

COMMUNITY & ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE

Date of Meeting	Wednesday, 9 th December 2015
Report Subject	Approval to apply to Welsh Government for suspension of the Right to Buy in Flintshire
Cabinet Member	Cabinet Member, Housing
Report Author	Chief Officer, Community and Enterprise
Type of Report	Strategic

EXECUTIVE SUMMARY

This report seeks Scrutiny support for an application to Welsh Government [WG] to suspend the Right to Buy [RTB] of Council owned housing in Flintshire.

The suspension of RTB could make a significant contribution to ensuring the continued availability of Council social housing and to maximizing the housing opportunities available to all households living across Flintshire.

This report provides the rationale for undertaking the application to Welsh Government, briefly outlining WG policy regarding RTB and provides information showing the national and local pressures caused by RTB disposals on the supply of social housing dwellings. Finally, the report proposes a suggested time frame for the consultation and application process to be delivered.

RECOMMENDATIONS

1	Scrutiny support an application to Welsh Government to suspend the RTB in Flintshire.
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REPORT DETAILS

1.00	EXPLAINING THE RIGHT TO BUY
1.01	<p>The right of a tenant of a Local Authority to buy their home at a discount has been a feature of social housing for over thirty years. The introduction of the <i>Right to Buy</i> in 1980 was grounded in UK Government policy at that time. Increasing home ownership was one of the main reasons for its introduction although raising money and reducing the cost on the public purse of maintaining and improving Council housing are also thought to have been factors.</p>
1.02	<p>The <i>Right to Buy</i> is contained in the Housing Act 1985. It gives most tenants who have a secure tenancy, usually those who rent from a Local Authority, the <i>right to buy</i> their home at a discount from the market price. It is subject to certain conditions and exceptions. Where the landlord owns the freehold of a house, the tenant has the <i>right to acquire</i> the freehold. Where the landlord does not own the freehold or the home is a flat, the right is to be granted a lease on it.</p>
1.03	The impact on social housing stock in Wales
1.04	<p>The period between 1980 and the middle of 2007 saw considerable <i>Right to Buy</i> activity and as a result, a significant shift from social renting to owner-occupation. In this period, some 134,600 Local Authority homes were sold to tenants under the <i>Right to Buy</i> scheme.</p> <p>In the ten years or so from March 2003 to March 2013, the proportion of dwellings in the social rented sector has fallen from 21 per cent of total housing stock to 16 per cent.</p>
1.05	<p>As a result, there has been a significant reduction in the national social housing stock in Wales. In the current financial climate, for housing, economic and other factors have combined to cause considerable pressure on the supply of homes. The pressures affect many but the effect on people whose needs cannot be met by the housing market is particularly noticeable. Some people cannot afford to buy a home, or to rent a home from a private landlord. They are dependent on social housing or some other form of subsidised provision. Social housing is a particularly important safety net.</p>
1.06	<p>On this basis, a White Paper was published by the Welsh Government in January 2015 setting out its intention to end the Right to Buy and in Wales. The White Paper put forward two proposals for public consultation. Both are aimed at protecting the social housing stock from further reduction:</p> <ul style="list-style-type: none">• changing existing legislation – which will halve the current maximum discount available to a tenant to who applies to buy their home from their Council or Housing Association landlord• developing new legislation – which, if passed by the National Assembly for Wales, will end the Right to Buy and Right to Acquire for housing associations.

1.07	Right to Buy in Flintshire
1.08	Flintshire has lost 822 Council housing dwellings since 1996 due to RTB. The cumulative effect on the supply of local social housing in Flintshire is only now being realised with significantly less social housing stock available to allocate to people whose needs cannot be met by the housing market. Increasing open market sale prices, tighter lending mortgage criteria and increasingly unaffordable rent levels in the private rented sector have encouraged reliance on the social housing supply to bridge the affordability gap whilst simultaneously encouraging current incumbents of social housing to purchase their existing homes.
1.09	<p>The recently jointly commissioned Flintshire and Wrexham Local Housing Market Assessment (LHMA) has confirmed that housing need for social housing dwellings is currently outstripping supply and will do so for the foreseeable future:</p> <ul style="list-style-type: none"> • An annual shortfall of 246 affordable dwellings across Flintshire; • The suggested affordable housing tenure split for Flintshire identified by the assessment is for 56% social/affordable rent and 44% intermediate tenure; • The LHMA identifies a clear need for smaller two bedroom properties for under and over 65s; • Around one third of all households in Flintshire can afford an intermediate affordable house priced at £100,000 or less (or the equivalent total housing costs).
1.10	Flintshire Context
1.11	Flintshire County Council is a stock-retaining local authority and currently has approximately 7,200 Council properties within the Housing Revenue Account (HRA) under its direct management. 88% of tenants voted to stay with the Council as their landlord in 2012 as part of the Council's Housing Ballot Project. This was the highest turnout in a housing ballot in Wales with 71% of tenants using their vote.
1.12	Following the outcome of the ballot, the Council has worked proactively with tenants to develop and modernise the housing management and maintenance service, with significant improvements being achieved. The mandate received from tenants has also enabled the Council to develop its ambitious and substantial stock condition investment programme [Welsh Housing Quality Standard] and Strategic Housing And Regeneration Programme (SHARP) respectively.
1.13	Flintshire's Welsh Housing Quality Standard (WHQS)
1.14	From April 2015 Flintshire County Council will be spending £111 million over six years to bring its 7,200 Council homes up to the Welsh Housing Quality Standard (WHQS). This programme of works will create modern, efficient, quality homes for Council tenants across the county. It will be largely funded through the Housing Revenue Account (HRA), with some

