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<b>Report To:</b>	<b>Safe, Sustainable Communities Committee</b>	<b>Date: 27 October 2009</b>
<b>Report By:</b>	<b>Corporate Director, Environment and Community Protection</b>	<b>Report No: ECP/Plann/WR09/032</b>
<b>Contact Officer:</b>	<b>William Rice</b>	<b>Contact No: 01475 712070</b>
<b>Subject:</b>	<b>Support For Owners Fund</b>	

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## **1.0 PURPOSE**

- 1.1 To provide Committee with an update on the current position of the Support For Owners fund in relation to River Clyde Homes planned investment programme.

## **2.0 SUMMARY**

- 2.1 As part of the Stock Transfer Agreement a tripartite arrangement was established and agreed between Communities Scotland (now the Scottish Government Housing Investment Division), Inverclyde Council and River Clyde Homes (RCH), to establish a fund which would provide financial assistance solely for owners in communal properties affected by RCHs planned investment programme, to facilitate the achievement of the Scottish Housing Quality Standard (SHQS) by 2015. This fund is known as Support For Owners.
- 2.2 The Support For Owners fund is created by income from River Clyde Homes' excess Right-to-Buy receipts from the previous financial year and requires to be managed in line with existing grant legislation and Council policy.
- 2.3 The process for establishing the fund is the return of the excess Right-to-Buy receipts from RCH to Inverclyde Council, which the Council forwards on to the Scottish Government alongside a bidding document which evidences the grant requirements of RCHs investment programme for that year. The Scottish Government will then return the evidenced financial requirements in the form of a formal grant offer to Inverclyde Council, which will then be administered by the Strategic Housing Team on behalf of the Council to the relevant owners in the form of a formal grant approval.

## **3.0 RECOMMENDATIONS**

- 3.1 That Committee:
- a) note the current financial position of the Support For Owners fund; and
  - b) note the projections for the future Support for Owners fund.

**Fraser K Williamson**  
**Head of Planning and Housing**

## 4.0 BACKGROUND

- 4.1 The Support For Owners fund will be created from the return to Inverclyde Council of River Clyde Homes' excess Right-to-Buy receipts from the previous financial year, from the Scottish Government. Between 3 December 2007 and 31 March 2008, the excess Right-to-Buy receipts totalled £436,671 and this amount has been received by the Council with approval for this amount to be carried forward into the 2009/10 budget. In 2008/09 the excess Right-to-Buy receipts totalled £1,621,273, giving a total Support For owners fund for 2009/10 of £2,057,944.
- 4.2 The Support For Owners fund can only be utilised for owners in communal properties affected by RCHs SHQS investment programme and evidence of the planned investment programme is required to be provided to support the request for funding. Any unallocated element of the excess Right-to-Buy receipt will be retained by the Scottish Government.
- 4.3 The Strategic Housing Function of the Council retains a monitoring role in terms of the local RSLs investment plans to achieve the SHQS by 2015. Cloch Housing Association has already achieved SHQS status for their stock. Appropriate investment plans have been put in place by Oak Tree HA and Larkfield HA to achieve SHQS status for their respective stock. RCH have submitted details of their Investment Plan for the forthcoming 2 years and this sets out an ambitious programme which will make inroads into SHQS attainment for RCH stock. However, this has financial implications for the owners who have a responsibility to fund their share of the communal works.

[Min Ref: 02/09/08, para 549]

## 5.0 PROPOSALS

- 5.1 Currently, the RCH SHQS Investment Programme for 2009/10 indicates that 131 owners will be affected by communal works and, as such, will have to fund their share of these works. The estimated total cost of works for these owners is likely to be in the region of £2.4m. However, analysis of the programme suggest that at least one of these projects will not progress (Pine and Lime Street) and that 96 owners will be liable for works costs of £1.72m. (app I)
- 5.2 Analysis of means tested grant levels indicate that these 96 owners will be eligible for grant assistance totalling £1.24m. When the revenue costs of administration of Support For Owners of £60,000, split equally between the Council and River Clyde Homes as per the budgeted recharge of £30,000, are included, this leaves a potential unclaimed figure of £760,000 from the 2009/10 excess right-to-buy receipts. The Scottish Government have advised that under the terms of the stock transfer agreement there is no option for any unclaimed funding to be rolled over into the next financial year.
- 5.3 As previously noted, the Support For Owners fund is established by the previous years excess Right-to-Buy receipts. In 2009/10 RCH are projecting Right-to-Buy sales of 18 units, giving an estimated Support For Owners fund of £360,000 for 2010/11. As illustrated in appendix I, the RCH SHQS Investment Programme for 2010 indicates the inclusion of 581 owners at a total cost of £3.34m with an estimated grant cost of between £1.18m and £2.12m based on historical take up rate and estimated means tested grant assessments. Assessed against the Excess Right-to-Buy receipts, these figures indicate a projected shortfall of between £880,000 and £1.82m. It should be noted that the anticipated reduced Support For Owners fund for 2010/11 will have a negative impact on the administration fee income that has been projected for the Other Housing budget and, as such, any shortfall will need to be contained from the Other Housing core budget.

