
Report To:	Education and Communities Committee	Date: 12 th March 2013
Report By:	John Arthur, Head of Safer & Inclusive Communities	Report No: EDUCOM/30/13/DH
Contact Officer:	Drew Hall	Contact No: 01475 714272
Subject:	Support For Owners Fund Update	

1.0 PURPOSE

- 1.1 To provide an update on the current position with regards 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 RCHs 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 30th 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 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,
 - c) note receipt of the formal offer of grant from the Scottish Government; and
 - d) note the requirement to agree a prioritisation system with River Clyde Homes.

John Arthur, Head of Safer & Inclusive Communities

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 and this year's ExcRTB receipts of £451,287 for which an offer of grant has been received.
- 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 19 projects in 12/13, 8 of which are completed and 11 are on-site. A sum of £262,429 has been paid to RCH for completed works and grants totalling £944,142 have been committed for the 19 projects. Together the total is £1,206,571 which represents the total grant commitment to individual owners to date. Discussion has taken place with RCH who have brought forward 5 projects to allow for commitment of grant from current resources. Estimated participation rates (85%) and average grant entitlement levels (75%) indicate that these 5 projects would require a grant commitment of the remainder of the budget of £755,311. Therefore, the available Support For Owners budget is considered to be fully committed.
- 5.2 Invoices are expected to be received from RCH for the full grant element of the 8 completed projects and Interim invoices are expected for those works which are on-site. It is expected that the total spend in this financial year will be £1.2 million from the SFO budget.

6.0 Projected Budget – 2013/14

- 6.1 The 2013/14 SFO budget is projected to be £243,190 excluding any committed carry-forward. 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 the funding and to explore alternatives to bridge the funding gap.
- 6.2 RCH advise that they are unable to prioritise particular properties or projects within their investment programme. 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 12/13 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 under-commitment 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
 - Support For Owners Fund Update, January 2013: EDUCOM/05/13/DH