

**RIBBLE VALLEY BOROUGH COUNCIL**  
**REPORT TO POLICY AND FINANCE COMMITTEE**

DECISION

Agenda Item No 13

meeting date: 18 JUNE 2019  
title: REFERENCE FROM HEALTH AND HOUSING COMMITTEE – REQUEST FOR APPROVAL TO PURCHASE PROPERTIES IN LONGRIDGE USING COMMUTED SUM MONIES  
submitted by: DIRECTOR OF RESOURCES  
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 To consider a request from Health and Housing Committee to agree to the approval of additional revenue budget of £234,000 in 2019/20 for the purchase of properties in Longridge for affordable housing.

2 BACKGROUND

- 2.1 Service committees manage their services within the budgets agreed at the beginning of the financial year. The budget was approved by Special Policy and Finance Committee on 5 February 2019 and by Full Council on 5 March 2019.
- 2.2 Any revenue or capital expenditure over and above what has already been approved must be agreed by this Committee.

3 HEALTH AND HOUSING COMMITTEE 6 JUNE 2019

- 3.1 Health and Housing Committee considered a report submitted by the Director of Economic Development and Planning (attached at Annex 1) which gave details of a request for additional capital budget of £234,000 for 2019/20 in respect of the purchase of properties in Longridge for affordable housing. The cost of the capital scheme will be met from commuted sum monies already held by the Council from a development at Barnacre Road, Longridge.
- 3.2 At its meeting, Health and Housing Committee approved the request and the resolution at the meeting is shown below:

**'RESOLVED:That**

1. Committee approve the principle of the purchase and delegate authority for the Chief Executive to negotiate the purchase of 2 units in Longridge utilising the commuted sum
2. Moss Care St Vincent's will be the management partner subject to the approval of a lease agreement to be delegated to Chief Executive to allow the management and maintenance of the properties to be provided by a Registered Provider (MSV) in return for an agreed percentage share of the rental income.
3. Committee approve this model as an option for future use of commuted sum monies across the borough and that the project is monitored and Committee are kept informed as appropriate.

4. Committee recommend to Policy and Finance Committee to approve the 'Purchase of Affordable Housing Properties in Longridge' capital scheme for inclusion in the 2019/20 Capital Programme with a budget of £234,000.
5. Officers report to the next meeting on how scheme may be extended to villages in the borough and the future strategy of the scheme.

4. RECOMMENDED THAT COMMITTEE

4.1 Approve the request for the additional capital scheme budget of £234,000

4.2 Approve the use of commuted sum monies to fund the additional capital scheme budget approval.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF34-19/LO/AC  
10 June 2019

BACKGROUND PAPERS:

**RIBBLE VALLEY BOROUGH COUNCIL  
REPORT TO HEALTH & HOUSING COMMITTEE**

Agenda Item No. 7

meeting date: THURSDAY, 6 JUNE 2019  
title: REQUEST FOR APPROVAL TO PURCHASE PROPERTIES IN  
LONGRIDGE USING COMMUTED SUM MONIES  
submitted by: NICOLA HOPKINS, DIRECTOR OF ECONOMIC DEVELOPMENT AND PLANNING  
principal author: RACHAEL STOTT, HOUSING STRATEGY OFFICER

**1 PURPOSE**

- 1.1 To set out a proposal to Members for the commitment of commuted sum monies received from a development at Barnacre Road Longridge for the purchase of 2 affordable properties in Longridge.
- 1.2 Relevance to the Council's ambitions and priorities
- Community Objectives – Address affordable housing needs in Longridge.
  - Corporate Priorities - Be a well-managed and efficient Council
  - Other Considerations – To make best use of commuted sums received from a development site.

**2 BACKGROUND**

- 2.1 Committee have in the past considered options for the use of commuted sums (monies received in lieu of on-site provision of affordable housing). Commuted sum money must be invested in the provision of affordable housing in the locality of where the money is derived and should increase local provision. Therefore the commuted sum monies from the Barnacre Road site, Longridge must be used in the Longridge area to deliver affordable housing.