- 5.4 RCH have been advised of our concerns regarding this matter and have given a commitment to re-profile their SHQS investment programme to maximise expenditure in 2009/10 and reduce the liability on owners in 2010/11. It is anticipated that the re-profiled programme will reduce the projected 2009/10 underclaim and reduce pressure on the 2010/11 fund. Additional meetings will be held with the Housing Investment Division to discuss the impact of this financial position on RCHs SHQS delivery plan up to 2015. Committee are advised that no grants will be approved or legally committed to until an appropriate investment programme and available funds for 2010/11 are confirmed by River Clyde Homes and agreed by Inverclyde Council.

## **6.0 IMPLICATIONS**

### Strategic

- 6.1 The delivery of the Support For Owners fund by Inverclyde Council will complement the Councils strategic housing role and ensure that transparent and accountable information is received from RCH in terms of their SHQS investment programme.

### Financial

- 6.2 The Support For Owners fund will be established in full from recycled excess right-to-buy receipts, there is currently no financial contribution sought from the Council outwith the Support for Owners fund.

### Legal

- 6.3 There are no Legal implications arising from this report.

### Personnel

- 6.4 There are no Personnel implications arising from this report.

### Equalities

- 6.5 When delivering services to our customers, full cognisance is taken of equality and diversity processes and procedures.

## **7.0 CONSULTATIONS**

- 7.1 This report has been prepared in consultation with the Chief Financial Officer.

## **8.0 LIST OF BACKGROUND PAPERS**

- **Support For Owners Fund, January 2009: ECP/Plann/WR09/006**

Projects 09/10	Total Cost	Total Units	Unit Cost	No. Owners	Total Owners Cost	Grant est.*	Act. Grant Cost £
BISF Phase 3 (owners)	104,778	3	34,926	3	104,778	100 / 83	50,000
Heather, Rowan, Thistle	230,000	170	1,353	6	8,118	100 / 75	6,088
Royal Court	1,449,578	88	16,472	4	65,890	100 / 77	50,735
Ravenscraig Court	1,205,621	58	20,787	3	62,360	100 / 68	42,404
Pine & Lime Street	936,000	48	19,500	35	682,500	10 / 80	54,600
2 - 6 Davidson Drive	447,513	40	11,188	10	111,880	100 / 68	76,078
7 - 10 Davidson Drive	328,684	18	18,268	12	219,216	100 / 68	149,067
6, 8 & 10 Chalmers Street	227,268	11	12,626	5	151,512	100 / 68	103,028
Eastern View	1,401,393	81	17,301	27	467,127	100 / 83	387,715
Rankin Court	1,191,090	58	20,536	25	513,400	100 / 70	359,380
Kilblain crt	966,000	60	16,100	1	16,100	100 / 80	12,888
<b>Sub-total</b>	<b>8,487,925</b>	<b>635</b>		<b>131</b>	<b>2,402,880</b>		<b>1,291,983</b>
Less Pine & Lime Street - unlikely to proceed					(682,500)		(54,600)
<b>Total</b>				<b>96</b>	<b>1,720,380</b>		<b>1,237,383</b>
<b>Projects 10/11</b>	<b>Total Cost</b>	<b>Total Units</b>	<b>Unit Cost</b>	<b>No. Owners</b>	<b>Total Owners Cost</b>	<b>Grant est.*</b>	<b>Est. Grant Cost £</b>
Gourock Town Centre	2,576,000	448	5,750	185	1,063,750	90 / 70	670,162
Greenock Town Centre	2,610,500	454	5,750	222	1,276,500	90 / 70	804,195
Mid Auchinleck	741,750	129	5,750	22	126,500	90 / 80	91,080
PG Town Centre	1,569,750	273	5,750	139	799,250	90 / 70	503,527
Greenock West	1,109,750	193	5,750	13	74,750	90 / 80	53,820
	<b>8,607,750</b>	<b>1497</b>		<b>581</b>	<b>3,340,750</b>		<b>2,122,784</b>
Programme Year		<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>			
House Sales Proceeds	(from previous year)	527,362	1,905,450	430,000 <sup>1</sup>			
House Sales	(no. of units)	25	76	18			
Av. Sale Price		21,094	25,072	20,000			
Excess RTB to InvCo		<b>436,671</b>	<b>1,621,273</b>	<b>360,000</b>			
Carry forward		0	436,671	0			
total available		<b>436,671</b>	<b>2,057,944</b>	<b>360,000</b>			
Grant Rq'd		0	1,237,383	2,122,784			
Fees (InvCo & RCH)			60,000	60,000			
Balance		436,671	<b>760,561</b>	<b>(1,822,784)</b>			
					<b>Key</b>		
					* Take Up / Est Means Tested Grant%		
					<sup>1</sup> Est. Exc RTB from RCH 2009/10 sales		