Taunton Deane Borough Council

Tenant Services Management Board – 19th June 2012

Changes to Right to Buy Policy

Joint Report of the Housing and Health Manager and Financial Services Manager
(This matter is the responsibility of Executive Councillor Adkins)

1. Executive Summary

This report summarises recent changes introduced by Government concerning the Right to Buy provisions and considers the impact on TDBC. In particular it considers the introduction of a 1 for 1 replacement policy and the implications for future retention of our Right to Buy receipts. Finally the report considers the decision regarding TDBC signing an agreement with Government on one for one replacement that will shape our approach and resources for new affordable housing in future years.

2. Background

The Right to Buy scheme was introduced in 1980 and gives qualifying social tenants the right to buy their home at a discount. The scheme is open to secure tenants of local authorities and non-charitable housing associations, and to those assured tenants of housing associations who have transferred with their homes from a local authority as part of a housing stock transfer.

In *Laying the Foundations: A Housing Strategy for England,* the Government announced its intention to increase the caps on Right to Buy discounts to enable more tenants to achieve their ambition for home ownership. It also set out the Government's commitment to ensure that the receipts on every additional home sold under the Right to Buy are used to fund its replacement, on a one for one basis, with a new home for Affordable Rent.

3. Key Changes to existing policy.

NB The following text is adapted from DCLG documentation.

<table>
<tr><th>Policy</th><th>Current Policy</th><th>From 2 April 2012</th></tr>
<tr><td>Discount Rates, Cap and Eligibility</td><td>Current discount rates are:
For houses: 35% of the property’s value plus 1% for each year beyond the qualifying period up to a maximum of 60%;
For flats: 50% plus 2% for each year beyond the qualifying period up to a maximum of 70%.
Tenants must have been public sector tenants for 5 years before they qualify for the Right to Buy

In practice, most Right to Buy discounts are limited by caps. These currently range from £16,000 in most parts of London and are currently £30,000 in the South West.</td><td>The discount cap has been increased to £75,000 across England, giving tenants a much greater incentive to purchase their own home.

Discount rates will not change and tenants will still need to have been public sector tenants for 5 years.

<table><tr><th rowspan="2">Years renting from council</th><th colspan="2">Discount</th></tr><tr><th>House</th><th>Flat</th></tr><tr><td>5</td><td>35%</td><td>50%</td></tr><tr><td>10</td><td>40%</td><td>60%</td></tr><tr><td>15</td><td>45%</td><td>70%</td></tr><tr><td>20</td><td>50%</td><td>70%</td></tr><tr><td>25</td><td>55%</td><td>70%</td></tr><tr><td>30</td><td>60%</td><td>70%</td></tr><tr><td>Over 30</td><td>60%</td><td>70%</td></tr></table></td></tr>
<tr><td>Use of Right to Buy Receipts</td><td>Subject to the deductions mentioned below, 75% of the receipts are paid to HM Treasury (“the poolable amount”) and the remaining 25% are retained by local authorities.</td><td>After calculating transaction costs and compensating authorities for loss of income above what has been covered in the self-financing settlement, HM Treasury and local authorities will receive the amounts they would have expected to receive, had the policy on Right to Buy remained unchanged.</td></tr>
<tr><td>Administration Costs</td><td>For the purposes of calculating the poolable amount, local authorities may deduct the actual transaction costs of successful sales from Right to Buy receipts, but there is no allowance for costs relating to Right to Buy applications which do not result in a sale.</td><td>Flat rate allowances for London and the rest of England have been set with a 50% uplift for withdrawn applications. Allowances will be fixed at £2,850 for London and £1,300 for the rest of England.</td></tr>
<tr><td>Buy Back</td><td>Councils may Buy Back former council properties and claim around 50% of the costs from their total Right to Buy receipts.</td><td>We will retain the Buy Back facility, allowing councils to claim up to 50% of the value of each property bought-up to a total of 6.5% of the value of net Right to Buy receipts</td></tr>
</table>

		(after administration costs, debt and assumed income). 6.5% is around the average level of Right to Buy receipts retained by local authorities for Buy Back over the last three years.
Cost Floor	Section 131 of the Housing Act 1985 (the cost floor) limits the Right to Buy discount to ensure that the purchase price of the property does not fall below what has been spent on building, buying, repairing or maintaining it over a certain period of time (relevant expenditure).	The period of time the cost floor covers has been increased from **10 to 15 years** for new homes subject to Right to Buy, bringing rules for councils into line with those for Housing Associations and protecting initial investment in the housing. In addition **the option for councils to apply for an exemption from pooling receipts** for new homes built in future will be retained.

