

COMMUNITY AND SOCIAL AFFAIRS

20 JUNE 2012

REPORT OF THE HEAD OF COMMUNITIES & NEIGHBOURHOODS

REINVIGORATING RIGHT TO BUY AND ONE FOR ONE REPLACEMENT

1.0 PURPOSE OF REPORT

- 1.1 To update members on the information for Local Authorities provided in relation to the governments proposals to reinvigorate Right to Buy and One for One Replacement.
- 1.2 For members to delegate to the Head of Communities & Neighbourhoods to sign up to an agreement with Government to retain the receipts for replacement housing.

2.0 RECOMMENDATIONS

- 2.1 **Members note the Reinvigorating Right to Buy and One for One replacement Information for Local Authorities Paper.**
- 2.2 **Delegate to the Head of Communities & Neighbourhoods to sign up to an agreement with Government to retain the receipts for replacement housing**

3.0 KEY ISSUES

- 3.1 In November 2011 Government announced their intention to increase the caps for Right to Buy discounts to enable more tenants to achieve home ownership. It also set out their intention to ensure that the receipts on every additional home sold under the Right to Buy are used to fund replacement, on a one to one basis, with a new home for Affordable Rent.
 - 3.1.1 In December 2011, the Department for Communities and Local Government (CLG) published the 'Reinvigorating the Right to Buy and One for One replacement' Consultation Document setting out proposals for how this would be achieved and seeking views.
 - 3.1.2 In March 2012 CLG published the 'Information for Local Authorities' document which sets out the changes in more detail, which have taken effect from 2 April 2012.(Appendix A)
 - 3.1.3 The key points are included in the document, however, members are asked to particularly note the increase to the discount cap to £75,000 and the replacement for every additional home sold under Right to Buy.
 - 3.1.4 To enable Local Authorities to retain the receipts for replacement housing is subject to signing up to an agreement with Government that they will limit the use of the net Right to Buy receipts to 30% of the cost of replacement homes.
 - 3.1.5 In short the Secretary of State will agree to:
 - I. Allow the authority to retain additional Right to Buy receipts to fund the provision of replacement stock and

- II. Allow the authority three years to invest those receipts before asking for the money to be returned with interest of 4% plus Bank of England Base Rate.

This will not require the council to complete the building of any home within 3 years. All that is required is that the authority should have incurred expenditure sufficient that Right to Buy receipts form no more than 30% of it.

3.1.6 Members are asked to approve to signing up to this agreement and delegate to the Head of Communities & Neighbourhoods to sign the agreement with Government.

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 There are some direct links with some priorities within the Council's Corporate Plan:

- Help provide a stock of housing accommodation that meets the needs of the community
- Improving the well-being of vulnerable people
- To provide high performing services that are efficient and meet customers' needs

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 There are clearly implications on capital receipts with the discount cap being increased to £75,000, however, on signing up to the agreement officers will seek to maximise the potential of retaining receipts for replacement housing.

5.2 If the Council is unable to deliver the new housing within three years of receiving retained receipts it will have to repay the receipt back to government plus accumulated interest at 4% plus bank of England base rate.

6.0 LEGAL IMPLICATIONS/POWERS

6.1 The Right to Buy scheme was introduced through legislation in 1980 and no new direct implications have been indentified through the recommendations made in this report. Existing applicants have been contacted with the new discount arrangements and relevant new Section 125 documents have been issued.

7.0 COMMUNITY SAFETY

7.1 None have been identified.

8.0 EQUALITIES

8.1 The Right to Buy scheme is open to all secure tenants of local authorities and applications are assessed on tenure and property.

9.0 RISKS

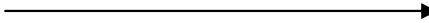
Probability



Very High				
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Risk No.	Description
1	Significant increase of RTB's
2	Retained receipts unable to replace on a one-one basis

A				
High B				
Significant C				
Low D		3	1, 2	
Very Low E				
Almost Impossible F				
	IV Negligible	III Marginal	II Critical	I Catastrophic



Impact

10.0 CLIMATE CHANGE

10.1 No direct implications have been identified

11.0 CONSULTATION

11.1 The Consultation document was subject to a six week consultation period.

12.0 WARDS AFFECTED

12.1 All wards are affected

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Date: 11 June 2012

Appendices: A- Reinvigorating Right to Buy and One for One Replacement Information for Local Authorities

Background Papers: None

Reference: X/CSA/200612/HR- Reinvigorating Right to Buy and One for One Replacement