

WILTSHIRE COUNCIL

HOUSING PROVIDER INFORMATION AND PROCEDURES FOR THE APPLICATION AND USE OF RIGHT TO BUY RECEIPTS

Introduction

1. Local Authorities are able to use Right to Buy (RTB) receipts to help fund new affordable rented housing. From time to time Wiltshire Council may have Right to Buy receipts to allocate to housing providers to assist with the delivery of new affordable rented homes in Wiltshire. The purpose of this document is to set out the conditions of use of RTB receipts, and the procedures for applying for those funds.

RTB receipts can be used as follows:-

- To fund new build affordable rented homes (this could include where the provider needs to change tenure on new build units from Shared Ownership to Affordable Rented, or where the provider needs additional funds to achieve higher standards).
- The RTB receipts can fund up to a maximum of 30% of the total scheme costs (of the rented units only where it is a mixed tenure scheme). If the RTB funding is simply replacing the provider's own internal subsidy the amount of RTB receipts must not exceed that level of subsidy unless there is a viability issue which is proven through an open book viability assessment. Even where there is a proven viability issue the maximum amount of RTB receipts to be committed is 30% of total scheme costs for the rented units.
- Cannot be used with any other form of public subsidy.
- RTB receipts **can** be used on S106 nil subsidy affordable rented units which have already been added to the HCA programme, provided that there is no other public subsidy involved, and subject to HCA approval. This is on the understanding that the RTB receipts will replace the provider's own internal subsidy which can then be used on other affordable housing schemes in the area. *(Note: this is not the preferred use of RTB receipts and Wiltshire Council will prioritise schemes where funds are needed to assist viability, to provide additionality or to increase specifications.*

2. The availability of Right to Buy receipts will vary depending on the level of receipts received by Wiltshire Council on a quarterly basis, and the use of the funds for in-house projects. Any provider who wishes to enquire as to the availability of receipts will be able to contact the Service Development & Enabling Team to discuss funding opportunities. This will be made clear on the Council's website. Providers will have the opportunity to apply for use of the funds using an Expression of Interest form which will also be available from the website.

3. A scheme does not have to be on site before RTB funds can be paid. Funds can be committed as soon as there is any spend, eg. on preliminaries, subject to Cashflow information being provided to the council, and subject to the RTB funds only representing up to 30% of the total spend to date. However, for administrative purposes the RTB funds will be paid as one final payment upon completion of the units, following an invoice from the provider.

4. Where RTB receipts are to be used on S106 nil subsidy schemes a Deed of Variation will be required. It is expected that the provider will pay their costs of the Deed of Variation. On a phased scheme it is expected that the Deed of Variation will cover all phases which are bound under that particular S106 agreement.
5. If there is a developer who is party to the S106 agreement it is the responsibility of the provider to obtain consent from them to vary the S106.
6. A Grant Funding Agreement will also be required between the council and the provider. It is expected that the provider will cover their own legal costs.
7. Right to Buy receipts are being received by the council on a quarterly basis as a result of tenants buying their homes. Funds must be spent within 3 years of the date of receipt. A return is completed each quarter by Finance to show central government what has been spent and what funds, if any, are to be handed back as unspent.
8. For the purposes of annual returns Wiltshire Council will not count affordable rented completions for schemes in an HCA programme which have received RTB funding. Those units will be counted as completions by the HCA only.

Expression of Interest

9. To apply for Right to Buy receipts the provider will be required to complete an Expression of Interest form available from the Council's website.
10. In the event that more than one provider applies for the same pot of funding, the allocation of funds will be prioritised as follows:-

Priority 1

Schemes requiring funding to assist viability or deliver additional units, and to meet a proven need.

Priority 2

Schemes requiring funding to achieve higher standards or change tenure, and to meet a proven need.

Priority 3

Schemes requiring funding to replace the provider's internal subsidy, and to meet a proven need.

In the event that there is more than one scheme requiring funding within the same priority group, preference will be given to the scheme with the earliest start on site date.

11. Wiltshire Council will notify providers of the outcome of an application for RTB funding within 21 days of receipt of the Expression of Interest form.

Procedures

12. If funding is approved, the Principal Development Officer will oversee the completion of a Deed of Variation (if applicable) and a Grant Funding Agreement.
13. The provider will be required to provide regular Cashflow updates to the Council throughout the duration of the project, and to notify the Council of any slippage to projected timescales.

14. If there are any increases to scheme costs during the project there may be the possibility of increasing the RTB funding, subject to full details being provided. However, if a Grant Funding Agreement has already been completed and signed it may be necessary for a Variation to that agreement and the provider may wish to consider whether it is worthwhile, depending on the level of increase compared with the additional legal costs/time. If the level of funding required increases prior to a Grant Funding Agreement being completed the figures can be adjusted accordingly.

15. Upon completion of the units the provider should invoice Wiltshire Council.

Publication of Grant Funding

Please note, in accordance with the Local Government Transparency Code in relation to grant payments, the Council is required to publish details of all Right to Buy Grant payments. The Council carries this obligation out by means of publishing a contracts and grant register on the Council's website. As a minimum the register details the date the grant was awarded, time period for which the grant has been given, department which awarded the grant, beneficiary, beneficiary's registration number (company or charity registration number), summary of the purpose of the grant, along with the amount paid.