4. Tenant Awareness and Likely Demand.

The Council has a legal duty to make tenants aware of these changes to the Right to Buy provisions. DCLG have provided a range of materials to be adapted for this purpose. Arrangements will be made to write to all tenants regarding this, along with publicity in our tenant's newsletter in July and information will be published on our website.

However due to the national publicity there have already been a number of enquiries from tenants about the new arrangements, suggesting a significant increase in sales. From the 1st April to 25th May we have already received 22 RtB applications, against 25 in all of the last financial year. Our experience reflects similar reports from many other authorities throughout the country. It is of course impossible to predict the potential likely increase in numbers of Right to Buys completed at this stage. Although the increased discount is a significant incentive, the current financial climate continues to make home ownership a challenge.

Increases in numbers of Right to Buys will have an impact on administration and conveyancing, so we will have to continue to monitor capacity in housing and legal services. The addition of an uplift in deductible allowances for withdrawn applications is welcome as a number of these may arise particularly in the early days of the new policy.

5. One for One Replacement

The following are extracts from DCLG documents to best explain the new system:-

"On 2 April 2012 Ministers raised the cap on Right to Buy discounts to £75,000, and confirmed that receipts from the additional sales this would generate would be used to fund replacement stock on a one-for-one basis. At the same time Ministers confirmed that their favoured option of delivering these new homes would be through local authorities retaining receipts to spend in their areas.

In order for your authority to keep these additional receipts it will be necessary for it to enter into an agreement with the Secretary of State for Communities and Local Government.

In short the Secretary of State agrees to

i. allow your authority to retain additional Right to Buy receipts to fund the provision of replacement stock, and
ii. allow your authority three years (from commencement of the agreement) to invest those receipts before asking for the money to be returned.

It is worth emphasising that the agreement does not require a local authority to complete the building of any home within three years. All that is required is that the local authority should have incurred expenditure sufficient that Right to Buy receipts form no more than 30% of it.

In return your authority agrees

i. that Right to Buy receipts will not make up more than 30% of total spend on replacement stock, and
ii. to return any unused receipts to the Secretary of State with interest.

It will be entirely the decision of your authority whether to enter into such agreements and entirely its decision as to how much of the surplus receipt it retains.

Should your authority not wish to enter into an agreement then any surplus receipts arising in your area will be surrendered to the Secretary of the State and passed to the Homes and Communities Agency (or, in London, the Greater London Authority) for them to invest in replacement stock.

As set out above, the only condition in the agreement will be that the retained Right to Buy receipts must not constitute more than 30% of the total amount invested in replacement stock (which could mean newly built council homes, newly acquired council homes (i.e. existing homes bought on the open market) or social housing provided through local authority grants to housing associations).

The 30% cap is necessary to ensure that we get maximum value for money from the Right to Buy receipts and enable the building of as many new homes as possible (indeed, more than one-for-one if that is feasible). Your authority (or the housing association you are grant funding) will be expected to fund the remaining 70% from its own reserves or through borrowing serviced by the anticipated rental income from the new homes built. To maximise borrowing it may be necessary to charge an Affordable Rent (i.e. up to 80% of market rent), but, in the case of new council homes, that is a decision for your authority.

We have considered historic data, which confirms that 30% is realistic and achievable.

Where retained receipts exceed 30%, then your authority will agree to return the additional receipt (i.e. the receipt above 30%) to the Secretary of State with interest.

Taking into account advice from the Homes and Communities Agency, we consider that three years is sufficient time to develop proposals and invest in replacement / new stock. (As set out above, the agreement will not require a local authority to complete the building of any home within three years. All that is required is that the local authority should have incurred expenditure sufficient that Right to Buy receipts form no more than 30% of it.)

Each financial quarter your authority will report to the Department the cumulative sum it has *retained* for replacement stock and the cumulative amount it has *spent* on replacement stock.

