

LONDON BOROUGH OF CROYDON

To: All Members of Council
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PUBLIC NOTICE OF KEY DECISIONS MADE BY CABINET MEMBER FOR FINANCE & RESOURCES ON 16 MARCH 2020

This statement is produced in accordance with Regulation 13 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

In accordance with the Scrutiny and Overview Procedure Rules, the following decisions may be implemented from **1300 hours on 24 March 2020** unless referred to the Scrutiny and Overview Committee (ie after 13.00 hours on the 6th working day following the day on which the decision was taken). The call-in procedure is appended to this notice.

The following apply to the decision below:

Reasons for these decisions: As outlined in the report.

Other options considered and rejected: As outlined in the report.

Details of conflicts of interest declared by the decision maker: None.

Note of dispensation granted by the Head of Paid Service in relation to a declared conflict of interest by that decision maker:

The Leader of the Council has delegated to the decision maker the power to make the Key Decisions noted out below:

Decision Title: PURCHASE OF 24 AFFORDABLE HOUSING UNITS AT LONGHEATH GARDENS FOR RETENTION IN THE HOUSING REVENUE ACCOUNT

Key Decision No:

Having carefully read and considered the Part A report and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Finance & Resources in consultation with the Cabinet Member for Homes & Gateway Services

Details of decision:

1. To agree that the Council acquire 24 residential homes forming part of the Brick by Brick Longheath Gardens development for use as social housing to be retained within the Housing Revenue Account; and

2. Note that the purchase of the properties will benefit from GLA grant funding of £100,000 per unit.

Signed: Council Solicitor and Monitoring Officer

Notice Date: 17 March 2020

Scrutiny Referral/Call-in Procedure

1. The decisions may be implemented **1300 hours on 24 March 2020** (the 6th working day following the day on which the decision was taken) unless referred to the Scrutiny and Overview Committee.
2. The Council Solicitor shall refer the matter to the Scrutiny and Overview Committee if so requested by:-
 - i) the Chair or Deputy Chair of the Scrutiny and Overview Committee and 4 members of that Committee; or
 - ii) 20% of Council Members (14)
3. The referral shall be made on the approved pro-forma (*attached*) which should be submitted electronically or on paper to Victoria Lower by the deadline stated in this notice. Verification of signatures may be by individual e-mail, fax or by post. A decision may only be subject to the referral process once.
4. The Call-In referral shall be completed giving:
 - i) The grounds for the referral
 - ii) The outcome desired
 - iii) Information required to assist the Scrutiny and Overview Committee to consider the referral
 - iv) The date and the signatures of the Councillors requesting the Call-In
5. The decision taker and the relevant Chief Officer(s) shall be notified of the referral who shall suspend implementation of the decision.
6. The referral shall be considered at the next scheduled meeting of the Scrutiny & Overview Committee unless, in view of the Council Solicitor, this would cause undue delay. In such cases the Council Solicitor will consult with the decision taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny & Overview Committee may only decide to consider a maximum of 3 referrals at any one meeting.
7. At the Scrutiny & Overview Committee meeting the referral will be considered by the Committee which shall determine how much time the Committee will give to the call in and how the item will be dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to the decision taker for reconsideration, setting out in writing the nature of the concerns.
8. The Scrutiny and Overview Committee may refer the decision to Full Council if it considers that the decision is outside of the budget and policy framework of the Council.
9. If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.

10. The Full Council may decide to take no further action in which case the decision may be implemented.
11. If the Council objects to the decision it can nullify the decision if it is outside of the policy framework and/or inconsistent with the budget.
12. If the decision is within the policy framework and consistent with the budget, the Council will refer any decision to which it objects together with its views on the decision. The decision taker shall choose whether to either amend / withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet of the referral from the Council.
13. The response shall be notified to all Members of the Scrutiny and Overview Committee
14. If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 6 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place.
15. **URGENCY:** The referral procedure shall not apply in respect of urgent decisions. A decision will be urgent if any delay likely to be caused by the referral process would seriously prejudice the Council's or the public's interests. The record of the decision and the notice by which it is made public shall state if the decision is urgent and therefore not subject to the referral process.

Signed: Council Solicitor and Monitoring Officer

Notice Date: 17 March 2020

Contact Officers: victoria.lower@croydon.gov.uk and cliona.may@croydon.gov.uk

PROFORMA

**REFERRAL OF A KEY DECISION TO THE
SCRUTINY AND OVERVIEW COMMITTEE**

For the attention of: Victoria Lower, Democratic Services & Scrutiny
e-mail to
Victoria.lower@croydon.gov.uk and cliona.may@croydon.gov.uk

Meeting:
Meeting Date:
Agenda Item No:

Reasons for referral:

- i) The decision is outside of the Policy Framework
- ii) The decision is inconsistent with the budget
- iii) The decision is inconsistent with another Council Policy
- iv) Other: Please specify:

The outcome desired:

**Information required to assist the Scrutiny and Overview Committee to consider
the referral:**

Signed:

