

<b>DECISION-MAKER:</b>	<b>CABINET COUNCIL</b>
<b>SUBJECT:</b>	<b>INVESTMENT OF RIGHT TO BUY MONIES</b>
<b>DATE OF DECISION:</b>	<b>CABINET - 28 JANUARY 2025 COUNCIL – 25 FEBRUARY 2025</b>
<b>REPORT OF:</b>	<b>COUNCILLOR FRAMPTON CABINET MEMBER FOR HOUSING</b>

<b><u>CONTACT DETAILS</u></b>			
<b>Executive Director</b>	<b>Title</b>	Executive Director of Resident Services	
	<b>Name:</b>	Debbie Ward	Tel: 023 80833351
	<b>E-mail</b>	debbie.ward@southampton.gov.uk	
<b>Author:</b>	<b>Title</b>	Development and Regeneration Consultant	
	<b>Name:</b>	Fiona Astin	Tel: 07775 834347
	<b>E-mail</b>	fiona.astin@southampton.gov.uk	

<b>STATEMENT OF CONFIDENTIALITY</b>
-------------------------------------

NOT APPLICABLE
----------------

<b>BRIEF SUMMARY</b>
----------------------

This report sets out the current flexibilities that have been introduced for Right to Buy (RTB) receipt rules for expenditure, and the Council's proposals and guiding principles for an extension to the pilot programme approved by Cabinet in October 2024 to use those flexibilities to invest in additional properties during the 2025/26 financial year.

<b>RECOMMENDATIONS FOR CABINET:</b>
-------------------------------------

	(i)	To agree to the principle of the investment of Right to Buy monies as set out in this report and makes a recommendation to Council that it approves the expenditure of up to £13.085m of the Right to Buy receipts collected between 2019/20 and 2023/24 on an extension to the pilot programme of property investment under the temporary flexibilities granted by Government during the 2024/25 and 2025/26 financial years.
	(ii)	To make a recommendation to Council that it grants delegated powers to the Director of Housing after consultation with and the Executive Director of Enabling Services, Executive Director of Growth and Prosperity, the Director of Legal and Governance and the Cabinet Member for Housing, to agree and approve the detail of the additional property investment in line with the details set out in this paper.

<b>RECOMMENDATIONS FOR COUNCIL:</b>
-------------------------------------

	(i)	To approve the expenditure of up to £13.085m of the Right to Buy receipts collected between 2019/20 and 2023/24 on an extension to the pilot programme of property investment under the
--	-----	---

		temporary flexibilities granted by Government during the 2024/25 and 2025/26 financial years.
	(ii)	To grant delegated powers to the Director of Housing after consultation with and the Executive Director of Enabling Services, Executive Director of Growth and Prosperity, the Director of Legal and Governance and the Cabinet Member for Housing, to agree and approve the detail of the additional property investment in line with the details set out in this paper.

### **REASONS FOR REPORT RECOMMENDATIONS**

1.	On 29 October 2024, Cabinet approved the expenditure of up to £5m of Right to Buy Receipts on a pilot programme of property acquisitions. This paper follows on from that approval, going to Cabinet first and then on to Council, seeking approval to spend up to a remaining sum of £13.085m of the Right to Buy monies accumulated between 2019/20 and 2023/24 (£13.085m being £18.086m the total sum accumulated up to 2023/24, minus the £5m approved by Cabinet on 29 October 2024).
2.	To utilise the Council's pooled Right to Buy Receipts, taking advantage of the temporary flexibilities granted by Government, to invest in additional properties to help alleviate housing need in Southampton.
3.	To allow sufficient delegated authority to enable property investments to be secured efficiently and mitigate the risk of delays beyond the spend deadline which would trigger payment of Right to Buy monies with interest to government.
4.	These property investments have the potential to deliver estimated savings of £1.45m per annum, based on the investment in up to a further 53 properties saving £27,375 per annum each.
5.	This proposal would help to reduce the annual expenditure on emergency accommodation, increase the Council's affordable housing stock, improve the quality of service provided and move towards delivering services within the confines of the cash limited budget. This would be achieved by for every property purchased using RTB receipts then a unit of our existing Council stock will be used for temporary accommodation.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

