



**DRAFT PORTFOLIO HOLDER DECISION NOTICE**

**PROPOSED INDIVIDUAL DECISION BY THE LEADER & THE PORTFOLIO HOLDER FOR HOUSING**

**TOPIC - USE OF RECEIPTS FROM RIGHT TO BUY SALES – MHCLG**

**PROCEDURAL INFORMATION**

The Access to Information Procedure Rules – Part 4, Section 22 of the Council's Constitution provides for a decision to be made by an individual member of Cabinet.

In accordance with the Procedure Rules, the Head of Legal Services (Interim), the Chief Executive and the Strategic Director: Resources are consulted together with Chairman and Vice Chairman of The Overview and Scrutiny Committee and any other relevant overview and scrutiny committee. In addition, all Members are notified.

If five or more Members from those informed so request, the Leader may require the matter to be referred to Cabinet for determination.

**If you wish to make representation on this proposed Decision please contact the relevant Portfolio Holder and the following Democratic Services Officer by 5.00pm on 10TH OCTOBER 2018**

**Contact Officers:**

**Case Officer:** Richard Burden rburden@winchester.gov.uk

**Democratic Services Officer:** Matthew Watson mwatson@winchester.gov.uk

**SUMMARY**

Government issued a consultation paper on 14 August 2018.

**1. Use of receipts from right to buy sales**

The Ministry of Housing Communities and Local Government (MHCLG) has issued a consultation paper on the use of right to buy sale receipts. The deadline for responses is 9 October 2018.

<https://www.gov.uk/government/consultations/use-of-receipts-from-right-to-buy-sales>

**PROPOSED DECISION**

That the Council respond to the consultation as set out in Appendix A.

**REASON FOR THE PROPOSED DECISION AND OTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

It is important for Winchester City Council to respond to consultations to ensure that local considerations can be taken on board before final decisions are made.

**RESOURCE IMPLICATIONS:**

Not applicable.

**DATA PROTECTION IMPACT ASSESSMENT**

Not applicable.

**CONSULTATION UNDERTAKEN ON THE PROPOSED DECISION**

Consultation on the proposed decision has been undertaken with senior officers of Winchester City Council prior to member consultation.

**FURTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED FOLLOWING PUBLICATION OF THE DRAFT PORTFOLIO HOLDER DECISION NOTICE**

Not applicable.

**DECLARATION OF INTERESTS BY THE DECISION MAKER OR A MEMBER OR OFFICER CONSULTED**

Not applicable.

**DISPENSATION GRANTED BY THE STANDARDS COMMITTEE**

Not applicable.

Approved by: (signature)

Date of Decision

Councillor Caroline Horrill – Portfolio Holder for Housing

**APPENDICES:**

**Appendix A – Draft responses to the right to buy receipts consultation**

## **Appendix A – Draft responses to the right to buy receipts consultation**

*Question 1: We would welcome your views on extending the time limit for spending Right to Buy receipts from three years to five years for existing receipts but keeping the three-year deadline for future receipts.*

The council agrees with the proposal to extend the time limit for existing receipts but would like to see the time limit for future receipts also extended to five years.

*Question 2: We would welcome your views on allowing flexibility around the 30% cap in the circumstances set out above, and whether there are any additional circumstances where flexibility should be considered.*

The council agrees with the proposal to allow flexibility around the 30% cap in the circumstances outlined. Additionally, where Homes England grant has been obtained for a project but is insufficient to cover 30% of the scheme development cost, it would be beneficial if a local authority was able to use Right to Buy receipts to bring that element of the funding up to 30%. For example, a scheme with an average unit cost of £200,000 has a grant allocation of £40,000 per unit. The local authority could then allocate a further £20,000 from Right to Buy receipts.

*Question 3: We would welcome your views on restricting the use of Right to Buy receipts on the acquisition of property and whether this should be implemented through a price cap per unit based on average build costs.*

In the light of property values in Winchester the council does not support this restriction. If such a measure was implemented we would strongly recommend a cap rather than an outright ban. The council should be able to utilise £167,000 per property (South East Region) to part fund the acquisition of existing properties.

*Question 4: We would welcome your views on allowing local authorities to use Right to Buy receipts for shared ownership units as well as units for affordable and social rent.*

The council agrees with the proposal to allow Right to Buy receipts to be used for shared ownership units.

*Question 5a: We would welcome your views on allowing the transfer of land from a local authority's General Fund to their Housing Revenue Account at zero cost.*

Under S123 LG of the Finance Act 1972, the council has an obligation to ensure best value is obtained when transferring land from the General fund to the Housing Revenue Account. Disposals of land at zero cost to the Housing Revenue Account can already be considered by cabinet or the secretary of state by individual case. There is therefore no need to override this legislation.

*Question 5b: We would welcome your views on how many years land should have been held by the local authority before it can be transferred at zero cost, and whether this should apply to land with derelict buildings as well as vacant land.*

The council does not support any restriction on the number of years land or derelict buildings need to be held before they can be transferred at zero cost.

*Question 6: We would welcome your views on whether there are any circumstances where housing companies or Arm's length Management Organisations should be allowed to use Right to Buy receipts.*

The council supports any flexibility on the use of Right to Buy receipts provided they are used for affordable housing.

*Question 7: We would welcome your views on allowing a short period of time (three months) during which local authorities could return receipts without added interest.*

The council supports the proposal to allow a short interest free period for the return of unused receipts. It is very much our ambition to use all receipts within the specified time scales. The short interest free period could be extended to one quarter in each financial year, with the local authority allowed to choose which quarter.

*Question 8: Do you have any other comments to make on the use of Right to Buy receipts and ways to make it easier for local authorities to deliver replacement housing?*

A combination of the 30% project restriction, lack of debt headroom, affordable rent only and the three year time limit in which to spend receipts has impeded the delivery of new homes. The promised new rent increase allowances at CPI + 1% from April 2020 will also assist in improving development as it will bring more certainty to future rent levels in the early years after new homes delivery.

*Question 9: Should the Government focus be on a wider measurement of the net increase in the supply of all social and affordable housing instead of the current measurement of additional homes sold and replaced under the Right to Buy? If the target were to change, we would welcome your views on what is the best alternative way to measure the effects of Government policies on the stock of affordable housing.*

The government focus should be on a wider measurement of the net increase in supply of social and affordable homes. It is also important not to lose the link between homes sold through Right to Buy and the number of direct replacements funded through Right to Buy.