

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

**Reference Number:**

**2850**

**Author:**

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**Department:**

**Development**

**Contact:**

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**Subject:**

**Sutton House Flat Refurbishments**

**Total Value:**

**300,000 (Type: Capital)**

**Decision Being Taken:**

**To approve reallocation of £300,000 from the Grander Designs Capital Budget to refurbish individual flats within the Sutton House Independent Living scheme recently purchased from the Affinity Sutton Group.**

**Reasons for the Decision(s)**

On 20th January 2015, Executive Board granted approval for the purchase of Sutton House from Affinity Sutton Group. Approval was also given to utilise up to £300,000 of Grander Designs capital funding for refurbishment of the communal areas. This figure was based on previous experience of grander designs work. In Sutton House, works will include improvements to communal space layouts, corridors, lighting, electrics, flooring, communal kitchen, living areas, furniture and furnishings.

Progress on transferring ownership of the scheme into Nottingham City Council (NCC) control had been slow, but the sale was completed on 9th January 2017. At point of transfer, 25 out of the 48 flats within the scheme were empty.

The scheme comprises of three dwelling types; 32 single-person flats, 14 two-person flats and 2 three-bedroom maisonettes. The 32 single person dwellings are particularly small and of poor internal design. This will significantly hinder the lettability of these flats, most of which are currently empty. Therefore, it is proposed to take the opportunity to refurbish these flats whilst they are vacant, redesigning the interior layout to maximise the available space. The refurbishments include re-designed and fitted kitchens, bathrooms, enlarging of the bedroom and living area and electrical re-wires where necessary. The quoted cost per flat is £10,000 and any savings achieved will be paid back to the Capital Programme.

A refurbished single person flat will be made available as a show flat to market the scheme. The remaining 14 flats are larger and better configured so existing budgets will be utilised to upgrade these flats to 'My New Home' standard at the point of re-letting. It is further proposed to convert the single un-let maisonette to a two bedroom dwelling to enhance letting potential.

It is proposed that up to £10,000 of this budget provision, or the previously agreed Grander Designs funding, may be used to cover the costs of moving existing residents to another flat in the scheme whilst their dwelling is being refurbished.

The refurbishments to individual flats and the communal areas are essential to realising the letting potential of the scheme. It is considered that the void rate at the scheme will remain in excess of 10% if the 1 person flats are not refurbished. With refurbishments, it is anticipated that the void rate can be reduced to 5% or below, and further targeted letting campaigns carried out to achieve a lower void rate than this.

Rental income has been modelled with the £300,000 additional refurbishment investment and a prudent void rent loss of 5% compared to no investment and a 10% rent loss. The cost of refurbishment is paid back within an acceptable timescale - see the Financial comments.

**Other Options Considered:**

1) Refurbish only the communal area as per current approval: this option is not recommended. Given the poor layout and small living space in the 1 person flats there is a risk that high levels of voids will continue, resulting in a corresponding reduction in rental income.

2) Refurbish all flats: It is estimated that this would require a further £60-80,000 investment to re-model the 2 person flats as well. This option is not recommended as, with some cosmetic updating, these flats have greater letting potential due to their improved size and layout.

**Background Papers:**

**Published Works:**

**Affected Wards:**

Radford and Park

**Colleague / Councillor  
Interests:**

**Consultations:**

<b>Date: 17/03/2017</b>
<b>Ward Councillors: Liaqat Ali, Anne Peach, Ilyas Aziz</b>
<b>Councillors are in support of this decision.</b>

<b>Date: 15/01/2015</b>
<b>Other City Council Bodies: Nottingham City Council Executive Board</b>
<b>Report approved to purchase Sutton House</b>

<b>Date: 17/03/2017</b>
<b>Other: Mark Lawson - Nottingham City Homes</b>
<b>Nottingham City Homes supports the proposed refurbishment of flats in Sutton House to improve the let-ability of properties in the block.</b>

**Those not consulted are not directly affected by the decision.**

**Crime and Disorder  
Implications:**

**No crime and disorder implications**

**Equality:**

**EIA not required. Reasons: No amends to policy or procedure**

**Relates to Council Property  
Assets:**

**Yes**

**Decision Type:**

**Portfolio Holder**

**Subject to Call In:** Yes

**Call In Expiry date:** 30/05/2017

**Advice Sought:** Legal, Finance, Property

**Legal Advice:** The recommendation in this report contains no legal implications. Advice provided by Rebecca Beecroft (Solicitor) on 19/04/2017.

**Finance Advice:**

The refurbishment scheme costs can be met from the existing Public Sector Housing Capital Programme (PSHCP) which was approved as part of the council's Medium Term Financial Plan (MTFP) at the meeting of Executive Board in February 2017 and includes a budget for Modernising Housing for Older People - Independent Living Re-design (known as Grander Designs).

This report seeks approval to allocate £0.300m of the Independent Living Re-Design budget to the Refurbishment of Sheltered Housing Scheme as described in the body of the report. This increases the budget for Refurbishment of Sutton House from £0.300m to £0.600m. Works are expected to take place during 2017/18.

The scheme currently has a high number of void flats and the proposed improvements to the lay-out of 1 person flats should reduce the proportion of empty flats ("voids") below the expected rate of 10%. The financial modelling for the scheme was revised to include the additional £0.300m investment and the resultant increase in rental income due to void rate reducing to 5%. The changes together maintained the existing payback period in the business case whilst reducing the risk of void rates remaining at higher levels.

The PSHCP is fully funded and therefore the scheme does not require any additional funding or impact on the Medium Term Financial Plan (MTFP). Advice provided by Julie Dorrington (Senior Accountant (Housing Revenue Account)) on 24/03/2017.

**Property Advice:**

It is anticipated in this report that the proposed refurbishment and reconfiguration of the one person flats should improve the ability to let the properties and significantly reduce the void rate increasing the rental income. This report also indicates that financial modelling has shown that the cost of refurbishment will be paid back within an acceptable time scale. On this basis the proposal does not give rise to any concerns from a Strategic Property perspective. Advice provided by Rodney Alan Martin (Senior Surveyor) on 07/04/2017.

**Signatures**

Jane Urquhart (Portfolio Holder for Planning and Housing)  
SIGNED and Dated: 22/05/2017

David Bishop (Deputy CE, CD for Development and Growth)  
SIGNED and Dated: 22/05/2017