

Cabinet – 18 July 2019

Questions from Councillors

1 Councillor Chris Vince to Councillor Mark Ingall, Leader of the Council

At Full Council on 11 July, Councillor Carter said that the Council had given £3 million of Right to Buy Receipts back to the Government. Can the Leader please state whether this is true and if so, set out the reasons why the money has been given to the Government?

Reply from Councillor Mark Ingall (Leader of the Council):

When Councillor Carter said, Harlow had given back £3.5 million to the Government from unspent Right to Buy (RTB) receipts in the financial year 2018/19, he was guilty of over-simplifying the situation to a degree that would have been very misleading to Harlow residents. The simple unvarnished truth is that £3.5 million of Harlow's RTB council house sales receipts was taken from Harlow because Tory policy at a national level made it impossible to do anything else.

Under current arrangements the receipts generated through RTB housing disposals are repayable to the Government. The regulations do allow authorities to retain those receipts if they intend to utilise them for the replacement of housing stock either through new build/conversion or open market purchase.

Unfortunately the regulations also state that receipts that are retained by a local authority can only contribute up to 30 per cent of the cost of replacing the homes lost under RTB. The local authority therefore has to fund the additional 70 per cent of any scheme it implements.

The regulations also state that if RTB receipts are retained they must be applied to schemes and be used within a three year period. If this is not achieved then the full value of those receipts must be repaid to the Government in full and with the addition of a four per cent interest charge.

Based upon the council's housing pipeline costing in the region of £14 million in the next three years the Council has already retained £4 million of 2017/18 RTB receipts to contribute towards 30 per cent of the cost of these schemes.

However, during 2018/19, the Council was unable to retain any further receipts because of the three year time restriction placed upon the use of those receipts by the Government regulations. The Council lost £3.5 million of its receipts in 2018/19 as a result of the Government's regulations, money which could have been retained in Harlow for Harlow if the time restriction and interest penalties had not been in

place. The Council expects to continue to retain RTB receipts during 2019/20 to help to fund later stages of its housing delivery pipeline.

Supplementary Question from Councillor Chris Vince to Councillor Mark Ingall, Leader of the Council

Could the Council have borrowed money to speed up the delivery of new homes?

Supplementary Reply from Councillor Mark Ingall, Leader of the Council

Could we have borrowed to speed up the delivery of new homes and thus retained the £3.5 million Councillor Carter talks about, after all the cap on borrowing for housing was lifted by this government? But that came after legislation from 2012 imposed by the Tories that required, Harlow, like all other Councils in the country, to buy its stock of Council houses in return for the right to keep Council House rents. Harlow had to borrow a quarter of a billion pounds to buy its own Council Houses. However the rental income covered the interest on this loan and some of the capital, but a subsequent decision by the Tories to reduce Council rents by one per cent per annum for four years resulted in damaging our ability to repay the loan we had been forced to take out. We now are able to pay only the interest. And so increased borrowing is simply out.

Of course had the Council tax support given to Harlow not been cut by a cumulative total of £7 million since 2010 by the Tories, we would have had sufficient reserves to have built faster and retained the £3.5 million.

So in summary, is Councillor Carter right to say we have given back £3 million of Council house sales receipts to the government? No. We have been forced, over a barrel by a raft of Conservative legislation, to hand over money that there was no legal way of retaining. Yet again Tory Councillors identify a problem that is caused by a Tory government and attempt to pass the buck onto a successful Labour administration. A deliberate attempt to mislead, or simply not knowing the detail, the residents will decide.