



Department for
Communities and
Local Government

Appendix 1

Right to Buy Social Mobility Fund

Prospectus

February 2015

Department for Communities and Local Government



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Introduction

The Government is committed to helping people meet their aspirations for home ownership. The Right to Buy, which has enabled nearly 2 million people to realise that aspiration, is an integral part of the Government's drive to increase home ownership, deliver affordable homes and promote growth by getting the country building. The Right to Buy was reinvigorated in April 2012 and further improved in July 2014. Maximum discounts currently stand at £77,000 outside London and £102,700 in London, and will be higher from 6 April as a result of the annual CPI uplift.

However, some social tenants who are able to afford to exercise their Right to Buy are prevented from doing so because the social property in which they live is not suitable for their needs, or is difficult to mortgage. Older tenants may wish to move to a different area to be closer to family or into more suitable accommodation; working age tenants may want to move closer to employment opportunities; and some tenants struggle to get a mortgage, for example because they live in a property of non-standard construction.

The Government wants to help tenants trapped in social housing as a result of these barriers to access home ownership. It is therefore launching an £84 million Fund over two years to provide an alternative to tenants who can afford to do so to get onto the housing ladder. This prospectus invites bids for the Fund for 2015-16, for which £42 million is available.

Local authorities are invited to submit bids for funding to provide a local scheme to provide a one-off cash payment, not exceeding £20,000 (£30,000 in London boroughs) per application, to eligible tenants in place of their Right to Buy discount to enable them to purchase a property on the open market. This prospectus sets out the arrangements for applications from local authority landlords to bid for funding from the Right to Buy Social Mobility Fund. **All bids must be submitted by 5pm on Wednesday**

18 March 2015.

We are keen to receive proposals that will prioritise: older tenants seeking to move into more appropriate accommodation, or move closer to family elsewhere in the area or further afield; working age tenants who wish to move to a different area to access job opportunities; and tenants that struggle to get a mortgage because of the nature of the property in which they live. We would also welcome proposals that demonstrate partnership working with housing associations in order to offer the scheme to tenants with a Preserved Right to Buy.

Bids will be evaluated on the basis of the extent to which they meet the criteria set out in this prospectus. An assessment team will consider each bid against the criteria and will present its recommendations to Ministers who will make a final decision on the allocation of the fund.

Section One: Fund objectives and requirements

The purpose of the Fund is to enable local authorities to provide a scheme for their eligible Right to Buy tenants to access a cash payment in the place of their Right to Buy discount on their current social property. The cash payment must be used to help towards the purchase of a property on the open market. Local authorities will benefit by freeing up properties that can be allocated to new tenants.

The scheme can be offered to all social tenants that are eligible for the Right to Buy discount, but we are looking to fund bids from local authorities that will support, in particular:

- Older tenants
- Tenants wishing to move closer to the labour market
- Tenants who pass the Right to Buy affordability test but are unable to raise a mortgage because of issues with the property in which they live

We will therefore weight bids that prioritise these groups. (See section 2 below)

We also welcome proposals that:

- will meet local needs; for example, by freeing up the type of properties where there is a local shortage
- demonstrate that local authorities are willing to contribute some of their own resources to supplement the offer to their tenants
- demonstrate partnership working with housing associations to extend the offer to tenants with a Preserved Right to Buy

Lower weightings will apply to these criteria (See section 2 below)

Funding

The Department for Communities and Local Government is making available up to £42 million to stock-owning English principal local authorities in 2015-16. Local authorities that successfully bid for funding will be offered a grant to deliver their proposal. Grants will be paid under Section 31 of the Local Government Act and are therefore not subject to ringfencing.

Successful bidders will be allocated a share of the available funding. Any overspend of that allocation has to be funded from the local authority's own resources.

Eligibility

Any stock-owning local authority in England can lead a bid. A bid can be for funding for an individual principal local authority, a group of authorities, or a partnership with housing associations to extend the scheme to tenants with a Preserved Right to Buy. All partnership bids must have a lead bidding local authority and this must, for grant allocation purposes, be an English principal local authority. An individual local authority can only be part of one bid, but housing associations can be a partner with more than one local authority where they have property in different administrative areas. Bidders should note that a grant can only be paid for expenditure incurred, or to be incurred, by a local authority (see Section 31 Local Government Act 2003).

