<u>**Committee Report Checklist**</u>

Please submit the completed checklists with your report. If final draft report does not include all the information/sign offs required, your item will be delayed until the next meeting cycle.

Stage 1
Report checklist – responsibility of report owner

ITEM	**Yes / No**	**Date**
Councillor engagement / input from Chair prior to briefing		
Commissioner engagement (if report focused on issues of concern to Commissioners such as Finance, Assets etc)	**Yes**	**19/08/26**
Relevant Group Head review	**Yes**	**31/07/26**
MAT+ review (to have been circulated **at least 5 working days before Stage 2**)	**Yes**	**31/07/26**
This item is on the Forward Plan for the relevant committee	**Yes**	**08/09/26**
	Reviewed by	
Finance comments (circulate to Finance)	**AB**	**14/08/26**
Risk comments (circulate to Lee O'Neil)	**LO**	**31/07/26**
Legal comments (circulate to Legal team)	**JC**	**12/08/26**
HR comments (if applicable)	**N/A**	**N/A**

For reports with material financial or legal implications the author should engage with the respective teams at the outset and receive input to their reports prior to asking for MO or s151 comments.

Do not forward to stage 2 unless all the above have been completed.

Stage 2
Report checklist – responsibility of report owner

ITEM	**Completed by**	**Date rec'd**
Monitoring Officer commentary – at least **5 working days before MAT**	**L Heron**	**12/08/26**
S151 Officer commentary – at least **5 working days before MAT**	**T. Collier**	**31/7/26**
Commissioner engagement	**Yes**	**19/08/26**
		Comments in S. 6
Confirm final report cleared by MAT	**Yes**	**18/08/26**

Corporate Policy and Resources Committee

8 September 2026

Title	Residential Acquisitions for Housing Need
Purpose of the report	To make a decision
Report Author	Bruce Strong - Asset Manager
Ward(s) Affected	All Wards
Exempt	Main Report – No Appendices and Background Papers - Yes
Exemption Reason	The Appendices and Background Papers contain exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to Information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority in any contract or other type of negotiation with a prospective purchaser who could then know the position of the Council.
Corporate Priority	Community Resilience Addressing Housing Need
Recommendations	**The Committee is asked to:** 1.1 Approve the acquisition of 4 leasehold properties, 1 freehold property and 1 property with a share of freehold, all located in the Borough as set out in Appendix 1. 1.2 Delegate authority to the Chief Finance Officer and Group Head of Assets, in consultation with Chair and Vice Chair of Corporate Policy and Resources Committee, to agree minor variations to the agreed terms. 1.3 Delegate authority to the Group Head Corporate Governance to enter all relevant legal documentation relating to the acquisition referred to above.
Reason for Recommendation	Following approval at Full Council on the 16th of July 2026 to use the balance of a Commuted Sum and Local Authority Housing Fund ("LAHF") capital grant funding (see Background Paper 1) to acquire additional residential properties, terms to

	acquire 6 further properties have been agreed in principle subject to Committee approval.

Executive Summary of the Report

What is the situation	Why we want to do something
The Council agreed to accept a financial contribution in lieu of on-site nomination rights, from a private developer resulting in a significant "Commuted Sum" secured through a Section 106 planning obligation. This report recommends an element of this commuted sum be used to acquire 4 residential properties within the Spelthorne geographic area. LAHF grant funding, is also proposed to be used to purchase 2 properties for use as temporary accommodation.	Using the Commuted Sum and LAHF monies to purchase residential properties will help mitigate affordable housing and temporary accommodation pressures, reducing the numbers in nightly paid and temporary accommodation which has been identified as a key action, and referenced in the Nightly Paid Accommodations Savings Delivery Plan within the Commercial Strategy of the IRP. The Commuted Sum must be spent or committed as expenditure within 5 years of receipt, or it becomes repayable to the developer. The LAHF grant funding must be spent by 31st March 2027.
This is what we want to do about it	**These are the next steps**
Use the Commuted Sum and LAHF monies to purchase residential properties to directly address the needs of those on the housing register which will reduce the need for costly nightly-paid accommodation, directly supporting the delivery of the Nightly Paid Accommodation Savings Delivery Plan and provide an asset to the Council.	Instruct solicitors to finalise the acquisitions. Officers will make offers on other suitable residential properties and in due course bring to this committee a follow up report seeking approval to progress with these acquisitions using the balance of the Commuted Sum and the LAHF monies.

