

RECORD OF EXECUTIVE DECISION

Tuesday, 21 January 2014

Decision No: (CAB 13/14 11989)

DECISION-MAKER:	CABINET
PORTFOLIO AREA:	CABINET MEMBER FOR HOUSING AND SUSTAINABILITY
SUBJECT:	USE OF RIGHT TO BUY RECEIPTS TO PROVIDE AFFORDABLE HOMES
AUTHOR:	Sherree Stanley-Conroy

THE DECISION

- (i) To add, in accordance with Financial Procedure Rules, a sum of £1,628,000 to the Housing and Sustainability Portfolio General Fund Capital Programme for a Registered Provider Grants scheme to be funded from Right to Buy receipts.
- (ii) To approve, in accordance with Financial Procedure Rules, capital expenditure of £1,628,000, phased £800,000 in 2014/15 and £828,000 in 2015/16, to award grants to Registered Providers to help fund new affordable housing in the City.
- (iii) To delegate authority to the Director of Place, following consultation with the Chief Financial Officer, the Head of Legal and Democratic Services, the Senior Head of Property and Procurement and the Cabinet Member for Housing and Sustainability to:
 - (a) finalise the bidding criteria for the grant funding;
 - (b) decide successful bidder(s) for the grant funding; and
 - (c) enter into a grant agreement with the successful Registered Provider(s)

REASONS FOR THE DECISION

1. The council has significant funding available from Right to Buy receipts. This money needs to be spent within 3 years of receipt, otherwise receipts must be paid to the Government, with interest.
2. These receipts can only be used to fund new affordable housing. The RTB receipts can only comprise 30% of the total cost.
3. If the council were to build affordable homes itself then it would need to find 70% of the cost. The council's Housing Revenue Account has limited borrowing headroom available to contribute the additional 70% required.
4. Full consideration will be given to the council using future RTB receipts towards funding new affordable council homes as part of the Townhill Park regeneration
5. Funding Registered Providers (RPs/ housing associations) would provide affordable housing without the need for the council to fund the other 70%, helping the HRA's cash flow.

DETAILS OF ANY ALTERNATIVE OPTIONS

1. The Council could decide not to spend the RTB receipts, but this would result in having to pay the money to the Government's Communities and Local Government department (CLG), with an interest payment of 4% above base rate (calculated from the date of receipt).
2. The Council could spend all the money on new Council homes. However, due to Government borrowing restrictions, the council would also need to make significant reductions in the Housing Revenue Account (HRA) Capital Programme with a consequent deterioration in the standard of the existing housing stock.
3. The Council could decide to restrict grant funding **only** to conversion of existing properties. However this option has been rejected as existing properties can however be very complicated, time consuming and costly to convert or bring back into use. For this reason, new build options will also be actively considered (see paragraphs 26-28 of the report)

OTHER RELEVANT MATTERS CONCERNING THE DECISION

None

CONFLICTS OF INTEREST

None

CONFIRMED AS A TRUE RECORD

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision.

Date: 21 January 2014

Decision Maker: The Cabinet

Proper Officer: Judy Cordell

SCRUTINY

Note: This decision will come in to force at the expiry of 5 working days from the date of publication subject to any review under the Council's Scrutiny "Call-In" provisions.

Call-In Period expires on

Date of Call-in *(if applicable) (this suspends implementation)*

Call-in Procedure completed *(if applicable)*

Call-in heard by *(if applicable)*

Results of Call-in *(if applicable)*