6.	The Council could decide not to spend its pooled Right to Buy Receipts. Any Right to Buy Receipts not utilised need to be paid to Ministry of Housing, Communities and Local Government (MHCLG) with interest within the annual deadlines set out. Given that the Council has an extensive housing waiting list and unprecedented demand for emergency homeless families' accommodation, this would be a missed opportunity to meet a small proportion of that need.
----	--

### **DETAIL (Including consultation carried out)**

7.	Since 2019-2020, the number of homeless households approaching the council as homeless has surged by 64%, with a further 14% rise in the past 12 months. This escalation, compounded by economic disruptions, has resulted in a 61% increase in households requiring emergency accommodation. The current demand for housing in the city far exceeds the available supply. This heightened demand, shows no sign of slowing, is significantly impacting the council's ability to prevent homelessness, and, where it cannot be prevented,
----	---

	making it a rare, brief, and non-recurrent experience. This has led to the current operating model at the Council becoming financially unsustainable.															
8.	<p><u>Housing Need in Southampton</u></p> <p>The housing register in Southampton as at 10 September 2024 stands at 8,186, made up as follows:</p> <p>1 bed – 4,617 (this includes approx. 1,500 eligible for age designated accommodation)  2 bed – 1,675  3 bed – 1,587  4+ bed – 307</p> <p>The increasing demand placed requires the Council to modify the existing delivery model, which includes maximising financial resources and strategic investments to expand the availability of emergency accommodation to address the growing demand effectively. This is one of 3 work programmes set out in the homelessness prevention transformation programme.</p> <p>The average waiting times for people on the Housing Register by property sizes are as follows (correct as at June 2024):-</p> <table border="1"> <thead> <tr> <th>Property size</th> <th>Waiting time (with no priority)</th> <th>Waiting time (with priority)</th> </tr> </thead> <tbody> <tr> <td>1 bed</td> <td>4.3 years</td> <td>2.8 years</td> </tr> <tr> <td>2 bed</td> <td>4.9 years</td> <td>2.4 years</td> </tr> <tr> <td>3 bed</td> <td>11.5 years</td> <td>9 years</td> </tr> <tr> <td>4 bed +</td> <td>12.6 years</td> <td>10.1 years</td> </tr> </tbody> </table>	Property size	Waiting time (with no priority)	Waiting time (with priority)	1 bed	4.3 years	2.8 years	2 bed	4.9 years	2.4 years	3 bed	11.5 years	9 years	4 bed +	12.6 years	10.1 years
Property size	Waiting time (with no priority)	Waiting time (with priority)														
1 bed	4.3 years	2.8 years														
2 bed	4.9 years	2.4 years														
3 bed	11.5 years	9 years														
4 bed +	12.6 years	10.1 years														
9.	The vast majority of Council tenants have the Right to Buy their property within a set of rules and a set discount formula. The money the Council receives from Right to Buy sales is held by the Council (pooled Right to Buy receipts), which has the opportunity to spend it on re-providing affordable homes. If they do not do so within set time limits, they are required to pay the money to MHCLG with interest.															
10.	There are also a set of rules and an agreement between Councils and MHCLG which govern how the money is spent. Flexibilities have recently been introduced to these rules which are covered later in this paper. In October 2024, Cabinet approved a £5m budget as a pilot project using Right to Buy monies accumulated in 2019/20. This paper proposes that the Council use the current Right to Buy Monies flexibilities to invest the remainder of its accumulated Right to Buy monies in further additional affordable housing provision. This would help to reduce the annual expenditure on emergency accommodation, increase the Council's affordable housing stock, improve the quality of service provided and move towards delivering services within the confines of the cash limited budget.															

