

Report to the Cabinet

Report reference: C-004-2012/13

Date of meeting: 11 June 2012



**Epping Forest
District Council**

Portfolio: Housing – Cllr David Stallan

Subject: Retention of Additional Right to Buy Receipts for Council Housebuilding Programme – Standard Agreement with CLG

Responsible Officer: Alan Hall, Director of Housing (01992 564004)

Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That the terms of the Standard Agreement produced by the Department of Communities and Local Government (CLG) under Section 11(6) of the Local Government Act 2003 - to enable local authorities to retain any additional Right to Buy (RTB) receipts generated as a result of the increased maximum RTB discount in order to fund the provision of replacement Council homes in their district - be noted;
- (2) That the Director of Housing be authorised to enter into the Standard Agreement with the CLG on behalf of the Council and that, subject to Recommendation (3) below, the additional RTB receipts generated be utilised to help fund the Council's proposed Housebuilding Programme;
- (3) That, subsequently, should it be identified that sufficient retained RTB receipts will not be spent before they have to otherwise be returned to the CLG, a report be submitted to the Cabinet at the earliest opportunity to consider their alternative use allowed by the agreement, including:
 - (a) The acquisition of new Council homes on the open market; or
 - (b) Social housing provided through local authority grants to one of the Council's Preferred Housing Association Partners; and
- (4) That the implications if the Cabinet's decision is called-in be noted.

Executive Summary:

It is proposed that the Council enters into a standard agreement with the CLG to retain additional RTB receipts received as a result of the recent increase in the maximum RTB discount, to help fund the provision of replacement rented affordable homes in their District. This is subject to the retained receipts being used within 3 years of receipt, otherwise they must be returned to the CLG after 3 years, with interest.

It is also proposed that, should it be subsequently identified that sufficient retained RTB receipts will not be spent - before they have to otherwise be returned to the CLG -

consideration be given at that time to alternative uses for the receipts allowed under the agreement.

Reasons for Proposed Decision:

The Council has to enter into the agreement with the CLG by 27th June 2012, otherwise it will not be able to retain any additional RTB receipts generated from 1st April 2012 until the Agreement is signed.

Other Options for Action:

- (a) Not to enter into the agreement with the CLG.
- (b) To utilise the additional receipts to fund the provision of replacement affordable homes in other ways than through the Council's Housebuilding Programme.
- (c) Not to consider alternative uses for the retained additional RTB receipts, if it is subsequently identified that they may not be spent in time.

Background

1. On 2 April 2012, the Government raised the maximum discount given to sitting tenants under the Right to Buy (RTB) to a flat rate of £75,000. Previously the maximum discount was £34,000 for the East of England and, for example, £16,000 in London. The Government also confirmed that RTB receipts from any additional sales that this change generates would be used to fund replacement stock on a "one-for-one" basis, nationally.
2. Following a consultation exercise by the Department of Communities and Local Government (CLG) on the detail of the arrangements (to which the Housing Scrutiny Panel responded on behalf of the Council), the CLG has announced that the Government's favoured option for delivering these new homes would be through local authorities retaining receipts to spend in their areas, subject to individual local authorities entering into an agreement with the CLG on their use. This was an option supported by the Housing Scrutiny Panel in the Council's response to the consultation.
3. A consultation exercise on the wording of the proposed agreement was undertaken by the CLG in April 2012, with a very short response time, to which the Director of Housing provided an officer response on behalf of the Council. The final details have now been issued by the CLG and stock-retained local authorities, like EFDC, are being invited to enter into agreements with the CLG to retain these additional RTB receipts for use to replace affordable rented homes in their District.
4. If a local authority does not enter into an agreement with the CLG, 100% of their additional RTB receipts (after deducting an amount based on the notional debt attributed to the properties sold and an allowance for administration) must be passed over to the Government, which will be redistributed by the Homes and Communities Agency (HCA) for use anywhere in the country. Details of this re-distribution methodology have not yet been provided by the CLG.

The CLG Agreement

Provisions

5. A copy of the standard CLG Agreement that the Council is invited to sign is attached as Appendix 2.

6. There is no scope for amendment to the standard CLG Agreement. In summary, the agreement states that the Secretary of State agrees to:

- Allow the Council to retain additional RTB receipts to fund the provision of replacement **rented** housing stock (with the Council being able to decide how much of the additional RTB receipts it retains); and
- Give the Council three years (from commencement of the agreement) to invest those receipts before asking for the money to be returned to the CLG.

