
Report To:	Policy & Resources Committee	Date: 17 August 2010
Report By:	Corporate Director Regeneration and Environment	Report No: SL/LA/577/10
Contact Officer:	Sharon Lang	Contact No: 01475 712112
Subject:	Support for Owners Fund 2009/10 - Request by Councillor Fyfe	

1.0 INTRODUCTION

- 1.1 Councillor Fyfe has requested that the Policy & Resources Committee consider the undernoted matter:
- 1.2 “In 2009/10, £1.242 million of the possible resources available in the Support for Owners Fund were retained by the Government due to the Council’s inability to organise its expenditure within the financial year. Why was this allowed to happen?”

When the Council realised late in the financial year that it would not be able to get the money spent, a delegation went to meet the Minister in Edinburgh to ask him to allow the money to be carried over into this financial year. I think it would be appropriate for Members to be provided with a report on this meeting.”

2.0 RECOMMENDATION

- 2.1 The Committee is asked to consider the request from Councillor Fyfe.

Sharon Lang
Legal and Democratic Services

Report To:	Policy and Resources Committee	Date:	17 August, 2010
Report By:	Corporate Director Education and Communities	Report No:	PRO/PR026/10/AH/JA
Contact Officer:	John Arthur	Contact No:	01475 714263
Subject:	Support for Owners Fund – Meeting with Housing Minister		

1.0 PURPOSE

- 1.1 The purpose of this report is to respond to Councillor Fyfe's request for details of the meeting held between the Housing Minister and the delegation of members and officers to discuss, amongst other subjects, the removal of the annuality rule as applied to the Support for Owners Fund

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's 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 In November 2009 Inverclyde Council and River Clyde Homes prepared a joint letter to the Minister for Housing & Communities requesting a removal of the rule of annuality from the Support for Owners Fund to allow ensure that the amount available is maximised. On 18th March 2010 a delegation of Officers and Elected Members met with the Minister to discuss this issue and provide further evidence. The outcome of this meeting was a relaxation of the rule of annuality, a commitment from the Scottish Government that grant approval would be made earlier in the financial year and confirmation that any budgetary shortfall should be considered against existing strategic priorities as set out in the Scheme of Assistance.
- 2.3 A full report (copy to follow) on the current position with this fund will be made to the Safe, Sustainable Communities Committee.

3.0 RECOMMENDATIONS

- 3.1 That Members note the content of this report and the current position with the Support for Owners Fund as detailed in the report to the Safe, Sustainable Communities Committee.

Albert Henderson
Corporate Director Education & Communities

Report To:	Safe, Sustainable Communities Committee	Date: 31 August 2010
Report By:	Head of Safer & Inclusive Communities	Report No: ECP/SCS/JA/10/040
Contact Officer:	William Rice	Contact No: 01475 714228
Subject:	Support For Owners Fund	

1.0 PURPOSE

- 1.1 To provide Committee with information on the distribution of the 2009/10 Support For Owners (SFO) fund, provide an update on the current position of the 2010/11 SFO fund and to outline the projected position for the 2011/12 SFO fund, all in relation to River Clyde Homes planned Scottish Housing Quality Standard (SHQS) 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's 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 SHQS by 2015. This fund is known as Support For Owners (SFO).
- 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 (RTB) 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 of the excess RTB receipts to Inverclyde Council by RCH, which the Council forwards on to the Scottish Government alongside a bidding document evidencing the financial requirements of RCHs SHQS investment programme for that year in relation to communal works which affect owners and requesting grant assistance to that value. This bidding document is based on information from RCHs SHQS Investment Plan with the grant legislation and Council policy applied. The Scottish Government then responds to the financial requirements by making a formal grant offer to Inverclyde Council, which is then administered by the Strategic Housing Team of the Council to the relevant owners in the form of a formal offer of grant.

