

## **ITEM 13 Property Purchase under Head of Estates Delegation**

Report of the Finance Portfolio Holder

### **Recommended:**

- 1. That the decision to purchase the property identified in the Confidential Annex be noted.**
- 2. That, following completion of the purchase, the budget for property investments be re-established in the Council's Capital Programme at £3M, with the additional sum to be financed from the Capital Receipts Reserve.**

### **SUMMARY:**

- In November 2015, Council approved a delegated authority to the Head of Estates, in consultation with a Member Panel, to purchase property investments where the timing of the normal Council approval process would reduce the Council's ability to complete the purchase.
- The Head of Estates, after consulting the Panel, has recently exercised his authority to progress the purchase of a property in Andover.
- In accordance with the original approval, this report is presented to update Council on the details of the purchase.

## **1 Introduction**

1.1 The Council's Medium Term Financial Strategy (MTFS) sets the aim of working to a position where the Council is not dependent on the government's revenue support grant.

1.2 The workstream known as Project Enterprise has been established to progress this element of the MTFS.

## **2 Background**

2.1 In recognition of the fast pace of the local property market, Council approved a delegated authority to the Head of Estates, in consultation with a cross-party Member panel, to purchase property investments from a pre-approved capital budget. A sum of £3M was approved for this purpose.

2.2 The panel consists of Cllrs North, Giddings, Hurst, Stallard and Ward.

- 2.3 The panel was established as a means of enabling approval of property investments where the timing of the traditional Council approval process would reduce the Council's ability to complete the purchase. The reasons for the use of the Panel in this case are set out in section 6 of the Confidential Annex.
- 2.4 A requirement of setting up the panel was that the details of any property approvals would be reported to the next Council meeting. The panel has recently considered a report recommending the purchase of a house in Andover. The purpose of this report is to update Council on that decision.

### **3 Corporate Objectives and Priorities**

- 3.1 Project Enterprise has been established to support the objectives of the MTFs, by increasing the Council's income in order to reduce its reliance on government support. The income generated from the investment approved by the Member Panel will work towards achieving this objective.
- 3.2 The property considered by this report will also help to deliver the Corporate Plan objective of, Live where the supply of homes reflects local needs.

### **4 The Property**

- 4.1 The property that the Panel approved is a former Council-owned house in Andover. A copy of the report that was sent to the Member panel and the property marketing details are attached as a Confidential Annex.
- 4.2 All five Councillors on the Panel approved the purchase.
- 4.3 The property survey has been completed and no issues have been identified that will affect the purchase. The conveyancing work required to complete the purchase is currently underway.
- 4.4 Once the purchase is complete, it is expected that the Council will lease the house to Valley Housing Ltd (the Council's 100%-owned property management company) for future management and letting.

### **5 Risk Management**

- 5.1 An evaluation of the risks associated with the matters in this report indicates that further risk assessment is not needed because the issues covered do not represent significant risks.
- 5.2 The risks associated with the purchases are explained in section 8 of the Confidential Annex.

### **6 Resource Implications**

- 6.1 The business case for the purchase is shown in more detail in section 4 of the Confidential Annex.

- 6.2 The amount approved to complete the purchase is £203,500 and will be financed from a pre-approved budget of £3M in the Council's Capital Programme.
- 6.3 Once completed, it is expected that the amount remaining in the Capital Programme budget will reduce to £2.80M.
- 6.4 It is recommended that this budget be re-established at £3M after the completion of the purchase, with the additional amount to be financed from the Capital Receipts Reserve.

**7 Legal Implications**

- 7.1 The legal work required to complete the purchase of the properties is underway.

**8 Conclusion and reasons for recommendation**

- 8.1 The Head of Estates has exercised his delegated authority to progress the purchase of a house after consultation with the cross-party Member panel established for that purpose.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
<b>Report</b> - It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
<b>Annex</b> - It is considered that the annex to the report contains exempt information within the meaning of paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended. It is further considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information because the information relates to the financial or business affairs of both the Council and third parties.			
No of Annexes:	1	File Ref:	
(Portfolio: Finance) Councillor Giddings			
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Report to:	Council	Date:	8 November 2017