

<b>SUBJECT:</b>	<b>ACQUISITIONS POLICY</b>
<b>DIRECTORATE:</b>	<b>HOUSING AND INVESTMENT</b>
<b>REPORT AUTHOR:</b>	<b>ANDREA RIPLEY, HOUSING STRATEGY OFFICER</b>

## **1. Purpose of Report**

- 1.1 For Executive to consider the contents of the revised Acquisition Policy for approval before publication.

## **2. Background**

- 2.1 The sale of council homes continues to create pressure to replace properties sold via the right to buy (Rtb) and to ensure the RtB retained capital receipts are utilised within the required timescales for the purposes of replacing social housing. There is a continued need for the Council to make best use of funds to replace housing and where possible offer additionality of housing stock due to increasing demand for housing.

- 2.2 Since the introduction of the RtB legislation in 1980, the City of Lincoln Council has received applications year on year for tenants to purchase the homes they live in. The below demonstrates the number of sales over the past 5 years:

<b>Year</b>	<b>Total no of Sales</b>
22/23	51
21/22	55
20/21	33
19/20	57
18/19	48

- 2.3 Local Authorities have the ability to reinvest Right to Buy (RtB) receipts within Retention Agreements (1-4-1 capital receipt agreements) for a period of 5 years from these sales. RtB receipts can now be used for up to 50% of the capital costs of purchase and repair of a property or new build on the basis that they provide a one for one replacement for social housing (as defined by section 68 (1)(a) of the Housing and Regeneration Act 2008.)
- 2.4 During 2018/19 it was determined that an up to date policy capturing RtB receipt processes and legalities for acquiring former council homes was required. On the 28<sup>th</sup> May 2019 the Acquisition Policy was approved by Executive and became policy in June 2019.
- 2.5 On 23 September 2019 an amendment was approved by Executive to enable acquisitions of varying property types not just ex council housing via delegated authority.

- 2.6 On 17 March 2021 the Housing Delivery report was approved by Executive. Section 6 and Appendix 2 of this report amended the Acquisitions Policy to enable external housing providers to apply for funding.
- 2.7 The process of purchasing homes from the open market or via direct approaches is continuing to work well. To date the policy has facilitated the purchase of 99 homes and this number will continue to increase following the structured process set out in the revised Acquisitions Policy. The Council also has a further 13 properties in conveyancing which are likely to be acquired soon.
- 2.8 The Acquisitions Policy also allows for acquiring properties for other funding streams such as specific need government housing schemes. Examples include Next Steps Accommodation and the Local Area Housing fund. Once approval has been granted from Executive to deliver these projects, the acquisitions process is followed utilising the delegated authority in place. This ensures a consistent approach across all acquisitions to the housing stock.

### **3. Amendments to the Acquisitions Policy**

The following amendments have been captured within the revised policy:

- Up to 50% of capital costs can be apportioned to the RtB funding following government changes in March 24. Historically the maximum amount was 30% but the government now allows up to 50%.
- Acquisitions cap changes to the RtB policy is referred to within the policy. This change prohibits the number of RTB replacements being delivered as acquisitions rather than new build properties.
- Updates to the appendices in relation to the subsidy control act rather than State Aid and European Union.
- The external provider contract now references provisions for potential clawback in respect of all or part of the grant should the obligations for purchase and repair, social housing use, affordable rents and nominations agreement not be fulfilled by the grant recipient. Such potential clawback to be secured over an appropriate period and on terms subject to legal input on a case-by-case basis but likely to include entries in the subject property ownership title of a suitable charge and a restriction on disposal without first procuring that the purchaser enters into similar direct obligations with the Council.
- The wording around external provider applications amended to specifically state that a retrospective claim will not be considered unless authorised by the Chief Finance Officer, Director of Housing and Investment in conjunction with the Housing Portfolio Member.
- The Acquisitions Policy will be reviewed every five years to ensure compliance with legislation. If there are minor housekeeping changes, it is suggested, that these be delegated to the Director for Housing and Chief

Finance Officer in conjunction with the Housing Portfolio member for approval.

#### **4. Corporate Priorities**

##### **4.1 Let's deliver quality housing.**

The acquisition of properties and development land will help meet Lincoln's housing need now and in the future. The revised Acquisitions Policy, ensures that the policy is up to date with existing processes, government legislation and decisions are made in line with suitability of the property for HRA housing stock,

#### **5. Organisational Impacts**

##### **5.1 Finance**

There are no direct financial implications arising as a result of this report.

For each acquisition the Housing Strategy team will prepare a business case which includes the valuation, estimated repair cost, rent and service charge financial modelling. The business case will be assessed by Finance as to its viability and if financially viable the appropriate approval route will be progressed.

##### **5.2 Legal Implications including Procurement Rules**

There are no new legal implications specifically for the implementation of this policy, however The Council's Legal Services Team undertake conveyancing work, the cost of which would be contained within existing HRA resources.

There are no known procurement implications with the introduction of this policy.

##### **5.3 Equality, Diversity and Human Rights**

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

The review of the Acquisitions Policy helps to ensure the Council is utilising funds to best effect to enable housing provision whilst also meeting the Council's statutory duty.

Equality, Diversity and Human Rights form part of the processes being followed and the specific housing teams involved within the assessment and award of tenancies and licences to homes purchased using the acquisition policy. Upon

assessment each applicant will be considered against a set criteria based on their current need in line with the Lincs Homefinder Policy.

#### **5.4 Human Resources**

There are no staffing implications via the approval of this revised policy. This is an existing policy which is being refreshed.

#### **5.5 Land, Property and Accommodation**

There are no direct property implications arising as a result of this report. All housing acquisitions under this policy will be held by the Housing Revenue Account.

#### **5.6 Corporate Health and Safety Implications**

The scheme does not have any corporate health and safety implications. Any work and processes followed will be in line with existing corporate working practice.

### **6. Risk Implications**

#### **6.1 (i) Options Explored**

##### **Acquisition Policy Not Updated**

The Acquisitions policy approved in 2019 along with subsequent revisions during 2019 and 2021 would continue. This information would not be in line with current guidance.

##### **Implementation of the Revised Acquisition Policy (Preferred Option)**

The revised Acquisition Policy provides a clear and useful policy which captures up to date grant rate levels and guidance along with information for any external applicants who may apply.

### **7. Recommendation**

#### **7.1 For Executive to consider the contents of the revised Acquisition Policy for approval and publication.**

**Is this a key decision?**

No

**Do the exempt information categories apply?**

No

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?**

No

**How many appendices does the report contain?**

3

**List of Background Papers:**

None

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