing process, such as legal or survey fees. If the Council subsequently decides not to demolish the property, the Council must serve a revocation notice as soon as is reasonably practicable.
- 9.13. No further notice can be served for a period of five years following the time when the relevant notice ceases to be in effect.

## **10 MONITORING AND AUDITING**

- 10.1.For the purposes of auditing, all approved compensation statutory or non-statutory should be recorded, including the tenant's name, address, compensation agreed and the monetary value paid. This document should be updated by the New Homes team and recorded in SharePoint.
- 10.2.The recording of this information will highlight any potential inconsistencies to ensure accountability and fairness.
- 10.3.This policy will be reviewed every three years. Quarterly monitoring of compensation awards will be carried out to ensure consistency, appropriate use of compensation awards and compliance with agreed timescales.

## **11 SAFEGUARDING**

Whilst undertaking home visits, officers should be mindful of the safeguarding of vulnerable adults and children. If officers have any concerns regarding the vulnerability of tenants, or any other adults or children in the property, officers should follow the Council's Safeguarding Policy.

## **12 LONE WORKING**

It is preferable for officers to undertake joint visits to tenants but where this is not possible, the Lone Working procedure should be followed by officers.

## **13 APPEALS**

Appeals by tenants against a decision related to the payment of compensation can be made using the Council's Complaints Procedure.

## **14 EQUALITY AND DIVERSITY**

The Council is subject to the general public sector equality duty in the Equality Act 2010. The Council and its partner Registered Providers are committed to providing equality of opportunity to all individuals.

## **15 LEGAL ADVICE**

It should be noted that the information set out in this policy note regarding statutory Home Loss and Disturbance payments is not exhaustive. It is a simplified guide and does not cover every situation which may arise. It should be not be regarded as a substitute for legal advice and users of this policy should be encouraged to seek legal advice when considering statutory compensation. Tenants should also be encouraged to seek independent legal advice.

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CAB3104(HSG)  
CABINET (HOUSING) COMMITTEE

REPORT TITLE: DISPOSAL OF LAND AT MOUNTBATTEN PLACE, KINGS WORTHY

21 NOVEMBER 2018

REPORT OF PORTFOLIO HOLDER: LEADER WITH PORTFOLIO FOR HOUSING

Contact Officer: Andrew Palmer Tel No: 848293 Email  
[apalmer@winchester.gov.uk](mailto:apalmer@winchester.gov.uk)

WARD(S): KINGS WORTHY

## PURPOSE

This report recommends the disposal of an area of Council owned land at Mountbatten Place, Kings Worthy to Footstep Living Limited for the development of 8 low cost market sale properties.

## RECOMMENDATIONS:

1. That the disposal of the land at Mountbatten Place, Kings Worthy, as shown outlined in the plan attached as Appendix 1 to the report, to Footsteps Living Limited be approved in principle subject to the by the Corporate Head of Asset Management negotiating terms and conditions with a further report to approve.
2. Subject to final approval, that the Corporate Head of Housing be authorised to take the appropriate action to terminate any tenancies of garages affected by the scheme;
3. That the Corporate Head of Asset Management be authorised to negotiate and agree terms for easements, wayleaves and related agreements with utility providers, Highway Authority and neighbours in order to facilitate the development.

## IMPLICATIONS:

### 1 COUNCIL STRATEGY OUTCOME

- 1.1 Delivering quality housing options - The 'Footsteps' scheme will provide low cost market sale properties for the District's residents

### 2 FINANCIAL IMPLICATIONS

- 2.1 The disposal of the land (including garages) will generate a small capital receipt for the Housing Revenue Account, the amount being determined after consideration of a detailed financial appraisal and negotiation conducted by the Corporate Head of Asset Management. There will be a corresponding loss of garage rental income for the Housing Revenue Account, approximately £10k per annum. The outcome of negotiations may result in the land being sold to Footsteps Living Limited at less than best consideration.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The disposal of the land will require a special consent of the Secretary of State as Footstep Living Limited are not a registered provider. The land can be transferred (with Secretary of State approval) as it is supporting the Council's housing function.

