

EAST RENFREWSHIRE COUNCIL

CABINET

26 January 2017

Report by Director of Environment

RENTED OFF THE SHELF (ROTS) CAPITAL ARRANGEMENTS

**PURPOSE OF REPORT**

1. The purpose of this report is to report to Cabinet the decision to purchase, on the open market and by 31 March 2017, up to 10 "Rented Off The Shelf" (ROTS) dwellings at an approximate gross cost of £900,000.

**RECOMMENDATION**

2. The Cabinet is asked to note the decision to purchase, on the open market and by 31 March 2017, up to ten "Rented Off The Shelf" (ROTS) dwellings at an approximate gross cost of £900,000, using a combination of Scottish Government grant, commuted sums/Council Tax discount and HRA borrowing, and to amend the 2016/2017 HRA capital programme by creating a £150,000 "Rented Off The Shelf" (ROTS) budget.

**BACKGROUND AND REPORT**

3. The Scottish Government (SG) has, at short notice, offered East Renfrewshire Council a grant of up to £500,000 (50% grant funding) to purchase on the open market (up to) a total of 10 dwellings, which must be either one bedroom dwellings anywhere across the Council area or three bedroom properties within the Levern Valley area. This will assist in increasing the number of social rented houses in East Renfrewshire.

4. This scheme is known as "Rented Off The Shelf" (ROTS).

5. The purchases must be completed, with vacant possession, by 31 March 2017 to qualify for grant as the Scottish Government has advised that no accrual into 2017/2018 will be allowed.

6. Given the time it takes to identify, survey and value suitable dwellings, negotiate with the vendors and complete all legal procedures in order to complete sales by 31 March 2017, it was necessary to commence work on this during December 2016 and this urgency meant Housing Services could not wait until the next meeting of the Cabinet to seek approval.

7. Section 10 of the Financial Regulations allow for approval to be sought from two members of the Cabinet where changes in the capital plan is required in cases of urgency. Councillors Fletcher and Devlin have given their approval, subject to this being reported to the next meeting of the Cabinet.

8. The funding for this ROTS project will be based around the broad principle of 50% Scottish Government funding (maximum £50,000 per dwelling), 33% from commuted sum/Council Tax discount funds and 17% Housing Capital funding. The actual amounts will depend on the purchase price of each dwelling and as such the percentages may vary. Assuming an average cost of £90,000 per dwelling and that the Council manage to identify and purchase 10 dwellings, the funding package would be as follows:-

Total Costs @ £90,000 per dwelling	£900,000
SG Grant @ 50%	£450,000
Commuted Sums / Council Tax Discount @33%	£300,000
Housing Capital @ 17%	£150,000

## **FINANCE AND EFFICIENCY**

9. It should be noted that:

- The gross spend on this project will be approximately £900,000 funded from Scottish Government grant, Commuted sums/Council Tax discount and HRA borrowing.
- The £300,000 contribution from commuted sums/Council Tax discount can be met from the existing resources.
- The rental income from the additional 10 houses will cover the loan charges (over a 15 year period) associated with the £150,000 borrowing and the annual ongoing management and repair costs.

## **CONSULTATION**

10. Property and Technical Services and Legal Services have been consulted in relation to this report.

## **PARTNERSHIP WORKING**

11. This report has been prepared in partnership between Housing Services and Finance (Accountancy) staff.

## **IMPLICATIONS OF THE PROPOSAL**

12. There are no staffing, I.T. equalities or other implications associated with this report.

## **CONCLUSIONS**

13. The late offer of grant from the Scottish Government to part fund the purchase of one and three bedroom dwellings for Council housing is an opportunity to add to the social housing stock within East Renfrewshire and will assist in meeting the outstanding need for affordable housing at a relatively low cost to the Council.

## RECOMMENDATION

14. The Cabinet is asked to note the decision to purchase, on the open market and by 31 March 2017, up to ten "Rented Off The Shelf" (ROTS) dwellings at an approximate gross cost of £900,000, using a combination of Scottish Government grant, commuted sums/Council Tax discount and HRA borrowing, and to amend the 2016/2017 HRA capital programme by creating a £150,000 "Rented Off The Shelf" (ROTS) budget.

Director of Environment

Further information can be obtained from Phil Daws, Head of Environment on 0141 577 3186, e-mail: [phil.daws@eastrenfrewshire.gov.ukk](mailto:phil.daws@eastrenfrewshire.gov.ukk) or Tim Holmes, Property Services Manager on 0141 577 3147, e-mail at: [tim.holmes@eastrenfrewshire.gov.uk](mailto:tim.holmes@eastrenfrewshire.gov.uk)

### Cabinet Contact Details

Councillor Jim Fletcher  
(Leader of the Council)

Home: 0141 639 0265  
Office: 0141 577 5107/8

January 2017