11.	<p>Bed and Breakfast (B&amp;B) accommodation is used by the Council out of necessity when it has no other accommodation available to accommodate families to whom it owes a legal duty to house. B&amp;B is acknowledged to be an unsuitable form of temporary accommodation for families. Legally B&amp;B is only allowed to be used for homeless families in an emergency, and even then, for no longer than 6 weeks. Apart from being very expensive in itself, with an average cost of £27,375 per annum per property, there is an ongoing risk of the Council being required by the Housing Ombudsman to compensate families in B&amp;B over 6 weeks financially, which would further add to costs.</p>						
12.	<p>Homelessness has a profound human cost, particularly for families living temporarily in B&amp;B accommodation. These environments often lack the space, privacy, and stability needed for children to thrive. The uncertainty and disruption can lead to emotional distress, affecting their mental health, education and development. Frequent moves and cramped conditions can leave children feeling isolated, struggling to form friendships, and falling behind in school. This instability can also strain family relationships, exacerbating the stress already felt by parents trying to navigate an uncertain future.</p>						
13.	<p>As at October 2024, the council currently had:-</p> <table border="1" data-bbox="293 945 1131 1111"> <thead> <tr> <th data-bbox="293 945 676 1003">Number of Households</th> <th data-bbox="676 945 1131 1003">Type of Accommodation</th> </tr> </thead> <tbody> <tr> <td data-bbox="293 1003 676 1055">172</td> <td data-bbox="676 1003 1131 1055">Temporary Accommodation</td> </tr> <tr> <td data-bbox="293 1055 676 1111">150</td> <td data-bbox="676 1055 1131 1111">Emergency Accommodation</td> </tr> </tbody> </table> <p>Those 150 households in emergency accommodation are waiting for a move into temporary accommodation.</p>	Number of Households	Type of Accommodation	172	Temporary Accommodation	150	Emergency Accommodation
Number of Households	Type of Accommodation						
172	Temporary Accommodation						
150	Emergency Accommodation						
14.	<p>If approved, the proposals in this paper would help to alleviate housing need from the Housing Register, and provide better quality emergency facilities for homeless families, assist the Council in meeting its legal duties, and reduce the costs of using B&amp;Bs and nightly paid accommodation. It is important to note that Right to Buy monies cannot be used to purchase temporary accommodation, but by using the monies to purchase additional permanent affordable accommodation, this can be used to create vacancies elsewhere in the Council's housing stock which can then be allocated to homeless households.</p>						
15.	<p><u>Temporary Flexibilities for the Spend of Right to Buy Receipts</u></p> <p>The Council received a letter from MHCLG dated 30/07/24 (a copy of that letter can be found at Appendix 1 to this report) confirming that they were immediately introducing temporary flexibilities to how Right to Buy receipts can be spent which would apply to the financial years 2024/25 and 2025/26:-</p> <ul style="list-style-type: none"> <li>• Local authorities can now use up to 100% of their retained receipts to fund replacement affordable housing, a significant increase from the previous 50%.</li> <li>• The Government has confirmed that Right to Buy receipts may be used alongside S.106 contributions.</li> <li>• The cap on the percentage of replacements delivered as acquisitions each year (which has been capped at various percentages over the years, but most recently at 50%) has been lifted and it is for the authority to</li> </ul>						

