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<b>Report To:</b>	<b>Education &amp; Communities Committee</b>	<b>Date: 10 September 2013</b>
<b>Report By:</b>	<b>John Arthur, Head of Safer &amp; Inclusive Communities</b>	<b>Report No: EDUC/58/13/DH</b>
<b>Contact Officer:</b>	<b>Drew Hall, Service Manager, Community Safety &amp; Wellbeing</b>	<b>Contact No: 01475 714272</b>
<b>Subject:</b>	<b>Support for Owners Fund: Update</b>	

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## 1.0 PURPOSE

- 1.1 To advise Committee of the current position regarding the Support for Owners Fund (SFO) generated from the sale of River Clyde Homes' (RCH) stock under the Right to Buy scheme and to seek approval for modifications to the administration of the fund.

## 2.0 SUMMARY

- 2.1 Following a higher than expected number of Right to Buy sales in the 2012/13 financial year, RCH will have receipts amounting to £328k available to add to the SFO fund for projects to be undertaken in 2013/14. These projects are designed to assist RCH in bringing all of their housing stock up to the Scottish Housing Quality Standard (SHQS) by 2015. Inverclyde Council is working with RCH to support their SHQS programme by providing grants to home owners involved in common works and these grants are made available through the accumulated SFO Fund.
- 2.2 RCH have provided details of their SHQS programme for 2013/14 and it is clear from the estimated costs of these works that the accumulated balance in the SFO Fund will not be sufficient to provide grants to every owner involved, if they should all decide to take part in the common works. A deficit of £133k to £266k is anticipated, depending upon the uptake of grants by owners. Under these circumstances it is appropriate for Inverclyde Council to consider the options available to make best use of the limited SFO funding for the benefit of all concerned.
- 2.3 Meetings have been held with RCH with a view to finding an equitable arrangement for the owners affected that will also allow RCH tenants to receive the SHQS improvements that they are expecting. These options are set out in paragraphs 5.1 – 5.3 of this report.

## 3.0 RECOMMENDATIONS

- 3.1 That the Committee:
- note the updated position in respect of the Support for Owners Fund and note the potential funding deficit for the 2013/14 financial year;
  - note the options available for an equitable distribution of Support for Owners funding during the 2013/14 financial year, as set out in paragraphs 5.1 – 5.3 of this report; and
  - approve the proposed modifications to the administration of the Support for Owners Fund for 2013/14 and remit the approved changes to the Head of Safer & Inclusive Communities for implementation.

**John Arthur, Head of Safer & Inclusive Communities**

## **4.0 BACKGROUND**

- 4.1 In previous financial years a combination of the receipts generated from Right to Buy (RTB) sales and the carry forward of accumulated receipts has allowed Inverclyde Council to fully support the RCH SHQS programme by making grants available to all participating owners on a means tested basis. Grants ranging from 100% to 50% of the costs of eligible works have been provided to owners wishing to take part in common works. The accumulated RTB receipts in the SFO Fund have been steadily reduced over the past few years as grants have been paid out and the income from RTB sales has also reduced over time. Recent Scottish Government changes to RTB may have prompted a slight increase in sales during 2012/13 as many tenants will no longer have the opportunity to buy in future. However the slight increase in RTB receipts for 2012/13 is not sufficient to off set the anticipated deficit noted in paragraph 2.2 above.
- 4.2 Meetings have been held with RCH to identify suitable means of providing owners with the opportunity to take part in common works mainly in the Fancy Farm and Lower Bow Farm areas of Greenock together with other works in Branchton, Midton in Gourrock, and environmental improvements following on from earlier SHQS works. The means tested system used in previous years is no longer appropriate due to the wide variation in amounts from 100% to 50% of the approved costs. An equitable system of distributing the limited funding available is needed and the options available are set out in paragraphs 5.1 – 5.3 below.
- 4.3 Given that the main purpose of the SFO fund is to allow owners to take part in common works designed to meet the SHQS, Committee approval is now being sought in terms of the recommendations at paragraph 3.1 a) – 3.1 c) of this report.

## **5.0 PROPOSED MODIFICATIONS TO THE SFO FUND**

- 5.1 The estimated costs to owners of taking part in the 2013/14 SHQS programme is £1.400m and the amount of SFO funding available is £1.134m, leaving a potential deficit of £0.266m. Past experience of administering the SFO Fund shows that the average amount of grant payable to participating owners is 75% and the likely uptake of SFO funded grants is 85%. The estimated deficit is based on these historical trends.
- 5.2 The most equitable method of distributing the limited funds available would be to provide a flat rate of grant, without means testing, to every owner willing to take part in common works to meet the SHQS. This could be a set percentage of the costs, for example 50%, or a fixed monetary amount based on the SFO funding available divided by the number of participating owners. It is recommended that a flat rate of 50% grant be adopted for owners willing to take part in the 2013/14 SHQS programme given the variances in the scope of works and the contract costs.
- 5.3 The purpose of the SFO Fund is to allow RCH to deliver their SHQS Programme by assisting owners to take part in common works affecting their homes. Whilst no internal works are generally carried out in owners' homes under the SHQS Programme the owners benefit from the general improvements in the condition of the structure and fabric of their buildings and increased energy efficiency, more secure access, and an improved environment. It is therefore proposed that houses involved in the SHQS Programme currently being let out by private landlords and that absentee owners should be excluded from receiving SFO Fund grants.

## **6.0 IMPLICATIONS**

### **6.1 Strategic**

The completion of the SHQS Programme by the Scottish Government deadline of 2015 is a key element of the Inverclyde Local Housing Strategy 2011-2016 and Inverclyde Council is keen to ensure that all tenants of RSLs and adjoining owners benefit from the improvements arising out of the Programme. It is therefore of vital importance that we continue to support owners to take part in common works by making SFO Fund grants available.

## 6.2 Financial

### Financial Implications - One off Costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
Earmark Reserve	SFO Expenditure	2013/14	£1,134,000	N/A	EMR will be fully spent in 2013/14

### Financial Implications - Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (if applicable)	Other Comments
N/A	N/A	N/A	N/A	N/A	N/A

## 6.3 Legal

There are no legal implications for Inverclyde Council arising from this report.

## 6.4 Human Resources

There are no Personnel implications arising from this report.

## 6.5 Equalities

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

## 6.6 Repopulation

The improvement of the existing housing stock by attaining the SHQS is intended to support and complement the work of the SOA Outcome Delivery Group on Repopulation, which is seeking to stabilise the existing population and to attract new people to the Inverclyde Council area by improving the housing available within Inverclyde.

## 7.0 **CONSULTATIONS**

7.1 This report has been prepared in consultation with the following:

- River Clyde Homes;
- Scottish Government Housing Supply Division, Paisley Area Office; and
- Chief Financial Officer, Inverclyde Council

## 8.0 **LIST OF BACKGROUND PAPERS**

8.1 Inverclyde Local Housing strategy 2011 – 2016; report to Safe, Sustainable Communities Committee, 25 October 2011.

Support for Owners Update; report to Education & Communities Committee, 12 March 2013.

SSC  
25.10.11  
P698

ECC  
12.03.13  
P191

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