

ANGUS COUNCIL

NEIGHBOURHOOD SERVICES COMMITTEE – 28 MAY 2009

SUBJECT: COUNCIL HOUSE SALES

REPORT BY THE DIRECTOR OF CORPORATE SERVICES

ABSTRACT

This report presents details of Council House Sales for the fourth quarter of 2008/09 and cumulative figures for 2008/09 to 31 March 2009.

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 associated 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, 1A](#) (Column 7) summarises receipts from Council House Sales under the preserved Right to Buy scheme for the period from 1 January 2009 to 31 March 2009. Appendix 1 (Column 10) is the overall cumulative sales position to 31 March 2009 since the Council House Right To Buy provision was introduced. 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 Appendix 1 also details a summary of overall HRA Capital Receipts position for the 2008/09 year as a whole.
- 3.3 A summary of capital receipts for the period 1 January 2009 to 31 March 2009 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	505,000	190,300	62.3%
Modernised Scheme	NIL	NIL	NIL
Total Sales	505,000	190,300	62.3%

- 3.4 Members are asked to note that the year end position has yet to be finalised through the annual accounts process. It is considered, however, that any changes arising out of the figures presented in this report would not be significant. A summary of council house sales receipts for the period 1 April 2008 to 31 March 2009 is shown in Table 2 below.

Table 2

	Market Valuation (£)	Selling Price (£)	Average Discount
Original Scheme	4,280,000	1,712,026	59.9%
Modernised Scheme	169,000	131,000	22.5%
Total Sales	4,449,000	1,843,026	58.6%

- 3.5 The cumulative market values and actual sales of Council houses up to 31 March 2009 are summarised in Table 3 below.

Table 3

	Market Valuation (£)	Selling Price (£)	Average Discount
Original Scheme	199,827,950	99,278,836	50.3%
Modernised Scheme	2,549,500	1,972,655	22.6%
Total Sales	202,377,450	101,251,491	50.0%

- 3.6 [Appendix 2](#) sets out details of Council House sales by town and address for the period from 1 January 2009 to 31 March 2009.
- 3.7 [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 associated miscellaneous receipts. A summary of the overall HRA capital receipts position is therefore included at the bottom of Appendix 1 and the key information from this summary is 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 1 April 2008 to 31 March 2009 is detailed in Table 4 below. As noted in paragraph 3.4, these figures may be subject to some minor amendment through the annual accounts process.

Table 4

Receipt Type	Actual £	Budget £	Excess / (Shortfall)
House Sales	1,843,026	3,250,000	(1,406,974)
Other Sales (Land)	11,331	250,000	(238,669)
Miscellaneous Receipts/Grants	36,800	-	36,800
Total Capital Receipts	1,891,157	3,500,000	(1,608,843)

- 5.3 It may be noted that in total capital receipts are £1,608,843 below the original assumption (£3,500,000) included in the estimated resources to finance the Housing Capital Programme for 2008/09.
- 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) to meet the funding shortfall.

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 CONCLUSIONS

- 9.1 This report details the actual Council house sales achieved for the period from 1 January 2009 to 31 March 2009. The actual total Council house sales for the period amount to £190,300 with cumulative receipts from Council house sales for the financial year totalling £1,843,026.
- 9.2 This report also notes for information that other receipts totalling £48,131 (other asset sales of £11,331 and miscellaneous receipts of £36,800) have been received during 2008/09, bringing the total capital receipts for 2008/09 to £1,891,157.
- 9.3 This represents a shortfall of some £1,609,000 (46%) against a budget of £3,500,000. A compensating funding mechanism has been identified for 2008/09 purposes and cognisance of the downturn in council house sales has informed the 2009/10 and beyond Housing Capital Programme funding assumptions.

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