



## Report to Safer & Stronger Communities Scrutiny & Policy Development Committee

9 March 2015

**Report of:** Janet Sharpe – Interim Director of Housing Services

**Subject:** Right to buy update report

**Author of Report:** Andrew Routley – Home Ownership Team Leader (2736338)

### Summary:

The attached report is the bi-monthly update of the position right to buy position including the total sales, average selling price and previous years information.

**Type of item:** The report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	X
Other	

### The Scrutiny Committee is being asked to:

The Committee is asked to note the update.

### Background Papers: Not applicable

**Category of Report:** OPEN

## Right to buy update report

### 1. Introduction

1.1 The following report is an update of the current position of right to buy. There are four main statistical tables showing the following information

Table 1 – Number of applications in the current year and previous 3 years comparison.

Table 2 – Number of sales in current year, the forecast for the year and the variance from the forecast. It also provides the previous 3 years sales information for comparison

Table 3 – The sales receipt generated. It also provides the previous 3 years information for comparison

Table 4 - Average sale price in current year. It also provides the previous 3 years information

1.2 The second part of the report is an update of any planned changes to right to buy legislation or issues that may affect the right to buy.

### 2.0 Right to buy statistical information

**Table 1 Applications**

Applications	2014/15 Year to date	2014/15 total Year to date	2013/14 cumulative	2012/13 cumulative	2011/12 cumulative
April	51	51	56	52	30
May	39	90	106	115	56
June	63	153	147	151	96
July	47	200	191	191	125
August	58	258	249	235	149
September	53	311	294	290	186
October	47	358	348	339	212
November	39	397	395	389	240
December	29	426	421	423	247
January	48	474	475	456	273
February	64	538	540	515	299
March			605	572	337
<b>total</b>	<b>538</b>	<b>538</b>	<b>605</b>	<b>572</b>	<b>337</b>
<b>Average per month</b>	<b>48.9</b>		<b>50.4</b>	<b>47.7</b>	<b>28.1</b>

The number RTB applications over the last 3 years have remained fairly constant at

around the 600 level.

**Table 2 - Sales**

Sales total	2014/15 Year to date	2014/15 cumulative Year to date	2014 /15 cumulative forecast	Variance	2013/14	2012/13	2011/12
April	20	20	24	-4	27	6	12
May	12	32	48	-16	32	15	21
June	29	61	72	-11	49	19	30
July	22	83	96	-13	79	31	32
August	19	102	120	-18	94	36	39
September	33	135	144	-9	124	49	46
October	30	165	168	-3	142	58	60
November	23	188	192	-4	163	75	67
December	29	217	216	1	181	87	73
January	19	236	240	-4	205	101	81
February	23	259	264	-5	225	134	92
March			288		255	149	104
<b>Total</b>	<b>259</b>		<b>288</b>		<b>255</b>	<b>149</b>	<b>104</b>
<b>Average per month</b>	<b>23.55</b>		<b>24</b>		<b>21.3</b>	<b>12.4</b>	<b>8.7</b>

The current year's sales are broadly in line with the forecasted position and the full year target of 288 should be achievable.

**Table**

Sales receipt	Actual year to date	2014/15 cumulative year to date	2013/14 cumulative	2012/13 cumulative	2011/12 cumulative
April	£837,390	£837,390	£1,040,765	£229,860	£474,700
May	£523,067	£1,360,457	£1,201,265	£491,415	£868,675
June	£1,090,931	£2,451,388	£1,808,954	£641,140	£1,299,675
July	£708,349	£3,159,737	£2,937,732	£1,032,500	£1,466,875
August	£633,926	£3,793,663	£3,550,397	£1,290,420	£1,830,275
September	£1,317,606	£5,111,269	£4,709,689	£1,759,220	£2,103,825
October	£1,094,666	£6,205,935	£5,458,059	£2,144,180	£2,639,760
November	£957,542	£7,163,477	£6,259,377	£2,867,820	£2,940,380
December	£1,002,832	£8,166,309	£7,062,964	£3,283,680	£3,151,020
January	£618,526	£8,784,835	£7,974,774	£3,800,580	£3,535,145
February	£845,476	£9,630,311	£8,759,209	£4,980,355	£3,988,560
March			£10,035,935	£5,617,952	£4,480,210
<b>Total</b>		<b>£10,752,768</b>	<b>£10,035,935</b>	<b>£5,617,952</b>	<b>£4,480,210</b>

Figure in red is forecast year end position based on current average sale price

The total right to buy receipt is subject to pooling and does not represent cash retained by Sheffield City Council

**Table 4 - Sale price**

Average sale price	Actual year to date	2013/14	2012/13	2011/12
April	£41,900	£38,500	£38,300	£39,600
May	£43,600	£32,100	£29,100	£43,800
June	£37,600	£35,700	£37,400	£47,900
July	£32,200	£37,600	£32,600	£55,700
August	£33,400	£40,800	£51,600	£51,900
September	£39,900	£38,600	£36,100	£39,100
October	£36,500	£41,600	£42,800	£41,200
November	£41,600	£38,200	£42,600	£42,900
December	£34,600	£44,600	£34,700	£35,100
January	£32,600	£38,000	£36,941	£48,000
February	£36,800	£39,200	£35,743	£41,200
March		£42,600	£42,507	£41,000
<b>Average for year</b>	<b>£37,336</b>	<b>£38,958</b>	<b>£38,366</b>	<b>£43,950</b>

There has been a slight decrease in the overall average sale price to £37,336. This is largely due to a greater number of leasehold properties (flats & maisonettes) that have been sold over the previous two months. Leasehold properties generally are valued lower and the tenant can achieve bigger discounts quicker. In a leasehold property tenant still requires 5 years to qualify but they receive 2% discount rather than 1% for every year they have been a tenant. This means that their starting discount is 50% compared to 35% for someone living in a freehold property.

The discount calculations are as follows and are based on the tenant having the minimum 5 years qualifying tenancy

Freehold - You automatically receive a 30% discount when you qualify plus an additional 5% for the number of years as tenant which gives a total of 35% discount

Leasehold – Receive an automatic 40% discount plus an additional 10% for the number of years as tenant which gives a total of 50% discount.

On average 25% of sales are from leasehold properties however in January and February the total was 40%

## **2.2 – Possible changes to the right to buy**

The maximum discount has been uplifted by CPI inflationary figure of 1.2% meaning that the maximum cash discount will be £77,900. This will only apply to right to buy applications made on or after 6<sup>th</sup> April 2015

## **3. Recommendation**

3.1 The Committee is asked to note the update.

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