NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 28 JULY 2026

Title of Report	**ACQUISITIONAL AND DISPOSALS - SECTION 106 ACQUISITION**
Presented by	Cllr Andrew Woodman Housing, Property, and Customer Services PH Briefed
Background Papers	**Bloor Homes STD Purple SPEC - Version 7 November 2025** **Public Report:** Yes **Key Decision:** Yes
Financial Implications	The report seeks Cabinet's endorsement for an additional £3,700,000 to the Housing Revenue Account (HRA) Capital Programme, funded from Right to Buy Receipts, to be spent over three financial years. Full Council approval will be needed to add the scheme onto the Capital Programme as its meeting on the 15 September 2026 in accordance with the Constitution. **Signed off by the Acting Section 151 Officer**: Yes
LGR Implications	The Council are not currently subject to a Structural Changes Order or Section 24 direction as part of the LGR process. Once the Council are under this direction/order, there are likely to be restrictions on what contracts the Council may enter into (based on value) without permission of the new authority. As these properties are being acquired through a single contract prior to such restrictions, it is unlikely to be impacted.
Legal Implications	Under section 8 of the Housing Act 1985 (as amended) ('the Act') the Council has a duty to consider housing conditions in its district and the needs of the district with respect to the provision of providing further housing accommodation. Under section 9 of the Act the Council has power to provide housing accommodation by building or acquiring such accommodation and must keep the needs of the district in relation to such housing under review. The processes set out within the paper accord with the Council's legal processes and procedures including the Constitution. As with any property transaction, Legal Services will need to be instructed to ensure a due diligence process is carried out in terms of relevant searches, ownership and title matters prior to acquisition. **Signed off by the Monitoring Officer**: Yes

Staffing and Corporate Implications	No Staffing implications directly. Purchases assist with meeting the Council's housing needs and assists with addressing other Council Delivery Plan targets such as carbon reduction. **Signed off by the Head of Paid Service:** Yes
Purpose of Report	To seek Cabinet approval to purchase 22 properties in the Ashby-De-La-Zouch area over the coming three years.
Reason for Decision	To comply with the constitution of the Council as this report requires Cabinet approval as it is in excess of £100k and to ensure Right to Buy Receipts are spent within their statutory timeframes.
Recommendations	**THAT CABINET:** **1. ENDORSES THE ADDITION TO THE COUNCIL'S HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME OF £3.7M, FUNDED FROM RIGHT TO BUY RECEIPTS AND RECOMMENDS THIS EXPENDITURE TO COUNCIL FOR APPROVAL AT ITS MEETING ON 15 SEPTEMBER 2026.** **2. SUBJECT TO (1) ABOVE, ENTERS INTO A SINGLE CONTRACT WITH BLOOR HOMES (THE DEVELOPER) TO ACQUIRE TWENTY-TWO PROPERTIES OF VARYING ARCHETYPES FOR £3.7M OVER THREE YEARS, AS SET OUT IN THE REPORT, SUBJECT TO COUNCIL APPROVING THE ADDITION TO THE CAPITAL PROGRAMME.** **3. DELEGATES AUTHORITY TO THE STRATEGIC DIRECTOR RESPONSIBLE FOR HOUSING TO FINALISE AND AGREE ALL NECESSARY LEGAL AND CONTRACTUAL DOCUMENTS AND TAKE ALL APPROPRIATE PROCEDURAL AND OPERATIONAL STEPS TO DELIVER THE ABOVE.**

1.0 BACKGROUND

1.1 The Council has committed to acquiring at least ten properties per year to partially mitigate loss of stock via Right to Buy (RTB) and disposals. Acquisition via buy-back of former Council properties, off the shelf purchase and self-delivery are all recognised as viable options for new housing supply.

1.2 In this case, as a Registered Provider of affordable housing, the Council has been approached by a developer to offer on properties that have been built and made available as part of the Section 106 agreement with the planning authority.

1.3 In April 2026, the Ministry of Housing, Communities, and Local Government (MHCLG) confirmed they will be bringing forward further reforms to Right to Buy. These include A 35-year new build exemption period so new social homes cannot be sold under the

Right to Buy for 35 years after they are built. At the current time , the vast majority of properties are subject to Right to Buy. However, Section 131 of the Housing Act 1985 outlines the approach for setting a cost floor when determining discount for properties.

2.0 ACQUISITION OF PROPERTIES

Money Hill, Ashby de la Zouch

2.1 It is proposed to acquire twenty-two properties currently under construction by Bloor Homes. These properties address housing needs across the district (primarily single and two-bed properties) due to their varying archetypes. The breakdown of the property types are:

a. six one-bedroom, two-person maisonettes
b. one four-bedroom, six-person house
c. eleven two-bedroom, four-person houses
d. four two-bedroom, three-person bungalows

2.2 These properties include in roof solar panels leading to an expected Energy Performance Certificate (EPC) rating of B.

2.3 The supply of these homes will be committed at the signing of the original contract with their delivery phased over the next three years as they are built out. The exact release and timing of this is yet to be fully programmed, however, the first release is contained in the below table.