We are not limiting the amount that an authority or partnership can bid for but the cash payment available to individual tenants must not exceed £20,000 for councils outside London or £30,000 for London boroughs. Money from the Right to Buy Social Mobility Fund is only available to fund cash incentives. It is not available to fund the administration of the bidding authority's scheme.

All proposals must demonstrate that the local authority will promote the scheme and the extent to which it will prioritise the priority tenant groups described above. It is open to local authorities to target additional groups.

The local authority must demonstrate that they can deliver the required number of purchases that their bid should support. To illustrate: a bid (outside London) of £500,000 should deliver no fewer than 25 open market purchases (£500,000 divided by £20,000).

Awards will be made only where government is satisfied that the proposal meets the criteria. If more bids meet the criteria than there is funding available, bids will be prioritised based on a scored assessment of each bid.

Section Two: Selection Criteria

This section presents the criteria against which all bids will be assessed. All bids must satisfy the mandatory criteria. Those that do not will be discounted. All bids that pass the mandatory criteria requirements will be assessed against the scoring criteria and weighted as set out below.

Mandatory Criteria

1. Additionality

The bid proposal should demonstrate that it has evidence of tenants that would and could apply for the Fund. This might be evidence from a previous scheme run by the local authority; evidence of enquiries to the local authority with regard to purchasing an alternative property; evidence of tenants that have been refused a mortgage due to the nature of the property (not on affordability grounds) etc.

The tenants helped must be eligible for Right to Buy (or Preserved Right to Buy if done in partnership with a housing association), but must be additional, i.e. they cannot be in the process of applying for the Right to Buy their current social property, or have received a Right to Buy discount in the last 5 years. The Fund is not open to tenants with the Right to Acquire.

The cash incentive is intended to assist Right to Buy-eligible social tenants to purchase a new home on the open market. Tenants should vacate their social property when they receive the cash incentive; and should not return to social housing whilst they own a property for which they received a cash incentive. All bids must include a statement about the checks they have in place to ensure people applying to join the housing list are not property owners.

2. Funding

It will be for individual local authorities to decide how much funding in total to bid for to deliver their local scheme, based on an estimation of the number of households they believe will take up the cash incentive within the period of the scheme. However, the bid must not propose to exceed the limit on cash payments from the Fund to individual tenants. The limits are:

- £30,000 for Right to Buy Eligible tenants currently living in social housing in London Boroughs; and
- £20,000 for Right to Buy Eligible tenants currently living in social housing in the rest of England.

Local authorities may choose to 'top up' the cash incentive from their own resources.

We intend to make two Section 31 grant payments to successful local authorities, one in quarter 2 of 2015-16 and one in quarter 4. The payment in quarter 2 will be subject to the provision of satisfactory evidence of completed purchases (i.e. contracts signed) or purchases in the conveyancing pipeline. The payment in quarter 4 will be subject to the provision of satisfactory evidence of completed purchases or purchases that have exchanged contracts.

3. Deliverability

We will prioritise bids with a degree of certainty of delivery, based on the evidence provided. We will consider the evidence of tenant appetite (described in 1. above); the level of promotion planned; and the level of resources the local authority will provide to administer the scheme.

Our assessment of deliverability will influence the scale of allocation, if any, which we will wish to offer to successful bidders. Where bids exceed the available funding, we may offer scaled allocations to those bids which meet our criteria.

4. Promotion

All bids must set out how the local authority and its partners will advertise the scheme to its tenants.

Scoring Criteria

1. Targeting priority tenants groups

Priority will be given to bids which demonstrate how they will target the three key groups that face barriers to accessing the Right to Buy discount:

- i. Older tenants (25% weighting)
- ii. Tenants wishing to move closer to the labour market (20% weighting)
- iii. Tenants who pass the Right to Buy affordability test but are unable to raise a mortgage because of issues with the property in which they live (20% weighting)

2. Additional benefits

Priority will also be given to those local authorities that design a scheme that:

- will meet local needs; for example, by freeing up the type of properties where there is a local shortage – such as larger family homes, or one and two bedroom properties to support downsizing (15% weighting)
- will contribute some of their own resources to supplement the offer to their tenants (10% weighting)
- will work in partnership with housing associations to provide a cash incentive to tenants with a Preserved Right to Buy (10% weighting)