3.0 RECOMMENDATIONS

- 3.1 That Committee:
- note the distribution of the 2009/10 Support for Owners fund;
 - note the current position for the 2010/11 Support for Owners fund and the measures being taken to address the projected low demand for the fund in this financial year; and
 - note the projection for the 2011/12 Support for Owners fund.

4.0 BACKGROUND

- 4.1 The SFO fund is created from the income generated in the previous financial year from Right to Buy receipts from RCH properties. From the 2007/08 – 2008/09 RTB sales an excess sum of £828,337 was returned to the Scottish Government for the 2009/10 budget and in 2010/11 an excess sum of £803,570 is expected from the 2009/10 RTB sales. In each year, a bidding document detailing the demand for Support for Owners grants is submitted with the excess RTB receipt which, in turn, provides the grant allowance for the current financial year.
- 4.2 In November 2009 Inverclyde Council and RCH prepared a joint letter to the Minister for Housing & Communities requesting removal of the rule of annuality from the SFO budget to allow greater flexibility in matching funding with the SHQS Investment Programme to ensure that owners are not disadvantaged by an investment plan which must meet agreed SHQS compliance targets and cannot focus solely on common works. On 18th March 2010 a delegation of Officers and Elected Members met with the Minister to discuss this issue and provide further evidence. The outcome of this meeting was a relaxation of the rule of annuality, a commitment from the Scottish Government that grant approval would be made earlier in the financial year, and confirmation that any budgetary shortfall should be considered against existing strategic priorities as set out in the Scheme of Assistance.
- 4.3 The SFO fund can only be utilised for owners in communal properties affected by RCHs SHQS investment programme and on works which are considered to be common and eligible for financial assistance under the PSHG guidance. Non-essential works, such as decoration, minor repairs and enhanced specifications are not eligible for financial assistance. Evidence of the planned investment programme has to be provided by RCH to support the request for funding.
- 4.4 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 practically 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 by 2015. RCH have submitted details of their SHQS Investment Plan up to 2012/13 and this sets out an ambitious programme which will make inroads into SHQS attainment for RCH stock. The communal elements of this investment plan will have financial implications for the owners who have a responsibility to fund their share of the works.
- 4.5 The owner's share of costs for the communal elements of the investment plan is calculated on the basis of the tender returns which follow an 'Agreed Maximum Price' (AMP) format. This ensures a price ceiling for the works and provides owners with cost information from RCH which, when coupled with an advisory grant letter from Inverclyde Council, allows owners to make an informed choice about participating in the works programme and to put in place financial measures which may be required to meet any outstanding balance upon completion of works.

5.0 SFO Fund Distribution: 2009/10

- 5.1 The 2009/10 SFO programme involved 68 owners participating in six different projects:
- BISF Phase 3 – Port Glasgow and Greenock
 - Heather and Thistle Courts, Port Glasgow
 - Royal Court, Greenock
 - Ravenscraig Court, Greenock
 - Rankin Court, Greenock
 - Eastern View, Gourock
- 5.2 All 68 owners affected by RCHs 2009/10 SHQS Investment Programme were offered

financial assistance by Inverclyde Council and all 68 owners accepted the offer. The financial assistance was on a means tested basis, with a minimum level of 50%. The average level of financial assistance was 73% with total expenditure of £809,730 being met in full from the SFO fund. The balance of £18,607 has been carried forward into 2010/11 as an earmarked reserve on the basis of future grant commitment.