Date:

Member of _____ Committee

| | |
|---|---|
| DELEGATED DECISION REPORT TO: | Councillor Simon Hall Cabinet Member for Finance and Resources |
| SUBJECT: | Purchase of 24 Affordable Housing Units at Longheath Gardens for retention in the Housing Revenue Account |
| LEAD OFFICER: | Stephen Wingrave Head of Asset Management and Estates |
| CABINET MEMBER: | Councillor Simon Hall, Cabinet Member for Finance and Resources Councillor Alison Butler, Deputy Leader and Cabinet Member for Homes and Gateway Services |
| Ward | Shirley North |
| CORPORATE PRIORITY/POLICY CONTEXT: | |
| <p>Corporate Plan - the proposals presented in this report will:</p> <ul style="list-style-type: none"> • Maximise the use of the Council's assets to deliver new homes, including affordable, private for sale and private rented stock • Bring forward the development of key sites across the borough to address key local, national and regional policies <p>Community Strategy – Development of sites enables the Council to deliver new homes and increase the supply of affordable homes, a key aspiration of the Community Strategy</p> | |
| FINANCIAL SUMMARY: | |
| <p>The purchase of the 24 units will be at a net cost to the Council of £3.6m as the acquisitions will be eligible for GLA funding of £100,000 per property as these units will be held within the HRA as social housing.</p> | |
| FORWARD PLAN KEY DECISION REFERENCE NO.: 0420FR | |
| <p>The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.</p> | |

The Leader of the Council has delegated to the Cabinet Member for Finance and Resources in consultation with the Deputy Leader and Cabinet Member for Homes and Gateway Services the power to make the decisions set out in the recommendations below:

1. RECOMMENDATIONS

- 1.1 That the Cabinet agree that the Council acquire 24 residential homes forming part of the Brick by Brick Longheath Gardens development for use

as social housing to be retained within the Housing Revenue Account

- 1.2 Note that the purchase of the properties will benefit from GLA grant funding of £100,000 per unit

2. EXECUTIVE SUMMARY

- 2.1 This report recommends the freehold purchase of 24 affordable rented homes which form part of a larger Brick by Brick (BBB) development.
- 2.2 The purchase of these units will allow the Council to benefit from GLA funding of £100,000 per unit that has been allocated for the provision of new social housing by the Council.
- 2.3 The residential unit on the site will be completed over the next 4 weeks ready for hand over to the Council.

3. BACKGROUND

- 3.1 This development has utilised surplus land and former garage space within the existing housing estate. The land has been transferred to BBB who obtained planning consent for a mixed development of 53 private and affordable flats contained in 6 blocks (16/06508FUL) The development is now nearing completion and the affordable rented units will be ready to hand over at the end of January/early February 2020.
- 3.2 The initial proposal was for the 24 affordable rented units to be constructed under Licence for Croydon Affordable Homes (CAH). However, the Council subsequently secured GLA funding of £100,000 per home for the provision of new social Housing. As CAH are not a Registered Provider they do not currently qualify for the grant funding. It was therefore decided that it would be more beneficial for the Council to purchase these units and hold them within the HRA in order to secure the GLA funding and increase the social housing stock.

4. DETAIL

- 4.1 The Council secured the grant funding from the GLA following their application under the Building Council Homes for London Programme that was submitted on 31 August 2019.
- 4.2 This funding can only be used by registered providers for the provision of affordable social housing. The GLA have approved the inclusion of these properties as being in line with their funding requirements and were included within the Council's successful grant application.

- 4.3 In considering the valuation for these units, due consideration has been given to the availability of the GLA funding. The Council do not currently have any other means to benefit from the grant funding unless it purchases the properties and holds them within the HRA. On this basis it is considered reasonable to take the grant funding into account and look at the net figure that the Council will be paying for these units when considering the valuation. On this basis the net price being paid for the units is in line with values that are arrived at through accepted market valuation practice.
- 4.4 Consideration has also been given to the cost of construction for such units to see whether this would offer a more appropriate option rather than purchasing built units. The construction costs for these particular units would suggest that such an approach would not offer any additional financial benefit.
- 4.5 Whilst there is no absolute guidance on the value to be paid on the purchase of properties by Councils, they do have a fiduciary duty to make best use of public funds. Based on the valuation approach outlined above, it is considered to be a reasonable approach that provided the agreed price per unit of £250,000 less the grant funding secured from the GLA does not exceed standard valuations, then the purchase is considered reasonable as the grant funding would otherwise not be secured. The net cost to the Council is therefore £150,000 per unit.

5. CONSULTATION

- 5.1 No consultation has been undertaken

6 PRE-DECISION SCRUTINY

- 6.1 The purchase of these units has not been referred to Scrutiny.

7 FINANCIAL & RISK ASSESSMENT CONSIDERATIONS

7.1 Revenue and Capital consequences of report recommendations

The purchase will secure 24 new units for use as social housing at affordable social rents held within the HRA and with therefore be purchased by borrowing through the HRA rather than general fund.