1. Key Issues

1.1 On 16th July 2026, Full Council approved spending part of the Commuted Sum Fund in acquiring 5 freehold residential properties within Spelthorne. This approval also extended to use the balance of this sum to purchase additional properties together with the allocated LAHF funding to acquire 2 properties for temporary accommodation.

1.2 Following the above 6 further properties, 4 long leasehold, 1 freehold, and 1 property with a share of the freehold, have been identified for purchase. Subject to acceptable due diligence, and relevant approvals, terms have been agreed to acquire the properties at the prices referred to in Confidential Appendix 1.

1.3 Red Book valuations, see Confidential Appendix 1, have been undertaken which verify the purchase prices are at market value. In addition, viability assessments have been carried out for each property as shown in Confidential Appendices 2 and 3. The assessments demonstrate a positive net present value in each instance. The balance of the Commuted Sum and LAHF funding is proposed to be used to acquire further properties, subject to suitable properties being identified.

1.4 The properties will provide much needed affordable housing and temporary accommodation in the short term, reducing the numbers in and expenditure on temporary accommodation, supporting the Nightly Paid Accommodation Savings Delivery Plan which is a key corporate priority.

1.5 Acquiring these properties will enable families currently in nightly paid accommodation to be moved into Council owned properties, which will generate savings in nightly paid accommodation, as shown in Confidential Appendix 4. This contributes towards the objectives of the Nightly Paid Accommodation Savings Delivery Plan. In addition to the financial savings, other benefits from these acquisitions include improved wellbeing of the families and children currently in nightly paid accommodation as they will be housed in more suitable environments

1.6 The Commuted Sum must be spent or committed as expenditure within 5 years of receipt (i.e. by 5 February 2030), or it will be paid back to the developer. An extension has been agreed for the use of the LAHF monies, and the latest date for spending this is the 31st March 2027.

2. Options Appraisal and Proposal

2.1 ***Option 1 – Acquire the 6 Residential Properties – Recommended Option***

Acquire the 4 long leasehold and 2 freehold properties as set out in Appendix 1. This is the recommended option as it will deliver much needed accommodation and where we expect to complete the purchases over the next few months. Following their purchase, the properties will be used to reduce nightly paid accommodation costs, supporting the delivery of the Nightly Paid Accommodation Savings Delivery Plan and help relieve pressure on the Council's Housing Register. We expect occupation to commence in October or November this year, subject to onward seller chains in a few instances. The acquisition is supported by the positive net present value in the viability study in Appendices 2 and 3.

2.2 **Option 2 – Not Recommended**

Delay a decision and allow West Surrey to decide on the future use of the Commuted Sum and LAHF monies. This is not the recommended option as this will not use the funds expediently. In providing additional housing for our residents, at the earliest opportunity we are able to maximise savings that contribute to closing budget gaps via Nightly Paid Accommodation cost reduction as well as improving the wellbeing of families and their children.

2.3 **Option 3 – Not Recommended**

Do not commit the funds to purchase the properties but look for alternative premises. This is not recommended as the 6 properties will be available for local families to occupy from October or November this year, making a meaningful difference in a short timescale and it cannot be guaranteed that finding and acquiring 6 other properties in the same timescale is achievable.

3. Risk implications

3.1 Some of the properties are subject to the vendor completing on purchasing their next home and therefore the timescales in acquiring these properties may go beyond the anticipated occupation date. The agents for these properties have however confirmed that the vendors have found alternative properties.

3.2 The properties require minor repairs and work to bring them up to a tenantable standard and comply with the Council's obligations as a social landlord. We have had these works costed, but until they are formally instructed there is a risk the costs will increase slightly.

3.3 There is always a risk that the properties are found unsuitable for acquisition through the legal due diligence process. In this case, we would not progress the acquisition.

3.4 In not pursuing the purchase of these properties and either delaying a decision on the purchase or looking for other premises there is a risk of losing the funds as the Commuted Sum must be spent or committed as expenditure within 5 years of receipt (i.e. by 5 February 2030), or it will be paid back to the developer. Similarly, the LAHF monies need to be spent by the 31st March 2027.

4. Financial implications

4.1 A full financial viability analysis has been undertaken for the 4 leasehold and 2 freehold properties at the prices in Confidential Appendix 1. The viability assessments consider the ongoing cost of the property management.

4.2 The financial viability analysis is based on a number of assumptions in terms of cash outflow (costs) and inflows (rent income and opportunity savings). The cash flow has been adjusted to take account of Consumer Price Index predictions by the Office for Budget Responsibility and a discount rate of 4.5% to take account of timing value of the money for the 30-year life span of the project. The 4.5% represents the current average rate of return that would have been achieved if the starting investment would have been invested in the treasury activities.