There will be no requirement to return receipts in your first three years of the agreement, but in Quarter 1 of 2015/16 your authority will have to compare

- the total amount spent on replacement stock from the start of the agreement to the end of that quarter, with
- the total amount it has retained from Right to Buy receipts in Quarter 1 of 2012/13 (i.e. receipts it has had two years to spend).

Where the latter is 30% or less than the former then no further action is necessary.

In Quarter 2 of 2015/16 the comparison will be between the total spent on replacement stock since the agreement began with the total it retained on Quarters 1 <u>and</u> 2 in 2012/13. And so forth for each subsequent quarter.

Some common questions:-

How can you replace the additional homes sold on one-for-one basis? Surely, the remaining receipt won't be large enough to cover the cost of a new home?

Drawing on evidence from 2011-2015 Affordable Homes Programme – for which most agreements have now been signed – we are clear that it should be possible to fund new homes let at Affordable Rent levels, with no more than 30% of the cost of the new homes needing to come from the Right to Buy receipt. As in the Affordable Homes Programme, the remainder of the cost will come from borrowing against the net rental income stream from the new property, and cross-subsidy from the landlord's own resources.

So, for instance, for a new home costing £140,000 to build, the Right to Buy receipt would contribute up to £42,000. The Right to Buy receipt would not need to cover the full cost of the new home, just as Government grant only provides a minority of the funding for Affordable Rent in the Affordable Homes Programme.

The only way in which the funding for Right to Buy replacement differs from the main 'Affordable Rent' model is that cross-subsidy from converting re-lets of existing social rented homes to Affordable Rent will not be permitted. The 30% maximum contribution takes this into account (in the Affordable Homes Programme, Government grant only contributes around 20% of the cost of the new homes).

In our area, the remaining receipt will not be sufficient to fund one-for-one replacement. Must a council commit to delivering one-for-one replacement, to be allowed to retain the remaining receipt?
No. As we set out in our consultation paper, our aim is to deliver one-for-one replacement nationally. We recognise that the remaining receipt will not be large enough to fund one-for-one replacement in some areas, and we are not requiring councils to do so. If a council wishes to retain the remaining receipt, all it must do is spend that receipt on new affordable rented homes, making sure that no more than 30% of the cost of the new homes comes from the Right to Buy receipt. It can provide the new homes itself, or contract with another social housing provider."

A worked example of how this will work is attached at appendix 3.

6. Application in Taunton Deane

Details regarding financial modelling undertaken is included below. Historically Right to Buy receipts have been used to fund our Housing Enabling Programme and have primarily been targeted to schemes in conjunction with Registered Housing Providers. The recent introduction in the new HRA 30 year business plan of a Social Housing Development fund provides a second option for the provision of new units retained within the HRA. In practice if we are minded to accept an agreement with Government for one for one replacement, we will need both of these avenues to allow a suitable level of investment to be made to offset the 30% restriction. The additional investment now available for affordable housing in the HRA improves our ability to meet the 30% requirement.

7. The Agreement.

A copy of the agreement is attached at Appendix 1.

We do not have to sign up to an agreement now, this can be done at a later date but if we do not sign by the deadline of 27th June we will not be able to retain any receipts for the first quarter of this financial year.

Other important issues to note on qualifying spend to put towards the 70% requirement:

-Any contribution from a partner housing association cannot include any Homes and Communities Agency grant.

-The Council cannot use receipts from non RtB receipts for example selling surplus to requirements property, as we already receive a dispensation from Government to allow us to keep these receipts if we spend them on affordable housing.

-We can spend receipts on acquisition of property but we must decide if we would utilise the existing provision of Buy Back Allowance which allows us to claim up to 50% of the value of each property bought-up to a total of 6.5% of the value of net Right to Buy receipts (after administration costs, debt and assumed income), or if we do not claim Buy Back Allowance and instead count such spend as part of our 70%. In practice we would have to decide which route would be more financially favourable to us.

If we enter into the agreement we can then opt out at a later stage, The effect of termination would mean that we could, from that point, no longer retain any receipts but would still have the three years from the start of the agreement to invest the receipts we had already retained (or have to return them).

