

Report to the Cabinet

Report reference: C-043-2010/11
Date of meeting: 6 December 2010



Portfolio: Housing
Subject: Home Ownership Grants Scheme
Responsible Officer: Sandy Lindsay (01992 564035).
Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That the current position with regard to the Home Ownership Grant Scheme in 2010/11 be noted;
- (2) That the scheme be suspended for one year in 2011/12, with no funding made available, other than £112,000 for 4 grants of £28,000 carried forward from 2010/11; and
- (3) That budget provision for Home Ownership Grants be reviewed in 2012/13.

Executive Summary:

The above scheme was introduced in 2008/09 offering secure tenants £34,000 to buy another property anywhere in England and vacate their current council property. It was aimed at first time buyers and allowed the Council to regain additional properties back to let under the Allocations Scheme.

While initially it proved extremely popular, with the change in the financial market it was difficult last year for applicants to obtain a mortgage and only 4 out of the five grants made available were successful during the year. As a result, a number of applicants withdrew and alternative applicants were offered the chance to take up the scheme.

This financial year, the Council has offered six more grants at a reduced rate of £28,000 and these are progressing well. However, due to the financial climate and the continuing lack of mortgage availability, it is considered that it may be beneficial to suspend the scheme for one year in 2011/12, and review the scheme again in 2012/13 when hopefully the market has recovered.

Reasons for Proposed Decision:

The desired aims of the Scheme are unlikely to be achieved due to the difficulties applicants are currently experiencing with obtaining mortgages.

Other Options for Action:

To continue with the present scheme for 2011/12 with same or additional funding.

To discontinue with the scheme in total.

Report:

1. The Home Ownership Grant Scheme was piloted in 2008/09 under the cash incentive scheme for first time buyers. The Scheme was offered to secure tenants to enable them to purchase a property on the open market and release a property back into the Council's stock, provided they met a set criteria originally agreed by Members. An allocation of £170,000 was made available for five grants at £34,000 each.
2. They proved to be very popular but, due to the current financial climate, applicants have had difficulty obtaining mortgages and some withdrew their application. Other applicants on the Reserve List were offered the opportunity to proceed and, finally, one completed in 2009/10. Three more have completed this year, from last year's funding. The final grant funded from the 2009/10 budget has been offered to applicants shortlisted for grants from funding in 2010/11 at the revised sum of £28,000 (See below).
3. At Cabinet on 1 February 2010 (minute 128 refers) Members agreed that the scheme should continue in 2010/11, and an allocation was approved for 6 grants of £28,000, instead of 5 grants at £34,000. Including the one grant carried forward from 2009/10, the capital programme currently includes funding for 7 grants of £28,000 each. It is expected that 3 grants will complete this year (2010/11) and the remaining 4 grants are expected to complete in 2011/12; £112,000 was approved for carry forward to 2011/12 as part of the capital review.
4. In 2009/10 the Council received 42 completed applications and a shortlist was drawn up of those applicants who met the criteria. In 2010/11, 26 applications have been received and a shortlist has been drawn up to 7 applicants who meet the criteria. A Reserve List has also been drawn up of a further 8 applicants. The latest applications are progressing well.
5. However, in view of the diminishing interest in the Home Ownership Scheme, it is suggested that the scheme is "suspended" for a year, with no further funding made in 2011/12 (other than the £112,000 carried forward) but that the scheme should be reviewed in 2012/13. This will hopefully allow time for the market to recover before consideration is given to offer the scheme again.

Resource Implications:

Housing Capital

Review budget provision in 2012/13.

Budgetary provision for 2011/12 of £112,000 (4 grants carried forward from 2010/11).

Budgetary provision for 2010/11 £186,000 (3 x £34,000 brought forward from 2009/10 and 3 x £28,000 out of the 7 grants made available in 2010/11)

Legal and Governance Implications:

Housing Act 1985

Safer, Cleaner and Greener Implications:

N/A.

Consultation Undertaken:

No consultation undertaken.

Background Papers:

Housing Policy File H368

Impact Assessments:

Risk Management

There is a limited risk that grants could be sought through fraudulent means, but this is mitigated through checks undertaken.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?
None were identified.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
None identified.