

Outturn report on Buy-Back programme and additional works to buy back property at 240 Godstone Road, Whyteleafe

Housing Committee Tuesday, 24 January 2023

Report of: Nicola Cresswell

Purpose: For information and decision

Publication status: Unrestricted

Wards affected: Whyteleafe

Executive summary:

This report provides members with an update on the Council's buyback programme which has recently completed on its 10th and final purchase.

This report also advises on the budget surplus remaining within the buyback programme and seeks approval to use some of the budget to undertake some pre-approved works to the façade of 240 Godstone Road, Whyteleafe in order to improve the street scene and create a better quality of accommodation for the new tenants.

This report supports the Council's priority of: Creating the homes, infrastructure and environment we need

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Recommendation to Committee:

- A. that Members approve the use of the budget surplus within the buyback programme to fund the façade works to 240 Godstone Road

- B. that final budget approval be delegated to the Executive Head of Communities (or their successor), in consultation with Group Leaders and the Chair of this committee once a specification and Rough Order of Costs Estimate has been produced.
- C. In the case of recommendation A, approval to proceed includes the appointment of an Employer's Agent to act as contract administrator and any other consultants or surveyors to act for or advise the Council, all subject to the Council's Standing Orders and Financial Regulations

Reason for recommendation:

The budget for the buy-back programme included allowances for the cost of works required to bring newly purchased properties into a safe lettable state. Officers are proposing some additional works to the façade of the most recent purchase - 240 Godstone Road which would improve the street scene and the living accommodation but would not fall within the original remit of the buy-back programme i.e. the works are non-essential. The report sets out the history of 240 Godstone Road, including earlier discussions with the Parish Council and includes a recommendation that Officers proceed with the façade works and that they are funded from the surplus within the buy-back programme now that the final purchase is complete.

Introduction and background

- 1 The Housing Committee at its meeting on the 19th September 2019 approved a programme of buying back ex-Council properties sold under the right to buy with an initial budget of £1.55m to purchase five properties. The budget to cover the purchase price together with fees and charges, stamp duty where applicable and the cost of works to bring the properties into a safe lettable state.
- 2 At its meeting on 11th March 2021 the Housing Committee resolved to fund the acquisition of a further five dwellings via an extension to the buyback scheme at a cost of £1.5m.
- 3 A total of 10 properties have now been purchased and the current programme is complete.

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- 4 Officers considered around 30 potential buyback properties in total with enquiries coming in response to mail-outs, via direct approaches, suggestions by Cllrs and housing management colleagues and properties with pre-emption rights that contacted legal about their plans to sell.
- 5 Red Book valuations and works costs estimates were undertaken independently. 8 of the 10 successful purchases were bought at below market value and actual works costs were below the estimate in 8 cases.
- 6 The programme allowed the purchase of nine leasehold properties in the form of 5 x 2 bed flats and 4 x 3-bed flats and 1 freehold property in the form of a 4-bed house.

- 7 Some properties needed more work than others but on average the purchased properties were let to a household on the housing register within 6 weeks of the purchase.
- 8 The Council completed on the purchase of the 10th and final property in the programme in December 2022 with the purchase of a 4-bedroom freehold property at 240 Godstone Road in Whyteleafe.
- 9 The average cost of the purchase and return to use of a 2-bed flat (including works costs, legal fees and SDLT) was £267,102 with the 3 bed flats averaging at £297,378.
- 10 The purchase price of the 4-bed house at 240 Godstone Road was £300,000 and works have been estimated at £37,000 to include electrical rewiring and heating work including a replacement boiler if necessary.
- 11 The estimated budget surplus in the buyback programme is approximately £220,000.

Façade works to 240 Godstone Road

- 12 In September 2016 this Committee approved the proposals to redevelop the lower car park in Godstone Road, Whyteleafe to provide a development of 8 x 2-bedroom flats for affordable rent. Following discussions with Whyteleafe Parish Council, Officers also undertook to improve the façades of both 238 and 240 Godstone Road and planning was subsequently approved.
- 13 The property at 238 Godstone Road was owned by the Council which allowed the façade works to go ahead at the appropriate time. Unfortunately, the neighbouring property at 240 was in private ownership and the works to the façade of that property were to be completed in exchange for some rear garden land that abutted the lower car park and would have facilitated the re-development. The owner of 240 later withdrew his agreement and therefore the façade works to 240 Godstone Road did not go ahead.
- 14 Now that the Council has bought back 240 Godstone Road there is the opportunity to carry out the consented façade works as per the original 2016 commitment to Whyteleafe Parish Council. The before and after photographs in Figure 1 below demonstrates the improvements to the public realm that can be achieved by replicating the works already completed to number 238. The quality of the living accommodation for the new residents would also be improved by increasing the natural light into the front of the property and creating some defensible space adjacent to the pavement.