	decide the percentage of retained Right to Buy receipts they will use to fund purchases rather than new build.																																
	MHCLG issued updated guidance entitled “Retained Right to Buy receipts and their use for replacement supply” on the same date. They undertook to update the retention agreements made with local authorities under Section 11(6) of the Local Government Act 2003 over the summer to reflect these changes and an updated agreement would be issued to local authorities. The Council has not received this as yet.																																
16.	<p>Retained receipts can be used to supply:</p> <ul style="list-style-type: none"> <li>• Homes for social or affordable rent</li> <li>• Homes for shared ownership sale</li> <li>• Homes for sale as First Homes</li> </ul> <p>There is no requirement for replacement homes to be of the same type, size, location, or tenure as the homes they replace.</p>																																
17.	<p>Southampton City Council currently holds the following Right to Buy receipts. If these are not spent by the specified year, they are payable to MHCLG along with interest calculated using a set formula.</p> <table border="1"> <thead> <tr> <th>Year of receipt</th> <th>Year repayable</th> <th>Amount to repay</th> <th>Interest cost estimate</th> </tr> <tr> <td></td> <td></td> <th>£M</th> <th>£M</th> </tr> </thead> <tbody> <tr> <td>2019/20</td> <td>2024/25</td> <td>5.515*</td> <td>2.106</td> </tr> <tr> <td>2020/21</td> <td>2025/26</td> <td>1.515</td> <td>0.672</td> </tr> <tr> <td>2021/22</td> <td>2026/27</td> <td>3.310</td> <td>1.655</td> </tr> <tr> <td>2022/23</td> <td>2027/28</td> <td>5.406</td> <td>2.856</td> </tr> <tr> <td>2023/24</td> <td>2028/29</td> <td>2.342</td> <td>1.221</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td><b>18.086</b></td> <td><b>8.511</b></td> </tr> </tbody> </table> <p>*Cabinet approved £5m of this sum to be spent on a pilot project in October 2024</p>	Year of receipt	Year repayable	Amount to repay	Interest cost estimate			£M	£M	2019/20	2024/25	5.515*	2.106	2020/21	2025/26	1.515	0.672	2021/22	2026/27	3.310	1.655	2022/23	2027/28	5.406	2.856	2023/24	2028/29	2.342	1.221	<b>Total</b>		<b>18.086</b>	<b>8.511</b>
Year of receipt	Year repayable	Amount to repay	Interest cost estimate																														
		£M	£M																														
2019/20	2024/25	5.515*	2.106																														
2020/21	2025/26	1.515	0.672																														
2021/22	2026/27	3.310	1.655																														
2022/23	2027/28	5.406	2.856																														
2023/24	2028/29	2.342	1.221																														
<b>Total</b>		<b>18.086</b>	<b>8.511</b>																														
18.	The Council can spend the above monies during the financial years 2024/25 and 2025/26 using the current flexibilities. The Government has signalled that there will be further reforms to Right to Buy in due course, although they do not intend to abolish it completely (see Appendix 1).																																
<b><u>What Right to Buy Receipts Can be Spent On</u></b>																																	
19.	<p>Please see Appendix 2 to this paper, which sets out exactly what the Right to Buy monies can be spent on, taken directly from the relevant guidance. This is split out under the heads of Acquisition, Works and On Costs.</p> <p>N.B. With the temporary flexibilities introduced, this means that the Council can recover 100% of the above costs associated with acquiring or delivering new properties.</p>																																

20.	The Council's current Retention Agreement states that monies can only be regarded as spent if the works or services for which the money has been (or is about to be) paid have actually been carried out. Otherwise, the money cannot be included in the total. However, MHCLG have clarified that entering into a contractual commitment to deliver homes under a Design & Build contract is sufficient commitment for them to deem the money as spent.
<u>Investment Strategy</u>	
19.	It is proposed that the Council maximise the number of properties it can generate in the timescale and given the budget available from the Right to Buy funds it holds.
20.	The pilot programme of purchases is still underway. However, the current purchase list produces an average property price of approximately £236k, plus approximate on costs of 4%. The Council could therefore purchase up to a further 53 properties with £13.085m.
21.	As well as purchasing additional properties from the open market, Right to Buy monies can also be used to fund the self-delivery of new homes through development. This means that the Council could invest some of the Right to Buy monies in, for example, Plot 10 Townhill Park. If the Council were to enter into a build contract for Plot 10 before 31/03/26, it could apply 100% of the costs of all net additional units from Right to Buy monies.
22.	Right to Buy monies can also be allocated as grant to Registered Provider partners. The same percentage and timeline applies as per the Plot 10 Townhill Park example above. It should be noted that Registered Providers may not always be interested in accepting Right to Buy monies as grant, depending on their own grant programme status and delivery priorities.
23.	The number of properties that can be invested in is also dependent on the number of suitable available opportunities that can be delivered within the time limit.
24.	If the full amount sought under this paper is not spent by 31/03/25, the 100% funding ability falls away and is expected to reduce back down to a smaller percentage.
25.	This paper recommends granted delegated powers in order to allow the most effective allocation of investment of the Right to Buy monies. This may be a straightforward purchase of additional properties, funding of direct delivery of new homes, offering grant to Registered Provider partners, or a combination of these opportunities.
<u>Investment in Property Purchases</u>	
26.	<p>The pilot project has confirmed that in order to have the best chance of securing properties within the time available, the approach ideally involves the purchase of batches of newly built properties. If these new properties are flats, they need to be an entire block to avoid the complications of leaseholds where the Council is not in control of the whole building. At the time of writing this report, the Pilot Project is anticipated to yield the following mix of properties:</p> <p>17 x entire block of new build flats (4 x 1bf and 13 x 2bf)  3 x second-hand houses (1 x 3bh and 2 x 2bh)  3 x second-hand bungalows (3 x 2bb)</p>