7. It should be noted that the Government's original intention was to only give local authorities *two years* to spend the additional receipts. The Council's officer response to the short consultation exercise undertaken by the CLG expressed concern at this short timescale, as did many responses from local authorities and the Association of Retained Council Housing (ARCH), which has resulted in an additional year being given to spend the receipts.

8. The Government has previously assessed and stated the number of properties that it expected each local authority to sell under the RTB over the next three years, prior to the increased maximum RTB discount being introduced. The Government will continue to receive 75% of the RTB receipts for all sales upto these expected numbers, as it has always done in the past (after some deductions), with the Council retaining the other 25%, which it can continue to use for any Council purpose. For this Council, the CLG's assumed numbers of RTB sales prior to the increased maximum RTB discount are as follows:

2012/13 - 9
2013/14 - 10
2014/15 - 11

9. For comparison, the Council's actual RTB sales over the past 3 years are as follows:

2011/12 - 7
2010/11 - 9
2009/10 - 8

10. Under the CLG's agreement, the Council would have to agree that RTB receipts will not make up more than 30% of total spend on replacement stock (including fees), and to return any unused receipts to the Secretary of State with interest.

11. The agreement does not require the Council to *complete* the building of any home within three years; rather, that the Council should have incurred expenditure sufficient that Right to Buy receipts form no more than 30% of it (including fees). Where retained receipts exceed 30%, the Council must return the additional receipts (i.e. the receipt above 30%) to the Secretary of State with interest.

12. The CLG states that its main aim has been to make the process as "light touch" as possible, with minimal inspection or interference in the Council's business activities. It states that "agreements are therefore concerned solely with the flow of money in from RTB receipts and out in investment in replacement stock".

13. The Council can use its retained receipts to invest in the following types of replacement affordable rented housing:

- Newly built council homes;
- Newly acquired council homes (i.e. existing homes bought on the open market); or
- Social housing provided through local authority grants to housing associations

14. The CLG states that the 30% cap is necessary to ensure that it gets maximum value for money from the RTB receipts and enable the building of as many new homes as possible. The Council (or a housing association it grant funds) will be expected to fund the remaining 70% from its own reserves or through borrowing serviced by the anticipated rental income from the new homes built. This is similar to the approach that housing associations have to adopt for their development programmes. The CLG says that it has considered historic data, which confirms that 30% is a realistic and achievable proportion.

15. The CLG recognises that, in order to maximise borrowing, it may be necessary for the Council to charge an “affordable rent” (i.e. up to 80% of market rent). The Council has already decided, in principle, to charge affordable rents, instead of “social rents”, for its Council Housebuilding Programme.

16. It is not permissible for the Council to use capital receipts arising from non-RTB sales towards the Council’s 70% contribution towards development costs.

How does this work in practice ?

17. Each quarter, the Council must report to the CLG the *cumulative sum* it has *retained* for replacement stock and the *cumulative amount* it has *spent* on replacement stock. There is no requirement to return receipts in the first three years of the agreement, but from Quarter 1 of 2015/16, the Council will have to compare:

- the total amount spent on replacement stock from the start of the agreement to the end of each quarter; with
- the total amount it has retained from Right to Buy receipts in the corresponding quarter, three years earlier.

18. Where the latter amount is 30% or less than the former amount, no further action is necessary. Where the latter amount is more than 30%, the surplus amount (i.e. the amount above 30%) must be surrendered to the Secretary of State. The retained amounts will be reduced subsequently by the amount surrendered and interest paid.

19. A worked-example of how the arrangement will operate in practice - provided by the CLG – is attached as Appendix 1.

The early return of receipts

20. The Council would be free to return any RTB receipts to the CLG whenever it wishes within the three-year reference period if, for example, the Council recognises that it would otherwise be compelled to return receipts after three years and therefore wants to reduce the amount of interest it must pay by paying receipts back early.

Interest

21. The Council would have to pay interest to the CLG on any unspent RTB receipts returned to the CLG at 4% above the base rate. This interest rate is very high; the CLG has stated that this is deliberate to discourage local authorities from retaining receipts until such

time that they are required to surrender them (with local authorities earning interest themselves in the meantime).

