

Report of:	Head of Housing and Waste Management
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Key Decision:	Yes
Report Track:	Cabinet 23/04/15 Council 27/05/15

**CABINET
23 APRIL 2015
CANNOCK CHASE RIGHT TO BUY SOCIAL MOBILITY FUND**

1 Purpose of Report

- 1.1 To seek scheme approval and permission to spend in relation to a “Cannock Chase Right to Buy Social Mobility Scheme” following a successful bid for funding.

2 Recommendations

- 2.1 That the “Cannock Chase Right to Buy Social Mobility Scheme” as set out in Appendix 1 is approved.
- 2.2 That Council be requested to include £200,000 of Right To Buy Social Mobility Scheme Funding as an additional resource within the 2015/16 Housing Revenue Account Capital Programme.
- 2.3 That scheme approval and permission to spend is agreed for the “Cannock Chase Right to Buy Social Mobility Scheme”.

3 Key Issues and Reasons for Recommendation

- 3.1 The Council has made a successful bid for £200,000 of grant from the “Right to Buy Social Mobility Fund” which was launched by the Department for Communities and Local Government (DCLG) in February 2015.
- 3.2 The aim of the fund is to assist certain households who are unable to purchase their Council home to buy a property on the open market.

- 3.3 A proposed “Cannock Chase Right to Buy Social Mobility Scheme” is attached as Appendix 1. This has been formulated in accordance with the requirements of the DCLG and will be restricted to the following types of household, who will be eligible to receive a “one-off” cash payment of £20,000:
- (i) Older tenants that are unable to purchase their bungalow due to RTB exemptions who wish to purchase appropriate accommodation; and
 - (ii) Tenants who are unable to obtain a mortgage due to the construction type of their home.
- 3.4 The “scheme” will also release one and two bed bungalows and larger family accommodation in popular areas of the District for re-letting to households on the housing register.
- 3.5 The £200,000 of grant funding does not form part of the agreed 2015-16 Housing Revenue Account Capital Programme and it is necessary to seek Council approval in order that this is included.
- 3.6 In accordance with the Council’s agreed Capital Expenditure Control Procedures, it is also necessary to seek scheme approval and permission to spend in relation to the “Cannock Chase Right to Buy Social Mobility Scheme”.

4 Relationship to Corporate Priorities

- 4.1 The Right to Buy Social Mobility Scheme will contribute to the service aims to “manage the Council’s housing stock” and “increase the supply of affordable housing” which form part of the Housing Portfolio section within the agreed 2014-15 “Place” Priority Delivery Plan.

5 Report Detail

- 5.1 On 20 February 2015, the DCLG announced a new £84 million fund to assist Council tenants who are unable to purchase their home under the Right to Buy (RTB). The funding is available in the form of grant over two years and a prospectus inviting bids for 2015-16 (when £42 million was available) in accordance with defined criteria, accompanied the launch.
- 5.2 The prospectus invited bids from local authorities for schemes which offered “one-off” cash payments, not exceeding £20,000 (£30,000 in London boroughs) to eligible tenants to help them purchase a property on the open market.
- 5.3 A bid for £200,000 of grant was submitted following consultation with the Housing Portfolio Leader and confirmation of action was sought from the Housing Policy Development Committee on 24 March 2015. The DCLG subsequently announced on 26 March that the Council’s bid had been successful.