	<p>The resource and timescale involved in the purchase of a number of individual properties is significant, but should be achievable given there would be a full financial year available.</p>
27.	<p>The approach to any purchases will need to respond to what is available on the market.</p>
28.	<p>Whilst the strong preference would be for newly built properties as set out above, the following other types of properties could also be considered:</p> <ul style="list-style-type: none"> <li>• Ex-local authority flats in blocks where the Council owns the freehold</li> <li>• Ex-local authority houses</li> <li>• Modern second-hand houses preferably built since 1990 (or 1970 at the earliest)</li> <li>• Modern second-hand flats preferably built since 1990 (or 1970 at the earliest, provided that the Council can acquire the entire block if it does not already own the freehold</li> <li>• Properties that have been identified by the Council as Empty Homes</li> </ul>
29.	<p>Ideally, all properties should be acquired within 4 miles of Southampton City Council Civic Centre as the crow flies. However, should suitable property availability prove difficult, this range could be extended to enable suitable purchases, at the discretion of the Director of Housing. This is because the Council is permitted to buy properties outside of its boundaries, but it is prudent to limit how far beyond those boundaries properties are purchased for efficiency of management and maintenance.</p>
30.	<p>All eligible expenditure to be on homes must be “for the benefit of the authority’s area”. This does not mean that the homes must be physically in the authority’s area or owned by the authority, but if they are not in its area, then the Authority must either own the properties or have nomination rights over them.</p>
31.	<p>All properties to be acquired should be within 85% of Nationally Described Space Standards (NDSS) where possible. These are guidance for floor area sizes for new dwellings built in England.</p>
32.	<p>Properties would be assessed for their location in relation to access to schools (primary and secondary), supermarkets, public transport, doctors’ surgeries and playground / amenity space.</p>
33.	<p><u>Properties to be avoided:</u></p> <ul style="list-style-type: none"> <li>• Properties that cannot be exchanged and completed before the relevant end of March purchase deadline date.</li> <li>• Properties that are in a ‘chain’ of transactions (to avoid risk of unacceptable completion delays)</li> <li>• Properties with tenants in occupation (to avoid risk of unacceptable completion with vacant possession delays)</li> <li>• Flats in blocks where the Council does not already own the freehold (unless the Council can acquire the entire block)</li> <li>• Properties which cannot be brought up to Decent Homes standards within a maintenance spend of £25k (to maximise the number of properties that can be acquired)</li> </ul>

	<ul style="list-style-type: none"> <li>Properties with an EPC rating of lower than C, or that cannot be brought up a minimum C rating without the need for extensive or prohibitively expensive works.</li> </ul>																									
34.	The aim will be to invest in a mix of one, two, three and four bedroomed properties, as deemed appropriate by the delegated authority holders. In any event, the scale of housing need is such that all property sizes are in demand.																									
35.	<p><u>Project Programme</u></p> <p>If approved, the aim would be to allow a programme of property investments to commence as soon as possible after the Council meeting on 25/02/25 (allowing for call-in of decision).</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5" style="text-align: center;"><b>OUTLINE TIMETABLE FOR PROPOSALS TO INVEST RIGHT TO BUY RECEIPTS</b></th> </tr> <tr> <th style="width: 5%;"></th> <th style="width: 15%;">Date Start</th> <th style="width: 15%;">Date Finish</th> <th style="width: 35%;">Task</th> <th style="width: 30%;">Detail</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>As soon as possible after the Council's decision on this paper (allowing for any call-in of decision)</td> <td style="text-align: center;">31/03/25</td> <td>Completion of spend of existing £5m pilot purchase programme, plus an additional £515k (being the remainder of Right to Buy monies collected in 2019/20)</td> <td>Completion of pilot purchase programme</td> </tr> <tr> <td style="text-align: center;">2</td> <td>As soon as possible after the Council's decision on this paper (allowing for any call-in of decision)</td> <td style="text-align: center;">02/05/26</td> <td>Preparation of outline investment plan</td> <td>Delegated authority holders to agree an outline investment plan for up to £13.085m of remaining Right to Buy monies</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">05/05/25</td> <td style="text-align: center;">31/03/26</td> <td>Securing suitable investment opportunities</td> <td>Spending the outstanding approved budget on suitable investment opportunities in order to best meet the Council's priorities</td> </tr> </tbody> </table>	<b>OUTLINE TIMETABLE FOR PROPOSALS TO INVEST RIGHT TO BUY RECEIPTS</b>						Date Start	Date Finish	Task	Detail	1	As soon as possible after the Council's decision on this paper (allowing for any call-in of decision)	31/03/25	Completion of spend of existing £5m pilot purchase programme, plus an additional £515k (being the remainder of Right to Buy monies collected in 2019/20)	Completion of pilot purchase programme	2	As soon as possible after the Council's decision on this paper (allowing for any call-in of decision)	02/05/26	Preparation of outline investment plan	Delegated authority holders to agree an outline investment plan for up to £13.085m of remaining Right to Buy monies	3	05/05/25	31/03/26	Securing suitable investment opportunities	Spending the outstanding approved budget on suitable investment opportunities in order to best meet the Council's priorities
<b>OUTLINE TIMETABLE FOR PROPOSALS TO INVEST RIGHT TO BUY RECEIPTS</b>																										
	Date Start	Date Finish	Task	Detail																						
1	As soon as possible after the Council's decision on this paper (allowing for any call-in of decision)	31/03/25	Completion of spend of existing £5m pilot purchase programme, plus an additional £515k (being the remainder of Right to Buy monies collected in 2019/20)	Completion of pilot purchase programme																						
2	As soon as possible after the Council's decision on this paper (allowing for any call-in of decision)	02/05/26	Preparation of outline investment plan	Delegated authority holders to agree an outline investment plan for up to £13.085m of remaining Right to Buy monies																						
3	05/05/25	31/03/26	Securing suitable investment opportunities	Spending the outstanding approved budget on suitable investment opportunities in order to best meet the Council's priorities																						



