

## MUNICIPAL YEAR 2018/2019 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

### OPERATIONAL DECISION OF:

Director Finance

Agenda – Part: 1

KD Num: 4805

#### Subject:

Application for the Council to Enter into agreement with the Greater London Authority for Right to Buy Ringfence

Wards: All

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## 1. EXECUTIVE SUMMARY

- 1.1 This report seeks permission for the Council to enter into the right to buy ringfence offer under the Greater London Authority (GLA) Building Council Homes for Londoners (BCHfL) programme.
- 1.2 The Council is currently delivering a number of large housing schemes and through the GLA's Affordable Homes Programme have been successful in securing funding under the Building Council Homes for Londoners programme to support new housing opportunities in the borough.
- 1.3 The right to buy ringfence offer is an opportunity for the Council to retain unspent RTB receipts, rather than return the money which can be used to fund the future affordable housing programme.

## 2. RECOMMENDATIONS

It is recommended that The Director Finance:

- 2.1 Authorises the Council to enter into the right to buy ringfence offer with GLA under the Building Council Homes for Londoners programme on the terms set out in the right to buy ringfence agreement attached at Appendix A.

### **3. BACKGROUND**

- 3.1 In 2013 the Council's application to obtain Investment Partnership Status with the GLA was successful.

Obtaining this status allowed the Council to submit bids for different funding programmes the GLA make available.

In the latest funding programme - *Building Council Homes for Londoners* the GLA is offering councils the opportunity to opt-in to its Right to Buy Ring-Fence Offer. The GLA will ring-fence any Right to Buy receipts that a council collects and returns to the GLA to spend on new affordable homes for an additional 3 years.

KD4747 approves the council submitting a bid to the GLA for housing grant, additional headroom and ringfencing right to buy receipts.

### **4. ALTERNATIVE OPTIONS CONSIDERED**

If the Council decides not to enter into the agreement we are at risk of handing receipts and interest back to government, losing the ability to deliver affordable housing.

### **5. REASONS FOR RECOMMENDATIONS**

Authorising the Council to enter into this contract with the GLA will enable the council to ringfence receipts plus any interest paid specifically for the council to spend on new affordable rented housing projects for an additional 3 years.

### **6. COMMENTS FROM OTHER DEPARTMENTS**

#### **6.1 Financial Implications**

Currently the RTB receipts must be spent within 3 years of receipt and any unspent receipts are returned to the Government with a 4% compounded interest rate.

The GLA agreement will allow Councils to ring-fence unspent RTB receipts plus any interest paid for a further 3 years.

Enfield's current plan is to spend all RTB receipts within the current criteria but by opting in to the agreement this will give the Council additional time to spend receipts and work with the GLA to take a more strategic approach to utilising the spending of receipts.

Currently for every £1m returned to the Government the interest is C. £133k, this would still be applicable if we opt into the agreement, but this would be ring-fenced and not returned to the Government.

## **6.2 Legal Implications**

- 6.2.1 The Housing Act 1985 (Part V), gives secure tenants the Right to Buy their council home from their council. The Council must pool RTB receipts centrally under section 11 of the Local Government Act 2003 and regulation 12 of The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 unless the Secretary of State agrees otherwise. The Council has entered into an agreement with the Secretary of State that permits it to retain part of the receipt from Right to Buy sales for the provision of social housing, provided this is invested within three years of the receipt and does not exceed 30 per cent of the full development cost of replacement homes. Any surplus Right to Buy receipts are returned, with interest, to the GLA (via central Government) to grant fund additional affordable rented housing in London. The Contract that is the subject of this report is made pursuant to Section 11(6) of the Local Government Act 2003 giving further flexibility to the requirements of subsection (2).
- 6.2.2 Further under Section (1) of the Localism Act 2011 the Council has a general power of competence to do anything that individuals may generally do provided it is not prohibited by legislation. There is no express prohibition, restriction or limitation contained in a statute against use of the power to enter into the Right to Buy Ringfence Agreement. The power to enter into contracts is within the general power of competence.
- 6.2.3 Apparently the GLA has structured their Right to Buy Ringfence Agreement to be State Aid compliant.
- 6.2.4 The Council must comply with the terms of any agreement entered into with the GLA arising from the recommendations in this report. All contracts or agreements arising out of the matters outlined in this Report will need to be approved in advance by Legal Services.
- 6.2.5 The draft Agreement attached to this Report is a GLA standard Agreement and usually the GLA will not agree to any substantive amendments to their standard forms of Agreement. We understand that the terms are non-negotiable

Legal Implications provided by John Hood, Property Layer and Lynn Shepherd, Contracts Lawyer on 18/12

and 19/12/2018 based on an updated Report circulated on 19/12/2018

### **6.3 Property Implications**

There are none.

## **7. KEY RISKS**

There are no risks associated with the Council entering into contract with the GLA. However, should the Council fail to deliver on these projects within the programme delivery dates, the GLA could withdraw the funding.

## **8. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD**

### **8.1 Good homes in well-connected neighbourhoods**

Supporting development of new housing will enable the Council to increase the portfolio and quality of stock it has to discharge its statutory housing responsibility to households that live in the Borough.

### **8.2 Sustain strong and healthy communities**

Any increase in the provision of housing within the Borough is likely to make a positive contribution to strengthening communities

### **8.3 Build our local economy to create a thriving place**

Developing good quality housing in areas where people desire to live will help to create and maintain strong sustainable communities.

## **9. EQUALITIES IMPACT IMPLICATIONS**

Corporate advice has been sought in regard to equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report to enter into Grant agreement with the Greater London Authority for BCHfL. However it should be noted that projects or work stream deriving from this may be subject to a separate Equalities Impact Assessment. Therefore any projects or work stream will be assessed independently on its need to undertake an EQIA to ensure that the council meets the Public Sector Duty of the Equality Act 2010.

## **10. PERFORMANCE AND DATA IMPLICATIONS**

There are none.

## **11. PUBLIC HEALTH IMPLICATIONS**

Housing is fundamental to health. Entering a contract with the GLA to support new housing opportunities in the borough will relieve some of the current housing shortage and therefore provide residents with the fundamentals to have a healthy life.

### **Background Papers**

Right to Buy Ringfence Agreement – Local Authority – Appendix A