

DECISION TAKER: CLLR KELSIE LEARNEY - CABINET MEMBER FOR HOUSING AND ASSET MANAGEMENT

REPORT TITLE: PROPERTY ACQUISITION – STANMORE, WINCHESTER

7 DECEMBER 2020

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WARD(S): ST LUKE

PURPOSE

This report seeks approval to purchase a residential property where the purchase price exceeds the key decision threshold of £250,000. The acquisition of this ex-Right To Buy (RTB) property will meet business needs and provide synergy in terms of the management of the Housing Revenue Account (HRA) estate. It meets the council's financial criteria to ensure the acquisition represents a viable addition to the HRA stock. The purchase can be funded directly from the provision for acquisitions in the new homes capital programme.

RECOMMENDATIONS:

1. That the Cabinet Member for Housing and Asset Management approves the purchase of the specified property, detailed in Exempt Appendix 1, together with its financial appraisal.

IMPLICATIONS:

1 COUNCIL PLAN 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.
- 1.2 Homes For All – Assist with the increase in housing stock across the Winchester District.

2 FINANCIAL IMPLICATIONS

- 2.1 The purchase of this ex-RTB property requires expenditure of £320,500 plus costs. The total cost will be £333,615 including provision for repairs and legal fees and will be funded directly from the £5m unallocated new homes capital budget, within the HRA. The purchase will be partly funded with £100,085 of RTB 1-4-1 receipts. The net cost to the council is approximately £233,500
- 2.2 With the exception of individual grants and funds hypothecated for particular schemes the funding of the overall programme is undertaken annually to maximise the councils financial flexibility and this means decisions upon the final mix of funding have yet to be made.
- 2.3 The financial appraisal contained in Appendix 1 confirms that, at an affordable rent, the purchase meets the council's viability threshold and has a positive net present value of £19,752.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Council has power under s.17 of the Housing Act 1985 to acquire properties for the purposes of providing housing accommodation and a general power under s.120 of the Local Government Act 1972 to acquire properties. S.12 of the Local Government Act 2003 gives the Council the power to invest for any purpose relevant to its functions.
- 3.2 The Section 9E of the Local Government Act 2000 allows delegation of the functions of the Cabinet to an officer of the Council. The purchase of a single property such as requested in this decision is able to be taken under paragraph 2.4 of Part 3.2 of the constitution by the relevant portfolio holder, in this matter the Cabinet Member for Housing and Asset Management.

4 CONSULTATION AND COMMUNICATION

- 4.1 As part of the preparation of the report TACT were invited to comment on the proposal, there comments will be updated at the meeting

4.2 Local Ward Members have been advised of the proposed purchase and their comments included in paragraph 10 below.

5 ENVIRONMENTAL CONSIDERATIONS

5.1 The Housing Service considers environmental and ecological factors when developing new build properties and preparing major works plans including estate improvements, working closely with planning officers and the Council's Landscape Team where appropriate. Additional costs for meeting these responsibilities are included in project appraisals and scheme budgets

6 EQUALITY IMPACT ASSESSEMENT

6.1 The proposed acquisition is in accordance with current housing policies and strategies which have all been subject to equality impact assessment

7 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>That Council owned dwellings fail to meet decent home standards</i>	An effective programme of future works and sound financial planning ensures that these standards are met and then maintained.	
<i>Delays to committing Right to Buy receipts may result in uncommitted receipts having to be repaid to Government.</i>	Acquiring properties is an appropriate use of Right to Buy receipts and make a positive contribution to the Housing Strategy and Council Plan.	
<i>The HRA can borrow funds in addition to utilising external receipts and reserves but it must be able to service the loan interest arising and repay debt in the future.</i> <i>Staffing resources (not always in Housing) reduce the ability to push forward new schemes at the required pace.</i>	Regular monitoring of budgets and business plans, together with the use of financial assessment tools enables the Council to manage resources effectively. Staffing resources have been reviewed to support the delivery of the enhanced new build programme	The Council monitor's Government announcements on the use of RTB receipts and potential capital grant funding
<i>Risks, mitigation and</i>	New build Schemes and acquisitions are financially	

<i>opportunities are managed through regular project monitoring meetings</i>	evaluated and have to pass financial hurdles and demonstrate VFM.	
<i>Legal The provision of social housing is a statutory requirement. Changing Government priorities place a greater emphasis on social housing which must be monitored and considered within planning of future new build projects.</i>	Government statutory requirements and policy changes are being monitored to identify any new risks or opportunities that they may bring.	To create new housing developments within new guidelines and drawing on innovative thinking.

8 OTHER KEY ISSUES

8.1 None.

9 SUPPORTING INFORMATION:

9.1 The property is a 3 bed detached ex RTB house with a small front and rear garden for which there is a local housing need. The proposed purchase will increase the stock of suitable HRA housing in Stanmore at an affordable rent level and may be beneficial if, at some stage in the future, the Council choose to develop a large plot of land adjacent to the property.

10 OTHER OPTIONS CONSIDERED AND REJECTED

10.1 The local Ward Members have been consulted and support the purchase of the property to increase the supply of local affordable family accommodation. Reservations were expressed about the timing of any future redevelopment of the plot of land adjacent to the property as this area of the Stanmore estate has seen significant development in recent years.

BACKGROUND DOCUMENTS:-

Previous Cabinet/Committee Reports or Cabinet Member Decisions:-

CAB3214 (HSG) Housing Revenue Account Budget 2020-21 and Business Plan - 22 January 2020.

CAB3231 (HSG) Housing Revenue Account (HRA) Property acquisitions 11 March 2020

Other Background Documents:-

None

APPENDICES:

Exempt Appendix 1 – Details of the Proposed Acquisition