

**SOLAR PANEL (PV) INSTALLATION ON SDC HOUSING STOCK SUBJECT TO RIGHT TO BUY (RTB)**

**Purpose of this information sheet**

To update members on the tenants services asset strategy in light of changes in government policy and other advice

**Introduction**

Stroud District Council's Tenant Services embarked on a plan to deliver the Tenant Services' energy strategy which was presented to the Strategic Overview and Scrutiny Committee on 6 October 2011, which contained a number of risks and how they would be managed, however, there was no risk identified in terms of Right to Buy. At the Special Executive meeting held on 3 January 2013, the following was contained within the report:

*7.5. An important innovative project proposed in 2013/14 concerns dealing with the real effects of fuel poverty on some of our tenants. SDC's stock of tenanted properties includes 1,700 properties being 'off gas'. The tenants of these properties are at an increased risk of rising fuel costs. By bringing forward the recommendations in the Tenant Services' Energy Strategy it is intended to set up a project to install renewable energy products in 1,000 properties over the next two years leading to reductions in energy costs (more than 50% in some instances). This will involve installing Solar Photovoltaic (PV) systems and Air source Heat Pumps (ASHP) to the properties in place of less efficient heating systems.*

Funding was aided by additional grant from the Department for Energy and Climate Control (DECC) to deliver some of the works.

**Current Position**

Delivery commenced in July 2013 and to date 5373 individual PV panels (around 9 per property) have been installed on 597 properties of which, one has been subject to RTB completion.

**Right To Buy (RTB)**

With the introduction of a number of measures in the Housing and Planning Bill, it is right and proper that we acknowledge and manage the risks associated with this legislation. It is expected that level of RTB discounts coupled with upcoming reforms (subject to assent) of the £30k household income change in rents (often referred to as "pay to stay") and the introduction of mandatory fixed term tenancies of 2-5 years will have a bearing on tenants wishing to pursue this option. This will have a very real impact on our income from PV through the feed in tariff (which will be reducing by 87% from January 2016), therefore,

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It was intended that we would recover our costs at the point of RTB sale for properties that already had it installed. However, it would appear that the RTB provisions of the Housing Act 1985 prevent such recovery as PV panels would in all probability be considered as fixtures and therefore part of the dwelling house the subject of the right to buy application

New build schemes which include PV, such as recent developments at Old Common, Minchinhampton, will be protected due to the 'cost floor'. For the first 15 years, the RTB sale price of a new property price can be no less than the cost of building, buying repairing and improving the property over this period.

### **Conclusion**

As this programme had not been sufficiently risk assessed in terms of the RTB implications, this has led to a detrimental position to the HRA. The new Asset Strategy which incorporates both Housing and Commercial Assets will include the energy strategy within it to ensure our delivery is not compromised by a lack of forward vision or planning, ensuring all areas are intrinsically linked and work streams and communication flows are efficient to the business need. This substantial piece of work is due to be presented to Housing Committee in June 2016.

Tenants of properties, which are the subject of a RTB application and which have PV are not obliged to agree to us removing the units; and it would be unlikely that they would agree to removal when they may consider it to be beneficial to the efficiency of the energy of the property. However, the presence of PV Panels and the energy efficiency rating of a property would be reflected to some degree in its valuation. Any future FIT income at the point the property is sold will require the new owner to re-register the panel and receive the FIT from that period. We will have no control or income from FIT following that point

### **Future Delivery**

In light of recent Government changes affecting the HRA (most significantly the -1% rent reduction over 4 years) resulting in almost £9 million less income over the medium term financial plan, the investment into PV has been halted and other solutions are being invested in, namely insulation, doors and windows programmes and assisting those who are off gas into better and more financially advantageous options for them, therefore addressing in some part, fuel poverty but also warm and well solutions.

If you have any queries regarding this paper, please contact the following officers for a more detailed discussion:

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