The homes will offer secure step up accommodation and help reduce demand on more expensive housing options such as temporary and emergency accommodation. The purchase of a new property has the benefit of a 10 year NHBC certificate to cover any major defects and given the new status of the properties, repair and maintenance costs in the medium term will be considerably less than more traditional housing stock or street properties.

7.2 The effect of the decision

The purchase of these units will improve the housing stock on offer to local residents and offer the opportunity for a secure permanent home.

7.3 Risks

Consideration has been given to the financial risk around the loss of these units at a discounted price as a result of the Right to Buy. However, under current legislation, the discounts on new build properties are limited. Where the Council has recently purchased or built a property the level of discount may be reduced by the purchase price or the cost of works carried out by the Landlord in the 15 year period following the Council's acquisition/completion of build. Whilst the Council may therefore have to sell the property it will always receive as a minimum the original price paid for the unit which in this case would be £250,000.

There is not considered to be any other risk associated with the purchase of the properties. At the point of purchase the properties will be completed and detailed due diligence checks undertaken (to include Building Control, gas, electric and NHBC certification). It has also been demonstrated that the purchase price, given the availability of the GLA funding, offers value for money.

7.4 Options

The Council could reject the purchase of these units and let Croydon Affordable homes purchase them but this would not allow the GLA funding to be used for these properties and their use would be for temporary housing than long term social housing.

7.5 Savings/ future efficiencies

The purchase will provide potential revenue savings as the residents will be relocated from other forms of housing that is likely to cost the Council more in revenue terms although this is difficult to quantify given the variety of potential options

Approved by Lisa Taylor Director of Finance Investment and Risk and S151 Officer

8. LEGAL CONSIDERATIONS

- 8.1 The Director of Law & Governance comments that the Council is making these acquisitions pursuant to its powers provided by s17 Housing Act 1985. The Council also relies on its general power of competence under s1 Localism Act 2011.

Approved by: Sean Murphy, Director of Law and Governance & Deputy Monitoring Officer

9. FREEDOM OF INFORMATION AND DATA PROTECTION CONSIDERATIONS

- 9.1 Information requested under the Freedom of Information Act 2000 about the negotiations and purchase, which is the subject of this report, held internally or

supplied by external organisations will be accessible subject to legal advice as to its commercial confidentiality (or other applicable exemption) and whether or not it is in the public interest to do so.

10. HUMAN RESOURCES IMPACT

10.1 There are no Human Resources impacts as a result of this decision

Approved by: Sue Moorman Director of Human Resources

11. EQUALITIES IMPACT

11.1 The Council has a statutory duty to comply with the provisions set out in the Equality Act 2010. In summary, the Council must have due regard to the need to comply with the aims of the general equality duty. The Council uses equality analysis as a tool to assess the possible impact of changes on different groups of people, evidence how we arrived at decisions that affect council staff, local people who use our council services and the wider community and help us to comply with the requirements of the Equality Act 2010.

11.2 Having undertaken the relevant analysis it has been determined that there is no major change - the Equality Analysis demonstrates that the policy is robust and that the evidence shows no potential for discrimination and that all opportunities to advance equality have been taken;

Approved by: Yvonne Okiyo, Equalities Manager

12. ENVIRONMENTAL IMPACT

12.1 All properties have been constructed in line with current Building Regulation requirements and are therefore more efficient than most of the existing social housing stock.

12.2 The day to day energy and water use will therefore be more efficient than older properties through the better use of insulation and technology.

12.3 The Council has a commitment to address environmental sustainability as an integral part of all activity. The Green Commitment and Environmental Procurement Policy are key relevant policies.

13. CRIME AND DISORDER REDUCTION IMPACT

13.1 These homes have been built on former garage properties that previously attracted a degree of anti-social behavior and fly tipping. The presence of new homes will help improve the local area and improve the safety and security of local residents through the Safer by Design approach adopted as part of the planning process.

14. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 14.1 The purchase of these properties will add additional permanent social housing rather than intermediate or temporary housing solutions providing the next step for families and a more settled home environment with the many benefits that has to offer. The acquisition also allows the Council to secure GLA funding that would otherwise not be available through other routes.

15. OPTIONS CONSIDERED AND REJECTED

- 15.1 The initial proposal was for CAH to purchase these homes to allow them to let them at affordable rents. However, as they are not a Registered Provider (RP) they would not have been able to secure the GLA grant funding. If neither the Council or CAH were to purchase the properties then it is uncertain that another RP would purchase the units as there are limited numbers within each location and over the various sites that BBB are developing, they are geographically spread throughout the Borough which is likely to prove unattractive to most PRs.

16. DATA PROTECTION IMPLICATIONS

- 16.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

Approved by: S Wingrave on behalf of the Director of Housing and Social Inclusion

CONTACT OFFICER: Steve Wingrave, Head of Asset Management and Estates ext 61512

BACKGROUND DOCUMENTS: Equalities Report