Termination of the agreement

22. The Secretary of State can terminate an agreement at any time, but the CLG says that this is only expected in extreme circumstances (for example, where there was absolutely no evidence that a local authority was commencing activity). The effect of termination would mean that an authority could, from that point, no longer retain any receipts but would still have the three years from the start of the agreement to invest the receipts it had already retained (or have to return them).

23. Equally, the Council can terminate an agreement either by voluntarily returning all future receipts (and paying back what it had already retained) or by requesting the Secretary of State to terminate as set out above.

Late signature of agreements

24. As explained earlier, agreements must be signed by 27th June 2012. Agreements signed after this date will not be able to retain RTB receipts from previous quarters.

Implications for the Council

25. It is currently difficult to assess the likely additional RTB receipts that the Council will receive as a result of the recent RTB changes, above the amount assumed by the Government prior to the changes. However, there has certainly been a lot of interest from this Council's tenants as a result of the increase in RTB discount. The average number of RTB applications received by the Council over the past 3 years ranges from 2.8 per month in 2009/10 to 1.9 per month last year (2011/12). However, during the 6-week period 2nd April – 18th May 2012, 28 applications were received (an average of 20 per month). Historically, around half of all RTB applications result in actual sales.

26. It is inevitable that this high rate of applications will reduce, once the initial surge of interest wanes. However, it is likely that the increased maximum discount will result in an ongoing increase in the number of RTB applications and resultant sales for the foreseeable future, compared to both recent years and the Government's pre-RTB change sales estimates. Therefore, it is likely that additional RTB receipts *will* be generated, which the Council could use for the construction of replacement Council homes, if it enters into the required agreement with the CLG. Therefore, rather than lose this funding to other parts of the country, it is proposed that the Council does enter into the agreement with the CLG to replace the additional Council homes sold under the RTB in this District.

27. Although it is not yet possible to predict or assess the total amount of retained capital receipts that will become available for the reinvestment in new affordable homes in any one year (since the new demand following the increased maximum RTB discount is not yet known), Finance Officers have assessed that for each property sold above the CLG's pre-RTB change estimate, an average capital receipt of around £60,000 per property will be available for re-investment under the CLG agreement. This is based on the average purchase price of £164,000 for the 7 properties the Council sold under the RTB last year (less an average £70,000 discount – a little less than the maximum), and after deductions for the notional debt per property attributed under HRA self-financing and the RTB administration allowance.

28. As members will be aware, following a period of around 25 years without building any new affordable homes, the Council has agreed to introduce a modest Council Housebuilding

Programme, initially comprising around 20 new affordable rented homes per annum for 6 years. Rather than employing an in-house Development Team from scratch, the Cabinet has also agreed to appoint a suitably-experienced organisation to act as the Council's Development Agent, through a competitive process, to provide all the development and building consultant functions (e.g. architects, surveyors, engineers, project manager etc).

29. Good progress has been made with the appointment of the Development Agent, which is on programme. However, since the appointment has to be made under EU procurement regulations, the Development Agent will not be appointed until at least December 2012. Once appointed, the Development Agent's first task will be to formulate a Development Strategy for approval by the Council and then undertake development appraisals for each of the identified sites. For those sites which the Cabinet agrees to pursue development, planning permission will then need to be obtained. The Development Agent will then need to procure the construction works through a competitive process, possibly in accordance with EU procurement regulations (dependent of the estimated contract values).

30. Therefore, it is unlikely that a start on site (and expenditure incurred on works costs) will take place before April 2014. However, since unspent RTB receipts will not have to be returned to the CLG before 1st June 2015, and they can be used to meet up to 30% of the cost of consultants' fees – which will be incurred in advance of starts on site – it should be possible for the Council to utilise all of the additional receipts, provided there are no unforeseen delays with the Housebuilding Programme.

30. As a contingency, should it be identified that sufficient retained RTB receipts will not be spent before they have to otherwise be returned to the CLG, they could be spent in one of the other ways set out in Paragraph 13 above. If this is necessary, their alternate use would need to be agreed by the Cabinet at the appropriate time.