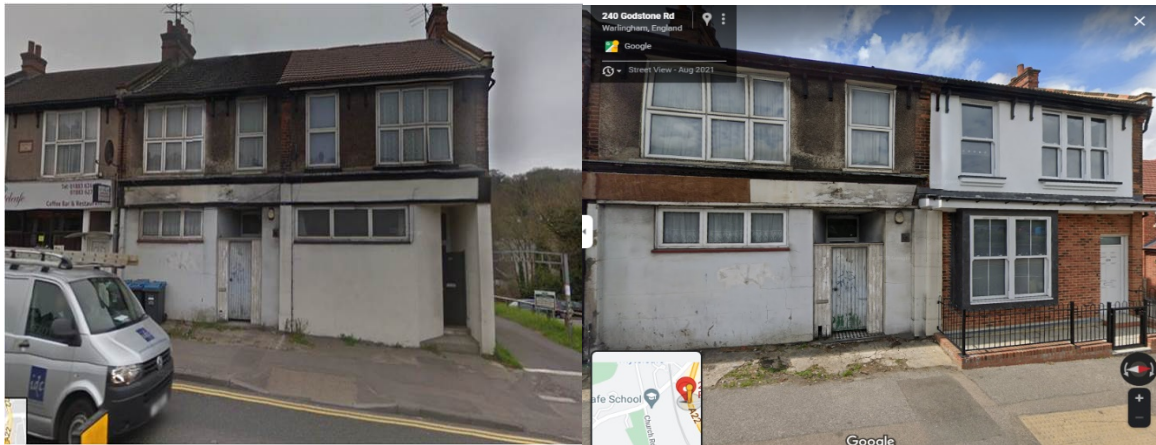


Fig.1

- 15 The essential works to bring the property up to a lettable condition will be undertaken using the existing approved budget for the buy-back programme.
- 16 The works to the façade are not essential works and the property could be let without doing them. It is therefore a decision for this Committee to take as to whether the surplus within the buy-back budget be used for this purpose.
- 17 The final contract sum for works to 238 Godstone Road was £88,741. This included replacing all the windows in the property and an electrical re-wire. It was however prior to the European and global events that have since inflated material and labour costs in the construction sector.
- 18 Officers are proposing to appoint a contract manager and principal designer to provide a specification of works, run a tender, appoint a contractor and then oversee the façade works, including getting the necessary building regulation sign offs etc. As part of the specification of works the contract manager will be expected to undertake a value engineering exercise to try and limit the costs of the works. This could include omitting the oriel window in the original planning consent and submitting a non-material amendment to install a traditional window instead.

Other options considered

- 19 The property could be let having undertaken the essential works required to bring it up to a lettable state. The façade works are non-essential works but once completed would bring a stark improvement to the street scene and fulfil the commitment given to Whyteleafe Parish Council that the redevelopment of the lower car park would also bring about these improvements to the public realm.

Consultation

- 20 Local ward Members were consulted prior to the purchase of 240 Godstone Road and Group Leaders were also consulted in accordance with Regulation 17. Members were advised that undertaking the previously consented façade works would be the subject of a separate report, given that the works would be an additional spend on the essential works.

Key implications

Comments of the Chief Finance Officer

Whilst there is sufficient funding to cover the cost of these works in the HRA Capital Programme, the works are non-essential and so Members must determine whether they constitute an appropriate use of funds, taking into account the material impact on the street scene and the influence of the property's appearance on prospective tenants. If it is agreed that the work should go ahead based on these non-financial factors, value for money would be secured through the design, tender and contract management approach proposed.

Comments of the Head of Legal Services

The Council can enter into completing non-essential works on the facade using its general powers of competence under section 1 of the Localism Act 2011 subject to sections 2 - 4, in that, it is permitted to do anything that individuals generally may do. Such powers are conferred to be exercised in any way whatsoever, which include the power to do it for, or otherwise than for, the benefit of the authority, its area, or persons resident or present in its area.

The Local Government Act 1999 imposes a requirement on all local authorities to deliver 'best value' which requires the Council to demonstrate that it is making arrangements that are economic, efficient and effective and the Council has had regard to the need to secure continuous improvement in how it carries out its work. Members need to consider whether completing non-essential works would assist the Council in meeting its core legal responsibilities regarding the keeping in good condition of the Council's housing stock and a contributor to meeting the Council's legal duty of 'best value'.

If Members are mindful to agree the recommendations set out in the report, appropriate authority will need to be sought for the procurement and award of contracts for relevant consultancy services and for the completion of the non-essential works to the façade.

Equality

The buyback programme and the letting of homes for affordable rent is key to the issue of equality. There is a shortage of family sized affordable housing to rent in the district with households in urgent need waiting for more than 4 years for a 3-bedroom property and even longer for a 4-bedroom property. Turnover of 4-bedroom properties is low and this would be welcome addition to the stock and provide settled accommodation for a low income household in urgent housing need.

Climate change

Unlike the Council's new build properties, existing properties do not usually allow for the level of thermal performance works that would be needed to achieve net zero carbon. However, work will be undertaken to increase the insulation in the property and replace windows where required so as to minimise carbon use and reduce householder bills.

Appendices

None

Background papers

None

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