8. Finance Comments

The change in policy gives the opportunity for more of the Right to Buy receipts to be kept and used for new affordable housing. The receipts can be retained by Taunton Deane Borough Council or passed to a Registered Social Landlord, but must only account for 30% of total spend (ie the remaining 70% must come from other funding). Any receipts not matched with the additional funding within 3 years must be repaid to the Secretary of State along with interest at an intentionally high rate. This can be avoided by not retaining the payment and paying it to the Secretary of State immediately.

The capital receipts that would have been expected under the previous system would still be retainable and do not have the restrictions imposed on the Retained Receipts.

Retaining the additional receipts in Taunton Deane would allow additional investment in new affordable housing or repurchasing former council owned houses, increasing stock held and providing additional rental income over the life of the asset. The average net income per property over the next 5 years is expected to be approximately £3,000 per year.

Retaining Right to Buy receipts gives good opportunity to fund grants to Registered Social Landlords since it is possible that the full funding of the grant can come from Right to Buy Receipts. This relies on the Registered Social Landlord matching the 30% funded from Right to Buy receipts with a further 70%, which cannot come from HCA funding and so would need to come from their own funds or borrowings. However Taunton Deane would remain liable to repay any Right to Buy receipts not matched by the Registered Social Landlord within 3 years and would also need to pay interest dating back to the capital receipt and so agreements would need to be in place with the Landlords to minimise this risk.

The following table shows the level of sales needed before Retained Receipts become available, and before either repayment of receipts is needed, or the Council increases investment above the current Business Plan. For the purposes of this modelling we have used both the Social Housing Development Fund and Grants to RSLs.

A diagram to illustrate the new arrangements versus the old is contained at Appendix 4.

2012/13 - 2014/15		
	Number of sales	
	3 Year period	Per year (average)
Level at which Retained Receipts start accumulating (ie after payments to government and Taunton Deane in lieu of previous pooling arrangements)	27	9
Level at which some Retained Receipts would need be returned to the Secretary of State (based on current target budgets and with an assumption that all grants to RSLs are matched with 70% of their own funding	96	32

Note: this is using an average receipt of £54,000 (based on average market value of sales in 2011/12)

The numbers and value of properties which are bought through Right are Buy are not easily predicted which would make including the receipts into medium or long term planning difficult since the spend would need to be matched by the further 70% within 3 years. Monitoring of both the capital receipts and expected and actual spend on new affordable housing would need to take place to ensure that any capital receipts that are retained are matched against spend within the 3 year timeframe given. Failure to match the receipt with actual spend within 3 years will result in repayment of the capital receipts (which may have already been used) plus interest. Monitoring would need to be ongoing to ensure that any potential repayments of Right to Buy receipts are made as soon as possible to limit the amount of interest payable.

Given the high level of interest already received in Right to Buys under the new arrangement, the current budgeted spend may not be enough to retain all capital receipts. This enforces the need for thorough monitoring to make sure that receipts are not held when the additional spend is either not available or not attainable due to other restrictions.

Conclusion

With careful management this could give opportunity for additional investment in affordable housing in Taunton Deane, and could potentially be used in conjunction with Registered Social Landlords if Taunton Deane is unable to fund the 70% from its own resources or from additional borrowing.
Repayment of borrowings of up to £3k per property pa is affordable (based on average net income), with headroom for borrowing currently at approximately £15m.

9. Legal Comments
The agreements will be made under powers provided by section 11(6) of the Local Government Act 2003 (as inserted by section 174 of the Localism Act 2011).

10. Links to Corporate Aims
Resource arising from RtB receipts will be directed at the Council's priority of Affordable Housing.

11. Environmental Implications
New homes built with the proceeds of RtB sales will generally be built to a high energy efficiency standard.

12. Community Safety Implications - No direct implications.

13. Equalities Impact .
No detrimental impact on protected groups identified. Full EIA is at Appendix 2.

14. Risk Management
The financial risks associated with the recommendation of this report are considered in the body of the report.

15. Partnership Implications
Delivery of Affordable Housing will inevitably rely on significant levels of partnership working in particular with other housing organisations. Indeed if there is support for signing up to the agreement with Government, financial input from RSL's will be required to maximise the affordable spend locally and therefore give the Council the best possible chance of retaining all RtB receipts. The new affordable housing partnership will be key to securing this ongoing support.