**3 ISSUES**

- 3.1 The option proposed is the purchase of 2 properties in Longridge; and to then renovate these properties should any works be required and then rent them at an affordable rent level. The project would be financed utilising the commuted sum monies only. For the management and ongoing maintenance and repair of the properties it is proposed that the Council enter into a lease agreement with a Registered Provider to undertake this role. The ownership will remain with the Council.
- 3.2 Moss Care St Vincent's (MSV) are a Registered Provider with a long record of working in partnership with the Council, they have stock in Longridge and are the second largest stock holder registered provider in the borough. They have agreed to consider entering into a lease agreement with the Council once the properties are purchased. MSV would have all day to day management and repair responsibilities. A business lease agreement to secure this arrangement has been drafted by the legal department and although this is still in draft form is attached as Appendix 1. A meeting has been held with MSV to discuss the operation process, the procedure for

handover and the content of the agreement. Other RP's active in the borough were asked if they could offer a management service however there was no other interest.

- 3.3 Seven potential properties were inspected in Longridge with a view to purchasing two units. Two properties suitable for the scheme were identified and the proposal is that on completion, the Local Housing Allowance rate for Longridge would be charged as the affordable rent level.
- 3.4 MSV will provide a full breakdown of management, maintenance, void and relet costs using their standard formula for management of property. As RVBC do not intend to hold a sinking fund for any repairs required to the property, we have asked that the contract includes full maintenance of both planned and all major works.
- 3.5 If through the agreement we enter into an agreed % split of the rental income, this would result in an annual rental income for each of the properties. It is proposed that the lease agreement is an agreement for 15 or 20 years with a possible 5 yr break clause.
- 3.6 This would be the first pilot scheme in Longridge with a view to replicate this similar scheme both in Longridge and other parishes across the borough as and when commuted sum monies are received.
- 3.6 Going forward the plan to progress this project:
- Agree a management and maintenance arrangement with MSV and to set this out in a lease agreement
  - Check if registration of the property with MHCLG is required
  - Prior to purchase, a full inspection and costing of the identified works would be undertaken along with MSV surveyor.
  - MSV would be consulted on the type and address of the property to be purchased
  - Finalise purchase costs see Appendix 2
  - On completion of purchase, RVBC carry out all identified works before handing over to MSV under the lease arrangement
  - At the point of handover the property will then be let within the same week or as soon as possible
- 3.7 Within the management arrangement, there would be included a fixed rental level which would be set in line with the local housing allowance for Longridge and the Borough Council would retain 100% nomination rights.

#### 4 RISK ASSESSMENT

- 4.1 The approval of this report may have the following implications
- Resources – The commuted sum monies will fund the project, the total commuted sum collected from Longridge is £234,000. Appendix 1 sets out more detail of the capital scheme.
  - Technical, Environmental and Legal – The lease agreement will be drawn up by the legal department and will be considered by both parties.

- Political – The Council purchasing in the lower Council Tax bands in Longridge and creating additional affordable housing for local people is a positive investment and an appropriate use of commuted sums.
- Reputation – The scheme will demonstrate the Council is taking steps to deliver affordable housing.
- Equality & Diversity – Additional affordable housing provision in Longridge address a local need for affordable rented accommodation.

## 5 **RECOMMENDED THAT COMMITTEE**

- 5.1 Agree the principle of the purchase and delegate authority for the Chief Executive to negotiate the purchase 2 units in Longridge utilising the commuted sum.
- 5.2 Agree that Moss Care St Vincent's will be the management partner subject to approval of a lease agreement to be delegated to Chief Executive to allow the management and maintenance of the properties to be provided by a Registered Provider ( MSV) in return for an agreed percentage share of the rental income.
- 5.3 Approve this model as an option for future use of commuted sum monies across the borough and that the project is monitored and Committee are kept informed as appropriate.

RACHAEL STOTT

HOUSING STRATEGY OFFICER

NICOLA HOPKINS

DIRECTOR OF ECONOMIC DEVELOPMENT AND PLANNING

For further information please ask for Rachael Stott, extension 3235.