

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Cabinet

To: South Holland District Council Wednesday, 19 May 2021

(Author: Christine Morgan Democratic Services Team Leader)

Subject Report from Cabinet meeting held on 27 April 2021

Purpose: To consider recommendations of the Cabinet in respect of:

a) Acquisition of S106 affordable housing for the Housing Revenue Account - To set out details of the potential for the authority to acquire eight s106 affordable homes on a development site in the district (Cabinet agenda item 8 and exempt item 13) (Cabinet minute 80);

b) Acquisition of housing for the Housing Revenue Account - To set out details of the potential for the authority to acquire twelve new build homes for Affordable Rent tenure, on a development site in the district (Cabinet agenda item 9 and exempt item 14) (Cabinet minute 81);

c) Welland Homes Business Plan Update incorporating Holbeach Road, Spalding - To present a business case to Cabinet and to present to Council, as sole shareholder for Welland Homes Ltd, a proposal from the company to purchase six houses for the purposes of market rental investment and an updated Welland Homes Business Plan (Cabinet agenda item 10 and exempt item 15) (Cabinet minute 82).

Recommendations:

a) Acquisition of S106 affordable housing for the Housing Revenue Account

- 1) To amend the Capital Programme to identify the project as an approved scheme in the 2021/22 Budget

b) Acquisition of housing for the Housing Revenue Account

- 2) To amend the Capital Programme to identify this project as an approved scheme in the 2021/22 Budget

c) Welland Homes Business Plan Update incorporating Holbeach Road, Spalding

- 3) That the updated Welland Homes Business Plan be approved, and included as an amendment in the next SHDC Quarterly report to members
- 4) To reaffirm the delegated authority, granted by Council on 25 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

1.0 BACKGROUND

- 1.1 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 27 April 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.
- 1.2 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.
- 1.3 Due to their confidential nature, please note the following:
- Cabinet agenda item 8 (Acquisition of S106 affordable housing for the Housing Revenue Account) – the exempt appendix is enclosed at agenda item 17;
 - Cabinet agenda item 9 (Acquisition of housing for the Housing Revenue Account) – the exempt appendix is enclosed at agenda item 18.
 - Cabinet agenda item 10 (Welland Homes Business Plan Update incorporating Holbeach Road, Spalding) – the exempt appendices are enclosed at agenda item 19

2.0 Acquisition of S106 affordable housing for the Housing Revenue Account (Report submitted to Cabinet – Item 8 attached)

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

DECISION:

- a) To approve the business case and approve the acquisition of eight homes within Surfleet for the HRA;
- b) 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, the expected benefits listed in Section 9 of the report would not be realised. Officers would seek to identify alternative appropriate schemes for consideration.*

Reasons for decision:

- *A return on investment, and the generation of capital receipts from the sale of the initial tranche of shared ownership properties;*
- *The delivery of eight additional dwellings into the HRA;*

- *Meeting housing need;*
- *The replacement of homes sold through Right to Buy;*
- *The new homes could be part-funded from the time limited Right to Buy receipts; and*
- *Market confidence.)*

(The Leader left the meeting at the start of consideration of this item, and did not return to the meeting).

3.0 **Acquisition of housing for the Housing Revenue Account (Report submitted to Cabinet – Item 9 attached)**

Consideration was given to the report of the Portfolio Holder for Assets and Planning and the Executive Director – Commercialisation (S151 Officer), which set out details of the potential for the authority to acquire twelve new build homes for Affordable Rent tenure, on a development site in the district.

Officers confirmed that the purchase price had been agreed with the developer, that this was below the market value, but that the total capital cost to the authority took the price above market value. An appropriate amount for due diligence and on-costs had been included in the financial evaluation, and as part of usual processes, best value for the authority was being sought, to ensure on-costs could be reduced as much as possible.

DECISION:

- a) To approve the business case and approve the acquisition of twelve homes for the HRA;
- b) To delegate to the Executive Director – Commercialisation (S151) to agree the funding and 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, making an application for Homes England grant funding, utilising Right to Buy sales receipts for this project 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, the expected benefits listed in Section 9 of the report would not be realised. Officers would seek to identify alternative appropriate schemes for consideration.*

Reasons for decision:

- *A return on investment;*
- *The delivery of twelve additional dwellings into the HRA;*
- *Meeting housing need;*
- *The replacement of homes sold through Right to Buy;*
- *The new homes can be part-funded from the time limited Right to Buy receipts;*
- *Alternatively, in lieu of utilising Right to Buy receipts, the new homes could be part-funded via Homes England grant funding,*
- *Additional funding streams will improve the financial performance of the project; and*
- *Market confidence.)*

4.0 **Welland Homes Business Plan Update incorporating Holbeach Road, Spalding (Report submitted to Cabinet – Item 10 attached).**

Consideration was given to the report of the Executive Director – Commercialisation (S151 Officer) which presented a business case to Cabinet, and presented to Council, as sole shareholder for Welland Homes Ltd, a proposal from the Company to purchase six houses for the purposes of market rental investment and an updated Welland Homes Business Plan.

DECISION:

- a) To approve the business case for the acquisition by Welland Homes Ltd of six houses, for the purposes of a market rental investment;
- b) That, subject to the refreshed business plan and budget being approved by the Council in accordance with recommendation (c) 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. This in turn would 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:

- *Support the delivery of the wider Welland Homes Business Plan, which would in turn support the delivery of savings targets set out in the Council's Medium Term Financial Plan;*
- *Increase housing supply to address demand;*
- *Boost to the local economy;*
- *Improve the quality of rented sector accommodation;*
- *Generate income for the Council.)*

Background papers:- None

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Key Decision: N

Exempt Decision: N

Appendices attached to this report:

Acquisition of S106 affordable housing for the Housing Revenue Account

Appendix A Cabinet Agenda Item 8

Acquisition of housing for the Housing Revenue Account

Appendix B Cabinet Agenda Item 9

Welland Homes Business Plan Update incorporating Holbeach Road, Spalding

Appendix C Cabinet Agenda Item 10

Exempt appendices:

Appendix D The exempt appendix to Cabinet agenda item 8 (Acquisition of S106 affordable housing for the Housing Revenue Account) is attached at agenda item 17.

Appendix E The exempt appendix to Cabinet agenda item 9 (Acquisition of housing for the Housing Revenue Account) is attached at agenda item 18

Appendix F The exempt appendices to Cabinet agenda item 10 (Welland Homes Business Plan Update incorporating Holbeach Road, Spalding) are attached at agenda item 19