## RESOURCE IMPLICATIONS

### Capital/Revenue

- |     |  |
|-----|--|
| 36. | The capital costs of investing in properties, the associated on costs of any property purchases, and the cost of any repairs required to bring purchased properties up to a lettable standard are all eligible to be paid for from the Council's pooled Right to Buy monies. The Council's criteria of 'Purposeful Investment' will be applied when reviewing the proposed acquisitions. This is to ensure each purchase is focused on delivering the optimum value for money for the council. Each purchase will be supported by a Red Book Valuation, confirming that the price being paid for the acquisition represents value for money. |
| 37. | Given that the capital costs are all covered by the Council's pooled Right to Buy monies, there will be no on-going financing costs associated with any property acquisitions. The Council can let any acquired properties out at either Social Rents or Affordable Rents. The rental income generated will cover the additional management and maintenance costs, creating a net operational benefit. The relevant budget and financial impact of the acquisitions will be incorporated into the next iteration of the HRA business plan for 2025/26 onwards.   |
| 38. | It is estimated that every property purchase that ultimately goes on to release property that could be used as temporary accommodation for homeless families would generate an ongoing saving of £27,375 per year to the General Fund, which links to the Homelessness Transformation programme.   |
| 39. | Should any of the monies be used to invest in the Council directly delivering new homes, any such scheme would require a separate approval which would include a detailed financial appraisal to be presented as part of the approval process.   |
| 40. | Should any of the monies be allocated as grant to a Registered Provider partner, this would be on the basis of securing new affordable homes to which the Council would require nomination rights to house people from its Housing Register.   |

### Property/Other

- |     |   |
|-----|---|
| 41. | Given the necessity to meet tight deadlines on this project, the availability of internal resources has been considered. The conclusion is that it will be necessary to access external resources for several areas of the process as outlined below. The cost of these resources can be covered from the pooled RTB receipts.  |
| 42. | Legal Services have confirmed that it may be necessary to continue to seek external support for the purchase transactions. A framework agreement is available and prices will be sought by Legal Services. Further, the Council's Service Manager for Procurement has confirmed that there are alternative framework agreements that can be accessed quickly for such services should that be necessary.  |
| 43. | Red Book Valuations – the Council has recently undertaken a procurement exercise to obtain this service, and it has been confirmed that the framework wording is suitable to cover this project. The successful provider has confirmed that they have the capacity to handle to deliver the pilot project in a timely fashion without detriment to the main purpose of the framework, which is to deal with land and property disposals. Should this paper be approved, further checks will |