16. Recommendation

1. Tenant Services Management Board is asked to comment on the report.

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Appendix 1.

Agreement – Section 11(6) of the Local Government Act 2003

This agreement is made pursuant to section 11(6) of the Local Government Act 2003.

Parties

The Secretary of State for Communities and Local Government ("the Secretary of State") and

…………. …………………… ("the Authority").

This agreement comprises 10 pages

General

1. In this agreement :

   "the due date", "quarter" and "the relevant quarter" have the same meaning as in the Regulations;

   "receipts" means the receipts to which Schedule 1 to the Regulations applies;

   "retained amount" means the amount calculated in Part 1;

   "the Regulations" mean the Local Authority (Capital Finance and Accounting) (England) Regulations 2003;

   "social housing" means low cost rental accommodation as defined by section 68(1)(a) of the Housing and Regeneration Act 2008;

   "the sub-liability" means the sub-liability calculated under Schedule 1 to the Regulations;

   the terms "A", "E", "F","G", "J" and "K" used in this agreement have the same meaning as in Schedule 1 to the Regulations.

2. This agreement applies to receipts received on or after 1st April 2012 ("the commencement date").

3. The Authority is not required to pay to the Secretary of State such portion of the sub-liability calculated in accordance with Part 1 of this agreement provided the Authority complies with the conditions set out in this agreement.

4. The Authority must use the retained amounts for the provision of social housing. Any amounts not used for this purpose must be paid to the Secretary of State and interest will be payable calculated in accordance with paragraph vi of Part 1.

5. The Authority must provide the information set out in Parts 1 and 4 of this agreement to the Secretary of State at the times and in any format the Secretary of State may request.

6. This agreement may be terminated by the Secretary of State by giving notice of one quarter.

7. This agreement may be amended by agreement.

Part 1 - Calculation of the portion of the sub-liability that the Authority may retain.

i. Where in any quarter –

A is more than (3.39847729 x G) + E + F + J

the Authority may retain an amount (“the retained amount”) up to–

K less (2.398347729 x G).

ii. The Authority must inform the Secretary of State of the following by the due date of the relevant quarter-

(a) the value of K less (2.398347729 x G);

(b) the retained amount; and

(c) any amount not retained by the Authority.

iii. Where the Authority has informed the Secretary of State (under paragraph ii(c)) that an amount will not be retained, the Authority must pay that amount to the Secretary of State by the due date of the relevant quarter.

iv. Where the Authority has informed the Secretary of State that an amount will not be retained and fails to pay that amount on the due date of the relevant quarter, interest is payable and incurred from the due date until the Authority pays that amount to the Secretary of State.

v. Where the Authority does not inform the Secretary of State of the amount it will not retain by the due date of the relevant quarter, it will be assumed that the retained amount for that quarter is the full amount the Authority may retain and where an amount is not retained and is paid to the Secretary of State, interest will be payable and incurred from the due date until the date the Authority pays that amount to the Secretary of State.

vi. The Authority may pay any part of the retained amount to the Secretary of State and where it does so, interest is payable and incurred from the due date of the relevant quarter in which the retained amount was retained by the Authority until the date it is paid to the Secretary of State.

Part 2– Return of retained amounts

i. This Part applies where 13 quarters have expired since the commencement date.

ii. In this Part :

“the reckonable quarter” means the quarter 12 quarters prior to the relevant quarter;

“quarter 1” means the quarter in which the commencement date falls;

A is the total of the retained amounts for all quarters from quarter 1 to the reckonable quarter;

"the total amount spent on the provision of social housing" is the amount spent on the provision of social housing from quarter 1 to the last day of the relevant quarter;

R is the total of the returnable amounts calculated under paragraph iv of this Part and amounts paid to the Secretary of State under paragraph vi of Part 1 for all the quarters from quarter 1 to the reckonable quarter.

iii. The total retained amount is calculated as follows –

A – R.

iv. Where on the last day of the relevant quarter, the total retained amount exceeds 30% of the total amount spent on the provision of social housing, the Authority must pay to the Secretary of State the portion of the total retained amount in excess of 30% of the total amount spent on the provision of social housing ("the returnable amount").

v. Where the Authority must pay a returnable amount to the Secretary of State under paragraph iv of this Part, interest is payable, calculated and incurred from the due date of the reckonable quarter until the date the returnable amount is paid to the Secretary of State.

