

NON KEY DECISION: REPORT TO CABINET PORTFOLIO MEMBER

DECISION TO BE TAKEN BY: CLLR BRYANT

REPORT AUTHOR: HEAD OF FINANCE

REPORT NO. HOF284

DATE: 15 JULY 2014

SUBJECT OF NON KEY DECISION:	Exclusion of New Council Housing from the Requirement to Surrender Part of the Capital Receipt to the Government should the Property be Sold Under Right to Buy (RTB)

PRIORITY THEME:	Support Good Housing For All	
CRIME AND DISORDER IMPLICATIONS:	Minor	
FREEDOM OF INFORMATION ACT IMPLICATIONS:	This report is publicly available on the Council's website www.southkesteven.gov.uk via the Your Council and Democracy link	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Not applicable	Full impact assessment required? No
BACKGROUND PAPERS:	None	

(1) PURPOSE OF REPORT

This report and the application for exemption relates to the building of 33 new properties that will be completed between July 2014 and March 2015 at a cost of £3m – as per the HRA capital programme. In accordance with section 11 of the Local Government Act 2003, these properties are eligible for exemption from the

requirement to surrender part of the capital receipt to Government should the property be sold under Right to Buy (RTB).

Currently, the DCLG pooling arrangements provide for the Council to retain a proportion of the capital receipts from the sale of council houses with the balance being repaid to Government. In 2013/14, there were 37 actual RTB sales and the Council retained £1081k (62%) of the total receipts. The balance of £662K was pooled to DCLG.

The Council can apply to exclude eligible new properties (new build, remodelled or purchased since 2008) sold under RTB from the requirement to give up a proportion of the capital receipts to central government. If successful, the Council can retain 100% of the capital receipts provided they are used for affordable housing, regeneration projects or reducing HRA debt.

The key principle is to support the provision of additional housing and the DCLG will consider the application with this in mind. However, there is no requirement to use all or part of the receipts on affordable housing, i.e. they could all be used to build new houses or to reduce HRA debt.

(2) RECOMMENDATION(S)

The Cabinet Portfolio Member is recommended to approve the application for exemption in respect of the 33 new build properties.

(3) REASONS FOR RECOMMENDATION(S) (including any alternative options considered and rejected)

As indicated, under the current rules it is not possible to exclude new build properties from a tenant's eligibility to RTB so should any of these properties be sold there is a clear financial benefit to the Council in retaining 100% of the capital receipts.

(4) COMMENTS OF FINANCIAL SERVICES

Whilst there is a clear financial benefit, the financial implications will depend on whether or not a property is sold under RTB, the discount applied and the type and number of units sold.

(5) COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

5.1 As alluded to in the report unless the new build properties satisfy the criteria set out in Paragraphs 10 & 11 of Schedule 5 of the Housing Act 1985 they cannot be excluded from a tenant's eligibility to the right to buy. However, section 174 of the Localism Act 2011 amends the Local Government Act 2003 and inserts a new section 11 (6) that enables the Secretary of State to continue to enter into agreements with local authorities to exempt certain

council homes from the requirement that a percentage of the net receipt be surrendered to central Government should those homes be sold under the right to buy.

(6) OFFICER CONTACT

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(7) DATE DECISION EFFECTIVE:
If the decision is taken on 28 July 2014, date effective will be 6 August 2014