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<b>Report To:</b>	<b>Education and Communities Committee</b>	<b>Date:</b> 22 January 2013
<b>Report By:</b>	<b>John Arthur , Head of Safer &amp; Inclusive Communities</b>	<b>Report No:</b> <b>EDUCOM/05/13/DH</b>
<b>Contact Officer:</b>	<b>Drew Hall</b>	<b>Contact No:</b> 01475 714272
<b>Subject:</b>	<b>Support For Owners Fund Update</b>	

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## 1.0 PURPOSE

- 1.1 To provide an update on the current position with regard to Support For Owners (SFO) and information received from River Clyde Homes (RCH) on their Scottish Housing Quality Standard (SHQS) investment programme.

## 2.0 SUMMARY

- 2.1 As part of the Stock Transfer Agreement Inverclyde Council, Communities Scotland (now the Scottish Government's Housing Supply Division) and RCH agreed to establish a fund which would provide financial assistance for owners in communal properties affected by RCH's SHQS investment programme.
- 2.2 The SFO fund is created from a Scottish Government grant award to Inverclyde Council, which in turn is created from River Clyde Homes' excess Right-to-Buy (ExcRTB) receipts from the previous financial years' RTB house sales and requires to be managed in line with existing grant legislation and Council policy.
- 2.3 The process for establishing the fund is the remittance, by RCH, of the ExcRTB receipts to Inverclyde Council no later than 30<sup>th</sup> September of the following financial year. The Council then forward this income to the Scottish Government alongside a bidding document evidencing the grant requirements of RCH's SHQS investment programme for that year and requesting grant assistance to that value. The Scottish Government consider the bidding document and the investment programme and make a formal offer of grant to the Council for the creation of the SFO fund. The fund is then administered by the Council in line with grant legislation and current Council policy.

## 3.0 RECOMMENDATIONS

- 3.1 That the Committee:
  - a) note the current position for the 2012/13 Support for Owners fund,
  - b) note the projected budget for the 2013/14 Support for Owners fund; and
  - c) agree the proposed prioritisation for delivery of the Support for Owners fund in 2013/14 as set out in section 6.0

## **4.0 BACKGROUND**

- 4.1 The SFO fund is created by the return, to Inverclyde Council, of RCH's ExcRTB receipts from the previous financial year, by the Scottish Government. A sum of £1,961,882 is available within the SFO fund, comprising carry forward commitments, for which the Council are due to be invoiced, and this years ExcRTB receipts of £451,287.
- 4.2 The owner's share for the works is calculated on the basis of the tender returns which follow an 'Agreed Maximum Price' (AMP) format. AMP sets a cost ceiling for the works which, when coupled with an advisory grant letter, allows the owner to make an informed choice regarding participation in the works and meeting any outstanding balances.

## **5.0 Current Position – 2012/13**

- 5.1 RCH have indicated 19 projects, 6 of which are completed, 11 are on-site and 2 are due on-site by January 2013. A sum of £248,827 has been paid to RCH for completed works and grants totalling £919,102 have been committed. The total of these sums, £1,167,929, represents the total grant commitment to date. Further grants totalling £32,088 are expected to be approved from the 19 projects. This has led to a risk of underspend totalling £761,865.
- 5.2 Discussion has taken place with RCH regarding the identified underspend and RCH have agreed to bring forward 3 projects to allow for commitment of grant from current resources. Estimated participation rates and average grant entitlements indicate that these 3 projects would require a grant commitment of £682,831. Effective communication with owners by RCH may lead to higher than average participation rates thereby negating the estimated underspend of £79,034 and maximising grant commitment from the available funding. One further project has been identified which may allow for a commitment of any remaining underspend.

## **6.0 Projected Budget – 2013/14**

- 6.1 The 2013/14 SFO budget is projected to be £243,190. SHQS works during this period are likely to affect 115 owners and require an estimated grant of £542,226. Therefore there is a need to prioritise both the projects and funding, and to explore alternatives to bridging the funding gap..
- 6.2 RCH advise that they would be unable to prioritise particular properties or projects within their investment programme.
- 6.3 Delivering funding on a first come-first served basis is not considered to be fair and equitable and would lead to situations where owners in later projects could not access financial assistance, thereby limiting the opportunity for SHQS attainment to be achieved. It is suggested that the Council should not consider this option.
- 6.4 Our Scheme of Assistance states that only resident owners are eligible for non-statutory financial assistance, the rationale being that we do not encourage empty homes and cannot provide financial assistance to commercial enterprise at a time when budgets are pressured. It is proposed that from 2013/14, SFO be delivered on the Scheme of Assistance basis. This effect of this would be that:
  - An estimated 35 non-resident owners would not receive financial assistance.
  - Funding would be prioritised for resident owners at an equitable level dictated by the available budget.

In addition, we will discuss with RCH what resources they can bring to bridge the expected funding gap for Support for Owners, following which further recommendations

about prioritisation of available funds will be brought to the Committee for approval.

## **7.0 Future Funding Requirements - 2011/12 to 2015/16**

- 7.1 RCH have not yet provided definitive details of their SHQS investment plan up to 2015/16. However, it is likely that financial pressures will exist from 13/14 onwards. It is therefore recommended that the criteria for eligibility for financial assistance be reviewed annually once SFO budgets and owners costs are known.

## **7.0 Summary**

- 7.1 RCH have commenced a number of projects in 2012/13 which require considerable grant commitments. Owner participation has been high at an average 87% with an average grant level of 73%. The risk of underspend was identified early enough in the programme to enable other projects to be brought forward to maximise grant and it is expected that any underspend will be less than 4% of the total available budget.

## **8.0 IMPLICATIONS**

### Strategic

- 8.1 Delivery of SFO by Inverclyde Council complements the Council's strategic housing role and contributes to the strategic aim of improving housing quality in Inverclyde.

### Financial

- 8.2 SFO in 2012/13 will be funded in full from recycled excess right-to-buy receipts.

### Legal

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

### Personnel

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

### Equalities

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

### Repopulation

- 8.6 Enabling private sector housing to meet modern standards will improve the housing stock in Inverclyde overall.

## **9.0 CONSULTATIONS**

- 9.1 This report has been prepared in consultation with the Council's Chief Financial Officer.

## **10.0 LIST OF BACKGROUND PAPERS**

- 10.1
- Support for Owners Fund, January 2010: ECP/Plann/WR10/002
  - Support For Owners Fund, August 2010: ECP/SCS/JA/10/040
  - Support For Owners Fund, January 2011: ECP/SCS/11/47/JA
  - Support For Owners Fund, May 2011: ECP/SCS/60/11/AH/DH
  - Support For Owners Fund, August 2011: SCS/67/11/AH/DH

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6<sup>th</sup> December 2012