



Virement to the Housing Revenue Account for new build and acquisitions

SUMMARY

- 1.1 This report seeks approval to vire £250,000 from 2 Housing Revenue Account (HRA) budgets with underspends to the HRA for new build and acquisition.
- 1.2 The proposed virement will be utilised to acquire additional affordable dwellings and absorb unallocated Right to Buy (RtB) receipts.
- 1.4 Any RtB receipts not allocated within 3 years must be returned to the government, with interest. This virement and subsequent acquisition will reduce the likelihood of needing to return RtB receipts.

RECOMMENDATION

- 2.1 To approve the virement of £250,000 from the 2 budgets reporting underspends into the HRA for new build and acquisitions.

REASONS FOR RECOMMENDATION

- 3.1 To utilise RtB receipts ensuring best use of available financial resources.
- 3.2 To provide additional affordable housing in 2017/18.

SUPPORTING INFORMATION

- 4.1 Under the rules relating to the Right to Buy (RtB) local authorities can retain funds from the sale of council houses in order to build or buy social housing.
- 4.2 These funds can only be applied at 30% of the overall cost of an acquisition and refurbishment, meaning further funding from the HRA for new build and acquisitions is required in order to absorb the RtB receipts.
- 4.3 Where these RtB receipts are not spent within 3 years they must be returned to the government plus interest.

4.4 The Council currently has unspent RtB receipts which if not spent by 31 March 2018 may need to be returned to the government. However, the current budgeted allocation within the HRA for new build and acquisitions does not have the capacity to fund more acquisitions.

4.5 The Council's Arms-Length Management Organisation, Derby Homes, has identified likely slippage in 2 schemes within the HRA Capital Programme:

- The Estates Pride budget - £150,000, and
- The Communal Stairs Programme - £100,000.

By transferring this £250,000 into the HRA for new build and acquisition and applying the Council's unspent RtB receipts additional affordable dwellings can be purchased.

4.6 Any dwellings acquired will be incorporated into the Council's affordable property portfolio to be managed by Derby Homes.

4.7 There will be no impact on the Council's General Fund as the costs fall entirely on the HRA for new build and acquisitions.

OTHER OPTIONS CONSIDERED

5.1 Do Nothing. This is not recommended as it will increase the likelihood of needing to return RtB receipts.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Emily Feenan, Principal Lawyer Mazer Hussain, Group Accountant n/a Jayne Sowerby-Warrington, Head of Strategic Asset Management and Estates Richard Boneham, Head of Audit Partnership Ann Webster, Lead on Equality and Diversity
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For more information contact: Background papers: List of appendices:	Carly Saunt 01332 640321 carly.saunt@derby.gov.uk None Appendix 1 – Implications
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IMPLICATIONS

Financial and Value for Money

- 1.1 Any funds remaining following the proposed acquisitions will be allocated to the refurbishment of the acquired properties to ensure works can commence as soon as the purchases complete.
- 1.2 The Estates Pride and Communal Stairs budgets are funded from £250,000 Major Repairs Reserve funding. When vired to the New Build and Acquisitions budget this will be changed to £175,000 Major Repairs Reserve funding and £75,000 Right to Buy Receipts.

Legal

- 2.1 The acquisitions will be subject to the standard due diligence throughout the conveyance process.

Personnel

- 3.1 No implications.

IT

- 4.1 No implications.

Equalities Impact

- 5.1 The acquired properties will include adaptations where possible.

Health and Safety

- 6.1 No implications.

Environmental Sustainability

- 7.1 All properties acquired will be subject to refurbishment which could include improvements to the gas central heating and insulation, improving thermal efficiency.

Property and Asset Management

- 8.1 The virement of £250,000 will ensure the addition of affordable dwellings into the Council's Affordable housing portfolio.

Risk Management and Safeguarding

- 9.1 Any properties acquired will be protected from financial losses subsequent to RtB applications by the cost floor rules for the next 15 years.

Corporate objectives and priorities for change

- 10.1 The proposed acquisitions will increase the delivery of affordable homes in 2017/18 in line with the Council's pledge to deliver 500 new affordable homes by 2020 and to increase its affordable housing stock to ensure Derby's residents have access to high quality, affordable homes and housing services which support communities and improve quality of life.