31. Although the Call-in Period will have expired before the date the Agreement needs to be signed, it should be noted that if the Cabinet's decision is called-in for any reason, it will not be possible to enter into the agreement before the deadline of 27th June 2012. Therefore, if this happens, the Council would not be able to retain any additional receipts between 1st April 2012 – 30th June 2012, which would be result in a loss to the Council. Provided that the outcome of the Call-in could be determined by 30th September 2012, any additional receipts arising between 1st July 2012 and 30th September 2012 could be retained. However, despite this risk, it is felt that it would be inappropriate to seek a waiver to the usual call-in provisions.

Resource Implications:

Additional funding for the Council to replace affordable housing in the District, as detailed in the report – total amounts unquantifiable at present, but estimated at around £60,000 per property.

Legal and Governance Implications:

Section 11(6) of the Local Government Act 2003.

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

None.

Background Papers:

Letter from the CLG dated 15th May 2012 and accompanying documentation explaining the detailed arrangements of the agreement.

Impact Assessments:

Risk Management

The main risk to the Council is the possibility of having to return additional RTB receipts to the CLG, that may have been expected and accounted for within development appraisals, together with interest at an interest rate higher than the Council would have achieved on deposit – resulting in an overall loss to the Council. This could occur for one of two main reasons;

(a) If it is not possible to incur the expenditure on the Housebuilding Programme before the 3 years period elapses; or

(b) If the total retained receipts are so much (due to a high increased demand for the RTB), that they exceed 30% of expenditure for the whole Housebuilding Programme.

This risk will be mitigated by the Housing and Finance Directorates monitoring the accumulation and use of any additional RTB receipts and the progress with the Housebuilding Programme, and ensuring that robust development appraisals are undertaken by the Development Agent - which will be scrutinised by the Cabinet. The report also sets out alternative ways that any potential under-use of receipts could be utilised.

This risk will also be added to the Housing Directorate's Risk Register.

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?

N/A

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?

N/A

Worked-Example of the RTB Re-Investment Arrangements
(Provided by the CLG)

	2012/13				2013/14				2014/15				2015/16			
	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16
Receipts	100	100	100	100	100	100	0	0	0	0	0	0	0	0	0	0
Cumulative Receipts	100	200	300	400	500	600	600	600	600	600	600	600	600	600	600	600
Spend	0	0	30	100	100	50	50	40	40	40	30	30	30	30	30	30
Cumulative Spend	0	0	30	130	230	280	330	370	410	450	480	510	540	570	600	630
Total of all retained amounts from Q1 to the reckonable quarter													100	200	277	
30% of total amount spent on provision of social housing													168	177	186	
Returnable Amount (R)													0	23	91	

Adjusted to take account of money surrendered in the previous quarter

Receipts in Q1 are less than 30% of total spend up to the end of Q13, therefore nothing to surrender to central Govt

Receipts in Q1 and Q2 are more than 30% of total spend up to the end of Q14, therefore £23k (ie the difference) must be surrendered to central Govt and receipts received in Q2 will be reduced by £23k

Agreement – Section 11(6) of the Local Government Act 2003

This agreement is made pursuant to section 11(6) of the Local Government Act 2003.

Parties

The Secretary of State for Communities and Local Government (“the Secretary of State”) and

..... (“the Authority”).

This agreement comprises 10 pages

General

1. In this agreement :

“the due date”, “quarter” and “the relevant quarter” have the same meaning as in the Regulations;

“receipts” means the receipts to which Schedule 1 to the Regulations applies;

“retained amount” means the amount calculated in Part 1;

“the Regulations” mean the Local Authority (Capital Finance and Accounting) (England) Regulations 2003;

“social housing” means low cost rental accommodation as defined by section 68(1)(a) of the Housing and Regeneration Act 2008;

“the sub-liability” means the sub-liability calculated under Schedule 1 to the Regulations;

the terms “A”, “E”, “F”, “G”, “J” and “K” used in this agreement have the same meaning as in Schedule 1 to the Regulations.

