

TITLE	Acquisition of Property (28 Mylne Square)
FOR CONSIDERATION BY	The Executive on 18 February 2016
WARD	Norreys
DIRECTOR	Stuart Rowbotham, Director of Health and Wellbeing
LEAD MEMBER	John Kaiser, Executive Member for Planning and Highways

OUTCOME / BENEFITS TO THE COMMUNITY

To provide additional affordable rented housing for the borough.
To ensure value for money of the retained Right to Buy receipts

RECOMMENDATION

Executive is recommended to agree the retrospective acquisition of 28 Mylne Square as set out in this report; funded from retained Right to Buy receipts and the Housing Revenue Account.

SUMMARY OF REPORT

Wokingham Borough Council entered into a contract with the Department of Communities and Local Government in 2012. The agreement allowed Wokingham Borough Council to retain a proportion of Right to Buy receipts. The contract states that Wokingham Borough Council has to spend the retained receipt within 3 years. If not spent in line with the contract the council has to repay the receipt plus interest at a rate of 4% above the base rate. A copy of the contract can be found at Appendix A.

Background

Wokingham Borough Council was offered 28 Mylne Square under pre-emption rights in November 2015, it was originally purchased under Right to Buy on 20th Sept 2007 for £197,000.

The Strategic Assets Manager was requested by the Head of Housing to progress the purchase of the property on behalf of the Housing Revenue Account.

Analysis of Issues

The government's Right to Buy scheme seeks to extend home ownership but in recognition that Right to Buy can reduce the availability of affordable rented options the government offered Local Authorities the option, subject to certain restrictions, to retain a proportion of the Right to Buy receipts to re-invest in affordable homes. One of the key conditions is that retained receipts must be used for the purposes of providing affordable rented homes within 3 years. Failure to use the retained receipts requires the council to return the receipts to HM Treasury plus a 4% above base rate charge.

28 Mylne Square, previously part of the council's housing stock became available for purchase. In terms of value for money, ex-council properties represent good value against the general housing market. It is in the interests of the Housing Revenue Account therefore to progress this acquisition now. Following discussion with lead members and Senior Officers it was agreed to undertake this action now prior to Executive consideration in order to secure the purchase.

The funding of scheme is broken down below:

	£
Estimated expenditure for 28 Mylne Square	332,000
Funded by	
30% Right to buy (one for one re-investment reserve)	99,600
Attributable debt on reserve (HRA Ring-fenced)	232,400
Total	332,000

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£322K	Yes	Capital
Next Financial Year	0	-	

(Year 2)			
Following Financial Year (Year 3)	0	-	

Other financial information relevant to the Recommendation/Decision
Budget is available in year.

Cross-Council Implications
None

List of Background Papers
None

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