

## BABERGH DISTRICT COUNCIL

<b>From: Head of Housing</b>	<b>Report Number: N70</b>
<b>To: Strategy Committee</b>	<b>Date of meeting: 17 October 2013</b>

### DELEGATED AUTHORITY FOR PURCHASE OF A DWELLING

#### 1. Purpose of Report

- 1.1 To seek Members approval to delegate authority to the Head of Housing to acquire additional affordable homes using approved Housing Revenue Account (HRA) resources.

#### 2. Recommendation

- 2.1 That the Head of Housing in consultation with the Lead Members for Finance and Resources (Jennie Jenkins) and Housing (Tony Bavington) be delegated authority to approve purchase of additional affordable homes using HRA financial resources within existing approved budget limits, subject to a satisfactory independent valuation.

The Committee is able to resolve this matter

#### 3. Financial Implications

- 3.1 Purchase of additional affordable homes will be financed within current approved capital programme levels.

#### 4. Risk Management

- 4.1 Risk management implications are outlined and will be kept under review.
- 4.2 Right to Buy receipts can only cover a maximum of 30% of the cost of building or acquiring a new affordable home, 70% match funding must be achieved from another source, land cannot be included in the funding arrangements.
- 4.3 The Government has created a disincentive to hold onto the receipts through interest charges. Unused receipts will have to be paid back to Government with added interest of 4% if they are unspent within a three year period. Risks and opportunities will be subject to numbers of Right to Buy sales arising from the introduction of higher discounts.
- 4.4 Revenue surpluses and reserves within the HRA may be at risk if the self financing settlement is re-opened by the Government. Self financing regulations leave room for the settlement to be reopened 'where there has been a change in one of the factors taken into account in calculating the previous payment'.
- 4.5 Seeking to maximise rental income by disposing of low demand, high maintenance dwellings and their replacement with modern, energy efficient, low maintenance housing.

## 5. Consultations

Consultations have taken place with the Tenants Forum on the HRA budget 2013/14. There was support for capital expenditure provision for building and acquiring new affordable homes.

## 6. Equality Analysis

This report has some equal opportunities implications as it has the potential to increase the supply of affordable housing. Improving the housing choice and opportunity will impact on those residents and communities currently having an unmet need.

## 7. Shared Service / Partnership Implications

Approval will be sought from Members of Mid Suffolk's Executive Committee to achieve an aligned HRA model for purchase of additional affordable homes.

## 8. Key Information

8.1 The Councils Vision, Priorities & Outcomes outline clear aspirations for the Council to build/acquire more affordable housing.

*2. Housing – Shape, influence and provide the leadership to achieve the right mix and supply of housing.*

8.2 The current HRA revenue budget and capital programme were approved by Members at a meeting of the Strategy Committee on 17 January 2013.

8.3 In report M37 on 14 June 2012, Members of Strategy Committee approved entering into an agreement with the Government to retain Right to Buy receipts. Approval was also given to reinvest receipts in provision of additional affordable homes.

8.4 Income from HRA disposals and retained Right to Buy receipts are estimated at £990k over the same four year period.

8.5 Capital programme expenditure levels are approved at £23.8m for the four year period 2013/14 – 2017/18 including slippage. This includes expenditure sums of £2.2m for new build/acquisition.

8.6 A minimum HRA balance of £1m will be maintained.

8.7 It is anticipated that properties will be identified from a number of potential sources including;

- Being offered the Right of First Refusal on Right to Buy sold properties
- Requests from family members who want to sell their deceased parents property
- By law if a property is to be re-possessed the mortgage lender has to inform the Local Authority
- Monitoring estate agents web sites, for sale boards and the local press
- Development sites within the district where there is a S106 affordable housing requirement
- Identifying Empty Homes through working with the Private Sector Housing Team
- Mortgage Rescue Scheme

8.8 Delegated authority to officers will maximise opportunities to acquire additional home with commercial swiftness.

**9. Appendices**

Title	Location
(a) Housing Revenue Account Capital Programme	Attached

**10. Background Documents**

None.

Authorship:

Name Louise Rawsthorne  
Job Title Corporate Manager - HRA

Tel. 01449 724772

Email:

[louise.rawsthorne@midsuffolk.gov.uk](mailto:louise.rawsthorne@midsuffolk.gov.uk)

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## Babergh District Council Proposed Capital Programme for 2013/14 to 2016/17

	2011/12 Actual £'000	2012/13 Budget £'000	2013/14 Budget £'000	2014/15 Budget £'000	2015/16 Budget £'000	2016/17 Budget £'000
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### Housing Revenue Account

