

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Cabinet

To: South Holland District Council Wednesday, 3 March 2021

(Author: Christine Morgan, Democratic Services Team Leader)

Subject Report from Cabinet meeting held on 16 February 2021

Purpose: To consider recommendations of the Cabinet in respect of:
a) 2020/21 Finance Report Quarter 3 (Cabinet agenda item 8)(Cabinet minute 64)
b) Welland Homes Business Plan Update (Cabinet agenda item 12 and exempt item 18)(Cabinet minutes 68 and 73 and exempt minute 73)
c) Acquisition project to purchase S106 units (Cabinet agenda item 13 and exempt item 19)(Cabinet minute 69)

Recommendation(s):

a) 2020/21 Finance Report Quarter 3

- 1) That the General Fund and Housing Revenue Account Capital programme be approved as set out in table 5 and 7 of **Appendix A**.
- 2) The NNDR S31 grant for expanded retail relief and the nursery reliefs in 2020/21 is carried forward in reserves to cover the NNDR deficits recognised in 2021/22 (as detailed in section 5.3.1)
- 3) That the income received from NNDR & Council Tax income compensation scheme be carried forward in a reserve to cover the deficits recognised in future years (as detailed in section 5.3.2)

b) Welland Homes Business Plan Update

- 4) That the updated Welland Homes Business Plan be approved, and included as an amendment in the SHDC Quarterly report to members for quarter 1 2021/22.
- 5) To reaffirm the delegated authority, granted by Council on 25th March 2015, to the Executive Director – Commercialisation (the S151 Officer), to approve the final mix of use of reserves and borrowing in line with the business plan and Council Treasury Management Strategy.

c) Acquisition project to purchase S106 units

- 6) To amend the Capital Programme to identify this project as an approved scheme in the 2020/21 Budget.

1.0 BACKGROUND

- Article 4 of the Council's Constitution provides that only the full Council may exercise the functions of approving, adopting or amending the policy framework and budget, and adopting or changing the Constitution, Staffing matters are also a Council function. The Cabinet however has responsibility for advising the Council on such matters. At its meeting on 16 February 2021, the Cabinet made recommendations to Council in respect of the above item which may affect budget and policy framework, Constitution or comprise staffing issues.
- The remainder of this report details the recommendations of the Cabinet which must be read in conjunction with the individual reports to Cabinet, copies of which are attached as appendices.
- Due to their confidential nature, please note the following:
 - Cabinet agenda item 12 (Welland Homes Business Plan Update) – the exempt minute and appendices are enclosed at agenda items 19 and 20 respectively;
 - Cabinet agenda item 13 (Acquisition project to purchase S106 units) – the exempt appendix is enclosed at agenda item 21.

2.0 2020/21 Finance Report Quarter 3 (Report submitted to Cabinet – Item 8 attached)

Consideration was given to the report of the Portfolio Holder for Finance, Strategy & Partnerships and the Executive Director – Commercialisation (S151) which provided information on the Quarter 3 (to 31 December 2020) financial position of the Council.

Members were advised that the wording in recommendation 3 of the report needed to be changed to the following:

- That the General Fund and Housing Revenue Account Capital Programme be approved as set out in tables 5 and 7 of Appendix A.

DECISION:

- 1) That the report and **Appendix A** be noted.
- 2) That the estimated position with regard to the approved contributions to and use of reserves be noted.

(Other options considered:

- *Do nothing*

Reasons for decision:

- *To provide timely information to Members on the overall financial position of the Council.)*

**3.0 Welland Homes Business Plan Update
(Report submitted to Cabinet – Item 12 attached, Exempt minute and appendices attached at Council agenda items 19 and 20 respectively)**

Consideration was given to the report of the Portfolio Holder for Assets & Planning and the Executive Director – Commercialisation (S151) which presented an updated Welland Homes Business Plan and a proposal from the Company to purchase four houses for the purposes of market rental investment.

Members considered a proposed new business scheme in respect of the acquisition, by Welland Homes, of four properties located in Holbeach for open market rent. The Board of Welland Homes had approved the business case but, as sole shareholder, the business case and associated changes to the Welland Homes Business Plan required Council approval.

