

ITEM Property Purchase under Head of Estates Delegation

Report of the Finance Portfolio Holder

Recommended:

- 1. That the decision to pursue the purchase of the properties identified in the Confidential Annex, to the report, be noted.**
- 2. That, following completion of the purchases, 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 two properties in Andover.
- In accordance with the original delegated authority, this report is presented to update Council on the details of the purchases.

1 Introduction

- 1.1 The Council's Medium Term Financial Strategy (MTFS) 2019/20 – 2021/22 sets out that the Council will continue to seek out new investment opportunities through Project Enterprise.
- 1.2 The property investments included in this report will help to achieve that objective.

2 Background

- 2.1 In recognition of the fast pace of the local property market, Council has 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 reason for the use of the Panel is 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 confirmed its support for a report that recommended the purchase of two houses in Andover.

2.5 The purpose of this report is to update Council on those approvals.

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 investments approved by the Member Panel will work towards achieving this objective.

3.2 The properties 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 Properties

4.1 The properties were the subject of a report to the Member panel on 1st November 2018. A copy of the report and the marketing details for the properties are attached in the Confidential Annex.

4.2 Should either of the purchases be completed, it is expected that the Council will lease the houses to Valley Housing Ltd (the Council's 100%-owned property management company) for future management and letting.

4.3 Both houses are three-bedroom former Council-owned properties located in Andover.

4.4 Further to the consultation with the Member panel, a purchase price has been agreed with the vendors of both properties within the recommended budget limit.

4.5 The building surveys have yet to be undertaken. Should any excessive works be identified that will cost more than the budgeted amount to rectify, the purchase price can be re-negotiated or the Council can withdraw without penalty.

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 each of the purchases is shown in more detail in section 4 of the Confidential Annex.

- 6.2 The total amount approved to complete the three purchases is £405,000 and will be financed from a pre-approved budget of £3M in the Council's Capital Programme.
- 6.3 If both properties are completed in line with the approved budget, this would leave a balance of £2.595M in the Capital Programme for property acquisitions.
- 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 property purchase will be carried out by the Council's Legal & Democratic Services team.
- 7.2 Delegated authority is already in place for an onward lease from the Council to VHL for future management of the properties.

8 Conclusion and reasons for recommendation

- 8.1 The Head of Estates has exercised his delegated authority to progress the purchase of three houses after consultation with the cross-party Member panel established for that purpose.
- 8.2 This report provides Council with the details of that decision and the progress made since the decision was taken.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
<u>Report</u>			
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.			
<u>Annex</u>			
It is considered that the annex 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:	N/A
(Portfolio: Finance) Councillor Giddings			
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Report to:	Council	Date:	21 November 2018