Section Three: Bidding information and process

Bidders are required to complete the bid form – attached as an annex. The information required in that form is needed to check that bids will fulfil the objectives of the Fund and to help prioritise bids. **Bids should be received no later than 5pm on Wednesday 18 March 2014.** The following table summarises the timetable:

Date	Event
20 February	Start of bidding process
18 March	Deadline for receipt of bids
End March	Assessment of bids
By end of March	Successful bidders notified

Completed bid forms, approved by the Section 151 officer, should be returned in electronic format to the DCLG Right to Buy team via:

RTB@communities.gsi.gov.uk

Please start the subject line of your email with bid authority (or lead authority) name. This email inbox can also be used for any questions you may have about the fund. Alternatively, you can call the DCLG enquiry line on 0303 444 0000.

Appraisal of Bids

An assessment team will review final bids according to the criteria set out in section two of this guidance. The assessment team will present results to Ministers to make final decisions about funding

Payment of Support

Payment will be approved via the issue of a grant determination under Section 31 of the Local Government Act 2003. The first payment is expected to be made in the second quarter of 2015-16, subject to receipt of satisfactory evidence of progress towards agreed outputs. Any funding that becomes available in quarter 2 as a result of lack of demonstrable take-up and forecast take-up by quarter 2 will be offered to other successful bidders who can demonstrate over-subscription of their local scheme.

Management Information requirements

The bidding document should set out the number and type of tenants the Fund will reach, and forecast how many completions will be expected per quarter. Local authorities will be required to provide quarterly management information on completions, total payments, and tenant type; and update forecasts. Payments in quarters 2 and 4 will only be made if the management information is satisfactory.

The bidding document should also set out details of how the local authority will ensure that the tenant is eligible.

The department does not require information on the type or location of the property being purchased, but the bid should set out how the local authority will ensure that payment is made only when a purchase has been completed (i.e. evidence of signed contracts; vacant possession of the social property etc.) and how it will ensure that the tenant does not re-apply for social housing.

Confidentiality

Throughout the bidding process details of individual bids, including feedback, will be treated as commercially sensitive and confidential. However, information may be published, or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1988 and the Environmental Information Regulations 2004) as there is a statutory Code of Practice with which public authorities must comply, and which deals with, amongst other things, obligations of confidence.

Officials within government as well as the members of the panel and assessment team will have access to bids (and any supporting materials). Ministers will also have access to all information provided. If we receive a request for disclosure of the information we will process personal data in accordance with the Data Protection Act and in the majority of circumstances this will mean that personal data will not be disclosed to third parties.

While we will not disclose the nature, scale and scope of individual bids during the bidding process, we may use the information provided to produce an aggregate overview of the demand for the scheme and scale of projects that are likely to be funded. All feedback, written or oral, on final bids should be treated as confidential.

The department may publish top line information about successful bids where this is deemed to be in the public interest (for example, the name of the successful lead bidding authority, the amount that will be awarded and nature and scale of the successful proposal(s)). Once confirmation letters have been issued the department may disclose more detailed information about the bid. However, the actual bids (and supporting materials) and assessment scores will not be disclosed.

Right to Buy Social Mobility Fund

Application form

Supporting social tenants to realise their aspirations of home ownership.

This form should be submitted to RTB@communities.gsi.gov.uk no later than **5pm on 18 March 2015**. Any queries about the fund should also be submitted to this address.

Section A: Applicant contact information

Principal local authority name/ name of bidding organisation:	Chesterfield Borough Council
Name of contact(s):	Alison Craig
Position in authority:	Housing Services Manager – Business Planning and Strategy
Telephone number(s) of the contact(s):	01246 345156
Email address of the contact(s):	Alison.craig@chesterfield.gov.uk

Section B: Eligibility criteria

Please complete as appropriate:

The bid is from an English principal local authority	YES
All expenditure will be spent on providing a cash payment to Right to Buy-eligible tenants	YES
The bidding authority agrees to provide relevant project progress monitoring information to DCLG	YES
The proposal has been signed off by the relevant Section 151 officer and this proposal is accompanied by evidence to support this.	YES
The proposal sets out the extent to which it will target the priority groups	YES

Section C: Project description

Project title: Please give the bid a short name, unique to any other fund bids involving your organisation.

Chesterfield Borough Council Social Mobility Fund Bid

Project Summary (100 words maximum): Please provide a brief description of local scheme proposal.

