



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Council

28 September 2023

Report of: Councillor Phil Dilks, Cabinet
Member for Housing and Planning

Housing Revenue Account Acquisitions Capital Budget

Report Author

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Purpose of Report

To seek support and approval from Council to amend the 2023/24 Housing Revenue Account (HRA) capital allocation of Housing Development Investment by an additional £1m to be able to respond promptly to opportunities to purchase properties to increase the Council's housing stock.

Recommendations

For Council to approve the budget amendment of the Housing Revenue Account 2023/24 Capital Programme Housing Development Investment by an additional £1m.

Decision Information	
Is this a Key Decision?	Yes
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Housing that meets the needs of all residents
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 The proposal to increase the approved £3m to the HRA Capital Programme 'Housing Development Investment' by a further £1m is to ensure financial resources are made available in order to respond to opportunities that arise in order to purchase properties to include in the HRA housing stock.
- 1.2 The currently approved £3m has been fully committed to provide funding for new build schemes at Swinegate Grantham and Elizabeth Road Stamford. Therefore, there is a requirement to allocate further funding to avoid stock acquisition opportunities being missed.
- 1.3 The financing of this proposal would be sourced from the HRA reserves and therefore there would be no requirement to undertake borrowing.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer.

Legal and Governance

- 1.4 In accordance with the Council's Financial Regulations, only Full Council is able to take the decision proposed in the recommendation of this report. Cabinet has considered this item and supported the recommendation to Full Council.

Completed by: Graham Watts, Assistant Director of Governance and Monitoring Officer

2. Background to the Report

- 2.1 The Council has a clear commitment in its Corporate Plan 2020-2023 to provide *“Housing that meets the needs of all residents”*.
- 2.2 The Council can obtain housing either from buying back former properties lost through the Right to Buy scheme, by building its own affordable units on Council HRA owned land or by purchasing units from developers or on the open market to meet the specific needs of the District.
- 2.3 A proposed Housing Revenue Account Asset Acquisition and Disposal Policy 2023 has been developed for consideration by the Housing Overview and Scrutiny Committee on the 21st of September 2023 and this will provide the framework in which this proposed £1m allocation will be utilised.
- 2.4 The Council's Housing Revenue Account Asset Acquisition and Disposal Policy applies to the Council's acquisition and disposal of land, development sites, residential properties, former council properties, current housing stock and empty homes acquired using Right to Buy receipts, Section 106 affordable homes funding or HRA reserves to increase the supply of affordable homes and to bring more empty homes back into use.
- 2.5 The Council has been approached directly by landowners/property owners offering to sell vacant, recently developed housing sites or individual private properties. It is proposed that residential sites offered to the Council for sale directly or that become available on the open market are assessed to determine if they meet the Council's strategic priorities and a defined local social housing need.
- 2.6 The decision to purchase sites will be dependent on a business case and considered on a site-by-site basis which would be determined by the following factors:
- Due to the financial costs and resources required by the Council to purchase land/properties, larger sites will be prioritised over individual properties if resources are limited at any time.
 - The viability of the purchase, new build/refurbishment and borrowing costs will be assessed against rent levels as set out in the Council's rent policy to ensure that all development/developed sites/private properties deliver value for money for the HRA. The Council will undertake land valuations when considering any purchase of land sites.
- 2.7 Having a capital allocation for these ad-hoc purchases will mean that the Council can act swiftly when approached to reduce the risk of the Council not being able to secure them to bolster the housing stock and those that are lost from the Right to Buy process and supports the pipeline of acquiring/building new homes.

3. Key Considerations

- 3.1 The Council is now being approached on some larger development schemes (of which there are a proportionate number of affordable housing units) to acquire the affordable units due to some registered providers not being able to secure funding due to the current financial uncertainty. The Council is in a strong position to acquire them given the HRA balances and the amount of receipts/S106 funding that can be used.
- 3.2 Cabinet considered this report on the 11th September 2023 and unanimously supported the recommendation to seek to acquire more houses to meet the needs of our residents.

4. Other Options Considered

- 4.1 The Council could decide not to purchase any additional properties. This would not meet the housing needs priority of the Corporate Plan and not support the pipeline of delivering new housing in the District.

5. Reasons for the Recommendations

- 5.1 To be able to increase the housing stock to meet the needs of our residents.