

# Operational Decision Record

<b>Publication Date:</b> 05/08/2024	<b>Decision Reference Number:</b> 5153
<b>Decision Title</b>	
Flats above HRA shops and conversion of a former HRA shop into residential use	
<b>Decision Value</b>	
£166,803	
<b>Revenue or Capital Spend?</b>	
Capital	
<b>Spend Control Approval</b>	
Has the spend been approved by Spend Control Board? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> n/a Spend Control Board approval reference number: 3954	
<b>Department</b>	
Growth and City Development	
<b>Contact Officer (Name, job title, and contact details)</b>	
Paul Stanley, Head of Development - <a href="mailto:paul.stanley@nottinghamcity.gov.uk">paul.stanley@nottinghamcity.gov.uk</a>	
<b>Decision Taken</b>	
To commence works to two flats above HRA shops and the conversion of one former HRA shop into residential.	
<b>Reasons for Decision and Background Information</b>	
<p>An opportunity has arisen to create new council owned residential accommodation to be let to potential tenants. The properties in question are two flats in Bilborough that are located above HRA shops and a former HRA shop in Bestwood Park.</p> <p>Historically the flats above shops have been let as part of the lease of the shop, however in the case of the Bilborough properties, it was agreed with the new lessee that as they had no use for the residential element, it would better serve the Council to separate the accommodation and let the residential element independently. In relation to the former shop, this is no longer required as a shop.</p> <p>For each property a feasibility study has been undertaken exploring the options and identifying the costs to bring the properties back into use. A financial model has been produced to confirm the payback period for each property. The pay back periods is six years for each of the flats above shops and 19 years for the shop as it requires extensive works/</p> <p>There is significant demand for accommodation and the properties will be let to those in housing need on the Council's housing register. Budget provision already exists with the HRA Capital Programme for works such as this.</p> <p>The works will be carried out either by internal resources or by using procured constructor partners.</p>	
<b>Other Options Considered and why these were rejected</b>	

The maisonettes continue to be let as part of the commercial premise, however this was discounted to avoid illegal sub-lets, avoid the dilapidation of the maisonette and to reduce the number of empty homes in the city.

The Bestwood Park property be leased to Derwent Living (now Places for People) as other premises on the block however Derwent Living had no desire to take on the property and refurbishment works. The option to include this and other properties as part of the wider Amber Close regeneration programme was explored, however this was discounted due to costs.

### **Reasons why this decision is classified as operational**

- Has a value below £300,000.
- Within agreed policies and within the overall agreed budget controlled by the officer taking the decision.

### **Additional Information**

#### **Finance Comments**

As detailed within the body of the report a financial model has been completed by Technical Finance for each of the conversions to ensure that they all are considered VfM for the HRA. The table below shows the payback period for each property.

	Property A	Property B	Property C
Payback Period	6	6	19

As the HRA assets have previously not been declared as housing stock they are eligible to have 50% of the cost funded from retained Right to Buy receipts and the remaining 50% is to be funded from the Major Repairs Reserve.

The Capital Budget for this decision is within the approved HRA Budget and therefore this decision does not change the budgeted position. As this decision does not amend the budget it does not require further endorsement by the Capital Board.

Tom Straw, Senior Accountant (Capital Programmes) - 17 July 2024

### **Decision Maker (Name and Job Title)**

Sajeeda Rose, Corporate Director for Growth & City Development

### **Scheme of Delegation Reference Number**

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### **Date Decision Taken**

31 July 2024