

Report to the Council House Building Cabinet Committee



**Epping Forest
District Council**

Report reference: CHB-008-2019/20

Date of meeting: 12 March 2020

Portfolio:	Housing and Property Services – Councillor H Whitbread	
Subject:	Ongoing impact of RTB and Council House Building Programme on the Housing Revenue Account	
Responsible Officer:	Deborah Fenton Service Manager	(01992 564221)
Democratic Services:	J Leither	(01992 564756)

Recommendations/Decisions Required:

That the contents of this initial report be noted. That a follow-up report is received on an annual basis to understand the ongoing impact of the Right to Buy (RTB) on the Housing Revenue Account (HRA) and the steps being taken to mitigate this via the Council House Building Programme.

Executive Summary:

This report is an initial report, highlighting the impact of the Right to Buy purchases on the Housing Revenue Account. The number of properties purchased under the RTB since 1977 is 4876. This amounts to a loss of nearly 50% of EFDC Council Housing stock. Furthermore, the impact on the Housing Revenue Account in today's money amounts to approximately £25M per year. On average RTB completions are in the region of 30 per year. Since 2012 Councils have been able to use the RTB receipts to part fund street purchases or a building programme. EFDC has a house building programme, to date 108 properties have been built. The current build programme is based on delivery of a total of 370 properties to 2024. Our current programme will mitigate the RTB purchases, however will only increase our stock by 0.7% year on year if continued at the current rate (2021 72 properties). However, RTB creates an ongoing risk to the HRA, and before agreeing the next programme this Committee will need to consider whether the programme should seek to introduce a pipeline which will continue to increase overall housing stock.

Reasons for Proposed Decision:

Set out in its Terms of Reference, the Council House Building Cabinet Committee is to monitor and report to the Council on an annual basis progress and expenditure concerning the Council House Building Programme. It is suggested that this includes the ongoing impact annually on the HRA from RTB, and mitigation by the ongoing Council Housing programme.

Other Options for Action:

This report sets out the historical impact of RTB on the HRA, and the options to mitigate it going forward. There are no other options for action.

The Report:

The impact of the RTB has been considerable in terms of impact on the number of units and the loss of revenue to the Housing Revenue Account. Changes were made around the use of receipts in 2012; this prompted several Councils including EFDC, to consider introducing Council House Building Programmes. Although this in itself was problematic, due to borrowing restrictions placed on local government. Furthermore, only 30% of the total cost of any development could be RTB receipts.

To date, EFDC has built 108 properties. The attached table (appendix 1) highlights the historical impact of RTB on housing stock. Using this table, we can predict that the completions going forward will be approximately 25-30 a year. This represents a loss to the HRA account of about £156K per year. The accumulative figure over four years based on 30 properties could be as much as £2M. Given the expected number is 30 per year, not 30 in total. Over five years, the loss can be expected to be considerable.

To mitigate the loss of Right to Buy and increase our housing stock by 1% per year, we would need to have a council house building programme which delivers 90 units a year. The Local Plan is currently a barrier to this as we do not have any sites which are allocated for council house building. Furthermore, the opportunity to build on smaller sites is limited as the local plan has only a small number of 'windfall' sites (sites which are not allocated) which are permitted to proceed each year.

Moving forward, this annual report will give the context required to help Members understand the impact of the RTB and the number of new build properties needed if this Council chooses to mitigate the future losses to the HRA.

Resource Implications:

A structure is in place which would be able to deliver an increased pipeline. Funding for any future programme would be made up of grant, loan and RTB receipts

Legal and Governance Implications:

There are no current anticipated Legal and Governance implications of merit at the time of writing this report.

Safer, Cleaner and Greener Implications:

The continued delivery of the development housing programme will help address the antisocial behaviour issues associated with these garage sites and will reduce the opportunity for fly-tipping and thereby contribute to a Greener environment.

Consultation Undertaken:

Interdepartmental involvement has and will continue to be engaged.

Background Papers:

N/A

Risk Management:

The Risks associated with the current rate of RTB without a mitigating development programme will be a detrimental effect on the HRA.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in consideration of this report. The equality information is provided as an Appendix to this report.