Housing Maintenance						
Planned maintenance	2,304	3,614	4,383	3,394	3,518	3,614
Other programmes	287	814	1,364	907	951	974
New build programme	-	-	708	500	500	500
Property acquisition	-	95	-	-	-	-
Environmental Improvements	-	95	228	205	160	166
Horticulture and play equipment	26	84	99	89	91	93
Disabled Facilities work	373	415	414	324	335	346
<b>Total HRA Capital Spend</b>	<b>2,990</b>	<b>5,117</b>	<b>7,196</b>	<b>5,419</b>	<b>5,555</b>	<b>5,693</b>

### HRA Financing

Major Repairs Allowance (ex determination)	2,541	2,468	3,444	3,433	3,509	3,586
Grants / External Contributions	6					
Capital Receipts		211	330	217	216	227
Borrowing - unsupported	-	-	-	-	-	-
Revenue Contributions (balance)	443	2,438	3,422	1,769	1,830	1,880
<b>Total HRA Capital Spend</b>	<b>2,990</b>	<b>5,117</b>	<b>7,196</b>	<b>5,419</b>	<b>5,555</b>	<b>5,693</b>

<b>CFR</b>		<b>89,348</b>	<b>88,848</b>	<b>88,348</b>	<b>87,848</b>	<b>87,348</b>
<b>CFR Debt cap</b>		<b>97,849</b>	<b>97,849</b>	<b>97,849</b>	<b>97,849</b>	<b>97,849</b>
<b>Under/ (over) debt cap</b>	<b>n/a</b>	<b>8,501</b>	<b>9,001</b>	<b>9,501</b>	<b>10,001</b>	<b>10,501</b>

Opening CFR	6,201	89,848	89,348	88,848	88,348	87,848
New Borrowing	83,647	-	-	-	-	-
Borrowing Repaid	-	500	500	500	500	500
VRP (Voluntary Revenue Provision)	-	-	-	-	-	-
<b>Closing CFR</b>	<b>89,848</b>	<b>89,348</b>	<b>88,848</b>	<b>88,348</b>	<b>87,848</b>	<b>87,348</b>

**HRA Capital Programme Summary**

<b>Scheme Name</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Total</b>
<b><u>Planned Maintenance</u></b>						
Rewiring	131	173	131	134	137	706
Roofing	590	371	175	180	184	1,500
Window & Door Replacements	430	325	154	158	162	1,229
Central Heating	1,185	1,264	862	883	905	5,099
Kitchens / Bathrooms	1,010	1,510	1,313	1,401	1,440	6,674
Garages, Forecourts & Stores	107	144	299	310	322	1,182
Fences, Gates and Walls	70	215	221	226	232	964
Roads and Paths	31	11	11	12	12	77
Common Areas	2	217	145	148	152	664
Disabled Adaptations	415	414	324	335	346	1,834
Environmental Works	95	228	205	160	166	854
Plumbing Installations	-	-	-	-	-	-
Dampness	32	50	34	35	35	186
Contingent Major Repairs	26	103	49	31	33	242
<b>Total Planned Maintenance</b>	<b>4,124</b>	<b>5,025</b>	<b>3,923</b>	<b>4,013</b>	<b>4,126</b>	<b>21,211</b>

## HRA Capital Programme Summary

<b>Scheme Name</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Total</b>
<b>Other Programmes</b>						
Conversions & Adaptations	24	74	25	26	26	175
Sheltered Units - Gen.Imp	418	344	130	134	137	1,163
Smoke Alarms (Babergh Standard)	28	111	113	116	119	487
Insulation Improvements	9	409	319	330	340	1,407
Major Improvements	202	100	100	100	100	602
Estate Improvements/parking areas	30	22	23	23	24	122
Structural Works	28	73	74	76	78	329
Sewage Treatment Works	1	56	1	1	1	60
Unadopted Drains & Sewers	9	56	37	58	60	220
Water Mains	7	22	23	23	24	99
Software / ICT Projects / Surveys	35	21	21	22	22	121
Regeneration Schemes	-	15	-	-	-	15
Asbestos	23	61	41	42	43	210
Horticulture & Play Equipment	84	99	89	91	93	456
Property Acquisition	95	-	-	-	-	95
New Homes Fund	-	708	500	500	500	2,208
<b>Total Other Schemes</b>	<b>993</b>	<b>2171</b>	<b>1496</b>	<b>1542</b>	<b>1567</b>	<b>7769</b>
<b>Total Council Housing Schemes</b>	<b>5,117</b>	<b>7,196</b>	<b>5,419</b>	<b>5,555</b>	<b>5,693</b>	<b>28,980</b>

<b>Potential Financing:</b>						
Revenue Contribution (balance)	2,438	3,422	1,769	1,830	1,880	11,339
Capital Receipts	211	330	217	216	227	1,201
Earmarked Reserves						-
Major Repairs Allowance / Depreciation	2,468	3,444	3,433	3,509	3,586	16,440
Borrowing Unsupported	-	-	-	-	-	-
	<b>5,117</b>	<b>7,196</b>	<b>5,419</b>	<b>5,555</b>	<b>5,693</b>	<b>28,980</b>