2. This agreement applies to receipts received on or after 1st April 2012 (“the commencement date”).

3. The Authority is not required to pay to the Secretary of State such portion of the sub-liability calculated in accordance with Part 1 of this agreement provided the Authority complies with the conditions set out in this agreement.
4. The Authority must use the retained amounts for the provision of social housing. Any amounts not used for this purpose must be paid to the Secretary of State and interest will be payable calculated in accordance with paragraph vi of Part 1.
5. The Authority must provide the information set out in Parts 1 and 4 of this agreement to the Secretary of State at the times and in any format the Secretary of State may request.
6. This agreement may be terminated by the Secretary of State by giving notice of one quarter.
7. This agreement may be amended by agreement.

Part 1 - Calculation of the portion of the sub-liability that the Authority may retain.

- i. Where in any quarter –

A is more than $(3.39847729 \times G) + E + F + J$

the Authority may retain an amount (“the retained amount”) up to–

K less $(2.398347729 \times G)$.

- ii. The Authority must inform the Secretary of State of the following by the due date of the relevant quarter-
 - (a) the value of K less $(2.398347729 \times G)$;
 - (b) the retained amount; and
 - (c) any amount not retained by the Authority.

- iii. Where the Authority has informed the Secretary of State (under paragraph ii(c)) that an amount will not be retained, the Authority must pay that amount to the Secretary of State by the due date of the relevant quarter.
- iv. Where the Authority has informed the Secretary of State that an amount will not be retained and fails to pay that amount on the due date of the relevant quarter, interest is payable and incurred from the due date until the Authority pays that amount to the Secretary of State.
- v. Where the Authority does not inform the Secretary of State of the amount it will not retain by the due date of the relevant quarter, it will be assumed that the retained amount for that quarter is the full amount the Authority may retain and where an amount is not retained and is paid to the Secretary of State, interest will be payable and incurred from the due date until the date the Authority pays that amount to the Secretary of State.
- vi. The Authority may pay any part of the retained amount to the Secretary of State and where it does so, interest is payable and incurred from the due date of the relevant quarter in which the retained amount was retained by the Authority until the date it is paid to the Secretary of State.

Part 2– Return of retained amounts

- i. This Part applies where 13 quarters have expired since the commencement date.
- ii. In this Part :
 - “the reckonable quarter” means the quarter 12 quarters prior to the relevant quarter;
 - “quarter 1” means the quarter in which the commencement date falls;
 - A is the total of the retained amounts for all quarters from quarter 1 to the reckonable quarter;
 - “the total amount spent on the provision of social housing” is the amount spent on the provision of social housing from quarter 1 to the last day of the relevant quarter;

R is the total of the returnable amounts calculated under paragraph iv of this Part and amounts paid to the Secretary of State under paragraph vi of Part 1 for all the quarters from quarter 1 to the reckonable quarter.

- iii. The total retained amount is calculated as follows –

$$A - R.$$

- iv. Where on the last day of the relevant quarter, the total retained amount exceeds 30% of the total amount spent on the provision of social housing, the Authority must pay to the Secretary of State the portion of the total retained amount in excess of 30% of the total amount spent on the provision of social housing (“the returnable amount”).
- v. Where the Authority must pay a returnable amount to the Secretary of State under paragraph iv of this Part, interest is payable, calculated and incurred from the due date of the reckonable quarter until the date the returnable amount is paid to the Secretary of State.

Part 3 - Calculation of interest

Where interest is payable under this agreement, it will be calculated at a rate of 4% above the base rate on a day to day basis compounded with three-monthly rests and “base rate” has the same meaning as in the Regulations.

Part 4 - Provision of information

On the due date of each relevant quarter the Authority must provide to the Secretary of State the details of the number of starts on site since the commencement date.

“Start on site” means the earlier of commencement of the following by the Authority or other body to which the Authority has paid all or part of the retained amount for the purpose of providing social housing:

- (a) excavation for strip or trench foundations or for pad footings;
- (b) digging out and preparation of ground for raft foundations;
- (c) vibrofloatation, piling, boring for piles or pile driving; or
- (d) drainage work specific to the buildings forming part of the scheme.