6.0 Current Position: 2010/11

- 6.1 Meetings have been held with RCH regarding their 2010/11 SHQS Investment Programme to assess affordability against the available 2010/11 SFO budget of £822,176.
- 6.2 The 2010/11 SFO programme involves a projected 186 owners who have expressed an interest in participating in nine different projects:
 - Davidson Drive, Gourock
 - Chalmers Street, Gourock
 - Kilblain Court, Greenock
 - Westburn Buildings, Greenock
 - Charles Place, Greenock
 - Grieve Road area, Greenock
 - Larkfield (east), Greenock
 - Gourock Downhill, Gourock
- 6.3 The projects included in the 2010/11 programme are at different stages of commissioning, with the AMP confirmed for Davidson Drive and Kilblain Court. The 'Gourock Downhill' project is still at the scoping stage which aims to identify the scope and scale of the works required prior to tender issue. The remainder of the projects are at the preliminary cost plan stage and are expected to have the AMP confirmed no later than the end of August.
- 6.4 It is of note that, with the exception of Kilblain Court, the house types involved in RCHs 2010/11 programme differ from those involved in the 2009/10 programme. Owners within multi-storey properties cannot 'opt-out' of the communal works being undertaken by RCH. However, owners in tenemental properties can, where they are in the majority.
- 6.5 The owners in 3 tenemental properties in Davidson Drive have exercised their majority vote and opted out of RCHs 2010/11 Investment Programme. Therefore, there will be no requirement to provide financial assistance to these owners.
- 6.6 Regular meetings are held between Inverclyde Council and RCH officers to ensure that the RCH programme for the current financial year can make maximum use of the funds available to support owners. Information supplied as of 14th June 2010 by RCH projected 174 owners affected by RCHs 2010/11 Investment Programme would require financial assistance totalling £827,793. This means that the Support For Owners budget would have been over-subscribed by £5,617 from the £822,176 available.
- 6.7 There remained concerns, however, that Agreed Maximum Price figures had not been confirmed for 6 of the 9 projects scheduled for this financial year and that one of these six was still at the scoping stage. Following further discussions with officers of RCH, that position, at 3rd August 2010, is unchanged; however RCH officers have now significantly revised down their expenditure estimates for these six projects.
- 6.8 The current position (3rd August 2010) is that the estimated demand for grant from the RCH 2010/11 programme is currently £599,522 – significantly below the available grant allowance for Support for Owners. Officers of the Council are further concerned that one project remains at the scoping stage – this may further reduce demand for the fund in this financial year.
- 6.9 Senior officers of the Council have requested urgent meetings with River Clyde Homes'

Chief Executive to address this issue and maximise the uptake for the support for owners fund in 201/11.

7.0 Future Demand

7.1 Discussions have taken place with RCH regarding their 2011/12 SHQS Investment Programme to inform demands on future SFO budgets. Current information suggests that approximately 70 owners will be affected in 2011/12 requiring potential funding of £750,000. To fund this level of assistance the RTB sales in 2010/11 would have to total 34 sales at the 2009/10 average price of £27,000 per unit to provide an Excess Right-to-Buy return of £760,000. In the first quarter of 2010/11 6 sales have been completed from 17 applications. This trend is directly comparable with previous years RTB profiles and if this trend continues as before it is reasonable to assume that a sufficient budget will be achieved to fund the 2011/12 SFO fund. This situation will be closely monitored during quarter 2 to allow appropriate discussions to take place regarding the proposed programme and funding arrangements.

8.0 IMPLICATIONS

Strategic

8.1 The delivery of the SFO fund by Inverclyde Council will complement the Council's strategic housing role and contribute to the strategic aim of improving housing quality in Inverclyde.

Financial

8.2 The SFO 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.

8.3 A £30,000 administration fee is budgeted to recharge to the Council's core budget.

	2009/10	2010/11
Budgeted Recharge	£0.03m	£0.03m
TOTAL	£0.03m	£0.03m

Legal

8.4 There are no Legal implications arising from this report.

Personnel

8.5 There are no Personnel implications arising from this report.

Equalities

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

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 2009: ECP/Plann/WR09/006
 - Support for Owners Fund, October 2009: ECP/Plann/WR09/032
 - Support for Owners Fund, January 2010: ECP/Plann/WR10/002

Head of Safer and Inclusive Communities
40 West Stewart Street
Greenock

4th August 2010

SSC Cmtee 2010 Support For Owners (Aug 10)