

Right to Buy Performance Briefing Note

A number of concerns have been raised about the performance of the Right to Buy team in comparison to statutory deadlines, the following information gives an overview of the causes and solutions which are being put in place to resolve this issue.

Background

In 2015/16 the Right to Buy team received just over 1,300 RTB applications, and it is anticipated that this level will continue. Historically the first stage of the procedure to either accept or deny each RTB application took an hour on average. Due to the issues outlined below, processing times have increased to an average of 4 hours for each RTB application, and this impacts on the team's ability to complete other parts of the process in line with statutory timescales, although currently only the first stage is outside statutory deadlines. The whole RTB process from application stage through to completion takes 9-12 months.

In the last 12 months the government funded Right to Buy agents have also completed robust advertising campaigns, encouraging tenants across Birmingham to apply for their Right to Buy. However the tenants that submit an application often do not have the financial means to support a property purchase, and apply hoping to use Housing Benefits to pay for their mortgage, even though this ceases when they are no longer a tenant. In many cases they also do not fully appreciate that this is a legislative process, or that in becoming a home owner BCC will no longer support them in terms of completing repairs or providing day to day support in handling issues with the property, neighbours, etc. All of these details are explained to tenants after they have submitted an application, and we are working with the Right to Buy agents to ensure that only tenants capable of purchasing a property submit an application.

Complexity of Right to Buy Applications

There has been an increase in the complexity of the Right to Buy applications which are received from tenants, therefore even though the volume of applications is not increasing significantly, the amount of time taken to process them is longer as we need to gather additional information from other registered social landlords to ensure that discount levels are correct. Tenants are also including parties on their applications that BCC have no record of, or have not kept their tenancy details up to date, i.e. because names or circumstances have changed and this again is impacting on the amount of time that an application takes to be processed.

We have also had an influx of RTB applications from elderly tenants, who receive a high level of discount. In the main they are being supported in the application by family members, particularly grandchildren, that we have no record of being resident at the property and therefore are not included in the tenancy. By completing robust checks we reduce the risk of anyone being able to take advantage of the vulnerability of the tenant.

Tenant Identity and Source of Funding Checks

In line with audit recommendations we also complete more robust social housing fraud checks to ensure that any parties included in a Right to Buy application have a legal status to be living at the property, are included in the tenancy, are not committing any kind of

benefit fraud, or claiming single persons council tax allowance. Also working with colleagues in Legal Services and the Fraud Team the source of funding is checked so that particularly with cash payments the source of money is coming from a legitimate source. The legislation laid down by the government does not provide additional time for these checks to be made, however we need to ensure that we are only selling a housing asset to a tenant that legally qualifies to purchase the property, and that can legally demonstrate there are no issues with the source of funding to buy the property.

We are in discussions with the DCLG, about the legislation, and they are aware that there is the potential for fraud and exploitation of Right to Buy as the discount levels make this a very attractive proposition for anyone interested in gaining financially. A high proportion of properties sold through RTB are sub-let within the first 12 months, and once the 5 year Discount Repayment clause has expired the property can be sold at market value. Currently there is nothing a local authority can do to stop this happening which is why we are keen to reduce the risk by completing robust checks at the start of the process.

Information from Other Departments

In order to process a Right to Buy application information is obtained from a number of internal departments and external organisations, and therefore if the requests are not actioned in a timely manner this impacts on the statutory timescales for the Right to Buy team. There was an issue with the introduction of the new Repairs Contractors, particular Wates, as it took them a while to set up their systems to complete EPC Inspections and produce EPC Certificates. This situation has recently improved significantly, and will impact favourably on timescales when producing S125 Offers.

Service Reviews

A combination of all of these issues is having a detrimental impact on the team's ability to meet statutory deadlines, and internal BCC targets, however to resolve the backlog issues we are working with other service areas to ensure that their part of the process is as effective as possible. Service Reviews across BCC have impacted on the resources available, however more effective working practices are reducing the impact.

The Home Ownership team as a whole, including both the Home Sales and Leasehold Teams are being consulted about a restructure to the service, to more effectively cope with the increased workloads. This is an ongoing process, in the short term the uncertainty about roles and responsibilities is having an impact on employees ability to complete tasks effectively. However as soon as the appropriate resources are in place this will have a positive impact on the statutory timescales, and the backlog in work.

Conclusion

In conclusion it is taking 8 weeks, rather than the statutory 4 weeks, to either accept or deny a RTB application at the first stage of the process, and this is due to the volume and complexity of applications and the checks which are completed regarding eligibility.

S125 Offers are now being issued within the statutory timescales of 8 or 12 weeks, depending on whether a house or a flat is being sold, and we have worked with other service areas to ensure they are producing information in a timely manner.

Finally the Home Ownership service area as a whole is being restructured, to ensure that resources can be more appropriately allocated to Right to Buy, however this process also has to be completed in line with legislation and in consultation with trade unions. This process is nearing a conclusion and the subsequent reallocation of work will significantly improve performance in this area.

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