
Report To:	Education & Communities Committee	Date: 19 January 2016
Report By:	John Arthur, Head of Safer & Inclusive Communities	Report No: EDUCOM/16/16/DH
Contact Officer:	Drew Hall, Service Manager, Community Safety & Wellbeing	Contact No: 01475 714272
Subject:	Stock Transfer Agreement Support for Owners Funding: Update	

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.

2.0 SUMMARY

- 2.1 The Stock Transfer Agreement (STA) amongst the Council, Scottish Government and RCH permitted receipts generated from Right to Buy (RTB) sales to allow Inverclyde Council to support RCH's Scottish Housing Quality Standard (SHQS) programme by making grants available to all participating/eligible owners. These projects are designed to assist RCH in bringing all of their housing stock up to the SHQS by the end of March 2016.
- 2.2 The RCH programme was slow to gain momentum at the start of the process and the full allocation in the early years from the RTB receipts was not fully utilised. In recent years the demand for grant aid from eligible owners in SHQS programme was expected to outstrip the RTB receipts and this resulted in a reduction in the grant award to 50% of the cost of eligible works.
- 2.3 RCH have provided details of their SHQS programme for 2015/16; there is still £160k uncommitted in the SFO budget which with the amount currently unclaimed, totals over £1million. RCH advise that works will be completed by 1st April 2016 which will require the entire budget. The unused budget must be returned to the Scottish Government.

3.0 RECOMMENDATIONS

- 3.1 That the Committee:
 - a) note the updated position in respect of the Support for Owners Fund and note the potential funding underspend for 2015/16 financial year;

John Arthur, Head of Safer & Inclusive Communities

4.0 BACKGROUND

- 4.1 The Stock Transfer Agreement (STA) amongst the Council, Scottish Government and RCH permitted receipts generated from Right to Buy (RTB) sales to allow Inverclyde Council to support RCH's Scottish Housing Quality Standard (SHQS) programme by making grants available to all participating owners. These projects are designed to assist RCH in bringing all of their housing stock up to the SHQS by the end of March 2016. The national date for compliance with SHQS is March 2015. The STA permitted a further year for RCH compliance.
- 4.2 In previous financial years a combination of the receipts generated from Right to Buy (RTB) sales and the carry forward of accumulated receipts have allowed Inverclyde Council to 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.
- 4.3 The RCH programme was slow to gain momentum at the start of the process and the full allocation in the early years from the RTB receipts was not fully utilised. In recent years the demand for grant aid from eligible owners in the SHQS programme was expected to outstrip the RTB receipts and this resulted in a reduction on the grant award to 50% of the cost of eligible works.

5.0 CURRENT SITUATION

- 5.1 The SFO funding for 2015/16 from receipts generated from Right to Buy (RTB) sales and the carry forward from last year is £1.25 million. This fund will help support the common owners with their share of the SHQS work costs at :-

John Street Greenock - in Collaborative HEEPS
Broomhill Greenock - in Collaborative HEEPS
Greenock West
Chapelton, Port Glasgow
Bardriannay Port Glasgow in Collaboration HEEPS Port Glasgow
Bardriannay Moss Road Port Glasgow
Wellpark - in Collaboration with HEEPS(Lower Mearns/Trafalger etc)
Slaemuir Maisonettes Port Glasgow
Dubbs Road Port Glasgow
Wren Road Greenock
Cornhaddock St Greenock
Neil Street Greenock
HEEPS = Home Energy Efficiency Programme Scotland

- 5.2 The advised commitment by RCH to the SFO budget is around £1,090,000.00 leaving £160K uncommitted. Also, as at December 2015, the amount claimed by RCH against the £1.25 million budget is only £130k leaving a balance of well over £1 million. At officer level the Council has been continually advised that RCH will use the entire budget in this financial year.
- 5.3 The budget can only be used to fund the owners' share of SHQS works by RCH that have been completed before 1st April 2016. Given that there are only 3 months remaining,

concerns have been raised formally at Director level in RCH about the likelihood of their assurances being met and a response is awaited .

6.0 IMPLICATIONS

6.1 Strategic

The completion of the SHQS Programme by the Scottish Government deadline of 2015 (2016 for RCH) 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.

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	2015/16	£713,544	N/A	£130k claimed at 23 rd Dec 2015
RTB receipts			£537,280		
TOTAL			£1,250,824		

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; and
 - Finance.

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.

Support for Owners Update; report to Education & Communities Committee, 10 September 2013