	prudential borrowing, to ensure that all Council owned homes meet the WHQS by 2020, which is the date stipulated by Welsh Government.
1.15	Internal improvements to properties will be carried out first, followed by external improvements such as new windows and then improvements to the outside of properties including footpaths and fences. There will also be a large programme of environmental works at locations across the County following extensive consultation with tenants and local members.
1.16	Strategic Housing And Regeneration Programme (SHARP)
1.17	At Cabinet in September 2014, approval was given to the SHARP to undertake a major procurement to appoint a development partner, with the aim of developing 500 houses of which 200 will be new council and 300 will be affordable housing at a range of sites across the county alongside commissioning a range of linked regeneration initiatives and community benefits. The Programme will have an initial period of 5 years. The Programme will be overseen by a Partnership Board whose decisions are subject to approval by Cabinet.
1.18	The first proposed schemes will take place at The Walks, Flint and site of the former Custom House School, Connah's Quay, where a total of 44 new Council properties will be delivered. These scheme are due to start on site early in 2015. In addition, a number of additional sites have been identified by the Council across Flintshire where site assessment and scheme design work is currently being undertaken to enable further new build properties to be included in the SHARP Housing Programme.
1.19	Under existing legislation, Council tenants allocated these in these new-build Council homes would be able to exercise their Right to Buy. These homes and the rental income streams generated by them would be lost to the Council in perpetuity and would potentially require the Council to revise its vision for both the WHQS and SHARP programmes in terms of the level of investment possible in the existing Council stock, along with the vision to deliver 50 new Council homes each year for the next five years to meet local housing need.
1.20	Next Steps
1.21	Given that that primary legislation, to end the <i>Right to Buy</i> will not be introduced following the next Assembly election in 2016, there is the option for all stock-retaining local authorities to apply to the WG to suspend RTB in its area through the 2011 Housing [Wales Measure].
1.22	This suspension can be up for a minimum of 5 years and up to a maximum of 10 years under the current rules. The Authority must consult with all its tenants beforehand and demonstrate that that demand for social housing within the area exceeds or is likely to exceed supply and the imbalance is likely to increase as a result of people exercising their RTB.
1.23	To date 2 Local Authorities, Carmarthenshire and Swansea have applied to suspend RTB and both have been approved by the WG.
1.24	Figure 1 sets out a proposed structured consultation with all Council housing tenants on making an application for the suspension of the RTB in Flintshire. This will also necessitate working closely with local housing

	association partners and all local key stakeholders
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2.00	RESOURCE IMPLICATIONS
2.01	A project team is being established with representatives from Housing, Legal, Finance and Policy and Performance teams to oversee and co-ordinate the delivery of the application and consultation process.
2.02	A Project Plan, Communications Plan and Risk Register is being developed and will be regularly updated during the course of the application and consultation exercise.
2.03	The main resource implication for the process will be the consultation with the tenants. The costs are likely to be c. £25K.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	<p>A key element of the application to suspend RTB is evidence of recorded and structured consultation with both internal and external stakeholders listed below.</p> <ul style="list-style-type: none"> • Existing Council and Housing Association Tenants • Flintshire Tenants Federation • County Council Cabinet • Community and Enterprise Scrutiny Committee • Chief Officer Team • Local Housing Association • Housing Advisory Panel • Housing Maintenance Team • General Public.
3.02	The consultation process be completed by the end of March 2016.

4.00	RISK MANAGEMENT
4.01	The following issues need to be considered and monitored in consulting to suspend the RTB in Flintshire.
4.02	Consultation may trigger a potential short term spike in applications to purchase properties by those eligible to do so.
4.03	THE WG is proposing to develop new primary legislation to end RTB by way of a draft bill for consideration by the new government in the next assembly post May 2016 however there is no guarantee that the future government would be supportive in suspending or ending RTB.
4.04	A Risk Register will be developed and regularly updated throughout the course of the project to identify and manage potential risks.

5.00	APPENDICES
5.01	Appendix 1 - Flintshire Right to Buy– Suspension Application Process

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>http://gov.wales/consultations/housing-and-regeneration/future-of-right-to-buy/?lang=en</p> <p>Contact Officer: Clare Budden Chief Officer Community and Enterprise Telephone: 01352 703800 E-mail: clare.budden@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>The Right to Buy is contained in the Housing Act 1985. It gives most tenants who have a secure tenancy, usually those who rent from a Local Authority, the <i>right to buy</i> their home at a discount from the market price.</p> <p>Preserved Right to Buy - This applies to tenants after a transfer of the ownership of a Local Authority's homes to a new Housing Association.</p> <p>Welsh Housing Quality Standard (WHQS) - Flintshire County Council will be spending £111 million over six years on a major refurbishment and maintenance programme of works bring its 7,200 Council homes up to the Welsh Government's Welsh Housing Quality Standard (WHQS).</p> <p>Strategic Housing And Regeneration Programme (SHARP) – Flintshire County Council House Building Programme which will build 500 new homes (200 Council) and 300 (affordable) new properties across the Council during the next five years.</p>