	be made to ensure this remains the case. If not, an alternative provider will need to be procured.
44.	Property Inspections – these could also be provided via the same framework as the Red Book Valuations set out above. The provider has confirmed that the pilot programme can be delivered without detriment to the land and property disposals programme, and should this paper be approved, further checks will be made to ensure this remains the case. If not, an alternative provider will need to be procured.
45.	The project is one of four projects that make up part of the Homelessness Prevention Transformation Programme. This project is being delivered by a consultant reporting to the Estates and Regeneration Service Manager.
46.	If they are not already, any properties purchased will need to be brought up to a lettable standard after purchase and before first lets. The Asset Management team will be involved in deciding what works are necessary, and meeting Decent Homes standards will be a priority in preparing any work specification.
47.	Any properties purchased or delivered will be held within the Housing Revenue Account.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
48.	The Council's power to acquire property for housing purposes is pursuant to Section 17 Housing Act 1985. The Council also has the right of first refusal to purchase a RTB property for the first 10 years after the sale pursuant to Section 156A HA 1985.
49.	RTB receipts must be applied in accordance with relevant legislation and guidance and particularly the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) and the terms of any retention agreement reached under section 11(6) of the Local Government Act 2003 modifying the applicability of the regulations.
50.	Under Section 11(6) of the Local Government Act 2003, local authorities are required to spend retained Right to Buy receipts within three years, and for the receipts to fund no more than 30%* of the cost of a replacement unit. Where a local authority is unable to spend receipts within three years they have to be returned to the MHCLG, together with interest (currently 4% above base rate). However, the Government has immediately introduced temporary flexibilities for how Right to Buy receipts can be spent which would apply to the financial years 2024/25 and 2025/26.  *This percentage has changed from time to time, and according to the letter from MHCLG at Appendix 1, had most recently been set at 50%.
51.	The council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness-the best value duty.
52.	Under Section 3 of the Local Government Act 1972 the Council has the power to do anything incidental to the exercising of any of its functions.

53.	The general power of competence under section 1 of the Localism Act 2011 gives local authorities a broad range of powers "to do anything that individuals generally may do" subject to limits within other legislation.
<b><u>Other Legal Implications:</u></b>	
	N/A
<b>RISK MANAGEMENT IMPLICATIONS</b>	
54.	The main risk is that the Council will not be able to invest all the monies by 31/03/26, which would trigger the need to pay any unspent monies to MHCLG with interest. However, this only applies to those Right to Buy monies collected in 2019/20 and 2020/21. Monies collected after those years have later deadlines for spend.
55.	Risk Items: <ul style="list-style-type: none"> <li>• Lack of suitable investment opportunities available</li> <li>• Investment opportunities committed to fail to deliver within the necessary timescale</li> </ul>
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
56.	Southampton City Council Corporate Plan (2022-2030 updated 2024) sets out a commitment to deliver safe and stable home environments recognising a safe place to call home should be a fundamental right for everyone. The acquisition programme will support this objective by providing residents of Southampton who have no place to call home a safe, good quality interim offer of accommodation which will provide the foundation from which they can begin to rebuild their lives.
57.	The Council's Homelessness and Rough Sleeping Strategy (2024-2029) sets out a vision- "A city where everyone has a safe place to call home" Where homelessness cannot be prevented it is imperative that the council can intervene with a suitable good quality and affordable accommodation option.

<b>KEY DECISION?</b>	<b>Yes</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	ALL
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	Letter from MHCLG regarding 30 July 2024 regarding "Right to Buy receipts: increased flexibilities"
2.	What Right to Buy receipts can be spent on (extract from relevant guidance)
<b>Documents In Members' Rooms</b>	
1.	Equality and Safety Impact Assessment (ESIA)
2.	Cabinet paper dated 29.10.24 entitled "Council Right To Buy Receipt Proposals And Approval To Spend"
<b>Equality Impact Assessment</b>	
<b>Do the implications/subject of the report require an Equality and</b>	<b>No</b>

<b>Safety Impact Assessment (ESIA) to be carried out.</b>		
<b>Data Protection Impact Assessment</b>		
<b>Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.</b>		<b>No</b>
<b>Other Background Documents</b>		
<b>Other Background documents available for inspection at:</b>		
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>	
1.		
2.		