The project will enable tenants of non-traditional, designated defective, housing the opportunity to purchase a property on the Local Housing Market

Grant Requirement: Please state the total amount you are bidding for from the fund.

£200,000 (Two hundred thousand pounds)

Mandatory Criteria

1. Additionality: Please set out your evidence that tenants would and could apply for the Fund and how you have alighted on the number underpinning your bid.

You should include a statement about

- the checks you will undertake to ensure that applicants are eligible for Right to Buy and additional (i.e. not in the process of accessing their Right to Buy discount on their current property); and
- the checks you undertake when people apply to join the housing list to ensure they do not own a property, which would pick up whether a tenant in receipt of this cash incentive reapplied for social housing.

Focus of the scheme

Excluding households exercising their RTB's only 25 Chesterfield Borough Council households move from into Owner Occupation each year accounting for than 2% of all tenancy terminations. The majority of those moving into owner occupation are tenants of flats as those in houses are more likely to exercise the Right-to-Buy. A scheme to offer an alternative to the Right-to-Buy to prevent the loss of stock and enable the rehousing of additional households on the waiting list is welcome. To focus the scheme appropriately within the Borough a review of RTB application data identified a difference in the rates of applications and completions of designated defective non-traditional property types compared to other stock.

The council has 491 designated defective non-traditional properties. Through analysis of the Right-to-Buy applications over the past four years it was identified that there were relatively few successful applications for those with defective non-traditional property types. Over 360 RTB applications have been submitted over the past four years with around half completing. Out of these applications only 16 have come from households in designated defective properties. From an analysis of these applications only 4 of the 16 applications from designated defective properties completed their sales - a 25% completion rate. The typical completion rate for all property types is 50%. A scheme to offer households in these property types an opportunity to access a cash incentive to move into owner occupation is suitable for Chesterfield. A target of ten households has been set to meet some of the unfulfilled RTB demand and also to encourage further households in the designated defective properties to consider moving into owner occupation.

In terms of geography Chesterfield is a small Borough approximately five by seven miles therefore housing applications to move for work related reasons are very low (only 8 tenants seeking a transfer were doing so for work related reasons). It was not thought suitable to offer the scheme to this group of tenants as no assurances could be given on numbers.

No local evidence could be identified that there was a need to support older people into owner occupation therefore the focus of a bid for 2015/16 will be for non-traditional properties types only.

Eligibility Checks

All applications for the funding will be asked to complete a form matching the questions on the RTB Form A application. The completion of this form will enable the same eligibility checks to take place on applications including whether the applicant had previously received a RTB discount.

Principles of scheme

A Chesterfield cash incentive scheme would be payable towards the cost of a property purchase only. Therefore the release of the cash payment would be done as part of completion towards the cost of the property purchase. The scheme will include a conditional agreement to surrender a secure tenancy tying the eligibility and release of the cash incentive to the termination of the existing secure tenancy ensuring the scheme results in a new letting.

Continued:

Similar to the Right-to-Buy Chesterfield Borough would seek to include a discount clause with a promise to repay as part of the agreement. The issuing of the funding will be subject to a 2nd priority charge (behind the Mortgagor) charge on the property being purchased for a period of five years reducing at the same rate as the RTB discount. Any sales within this period would trigger a repayment of cash that would be recycled back into the social mobility scheme.

Housing Register

At present Chesterfield does not currently operate a waiting list exclusion policy for households owning a property. Applications from Households who own property are low priority and unlikely to be able access council accommodation in the future unless additional need factors such as homelessness or family breakdown are the reasons for the housing application.

2. Funding:

Please set out the number of tenants the bid will reach, and in which quarter you expect the completion.

	2015-16			
	Q1	Q2	Q3	Q4
Number of tenants completing :	0	1	4	5

3. Delivery: Please set out briefly the resources you will put in place to deliver the fund

The Council will provide all the required resources to deliver the scheme through existing teams and capacity. The scheme will be delivered by Housing Services Business Planning and Strategy Team and the Legal Services Teams within Chesterfield Borough Council.

The Business Planning and Strategy Team will formulate and manage publicity, ensure that Housing Management elements of the scheme on tenancy terminations are carried out, complete all the required monitoring of the scheme and manage the process on behalf of the tenants.