- 5.4 A proposed “Cannock Chase Right to Buy Social Mobility Scheme” is attached as Appendix 1. This has been formulated in accordance with the required DCLG criteria and will be restricted to the following types of household who will be eligible to receive a “one-off” cash payment of £20,000:
- (i) Older tenants who are unable to purchase their bungalow due to RTB exemptions; and
 - (ii) Tenants of PRC properties who are unable to obtain a mortgage due to the form of construction.
- 5.5 Paragraph 11 of Schedule 5 of the Housing Act 1985 states that there are exceptions to the Right to Buy for non-sheltered dwelling houses for persons of pensionable age. This means a number of older tenants who were allocated bungalows and have accrued RTB discounts are ineligible to purchase their home.
- 5.6 The Council has 1904 general needs bungalows within its stock, although it has not been possible to ascertain how many tenants are exempt from the right to buy. However based on anecdotal evidence from Property Services employees who deal with RTB applications a small number of older people in bungalows enquire about purchasing their property but have to be told they are ineligible.
- 5.7 The Council also has a number of tenants who have applied for the Right to Buy but have been unable to obtain a mortgage due to them living in a property of Precast Reinforced Concrete (PRC) construction. The majority of “high-street” lenders will not approve mortgages for properties of Precast Reinforced Concrete construction.
- 5.8 The Council has 140 PRC construction (Reema, Wates, Cornish) properties remaining in the District; the majority being 3 bed houses with a small number of 4 beds. The PRC construction houses remain in the following areas:
- (i) Moss Road Estate, Chadsmoor;
 - (ii) Braemar Road/Red Lion Crescent, Norton Canes;
 - (iii) Larch Road/Oak Tree Road/The Green, Brereton;
 - (iv) Rowley Close/Bradbury Lane, Hednesford.
- 5.9 It is considered that there is sufficient demand to deliver the “Scheme” to assist 10 tenant households within the scheme, comprising 5 older tenant households and 5 tenants with PRC construction properties.
- 5.10 The “Scheme” will also provide additional benefits by meeting other local needs. The majority of the Precast Reinforced Concrete construction properties remaining in the District are 3 bed houses, with a small number of 4 bed houses. Therefore the scheme will potentially release larger family accommodation in popular areas of the District. Furthermore elderly tenants purchasing another property on the open market, will “free up” one and two bed bungalows in the District.

- 5.11 The cost of the scheme will be fully met from the grant funding, with the total expenditure capped at £200,000. Payments from DCLG will be made via the issue of a grant determination under Section 31 of the Local Government Act 2003. The first payment is expected to be made in the second quarter of 2015-16, with the final payment made at the end of the fourth quarter. Payments will be subject to DCLG receiving satisfactory management information each quarter on completions, total payments and tenant type.

6 Implications

6.1 Financial

The cost of the “Cannock Chase Right to Buy Social Mobility Scheme” will be fully met from the grant funding, with the total expenditure capped at £200,000.

The £200,000 of grant funding does not form part of the agreed 2015-16 Housing Revenue Account Capital Programme and it is necessary to seek Council approval in order that this is included.

6.2 Legal

None

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

None

6.8 Equality & Diversity

The Right To Buy Social Mobility Fund has been subject to a DCLG Equality Impact Assessment.

6.9 Best Value

The “Cannock Chase Right to Buy Social Mobility Scheme” will increase the supply of affordable housing through the release of Council properties vacated by tenants purchasing an alternative property on the open market. This provides best value as there is no cost to the Council as the “Scheme” is wholly grant funded.

7 Appendices to the Report

Appendix 1 – Cannock Chase Council: Right to Buy Social Mobility Scheme.

Previous Consideration

Right To Buy Social Mobility Fund	Housing Policy Development Committee	24 March 2015
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Background Papers

CANNOCK CHASE COUNCIL

RIGHT TO BUY SOCIAL MOBILITY SCHEME

1. The scheme will be in accordance with the requirements of the “Right to Buy Social Mobility Fund” as set out in the prospectus published by the Department for Communities and Local Government in February 2015 and will apply to the following households:
 - i) Older tenants who are unable to purchase their bungalows due to RTB exemptions;
 - ii) Tenants of PRC properties who are unable to obtain a mortgage due to the form of construction.
2. Tenants must be eligible (apart from being exempt due to the circumstances outlined in 1(i) above) for the Right to Buy and cannot be in the process of applying for the Right to Buy on their current home or have received a RTB discount in the last 5 years.
3. A “one-off” cash incentive payment of £20,000 will be made to assist qualifying households (as set out in paragraph 1 above) purchase a property on the open market.
4. Tenants will be required to vacate their existing home on receipt of the cash payment and are not expected to return to social housing whilst they own a property which they received a cash payment.
5. The scheme will be “cash limited” to the grant funding received by the Council from the “Right to Buy Social Mobility Fund”.