

COUNCIL: 15 SEPTEMBER 2015

REPORT TITLE:RIGHT TO BUY SOCIAL MOBILITY FUND

REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY DIRECTION)

WARDS AFFECTED: ALL WARDS



Hinckley & Bosworth
Borough Council

A Borough to be proud of

1. PURPOSE OF REPORT

- 1.1 To advise Council of a successful funding bid to the Government's Right to Buy Social Mobility fund and for Council to approve the associated supplementary budgets. The funding is to be used to assist council house tenants to purchase a property on the open market.

2. RECOMMENDATION

That Council:

- 2.1 Note the award of £160,000 external funding to support this initiative.
- 2.2 Note that the funding will be offered in the first instance to:
- Tenants aged 55 and over
 - Tenants in rural settlements or
 - Tenants in high demand properties (2 and 4 bedroom houses in urban settlements)
- 2.3 Approve a supplementary capital income budget of £160,000 based on the funding awarded by central government.
- 2.4 Approve a supplementary capital expenditure budget of £180,000 which will be treated as Revenue Expenditure Funded from Capital Under Statue (REFUS). This will be financed by the £160,000 funding from central government and £20,000 from the General Fund through Revenue Contributions to Capital Outlay (RCCO)

BACKGROUND TO THE REPORT

- 3.1 The Government's Right to Buy scheme allows council tenants a discount to buy their home. Purchasers need to have been a council tenant for 5 years (although not necessarily at the same property or with the same council), and the amount of discount available increases the longer the applicant has been a tenant.
- 3.2 In February 2015 the Government announced funding for a Right to Buy Social Mobility Fund. This is an alternative for people who would qualify for the Right to Buy to become owner occupiers by buying a property on the open market. A successful bid to the fund resulted in a total grant of £160,000 being awarded. This will fund 8 households who will receive £20,000 towards the cost of a property on the open market from the Government funding. As part of the bid, the council committed £2,500 per applicant to assist with removal expenses.
- 3.3 This initiative helps to fulfil the Council's aspirations for its housing stock, since it gives tenants an opportunity to get on the housing ladder in an area of their choice, whilst the council house is retained for relet to an applicant on the council's housing register.
- 3.4 To qualify, tenants must:

- Not be in the process of applying for the right to buy or have received right to buy discount in the last 5 years
 - Must leave their rented house vacant and not return to social housing whilst they own the property they received social mobility funding for.
- 3.5 The council will award grant on a first come, first served basis to applicants who fulfil one of the following criteria:
- Tenants aged 55 and over
 - Tenants who live in rural settlements
 - Tenants who live in high demand stock types (2 bedroomed houses and 4 bedroomed houses) in Hinckley, Barwell, Burbage or Earl Shilton.
- 3.6 Tenants will be identified in the first instance through contacting applicants who have applied for right to buy funding in the past but not pursued the opportunity, and by use of existing tenant profiling. There is the option to offer a grant to any tenant if take up does not prove as expected.
- 3.7 Funding required is as follows:
- The £20,000 grant per property must be front funded by Hinckley and Bosworth Borough Council. Payment of grant to the council will be made in quarter 2 of 2015 -16 and quarter 4 of 2015-16 on proof of
 - Contracts signed or purchases in the conveyancing pipeline
 - Completed purchases or purchases which have exchanged contracts
 - In addition, the council has undertaken to pay up to £2,500 per application from its own funds to assist with the associated costs of moving house, these will include:
 - Furniture removal costs
 - Disconnection and re-connection of satellite dish and/or TV aerial
 - Re-direction of mail for the first three months
 - Disconnection and re-connection of telephone lines

4. FINANCIAL IMPLICATIONS [MA]

- 4.1 As outlined in section 3.2, the Council has been awarded £160,000 from central government. A supplementary budget of £160,000 is therefore required to reflect this receipt.
- 4.2 As outlined in section 3 a supplementary capital budget of £180,000 is also required (£20,000 + £2,500 x 8 properties) to carry out this scheme. This will be financed from the DCLG grant of £160,000 and the balance, met by the Council through a Revenue Contribution to Capital Outlay (RCCO) of £20,000 from the General Fund.
- 4.3 The expenditure will not create an asset for the Council. Therefore in accordance with accounting practice the income and expenditure will be written off to General Fund revenue and transferred out from General Fund balances to nullify and impact on the general fund.
- 4.4 Officer time on the project will be met from existing budgets.
- 4.5 In accordance with Financial Procedure Rules, both supplementary budgets are in excess of £50,000 and therefore require approval from Council.
- 4.6 The application process will be handled by the Housing Administration Team and the Deputy Chief Officer (Housing, Community Safety & Partnerships).

4.7 The process for the release of the grant to applicants still needs to be finalised. Before any funds are released officers have to ensure that any conditions stipulated in the grant offer letter are met and any financial risk to the Council is minimised.

4.8 Expenditure will be claimed back retrospectively in accordance with the terms set out in the offer letter.

5. LEGAL IMPLICATIONS [JB]

5.1 Any legal implications are contained within the report.

6. CORPORATE PLAN IMPLICATIONS

6.1 This report supports the following aims of the Corporate Plan 2013 – 2016:

- Provide decent and affordable homes.

7. CONSULTATION

7.1 Due to the very short deadlines imposed widespread consultation has not been possible.

8. RISK IMPLICATIONS

8.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

8.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

8.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
The council needs to front fund payments and reclaim the £20,000 per property	Careful vetting of the applicants and clear explanation of the timescales to ensure the criteria for grant will be met	Sharon Stacey
Take up is not as expected	Opportunity to widen the qualification criteria. No fund will be drawn down if no suitable applicants are identified.	Sharon Stacey
Tenants may reapply for social housing	Contractual obligation not to reapply for social housing for 5 years. Repayment of grant along the criteria for right to buy discount if the household sells the property in the first 10 years	Sharon Stacey

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

9.1 This report relates to council housing lost under the Right to Buy legislation and therefore affects all areas of the Borough.

10. CORPORATE IMPLICATIONS

10.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers:

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