The Legal Services Team will provide their resources to develop suitable legal documents to operate the scheme and approvals to award the grants. They will also devise the checklist for establishing the eligibility of claimants.

4. Promotion: Please describe how you will promote this scheme to eligible tenants, including timings and extent of distribution (i.e. whether it is highly targeted and if so, how and where; or if a blanket approach is proposed).

The scheme will be promoted through a blanket approach in an article in the summer edition of the tenant's magazine 'Our Homes', an article in the May edition of the Council newsletter 'Your Chesterfield' and a personal letter to all households occupying the eligible property types.

Scoring criteria

1. Priority tenants. Please set out the number of tenants by type the bid will reach, and in which quarter you expect the completion.

	2015-16			
	Q1	Q2	Q3	Q4
Older tenants:	0	0	0	0
Tenants moving to access working opportunities:	0	0	0	0
Tenants unable to Mortgage their social property:	0	1	4	5

2. Additional benefits:

Please set out (if applicable) how any the proposed scheme will meet local needs; for example, by freeing up the type of properties where there is a local shortage – such as larger family homes, or one and two bedroom properties to support downsizing.

The non-traditional property types targeted through the scheme will be predominantly two and three bedroom houses property types that locally experience high demand. Waiting list demand is not affected by construction type therefore all properties made available through the scheme would be in high demand.

Please set out (if applicable) how much the local authority will contribute from its own resources and for what purpose (e.g. to top up the Fund allocation to individual tenants, to enable the scheme to reach more tenants etc.)

In addition to the resources to run the Social Mobility Scheme Chesterfield Borough Council will undertake to launch a scheme targeted at RTB applications for specific property types during 2015/16. The scheme will be aimed at tenants occupying traditionally built property types in areas where demand for new lettings is high and property turnover low. This scheme will operate in an identical manner to the Social Mobility Fund bid for non-traditional property types and seek to offer tenants a cash alternative rather than exercising their Right-to Buy. The scheme would be managed and contain the same conditions as properties within the Mobility fund bid. The funding for this scheme will be provided from the Housing Revenue Account Capital Programme and will match the funding obtained through the RTB mobility fund.

As the CBC scheme is not contained within the current Housing Capital Programme further political approval from local members will be required.

Please describe details of any proposed partnership arrangements with housing associations, detailing the number and name of partners and number of Preserved Right to Buy tenants expected to be reached.

Not applicable to Chesterfield Borough. No preserved Right-to-Buy exists in the Borough

Section D: Other Information

Please use this section to provide any additional information that you think the assessors may require to evaluate your bid. Please limit your comments to no more than 250 words.

Section E: Approval

Approval: Bid approved and signed off by Section 151 officer (or authorised person in other public sector partners) for each partner to the bid.

Name	Barry Dawson
Organisation	Chesterfield Borough Council
Date Approved	

Name	Click here to enter text.
Organisation	Click here to enter text.
Date Approved	Click here to enter text.

Name	Click here to enter text.
Organisation	Click here to enter text.
Date Approved	Click here to enter text.

Name	Click here to enter text.
Organisation	Click here to enter text.
Date Approved	Click here to enter text.

Disclaimer

There shall be no expectation of grant until authorities have been formally notified in writing by the department. All the Applicant's costs and charges incurred as a result of making this application shall be for the applicant's account and cannot be claimed as part of the project.

The Data Protection Act: Freedom of Information Act 2000

The Department for Communities and Local Government undertakes to use its best endeavours to hold confidential any information provided in any application form submitted, subject to our contracting obligations under law, including the Freedom of Information Act 2000. If you consider that any of the information submitted in the application form should not be disclosed because of its sensitivity then this should be stated with the reason for considering it sensitive. The department will then consult with you in considering any request received under the Freedom of Information Act 2000 before replying to such a request.

Applicants should be aware that the following conditions will also apply to all bid applications:

- We may use your information for the purposes of research and statistical analysis and may share anonymised information with other government departments, agencies or third parties for research and statistical analysis and reporting purposes.
- Our policies and procedures in relation to the application and evaluation of grants are subject to audit and review by both internal and external auditors. Your information may be subject to such audit and review.
- We propose to include light touch monitoring by the department utilising publicly available information. We would encourage applicants to regularly publicise progress on their websites and disseminate good practice.
- The department will publish summaries of all successful bids.