

Operational Decision Record

Publication Date 10 October 2024	Decision Reference Number 5186
Decision Title	
Pre-start costs for new build and conversion/refurbishment projects	
Decision Value	
£200,000	
Revenue or Capital Spend?	
Revenue	
Spend Control Approval	
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: Monthly submission, September 2024 – 7361	
Department	
Growth and City Development	
Contact Officer (Name, job title, and contact details)	
Paul Stanley, Head of Development (Housing Services), paul.stanley@nottinghamcity.gov.uk , 07940 406983	
Decision Taken	
To approve access to the pre-start budget held within the Housing Revenue Account	
Reasons for Decision and Background Information	
<p>The new Government has announced changes in the funding regime for the use of Right to Buy receipts. This change will enable the Council to fund 100% of costs relating to new build and creating other new homes through Right to Buy replacement funding. This change only applies during 2024/25 and 2025/26 and will then be reviewed by the Government.</p> <p>The previous scheme allowed a 50% contribution, with the remaining balance having to be found via borrowing or utilising funds within the HRA or other funding sources.</p> <p>This change provides an opportunity to create a new pipeline and a number of approval reports are being drafted giving details of the schemes that could now be considered.</p>	

For any scheme to progress there will be a need for pre-construction activities, commonly known as pre-start. This can include appointing architects, undertaking surveys, as well as costs associated with planning applications.

The proposal is to look to undertake these activities swiftly to enable schemes to progress as quickly as possible.

Whilst these are revenue costs it should be noted that should schemes proceed then the costs will then be capitalised and consequently the pre-start revenue budget will be reimbursed. Should any schemes not progress then the pre-start aspect of the costs may be abortive.

Within the HRA there is budget provision held for pre-start activities and this report seeks approval to access the budget.

All appointments will be made in line with procurement regulations and quotes obtained to ensure best value is achieved.

All activity will be reported through the Building a Better Nottingham programme with Members and officers being updated accordingly.

Other Options Considered and why these were rejected

It is an option to wait for the formal decisions to be made on each scheme, however this could delay these activities by several months. Given the short funding window it is important to progress schemes swiftly. Given the number of those on the housing register and the increased homelessness presentations bringing new homes on track as quickly as possible is desirable.

Reasons why this decision is classified as operational

- Have a value below £300,000
- Are taken within agreed policies and within the overall agreed budget controlled by the officer taking the decision

Finance Comments

A decision is required to approve the £200,000 pre-start expenditure on various capital projects before they are approved for inclusion in the capital programme. In July 2024 changes to the Right to Buy regulations allow acquisitions and new build projects to be 100% funded from restricted RTB receipts for 2024/25 and 2025/26 only. These changes have necessitated the bringing forward of projects for approval as soon as possible.

Architects and other professional fees are required before the formal investment appraisal process takes place. Once the investment appraisal is completed and the schemes have been approved such costs can be capitalised and included in the total costs of the scheme. The pre-start costs of any schemes not approved cannot be capitalised and initially treated as revenue. Such expenditure is financed from the HRA Pre-start reserve. (N-94202)

David Worthington – Senior Accountant, 13 September 2024

Additional Information

Decision Maker (Name and Job Title)

Nicki Jenkins, Interim Corporate Director of Growth and City Development

Scheme of Delegation Reference Number

1

Date Decision Taken

30.09.24