### 4 WORKFORCE IMPLICATIONS

- 4.1 none

### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 As detailed in 2.1 above

### 6 CONSULTATION AND COMMUNICATION

- 6.1 'Footsteps' have conducted local consultation exercise with local Ward and Parish Members and the community

### 7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The scheme will be built to the Sustainable Homes standard which aims to minimise the need for heating and water usage

### 8 EQUALITY IMPACT ASSESSEMENT

- 8.1 none

### 9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required

## 10 RISK MANAGEMENT

- 10.1 The Council wants to develop and deliver an ambitious programme for the building of new affordable houses across a spectrum of tenures and enable other providers to deliver affordable housing. Building homes involves significant risks and in this model the majority of the risk is transferred to Footstep Living Limited. The principal reputational risk for the Council is that after the initial sale the value of the homes increases significantly making them unaffordable. With this scheme every effort has been taken to ensure that the mechanism restricting future increases in value is robust, which has included Footstep Living Limited seeking Counsel's opinion on the matter.

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Property Affordability</i>	To be controlled by S106 agreement	Council could develop site for another type of affordable housing
<i>Community Support</i>	Appropriate consultation exercise has taken place	Further consultation will take place during planning application process
<i>Timescales Properties not built</i>	Performance obligations will be included in land transfer	Council could develop site
<i>Project capacity</i>		
<i>Financial / VfM</i>		
<i>Legal – Secretary of State's approval to disposal of HRA and open space land not forthcoming</i>	Submit early application for approval	Council could retain land and develop site for affordable housing
<i>Innovation</i>		
<i>Reputation</i>		
<i>Other</i>		

## 11 SUPPORTING INFORMATION:

- 11.1 In May 2014 the Council was approached by Footstep Living Limited, a Winchester based company established to provide affordable home ownership. The Company's approach involves using local architects to design attractive well managed communities around an area of shared open space which encourages resident interaction. The Footsteps affordable housing financial model involves building low cost homes for first time buyers and restricting the future value of these homes via a covenant restricting their future sale price to 75% of the open market value. The costs of providing these homes are kept lower than average by using very efficient design principles, including building smaller properties and minimising individual garden space thereby reducing construction costs.

- 11.2 As part of the Council's New Build programme, a significant number of small sites have been identified, not all of which are practical for the Council to develop. Using this information, 'Footstep' were able to identify a site that had potential for their product and which had significant local demand situated at Mountbatten Place, Kings Worthy. The site currently consists of 20 garages and forecourt area which is in a poor condition due to root lifting of the surface. A garage survey has taken place which indicated that the usage for car garaging was very low and those that were let tended to be for storage purposes.
- 11.3 'Footsteps' proposal is that the site is redeveloped for 8 low cost properties for sale consisting of 2x2bed houses with a gross internal area of 60 sqm and 6x1bed flats at 35 sqm. The homes will be prioritised for 1<sup>st</sup> time buyers in the Kings Worthy area and will be offered for sale at 75% of the prevailing open market value. The on-going affordability of the properties will be controlled by means of a covenant that requires the owner to sell the property at no more than 75% of its open market value. This is the principal difference between the 'Footsteps' model and that of a traditional shared ownership scheme where the owner can staircase up to 100% and sell at full market value which can make it unaffordable to local residents.
- 11.4 It is recommended that the disposal of the land to Footsteps Living Limited be agreed subject to terms and conditions agreed by the Corporate Head of Asset Management. As previously stated in para 2.1 this may result in the land being sold at less than best consideration, however, the initial viability appraisal conducted by Footsteps Living does generate a capital receipt for the Housing Revenue Account of approximately £140,000 whilst the Existing Use Valuation (EUV) of the site is £110,000. If approval is given for the disposal of the site then Footsteps Living Limited will submit a planning application at their risk. Pre-application advice has already been sought and comments incorporated into the latest design of the scheme.

## 12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 The Council could develop the site as part of its own new homes programme which may still be an option if Footsteps Living Limited do not proceed with the scheme. The principal advantage of 'Footsteps' taking a scheme forward is that it offers a different type of tenure (low cost sale) that the Council currently has limited experience of developing. There is demand locally for this product which is supported by the local community.

### BACKGROUND DOCUMENTS:-

Previous Committee Reports:- None

Other Background Documents:-

### APPENDICES:

Appendix 1 – map of site

Site Address:- GARAGE SITE AT MOUNTBATTEN PLACE



Winchester City Council  
Estates Division

Scale:- 1:500@ A4  
Date:-12/11/2018

Map Ref:- SU 4933

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