

HIGH PEAK BOROUGH COUNCIL

Report to Economy and Growth Select Committee 8th February 2018

TITLE:	Right to Buy receipts: Update Report
EXECUTIVE COUNCILLOR:	COUNCILLOR TONY KEMP – EXECUTIVE COUNCILLOR FOR TOURISM, REGENERATION AND LICENSING
CONTACT OFFICER:	Pranali Parikh – Regeneration Manager
WARDS INVOLVED:	Non-Specific

1. Reason for the Report

- 1.1 To update Councillors on progress in allocating Right to Buy (RTB) receipts.

2. Recommendation

- 2.1 That Councillors note the update on allocating RTB receipts.

3. Executive Summary

- 3.1 As properties are being continuously sold through the RTB programme, receipts are continually accruing. The total receipt, as of December 2017, is now £1,128,514. If these are not spent within a 3 year period they have to be paid back to central government with interest. The table in 7.3 identifies the RTB receipts, pay back dates and amounts (including interest).
- 3.2 Approval was given in January 2016 to enable officers to develop a RTB Grant scheme. It was also approved that the decision to award each grant be delegated to the Executive portfolio holder for Housing, by way of an Individual Executive decision. The grant scheme would enable the Council to work with registered providers (RP) to deliver additional affordable units for rent, over and above what can be secured through Section 106 agreements and funding through the HCA.
- 3.3 Since the initial grant approval, in January 2016, officers have provided several reports for an Individual Executive decision. These consisted of the following:
- to approve a RTB grant at Octavia Gardens, Chapel (Oct 2016),
 - general update report and approval in principle of a £300,000 RTB grant (Feb 2017).

- to approve a RTB grant totalling £420,239 towards providing 10 additional affordable rented units at the extra care scheme at Brown Edge Road, Buxton.

3.2 This report provides Councillors with an update on how much progress has been secured in spending the RTB budget (set out in section 8). This focuses upon the recent grant allocation of £420,239 towards providing an additional 10 units of affordable rented extra care units at Brown Edge Road, Buxton.

4. **How this report links to Corporate Priorities**

4.1 Will support in the delivery of the corporate aim to 'support economic development and regeneration'.

4.2 Will support the achievement of the priority outcome of 'good quality social housing provision'

5. **Options and Analysis**

5.1 This report provides an update only and as such, there is no requirement for options and analysis.

6. **Implications**

6.1 Community Safety - (Crime and Disorder Act 1998)
There are no specific implications within this report.

6.2 Workforce
There are no specific implications within this report.

6.3 Equality and Diversity/Equality Impact Assessment
This report has been prepared in accordance with the Councils Diversity and Equalities policies.

6.4 Financial Considerations
As of December 2017 there is £1,128,514 of Right to Buy receipts available to spend. The next significant expenditure of £163,910 is required by the 31st December 2018 and will be spent within the current bid from Housing and Care 21. The remaining funding has to be spent in phases until December 2020 (see table in 7.3). Failure by the Council to spend the grant monies within the timeframe will result in repayment of the funds to central Government with accrued interest.

6.5 Legal
The Council has powers under the Housing Acts in relating to the provision of affordable housing. A power of general competence is also available under section 1 of the Localism Act 2011, the exercise of which is subject to any prohibitions or restrictions that may exist.

Right to buy receipts must be applied in accordance with relevant legislation and guidance and particularly the Local Authority (Capital Finance and Accounting) (England) Regulations 2003 (as amended) and the terms of any agreement reached under the Local Government Act 2003 modifying the applicability of the regulations.

Prior to any award being made, and in order that correct procedures are followed, consideration will be given to the Council's procurement options, state aid and general due diligence.

The Council's own legal team form part of the RTB project team and provide legal advice at each stage and are responsible for preparing formal grant agreements.

6.6 Sustainability

Properties built with Right to Buy funding would meet the appropriate HCA design standards and would be compliant with building regulations.

6.7 Internal and External Consultation

Currently there has only been internal consultation between services involved.

6.8 Risk Assessment

This is an update report and no risk assessment is required.

Dai Lerner
Executive Director Place

Web Links and Background Papers	Location	Contact details
Bid Evaluation IED Report	Democratic Services	Pranali Parikh
Update and bid evaluation IED Report	Democratic Services	Pranali Parikh

7. **Background and Detail**

Right to Buy One for One Replacement

- 7.1 In 2012, the government allowed councils to enter into an agreement to retain Right to Buy receipts in order to build new affordable homes. Under the agreement the government restricted the contribution from the Right to Buy receipts to 30% of the cost of the replacement homes. The remaining 70% would need to be found by the council or by working with a registered provider partner.
- 7.2 A report was presented to Corporate Select on 21 January 2016 that approved the development of a grants programme with local registered providers. Properties are being continuously sold by the council through Right to Buy which means that the budget is continually accruing. The total available RTB receipt as of December 2017 is £1,128,514.
- 7.3 The funding table below identifies RTB receipts, expiry date, capital spend required and repayment amount.

Spent By	RTB Receipt	Capital Spend Required	Required Spend Remaining	Interest payment	Payment to Government if not spent
	£	£	£	£	£
Dec-18	163,910	546,365	546,365	22,398	186,308
Mar-19	13,642	45,472	45,472	1,855	15,496
Jun-19	17,855	59,518	59,518	2,415	20,270
Sep-19	285,406	951,353	951,353	38,593	323,999
Dec-19	205,530	685,100	685,100	27,792	233,322
Mar-20	74,348	247,826	247,826	10,053	84,401
Jun-20	2,115	7,049	7,049	286	2,401
Sep-20	165,906	553,019	553,019	22,434	188,340
Dec-20	199,803	666,011	666,011	27,018	226,821
Total	1,128,514	3,761,713	3,761,713	152,843	1,281,357

8. RTB Grant programme update and expenditure

- 8.1 Officers have been taking proactive measures to secure bids from local Registered Providers (RP's). As a result, a grant offer totalling £420,439 was offered to Housing and Care 21 in December 2017. This grant offer enabled the delivery of an additional 10 affordable units at the extra care housing scheme being delivered at Brown Edge Road in Buxton. Of the 53 care units, 27 are now available for affordable rent, 14 for shared ownership and 12 private market housing. The scheme is near completion and the RP has made a claim against £252,369, which was paid in December 2017. The final payment of the grant is due at practical completion (May 2018) thereby meeting the grant pay back deadline up to March 2019.
- 8.2 The £9.1million development for older people comprises 53 two-bedroomed extra care flats, a residential care unit with 20 ensuite rooms and fully-accessible communal facilities including a restaurant, hair salon, wellbeing suite, hobby room and gardens. The scheme is a partnership between the

Borough Council, Derbyshire County Council, Housing and Care 21 and the Homes and Community Agency.

- 8.3 The development scores highly in delivering a scheme that meets the Council's corporate priorities and delivers community benefits by providing additional accommodation of this type.



Visual from Brown Edge Road.

- 8.4 A site visit was arranged for Councillors on the 24th January. A representative from Housing and Care 21, along with the site manager, gave Councillors a tour of the development. At the same time, the opportunity was taken to prepare and issue a joint press release to publicise the scheme and highlight the Council's contribution in securing the additional affordable units.
- 8.5 Subject to a planning approval, the Council has also approved a grant, in principle, of £300,000. The same RP is also submitting further bids to purchase additional units on a number of housing schemes across the borough. There is also the possibility of working with RP's to deliver an enhanced number of affordable units within the Council's Accelerated Housing Delivery programme.