

Briefing Note

Committee name: Cabinet Housing Committee

Date: 19 February 2025

Responsible officer: Matt Ward - Head of Housing Services

This note provides information to keep Members informed of matters relating to the work of the Cabinet or a committee but where no decisions from Members are needed.

If Members have questions relating to matters shown, they are asked to contact the officer indicated.

This briefing note is designed to provide Committee Members with an update of information on Right to Buy (RTB) applications since the announcement in Budget in October 24 of the reduction of the discount.

Executive summary

The Right to Buy was introduced by the Conservative Government in 1980 and is covered by the 1985 Housing Act. It enables secure tenants with a minimum tenancy period to buy their home at a discount.

The discount is determined by the length of tenancy and is capped at an upper limit. There are exclusions such as sheltered accommodation, or properties specifically suitable for elderly or with accessibility needs.

Changes in legislation

The New Labour Government re-introduce a new cap to the RTB in the Autumn 2024 budget, changing the existing maximum discount of £102,500 to £38,000. The discount will be capped at £30,000 for CBC. This reduction of discount came into effect on **21st November 2024**, all applications prior to this date will have the old discount applied.

History of applications in CBC

CBC completions vary each year. Since 2021 there has been 73 completions.

Flats	27
Houses	45

Current applications following announcement

The changes announced in the Autumn budget by the Labour Government, created a substantive increase of new applications from Tenants in November 24. The Leasehold team received 65 applications in since the budget, which is the same number as would normally be received over a 2–3-year period. Virtually all local authorities are in the same

position seeing an influx of applications. Larger authorities are seeing applications in the thousands.

Initial checks were completed to ensure that any that did not meet the requirements were denied. A total of 3 applications were a denied on the initial checks.

Application breakdown since budget

Flats	21
Houses	44

Breakdown by property type

Property	Number of applications
1 Bed Flat	3
2 Bed Flat	18
2 Bed Bungalow	1
2 Bed House	4
3 Bed House	33
4 Bed House	6

Right to Buy Process

There are strict guidelines in legislation to ensure that application is process in an efficient and concise manner. There are penalties if these timescales are not achieved.

Risks

Based on 60 applications, and timescales are delay by 4 weeks and an average rent of £100.00, there would be potential total compensation of £24,000 for all the applications (£400 per application). We are mitigating this risk by dealing with applications in date order, and tenants that are living in houses, as offer letters need to be issued within 8 weeks of the admin or deny stage.

A simple summary of the stages is shown below:

Stage	Timescale	Summary	Risks
Step one	4 weeks	Admit or deny	Increased chase up calls
Step Two	8-12 weeks	Gathering information for Offer	Delay in offer letter can result in tenant claiming 1 weeks rent for each week of delay
Step three	From date of application 8 weeks house or 12 if flat	Offer letter	Delay in offer letter can result in tenant claiming 1 weeks rent for each week of delay

Step Four	No timescale	Conveyancing could take 9-12 months.	Impact on one legal volume of applications. Increase level of complaints Review process with one legal
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Checks are being undertaken as normal to ensure applications can proceed. Applicants have been advised due to the volume of tenants asking to buy that potentially that there could be a delay in responding.

The focus in the short term will be application from tenant living in houses as there is a shorter timescale to produce the offer letter and there is no service charge information that would need to be included in the offer letter.

Each of the stages relies on other department of the Council to provide information or checks to ensure that the Right to Buy application is process correctly and in accordance with legislation. The increase of application will have impacts on all the departments that provide this information and ensure that each of the milestones are achieved.

All departments have been informed of the potential increase in workload.

Impact on departments

Service	Impact	Risks	Solutions
Legal	Increased referrals from us and other council's	Unable to meet timescales	Possible outsourcing to solicitors
Housing	Tenancy checks by Housing Officers	Checks not completed correctly	Administration officers completing checks
Counter Fraud Unit	Fraud checks - increased referrals from us and other council's	Team provides services for several councils	No solutions specific service
Leasehold	Increased workload	Level of services to leaseholders	Focus on Right to Buy activity
Asset and Investment	This is required for S125 notices in relation to Major works and Service charges for Leasehold estimates	Due to the complexity of information this process is time consuming to ensure data is correct and can only be done by the Technical and Investment Team	Cost profiles need to be the focus for the Technical and Investment Team Repair summary completed by leasehold team

Property	Valuation report	Valuation process and creation of report takes half a day per property	Possible outsourcing to RICS surveyor Any previous RTB template will be used
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Current Position

An overview of applications as at the 14th January 2025 are as follows: (Due to the nature of the application process the application numbers will fluctuate).

Applications live prior to October 24	48
RTB Completions in 2024	15
Value of properties	Total value £2,328,000.00 Discount of £1,196,654.50 Total funds received £1,131,345.50
Applications received November 24	65
Applications received in December 24 and January 25	2
Applications refused in December and January 25	4
Applications withdrawn in December 24 and January 25	9
RTB Completions in December 24 and January 25	0
Value of receipt from sales between December 24 and January 25	£0
Tenants accepted and solicitors processing sale	16

Number of applications at application stage (checks)	34
Applications at Valuation stage	30
Offers issued in December 24 and January 25	7
Offers failed to be accepted overall	9
Total live applications January 25 (Including with solicitors, pending checks, and at valuation stages, offers issued)	106

Recycling of Grant

Potential sale/receipt value if 50 RTB application completed *Based on assumption of £97k per property receipt	£4.8m
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Update on Sales receipt and recycling of grant

Confirmation of recycling of Right to Buy receipt as highlighted in Guidance Retained Right to Buy receipts and their use for replacement supply: guidance Updated 30 July 2024. The updated guidance now includes the increased flexibilities on the use of RTB receipts which were announced on 30 July 2024 for the two financial years 2024-25 and 2025-26:

- The maximum permitted contribution from RTB receipts to replacement affordable housing has increased from 50% to 100%.
- RTB receipts will be permitted to be used with section 106 contributions.
- The cap on the percentage of replacements delivered as acquisitions each year (currently 50%) has been lifted.

Capital Receipts of £4,125k this year for 100% of Acquired Properties costs. This includes a brought forward amount of £1,908k and RTB Receipts of £2,217k for 24/25.

Any extra amounts would be carried forward to 25/26 to spend on Acquired Properties.

Future impact

It is likely that following the initial rush, that future RTB application will decrease significantly. However, the impact of having as many applications in one month as two years will have an immediate impact in 25/26.

Asset and Investment	Reduction in future liabilities and older stock that would need investment for carbonization	£1.2million (based on £20k investment per property for 60 sales)
Rental income	Reduction of rental income	£600k per year
Housing Stock	Reduced stock levels	55 -70 homes out available for rental
Leaseholder stock	Increased number of leaseholders	16 New leaseholders
Revenue from Disposal/RTB sale	Potentially large income in 25/26 financial year. CBC can retain 100% of these sales receipts for applications received after the announcement.	£4.8 million (after discount). This is an estimate based on £97.5k sales receipt per property

*Above information based on assumption of 50 sales, with valuation of £200k property. Maximum discount £102.5k

Future of RTB

The Right to Buy/Acquire has been suspended or removed in Wales and Scotland. It is unclear if any future removal of the RTB will come into effect in England, however it is predicted that further constraints will be introduced to make it difficult to purchase under this scheme in the future.

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