Part 3 - Calculation of interest

Where interest is payable under this agreement, it will be calculated at a rate of 4% above the base rate on a day to day basis compounded with three-monthly rests and "base rate" has the same meaning as in the Regulations.

Part 4 - Provision of information

On the due date of each relevant quarter the Authority must provide to the Secretary of State the details of the number of starts on site since the commencement date.

"Start on site" means the earlier of commencement of the following by the Authority or other body to which the Authority has paid all or part of the retained amount for the purpose of providing social housing:

(a) excavation for strip or trench foundations or for pad footings;

(b) digging out and preparation of ground for raft foundations;

(c) vibrofloatation, piling, boring for piles or pile driving; or

(d) drainage work specific to the buildings forming part of the scheme.

Part 5 – The amount spent on the provision of social housing

i. The amount spent on the provision of social housing shall not include any expenditure which has been used or which the authority intends to use to-

   (a) reduce a capital receipt under regulation 15(1)(c) of the Regulations (capital allowance); or

   (b) buy back a relevant interest defined in paragraph 3(1)(b) of the Schedule to the Regulations and claim buy back allowance in respect of that expenditure under paragraph 3 of the Schedule to the Regulations.

ii. The amount spent on the provision of social housing shall not include any expenditure on dwellings which are social housing at the time of the expenditure.

iii. The amount spent on the provision of social housing is the amount spent by the Authority or by a body to which the Authority has paid some or all of the retained amounts (such body must not be a body in which the Authority holds a controlling interest) on the development costs associated with the provision of social housing for the benefit of the Authority’s area.

iv. Where the Authority has paid all or some of the retained amounts to a body for the purpose of contributing towards the cost of providing social housing, the Authority must ensure that only retained amounts provided by the Authority have been used by such body for the provision of social housing for the benefit of the Authority.

v. Social housing is provided for the benefit of the Authority where it is situated in the area of the Authority or the Authority has nomination rights in respect of the social housing.

vi. The amount spent on social housing includes the following:

(a) the development costs associated with the acquisition of dwellings to be used as social housing;
(b) the development costs associated with the acquisition of land for the construction of dwellings to be used as social housing;
(c) the development costs of the construction of dwellings to be used as social housing.

vii. In this Part “development costs” means the costs set out in Part 6.

Part 6 – Development costs

Development costs means the costs relating to the development of social housing in respect to the heads of expenditure set out below.

Heads of expenditure

1 ***Acquisition***

1.1 *Purchase price of land/site.*

1.2 *Stamp Duty Land Tax on the purchase price of land/site.*

2 ***Works***

2.1 *Main works contract costs (excluding any costs defined as on costs).*

2.2 *Major site development works (where applicable). These include piling, soil stabilisation, road/sewer construction, major demolition.*

2.3 *statutory agreements, associated bonds and party wall agreements (including all fees and charges directly attributable to such works) where applicable.*

2.4 *Additional costs associated with complying with archaeological works and party wall agreement awards (including all fees, charges and claims attributable to such works) where applicable.*

2.5 *Irrecoverable VAT on the above (where applicable).*

3 ***On costs***

3.1 *Legal fees and disbursements.*

3.2 *Net gains/losses via interest charges on development period loans.*

3.3 *Building society or other valuation and administration fees.*

3.4 *Fees for building control and planning permission.*

3.5 *Fees and charges associated with compliance with European Community directives, and any requirements relating to energy rating of dwellings, Eco-Homes certification and Housing Quality Indicators.*

3.6 *In-house or external consultants' fees, disbursements and expenses (where the development contract is a design and build contract) (see note 1 below).*

3.7 *Insurance premiums including building warranty and defects/liability insurance (except contract insurance included in works costs).*

3.8 *Contract performance bond premiums.*

3.9 *Borrowing administration charges (including associated legal and valuation fees).*

3.10 *An appropriate proportion of the development and administration costs of the Authority or the body in receipt of funding from the Authority.*

3.11 *Irrecoverable VAT on the above.*

Note 1

Where the development contract is a design and build contract, the on-costs are deemed to include the builder's design fee element of the contract sum. The amount included by the builder for design fees should be deducted from the works cost element referred to above, as should other non-works costs that may be submitted by the builder such as fees for building and planning permission, building warranty, defects liability insurance, contract performance bond and energy rating of dwellings.

