

ANGUS COUNCIL

NEIGHBOURHOOD SERVICES COMMITTEE – 26 FEBRUARY 2009

SUBJECT: COUNCIL HOUSE SALES

REPORT BY THE DIRECTOR OF CORPORATE SERVICES

ABSTRACT

This report presents details of Council House Sales for the third quarter of 2008/09 and cumulative figures for 2008/09 to 31 December 2008.

1 RECOMMENDATION

1.1 It is recommended that Members note the contents of this report.

2 INTRODUCTION AND BACKGROUND

2.1 The Council is obliged in terms of relevant legislation to sell its housing stock to tenants who wish to buy the property they rent from the Council. Tenants wishing to purchase their property can qualify for a discount, with the amount of discount being dependent on the length of occupancy prior to purchase.

2.2 Receipts from the sale of Council Housing Stock, other assets and miscellaneous receipts are utilised in the financing of the Housing Revenue Account (HRA) Capital Programme. This report primarily provides members with the detailed position in respect of Council House sales, however some additional details regarding total HRA capital receipts is provided for members' information.

2.3 The Council House Right to Buy Scheme was first introduced by the Housing (Scotland) Act 1987. The scheme was subsequently modernised by the Housing (Scotland) Act 2001 which introduced changes to the scheme with effect from 30 September 2002. The main points of the scheme as it now stands are:

- Where tenancies commenced before 30 September 2002 the tenant can apply under the original Right to Buy scheme as their rights are preserved. The tenant in such cases will qualify for a discount on valuation of 30% for a house or 40% for a flat. For each year beyond the initial 2 year tenancy a further discount of 1% per house or 2% per flat would be awarded but discount is capped at 60% per house and 70% per flat.
- Where tenancies commence on or after 30 September 2002 the tenant can apply under the modernised Right to Buy scheme and is normally required to have at least 5 years continuous tenancy. The tenant would then qualify for a discount on valuation of 20% up to a maximum of £15,000. For each year beyond the initial 5 year tenancy period an additional discount of 1% per year up to a maximum of 35% is allowed, again up to a maximum of £15,000. There is no longer a discount distinction between houses and flats.

3 RECEIPTS FROM COUNCIL HOUSE SALES

- 3.1 [Appendix 1](#) (Column 7) summarises receipts from Council House Sales sold under the preserved Right to Buy scheme for period from 1st October 2008 to 31 December 2008. Appendix 1 (Column 10) is the overall cumulative sales position to 31 December 2008 since the Council House Right To Buy provision was introduced. Appendix 1 also details by quarter the summary of overall HRA Capital Receipts for the current year. It should be noted that the sales up to 31 March 1996 relate only to the former Angus District Council housing stock; details relating to former Dundee stock in the area taken over by Angus Council are not available. [Appendix 1A](#) provides the same information in respect of the modernised scheme.
- 3.2 A summary of capital receipts for the period 1st October 2008 to 31st December 2008 is shown in Table 1 below. Appendices 1 and 1A provide further information in respect of the number of sales and market valuations within each burgh of Angus.

Table 1

	Market Valuation (£)	Selling Price (£)	Average Discount
Original Scheme	710,000	317,950	55.2%
Modernised Scheme	55,000	44,000	20.0%
Total Sales	765,000	361,950	52.7%

- 3.3 A summary of capital receipts for the period 1st April 2008 to 31st December 2008 is shown in Table 2 below.

Table 2

	Market Valuation (£)	Selling Price (£)	Average Discount
Original Scheme	3,775,000	1,521,726	59.7%
Modernised Scheme	169,000	131,000	22.5%
Total Sales	3,944,000	1,652,726	49.9%

- 3.4 The cumulative market values and actual sales of Council houses up to 31 December 2008 are summarised in Table 3 below.

Table 3

	Market Valuation (£)	Selling Price (£)	Average Discount
Original Scheme	199,322,950	99,088,536	50.3%
Modernised Scheme	2,549,500	1,972,655	22.6%
Total Sales	201,872,450	101,061,191	50.1%

- 3.5 [Appendices 2](#) and [2A](#) set out details of Council House sales by town and address for the period from 1st October 2008 to 31 December 2008
- 3.6 [Appendix 3](#) provides details of the remaining Housing stock eligible for sale under the Right to Buy scheme on a burgh basis.

4 OTHER CAPITAL RECEIPTS

- 4.1 As noted at paragraph 2.2 above, the Housing Revenue Account also receives income from the sale of other assets and other miscellaneous receipts. A summary of the overall HRA capital receipts position is therefore included at the bottom of Appendix 1. The key information from this summary is also shown in Table 4 below.

5 FINANCIAL IMPLICATIONS

- 5.1 It is noted at 2.2 above, that the capital programme utilises the capital receipts arising mainly from the sale of Council Houses.
- 5.2 A summary of the total HRA capital receipts for the period 1st April 2008 to 31 December 2008 is detailed in Table 4 below.

Table 4

Receipt Type	£
House Sales	1,652,726
Other Sales	7,000
Miscellaneous Receipts	657
Total Capital Receipts	1,660,383

- 5.3 If the trend of house sales achieved in the three quarters of this financial year continue, receipts from sales in the final quarter of the year of £362,000 could be anticipated. This would bring total house sales for 2008/09 to £2,022,000 which would be some £1,228,000 less than budgeted. Other assets sales are estimated to be £243,000 less than budgeted. In total terms it is considered at this time that overall capital receipts could be in the order of £1,471,000 below the original assumption (£3,500,000) included in the estimated resources to finance the Housing Capital Programme. This would represent a further shortfall of £171,000 in comparison to that projected in the Housing Capital Monitoring Report (report 23/09 refers) presented to the last Neighbourhood Services Committee on 15 January 2009.
- 5.4 The 2008/09 Housing Capital Programme has been maintained at the original budgeted expenditure level. There are a number of options available to address the funding shortfall such as increasing levels of borrowing, increasing CFCR or using HRA Balances which totalled £3,181,000 as at 31 March 2008. Members are asked to note however that as reported to the Special Neighbourhood Services Committee of 17 February 2009, there is not considered to be any advantage to pursuing these other options at this time, as sufficient uncommitted cash balances are available (reports 132/09 and 133/09 both refer).

6 HUMAN RIGHTS IMPLICATIONS

- 6.1 There are no Human Rights implications arising from this report.

7 EQUALITIES IMPLICATIONS

- 7.1 The issues dealt with in this Report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

8 CONSULTATION

- 8.1 The Chief Executive, the Head of Law and Administration, the Director of Neighbourhood Services, the Head of Housing and the Head of Finance have been consulted in the preparation of this Report.

9 CONCLUSION

- 9.1 This report details the actual Council house sales achieved for the period from 1st October 2008 to 31 December 2008. The actual total Council house sales for the period amount to £361,950 with cumulative receipts from Council house sales for the financial year totalling £1,652,726.

9.2 If the trends for the first three quarters of the financial year continue it is forecast that overall capital receipts will be some £1,471,000 less than the original estimate (£3,500,000). This position will be closely monitored in the context of both the provision of the HRA Capital Programme and the options for funding the forecast shortfall in capital receipts. Further detail was included within the financial implications section of the Housing Capital and Revenue Budget Performance Report presented to the Neighbourhood Services Committee (Special Meeting) on 17 February 2009 (report 132/09 refers).

Colin McMahon
Director of Corporate Services

NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

Finance/KL/DW
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