Part 5 – The amount spent on the provision of social housing

- i. The amount spent on the provision of social housing shall not include any expenditure which has been used or which the authority intends to use to-
 - (a) reduce a capital receipt under regulation 15(1)(c) of the Regulations (capital allowance); or
 - (b) buy back a relevant interest defined in paragraph 3(1)(b) of the Schedule to the Regulations and claim buy back allowance in respect of that expenditure under paragraph 3 of the Schedule to the Regulations.
- ii. The amount spent on the provision of social housing shall not include any expenditure on dwellings which are social housing at the time of the expenditure.
- iii. The amount spent on the provision of social housing is the amount spent by the Authority or by a body to which the Authority has paid some or all of the retained amounts (such body must not be a body in which the Authority holds a controlling interest) on the development costs associated with the provision of social housing for the benefit of the Authority's area.
- iv. Where the Authority has paid all or some of the retained amounts to a body for the purpose of contributing towards the cost of providing social housing, the Authority must ensure that only retained amounts provided by the Authority have been used by such body for the provision of social housing for the benefit of the Authority.

- v. Social housing is provided for the benefit of the Authority where it is situated in the area of the Authority or the Authority has nomination rights in respect of the social housing.
- vi. The amount spent on social housing includes the following:
 - (a) the development costs associated with the acquisition of dwellings to be used as social housing;
 - (b) the development costs associated with the acquisition of land for the construction of dwellings to be used as social housing;
 - (c) the development costs of the construction of dwellings to be used as social housing.
- vii. In this Part “development costs” means the costs set out in Part 6.

Part 6 – Development costs

Development costs means the costs relating to the development of social housing in respect to the heads of expenditure set out below.

Heads of expenditure

1 Acquisition

1.1 *Purchase price of land/site.*

1.2 *Stamp Duty Land Tax on the purchase price of land/site.*

2 Works

2.1 *Main works contract costs (excluding any costs defined as on costs).*

2.2 *Major site development works (where applicable). These include piling, soil stabilisation, road/sewer construction, major demolition.*

2.3 *statutory agreements, associated bonds and party wall agreements (including all fees and charges directly attributable to such works) where applicable.*

2.4 *Additional costs associated with complying with archaeological works and party wall agreement awards (including all fees, charges and claims attributable to such works) where applicable.*

2.5 *Irrecoverable VAT on the above (where applicable).*

3 **On costs**

3.1 *Legal fees and disbursements.*

3.2 *Net gains/losses via interest charges on development period loans.*

3.3 *Building society or other valuation and administration fees.*

3.4 *Fees for building control and planning permission.*

3.5 *Fees and charges associated with compliance with European Community directives, and any requirements relating to energy rating of dwellings, Eco-Homes certification and Housing Quality Indicators.*

3.6 *In-house or external consultants' fees, disbursements and expenses (where the development contract is a design and build contract) (see note 1 below).*

3.7 *Insurance premiums including building warranty and defects/liability insurance (except contract insurance included in works costs).*

3.8 *Contract performance bond premiums.*

3.9 *Borrowing administration charges (including associated legal and valuation fees).*

3.10 *An appropriate proportion of the development and administration costs of the Authority or the body in receipt of funding from the Authority.*

3.11 *Irrecoverable VAT on the above.*

Note 1

Where the development contract is a design and build contract, the on-costs are deemed to include the builder's design fee element of the contract sum. The amount included by the builder for design fees should be deducted from the works cost element referred to above, as should other non-works costs that may be submitted by the builder such as fees for building and planning permission, building warranty, defects liability insurance, contract performance bond and energy rating of dwellings.

Note 2

Some items will not qualify as development costs unless the Authority can clearly demonstrate that such costs are properly chargeable to the social housing, i.e. for the sole use of the residents or to comply with any statutory obligations that may have been imposed.

Examples of these are as follows:

- works to any roads which do not exclusively serve the social housing;*
- landscaping to areas of land which lie outside the boundaries of the land on which the social housing is situated;*
- district heating systems;*
- trunk sewers and sewage disposal works;*
- special refuse treatment buildings;*
- public conveniences;*
- community halls, club rooms, recreation rooms.*

Note 3

Subject to the above, where any cost incurred or to be incurred by the Authority or a body in receipt of funding from the Authority is common both to the development of the social housing and to any other activity, asset or property of the Authority or a body in receipt

of funding from the Authority, only such part of that cost as is attributable to the development of the social housing may be treated as a cost in respect of which the retained amount may be paid.

Signed on behalf of the Authority by

(insert name and position in capitals)

..... (add signature and date)

Signed on behalf of the Secretary of State by Graham Duncan – Deputy Director – Affordable Housing Regulation and Investment

.....(add signature and date)