In assessing the proposal, members had regard to the content of the exempt appendix, a financial evaluation of the business case.

DECISION:

- 1) To approve the business case for the acquisition by Welland Homes Ltd of four houses, for the purposes of a market rental investment.

- 2) That, subject to the refreshed business plan and budget being approved by the Council in accordance with recommendation 3 below, delegated authority be granted to the Executive Director - Commercialisation (the S151 Officer), to (i) approve the terms of any loan agreements required; (ii) approve the value and the profile of any periodic cash flow payments to be made to the Company; as required to support the Company in the acquisition of the proposed investment properties.

(Other options considered:

- *Do nothing – without the approval of the shareholder, Welland Homes would be unable to proceed with the proposed investment which would in turn limit the delivery of housing from Welland Homes under the existing Business Plan and leave the Company unable to deliver forecasted returns.*

Reasons for decision:

- *Supports the delivery of the wider Welland Homes Business Plan, which will in turn support the delivery of savings targets set out in the Council's Medium Term Financial Plan;*
- *Increases housing supply to address demand;*
- *Boosts to the local economy;*
- *Improves the quality of rented sector accommodation; and*
- *Generates income for the Council.)*

**4.0 Acquisition project to purchase S106 units
(Report submitted to Cabinet – Item 13 attached, Exempt appendix attached at Council agenda item 21)**

Consideration was given to the report of the Portfolio holder for Assets & Planning and the Executive Director – Commercialisation (S151) which set out details of the potential for the authority to acquire seven s106 homes on a development site in the district.

DECISION:

- 1) To approve the business case and approve the acquisition of the seven identified properties, for the HRA.
- 2) To delegate to the Executive Director – Commercialisation (S151) to agree the contractual matters (including any terms and conditions which may represent a minor variation to the scheme approved in the business case) such as signing the contract/transfer document and other incidental actions that may be required and approving the associated due diligence and valuation required to purchase the properties.

(Other options considered:

- *Do nothing – Under this option, the authority would not proceed to purchase the properties and as a consequence officers would seek to identify alternative appropriate schemes for consideration by Cabinet and Council.*

Reasons for decision:

- *A return on investment, and the generation of capital receipts from the sale of the initial tranche of shared ownership properties. As set out within the financial evaluation (Appendix A), there is a positive business case associated with the proposed investment.*
- *The delivery of 7 additional bungalows into the HRA. This includes homes to meet the needs of those who require low cost rented accommodation, and those who require support to access the 'housing ladder'.*
- *Meeting housing need. The homes proposed will meet housing need in a location where there is evidence of a need for additional affordable homes.*
- *The replacement of homes sold through Right to Buy. On average, 23 Council homes have been purchased by tenants each year since 2017, by virtue of the Right To Buy. Since 1st April 2020, a further 11 properties have been sold to tenants. The delivery of new affordable homes can replace those homes lost each year, mitigating the impact of these losses on the HRA business plan.*
- *The new homes can be part-funded from the time limited RTB receipts. Investing the RTB receipts on new rented housing ensures that the receipts do not have to be returned to Government. Additionally, the return to SHDC will increase as the direct capital invested decreases.*
- *Market confidence. The Council acting as a proactive purchaser of s106 properties, will provide confidence to local developers of the authority's aspiration to facilitate sites to come forward and also of the demand for S.106 affordable homes.)*

Background papers:-	None
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Key Decision:	N
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Exempt Decision:	Part-Exempt
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This report refers to a Mandatory Service

Appendices attached to this report:

2020/21 Finance Report Quarter 3

Appendix A Cabinet Agenda Item 8
Appendix B Cabinet Agenda Item 8 - Appendix A

Welland Homes Business Plan Update

Appendix C Cabinet Agenda Item 12

Acquisition project to purchase S106 units

Appendix D Cabinet Agenda Item 13

Exempt appendices:

- The exempt minute and the exempt appendices to Cabinet agenda item 12 (Welland Homes Business Plan Update) are attached at agenda items 19 and 20 respectively.
- The exempt appendix to Cabinet agenda item 13 (Acquisition project to purchase S106 units) is attached at agenda item 21.