Note 2

Some items will not qualify as development costs unless the Authority can clearly demonstrate that such costs are properly chargeable to the social housing, i.e. for the sole use of the residents or to comply with any statutory obligations that may have been imposed.

Examples of these are as follows:

- *works to any roads which do not exclusively serve the social housing;*
- *landscaping to areas of land which lie outside the boundaries of the land on which the social housing is situated;*
- *district heating systems;*
- *trunk sewers and sewage disposal works;*
- *special refuse treatment buildings;*
- *public conveniences;*
- *community halls, club rooms, recreation rooms.*

Note 3

Subject to the above, where any cost incurred or to be incurred by the Authority or a body in receipt of funding from the Authority is common both to the development of the social housing and to any other activity, asset or property of the Authority or a body in receipt of funding from the Authority, only such part of that cost as is attributable to the development of the social housing may be treated as a cost in respect of which the retained amount may be paid.

Signed on behalf of the Authority by ……………………………………………

(insert name and position in capitals)

………………………………………………………….. (add signature and date)

Signed on behalf of the Secretary of State by Graham Duncan – Deputy Director – Affordable Housing Regulation and Investment

……………………………………………………………………(add signature and date)

Equality Impact Assessment – pro-forma **Appendix 2**

Responsible person	*James Barrah*	**Job Title -** ***Housing and Health Manager***	
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy or service		Yes
	Change to Policy or Service		Yes
	Budget/Financial decision – MTFP		Yes
	Part of timetable		

What are you completing the Equality Impact Assessment on (which policy, service, MTFP proposal)	Proposal to sign up to new agreement with Government to allow TDBC to retain greater net receipts from Right to Buy sales of Council Houses.

Section One – Scope of the assessment	
What are the main purposes/aims of the policy?	*Greater incentives (financial discounts) have been introduced by Government from 1/4/12 that will inevitably encourage higher levels of RtB's. The opportunity exists for TDBC to retain a greater proportion of the net receipts in future to spend on new Affordable Housing.*
Which protected groups are targeted by the policy?	*Consideration given to all protected groups in terms of the impact of this report.*
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	*Inevitably the Right to Buy provision has been more accessible in the past to the more financially secure tenants, even with increased discounts now available the same principle will apply. Promotional material provided by DCLG is being used to communicate the changes to TDBC tenants. We will make sure this is accessible to all our tenants in the usual way. In particular we will scrutinise this material to ensure it strikes the right balance between promoting the new opportunity for home ownership arising from the increased discounts and adequate warnings on the financial risk and responsibility that goes with buying and maintaining your own home.No specific data sources used or available in this circumstance.*

Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality
No negative impact on any protected group.

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	Yes
Adjust the policy	
Continue with the policy	
Stop and remove the policy	

Reasons and documentation to support conclusions: see above	
Section four – **Implementation –** timescale for implementation	
Agreement to be signed and returned to Government by end of June, impact will then form part of ongoing consideration for TDBC finance and affordable housing programme.	
Section Five – Sign off	
Responsible officer: James Barrah Date: 31/5/12	Management Team Date
Section six – Publication and monitoring	
Published on: June 2012	
Next review date. N/A	Date logged on Covalent

AGENDA ITEM 7

APPENDIX 3

CHANGES TO RIGHT TO BUY POLICY

	2012/13				2013/14				2014/15				2015/16			
	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16
Receipts	100	100	100	100	100	100	0	0	0	0	0	0	0	0	0	
Cumulative Receipts	100	200	300	400	500	600	600	600	600	600	600	600	600	600	600	
Spend	0	0	50	100	100	50	50	40	40	40	30	30	30	30	30	
Cumulative Spend	0	0	50	150	250	300	350	390	430	470	500	530	560	590	620	
Total of all retained amounts from Q1 to the reckonable quarter													100	200	277	
30% of total amount spent on provision of social housing													168	177	186	
Returnable Amount (R)													0	23	91	

