



# Ministry of Housing, Communities & Local Government

All Chief Finance Officers  
English stock-holding housing authorities  
CC: Relevant Contacts

Our Ref:

Your Ref

12 June 2020

Dear colleague

## **ADDITIONAL RIGHT TO BUY RECEIPTS: TEMPORARY RELAXATION ON RULES GOVERNING THEIR USE IN RESPONSE TO COVID SITUATION**

This letter is primarily aimed at local housing authorities which have signed an agreement with the Secretary of State under section 11(6) of the Local Government Act 2003 under which they retain all the receipts arising from additional RTB sales (ie those above the number predicted since 2012) in return for the provision of replacement social housing.

I am writing to invite you to enter into an amendment to that agreement which will make it easier to fulfil the conditions by which you retain these receipts, as we acknowledge that the Covid crisis has, in some cases, halted or slowed down housing development.

The amendment will give authorities until **31 December 2020** to catch up with their spending plans (see Annex A to this letter). Over the last three months, authorities and national organisations have contacted the Department explaining the difficulties they expect to encounter in meeting the forthcoming expenditure deadlines. By rolling up the next two deadlines to the end of the calendar year, the Department's objective is that more will be spent on replacement social housing.

We will continue to keep the situation under review. It would be helpful for authorities to keep the Department informed if it becomes clear over coming months that they are likely to face challenges meeting the 31 December deadline. In the meantime, I would like to also remind authorities that they should continue to return receipts to us, which they are not planning to spend on replacement housing as soon as possible, to minimise interest charges.

I attach the amending Agreement (plus a full example copy with the amendments highlighted in red so that you can see how the Agreement has changed).

### **What to do now**

1. If you are satisfied with the revised Agreement, we would be grateful if you could indicate by emailing [ross.buchanan@communities.gov.uk](mailto:ross.buchanan@communities.gov.uk) that you wish to enter into it by **Friday 03 July**.

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Website: [www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government](http://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government)

2. We will then:

- (a) insert the full name of your authority under the section marked “Parties”; and
- (b) and add the date of the original Agreement in paragraph 1.

3. We should then be grateful if you could:

- (a) have the Agreement signed and dated at the end by an appropriate person within your authority (adding in capitals their name and position - the signature can be electronic); and
- (b) e-mail a Word or scanned copy to [ross.buchanan@communities.gov.uk](mailto:ross.buchanan@communities.gov.uk) by 03 July 2020.

4. We will then arrange to have the Agreement signed by myself and a copy returned to you.

5. If you do not wish to sign this revised Agreement please let us know as soon as possible.

6. If you have any questions please direct them to Ross Buchanan.

Yours sincerely,



**JENNY PREECE**

**Deputy Director  
Social Housing**

## ANNEX A: WORKED EXAMPLE OF HOW THE AMENDED AGREEMENT WILL WORK

1. The agreements allow authorities to retain the additional receipts for up to three years after they have been received. Authorities are required to lever in additional resources for replacement social housing, so that the additional receipts support no more than 30% of the expenditure. These expenditure targets are calculated cumulatively and occur every three months. The next deadline occurs at the end of this month (30 June), so to take a concrete hypothetical example.

Authority's expenditure requirement by 31 March 2020: **£32 million**.

Receipts from authority's additional receipts in Q1(2017-18): **£300,000**.

Therefore, authority's expenditure requirement by 30 June 2020: **£33 million**

Receipts from authority's additional receipts in Q2(2017-18): **£600,000**

Therefore authority's expenditure requirement by 30 September 2020: **£35 million**

Receipts from authority's additional receipts in Q3(2017-18): **£900,000**.

Therefore, authority's expenditure requirement by 31 December 2020: **£38 million**

2. The amendment will allow authorities additional time to incur expenditure, so that the next deadline will not be till 31 December 2020. So in the hypothetical example above, the details would change as follows:

Authority's expenditure requirement by 31 March 2020: **£32 million**.

Receipts from authority's additional receipts in Q1(2017-18): **£300,000**.

Receipts from authority's additional receipts in Q2(2017-18): **£600,000**

Receipts from authority's additional receipts in Q3(2017-18): **£900,000**.

Therefore authority's expenditure requirement by 31 December 2020: **£38 million**