4.3 The Net Present Value of the project is very positive and will remain true if all assumptions explained in the paragraphs above do not fluctuate significantly.

4.4 If the acquisition of the properties is agreed with the funding, this will require the Committee to recommend to Council a Supplementary Estimate to the Capital Programme to authorise the gross capital expenditure. With the commuted sum, the Council can take the approach that the net cost to the Council was zero. If the Council/West Surrey do not apply the commuted sum, then it and the successor West Surrey Council would forgo the benefit of £3.85m capital funding to support affordable housing.

4.5 This approach will provide much need additional affordable housing accommodation, easing pressures on the housing revenue budget, supporting the Nightly Paid Accommodation Savings Delivery Plan and reducing the number of households on the Council Housing Register, without incurring any additional borrowing.

5. Legal Comments

5.1 Further to section 120(1) of the Local Government Act 1972, the Council has the powers to acquire land for the purpose of any of its functions.

5.2 Any acquisition will be subject to the terms of the sale contract, transfer and any other necessary legal documentation. The Council's in-house Legal Services Team will act on behalf of the Council on the purchases.

5.3 Any acquisition must meet the requirements of Best Value Duty under the provisions of the section 3 of the Local Government Act 1999.

5.4 Failure to comply with the best value duty in terms of the proposed acquisition may expose the Council to risk of legal challenge by way of a judicial review which will result in substantial legal costs and reputational damage.

Corporate Implications

6. Commissioners' comments

6.1 Commissioners support the acquisition of these properties to address housing need across the borough. The acquisitions are aligned with the Directions and will contribute to the Council's financial sustainability by reducing expenditure on temporary accommodation and supporting the delivery of additional housing numbers.

7. S151 Officer comments

7.1 The S151 Officer supports the recommendations and confirms that relevant financial implications have been set out. As the report sets out acquisition of these units would ease pressures on the homelessness TA revenue budget and is aligned to the Nightly Paid Accommodation Savings Delivery Plan.

8. Monitoring Officer comments

8.1 The use of the commuted sum is subject to compliance with all applicable requirements, conditions and restrictions. The proposed acquisitions must demonstrate value for money, comply with the Council's governance processes and be subject to comprehensive due diligence.

9. Procurement comments

9.1 There are no procurement implications arising directly from this report as purchase of land and property is exempt from the provisions of the procurement legislation. However, the properties will require works prior to our residents occupying them which will be procured according to the Council's Contract Standing Orders.

10. Equality and Diversity

10.1 The proposal is expected to have a positive equality impact by increasing the supply of affordable housing for households in need, including those with protected characteristics. Homes will be allocated in accordance with the Council's

Housing Allocations Policy, ensuring a fair and transparent process. No significant adverse equality impacts have been identified.

11. Sustainability/Climate Change Implications

11.1 The proposed acquisitions may have an impact on the Council's sustainability / climate change position. Any new property acquisitions will be subject to its EPC rating with those properties with a poor rating, beneath a C, potentially being disregarded. It may be however that some properties beneath this can be considered if the costs to upgrade them and improve the EPC rating are cost efficient. The acquisition of these properties will increase the Council's scope 1+2 carbon footprint through the associated boiler emissions brought under the Council's remit. Councillors should consider that current targets are to reduce the Council's scope 1+2 carbon emissions to net zero by 2030, these acquisitions may impact this.

12. LGR / Other considerations

12.1 If approved, the acquisitions will help in reducing the Nightly Paid accommodation costs, the homelessness TA revenue budget and thereby reducing West Surrey budgetary pressures.

12.2 The acquisitions would improve the amount of housing stock held by the Council for the benefit of our residents as we transition into West Surrey.

13. Timetable for implementation

If the Committee approves Option 1, we will instruct solicitors to negotiate the purchases based on the prices in Appendix 1.

14. Contact: Bruce Strong, b.strong@spelthorne.gov.uk or Vicki Ellis, v.ellis@spelthorne.gov.uk.

Please submit any material questions to the Committee Chair and Officer Contact by two days in advance of the meeting.

Background papers:

Full Council Report minute 80/26 – 16 July 2026, Residential Acquisitions for Housing Need.

Appendices:

Appendix 1 - Confidential – Table of Proposed Residential Acquisitions
Appendix 2 - Confidential - Viability Assessment for LAHF Properties
Appendix 3 - Confidential - Viability Assessment for Commuted Sum Properties
Appendix 4 - Confidential - Savings in Nightly-Paid Accommodation