Adjusted to take account of money surrendered in the previous quarter

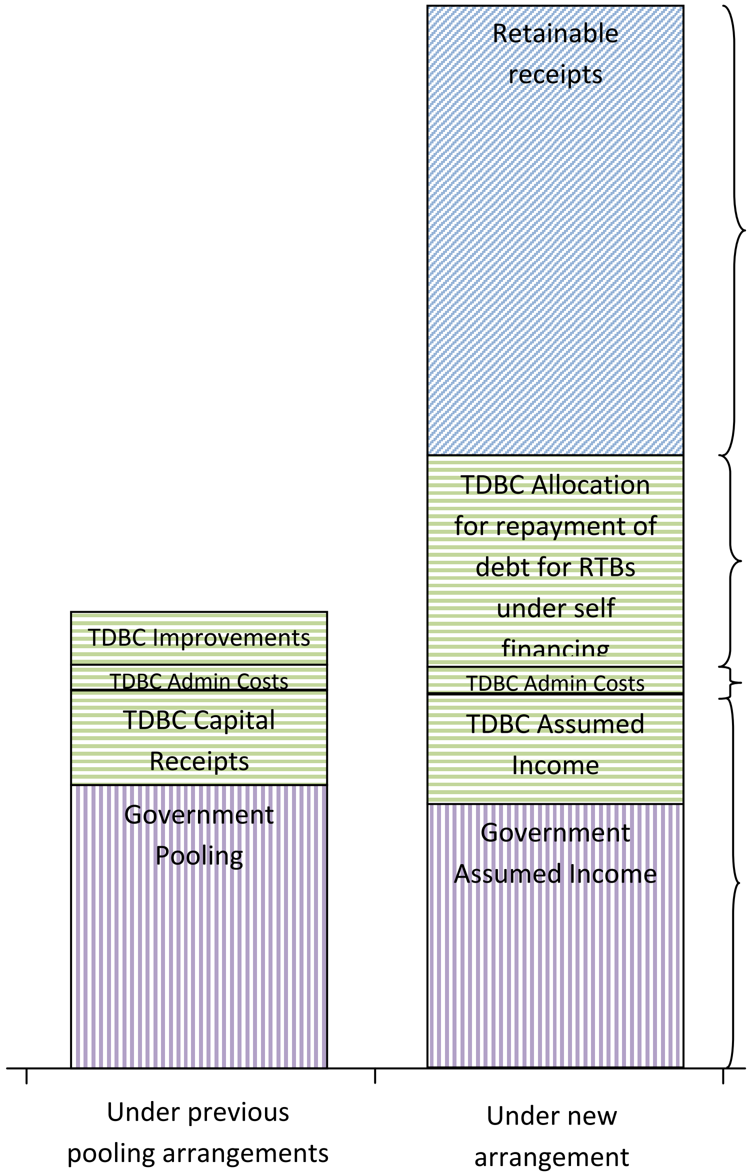
Receipts in Q1 are less than 30% of total spend up to the end of Q13, therefore nothing to surrender to central Govt

Receipts in Q1 and Q2 are more than 30% of total spend up to the end of Q14, therefore £23k (ie the difference) must be surrendered to central Govt and receipts received in Q2 will be reduced by £23k

AGENDA ITEM 7 **Right to Buy**

Capital Receipt Allocations

Appendix 4



New retainable receipts for replacement homes.
This part may be retained by TDBC providing that it accounts for no more than 30% of spend on new affordable housing.
A maximum of 6.5% can contribute 50% of repurchasing former council homes.
Alternatively it can be returned to the Secretary of State.

Deductions can be kept for the amount of debt taken on for the houses sold under Right to Buy (those over and above the number in self financing).
The debt does not need to be repaid immediately

Admin costs are now at a set amount per sale instead of actual costs.
Improvement costs over the last 3 years are no longer deductable.

Taunton Deane will retain the capital receipts they would have received based on the number of RTBs under self financing. Assumption for the amounts that would have been pooled under the previous arrangement have been made by government and are still payable.

Key

- Taunton Deane
- Payable to Government
- Retainable Receipts