Financial Year and total completions	Property Type
2026/27 - 8	2 bed 4 person House
	2 bed 4 person House
	2 bed 4 person House
	2 bed 4 person House
	1 bed 2 person Flat
	1 bed 2 person Flat
	1 bed 2 person Flat
	1 bed 2 person Flat
2027/28 - 3	1 bed 2 person Flat
	1 bed 2 person Flat
	4 bed 6 person House
2028/29 - 11	2 bed 4 person House
	2 bed 4 person House
	2 bed 4 person House
	2 bed 4 person House
	2 bed 4 person House
	2 bed 4 person House
	2 bed 4 person House
	2 bed 3 person Bungalow
	2 bed 3 person Bungalow
	2 bed 3 person Bungalow
	2 bed 3 person Bungalow

3.0 FINANCIAL IMPLICATIONS

3.1 There is an approved budget of £3.5m within the 2026/27 HRA Capital Programme for New Supply. This has been earmarked for other developments. As such, this report requests an additional £3.7m budget over three financial years.

3.2 Due to the nature of how these properties come to the Council, as part of the stipulations of the Section 106 planning agreement to provide social housing to the district, a discount is applied to purchase price. This discount is in excess of 25% of open market value.

3.3 For the appraisal, it has been assumed that no major works will be completed within 10 years of the purchase date this coincides with the 10-year new build guarantee and Decent Homes Standard lifecycles.

3.4 Additionally, the appraisal assumes an affordable rent income across the properties, a voids and bad debts percentage of 3%, service costs of £235 per unit per annum, maintenance costs of £843 per unit per annum, and management costs of £305 per unit per annum. These are projected over 50 years with an uplift of CPI across all metrics with rental income and maintenance costs being CPI+1%. Major works are costed at current rates for replacement of Decent Homes Standard components uplifted at CPI+1%.

3.5 Uplifts have been applied to the yearly maintenance and major costs for this Net Present Value (NPV) calculation to accommodate for increased costs of materials and borrowing following the economic crisis.

3.6 Restrictions on the amount of RTB receipts which can be attributed to a purchase have been altered allowing for up to 100% funding. The below table shows the correlation between usage of RTB receipts against the impact on NPV and loan repaid year. It is expected that the purchase will be 100% funded from RTB receipts.

RTB Funding Percentage (%)	Net Present Value (£)	Loan Repaid Year
40	2,217,291	21
60	2,998,766	12
80	3,780,242	6
100	4,218,163	1

3.7 Breakdown of Cost

Item	**Value**
Acquisition	£3,214,104
Works	£0
Fees*	£295,083
Contingency	£14,754
Interest	£168,313
Total	£3,692,254

* Fees are inclusive of estimated legal fees, Stamp Duty Land Tax, valuation fee, clerk of work's fee and developer's and administrative fee,

3.8 Breakdown by Financial Year

Financial Year	Value
2026 – 2027	£1,436,556
2027 – 2028	£418,005
2028 – 2029	£1,837,693
Total	**£3,692,254**

3.9 There is currently sufficient RTB reserve funding available to cover this additional commitment alongside the existing capital plans over the next 3 years. However, if the costs of other developments were to increase, we would need to review the timing of these commitments or possibly look at funding mix if other cost increases lead to the RTB reserves become fully utilised within the next few years.

4.0 Project Risks

No	Risk	Impact	Mitigation
1	Seller requesting more money	Low	This is an agreed offer between NWLDC and the developer
2	Additional work to meet NWLDC standard	Low	Specification changes are expected to be minor and costs are already allocated for.
3	Appraisal assumptions too conservative	Low	Appraisals have been generated with contingency.
4	Supporting services delays legal, finance, etc.	Low	Ensure deadlines are upheld and clearly stated.
5	Sale via RTB after purchase	Low	Although sales can be applied for under the current RTB provisions there are sections within the Housing Act that prevent selling a property via RTB at less than cost as per Section 131 (1) of the Housing Act 1985

Policies and other considerations, as appropriate	
Council Priorities:	· Communities and housing · Clean, green and Zero Carbon · Consumer Standards, providing suitable, safe, warm, and affordable homes to meet the diverse needs of vulnerable people
Policy Considerations:	Properties are purchased in line with the Asset Management Plan objectives to maximise the number of social homes that the Council provided through a programme of acquisitions, new build, conversions, re-modelling, and regeneration.
Safeguarding:	No additional safeguarding concerns outside of housing process and procedure
Equalities/Diversity:	These properties will be allocated through the Choice Based Lettings System in line with the Council’s Allocations Policy ensuring they best suit the needs of the individuals placed within them.
Customer Impact:	Providing good quality sustainable homes to residents.

Economic and Social Impact:	These properties will have a positive social impact on the area as it will directly address the needs of the district.
Environment, Climate Change and Zero Carbon:	The properties have an EPC rating of B and solar photovoltaic panels to mitigate their environment impact.
Consultation/Community/Tenant Engagement:	No consultation has been undertaken by NWLDC.
Risks:	General housing needs information has been used to determine the spread of properties to purchase.
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