

Agenda Item No: 6
Report To: Cabinet
Date of Meeting: 13th July 2017
Report Title: Housing Revenue Account Affordable Housing Programme
Report Author & Job Title: Sharon Williams
Head of Housing
Portfolio Holder Cllr Gerald White
Portfolio Holder for: Housing



Summary: This report provides an update on the Housing Revenue Account affordable housing delivery programme previously approved at Cabinet on 14th April 2016.

In addition, the report will set out proposals for a new affordable housing programme over the next 5 years (2018 to 2022), maximising grant funding, capital receipts from Council house sales and HRA resources in order to contribute towards meeting the demand for housing in the Borough.

Key Decision: YES

Significantly Affected Wards: All Wards

Recommendations: **The Cabinet is recommended to:-**

- I. Note the progress with the affordable Housing programme 2015 to 2019 set out at Appendix 1.**
- II. Approve the proposed new programme 2018 to 2022 shown at Exempt Appendix 2, maximising grant funding from the HCA and receipts from the sale of Council properties.**
- III. Delegate authority to the Head of Housing and the Head of Finance and IT and the relevant Portfolio Holders, to vary the programme as necessary to maximise use of 1 for 1 monies for the purchase of street properties subject to resources being available within the HRA business plan.**
- IV. Authorise the Head of Legal and Democratic Service in consultation with the Head of Housing to execute and complete all necessary**

documentation to give effect to the above recommendations including the execution of any agreement necessary for the receipt of grant from the HCA.

Policy Overview:	<p>Housing Strategy Framework Priority 1- Improve the supply of affordable housing to meet local housing needs in urban and rural</p> <p>Reform of HRA – Cabinet endorsed five key priorities for further spend as a result of greater freedom within the HRA.</p> <p>Corporate Plan – High Quality Homes to meet local need.</p> <p>Kent Forum Housing Strategy 2012-2015, affordability and choice.</p> <p>National Housing Strategy 2011 – delivering new homes under the affordable rent model.</p>
Financial Implications:	<p>Delivery of new build council housing has been achieved using both grant funding and HRA cash resources to ensure the HRA remains within the debt cap and meets its debt repayment commitment.</p>
Legal Implications	<p>The HCA require the Council to enter into a formal agreement in relation to grant funding provided by them.</p>
Equalities Impact Assessment	<p>See Attached at Appendix 3. The assessment does not identify any adverse impacts on any client group.</p>
Other Material Implications:	<p>Design and construction standards will comply with Ashford spatial standards (complying with Residential Space and Layout SPD), Lifetime Homes (a standard we set out for Registered Social Landlords) and Code for Sustainable homes level 3 (which we are committed to for HCA), and level 4 on energy. Emphasis on the building envelope will deliver the greatest benefits for landlord and tenant.</p>
Exempt from Publication:	<p>YES – Exempt appendix 2</p> <p>Not For Publication by virtue of Paragraphs 2 and 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information</p>
Background Papers: Contact:	<p>None</p> <p>Sharon.williams@ashford.gov.uk – Tel: (01233)330803</p>

Report Title: Housing Revenue Account Affordable Housing Programme

Introduction and Background

1. Cabinet approved changes to the existing affordable housing delivery programme 2015/19 on 14th April 2016. This report provides an update on the delivery of the approved programme.
2. Following the conclusion of a significant review of spending within the HRA, the business plan now demonstrates that the HRA could support a further new build programme.
3. A new delivery programme has been developed and is recommended to members for approval within this report. The new programme supports and maximises the use of grant funding from the HCA, together with the use of capital receipts following Council property sales (referred to as 141 funding).

Affordable Homes Programme 2015/18 Update

4. A profile of the current Affordable Homes Programme 2015/18 is provided at Appendix 1 (pages 1 and 2). This sets out the current sites identified for delivery, how they are funded and the current position. The original programme provided for the provision of a total of 38 units of accommodation over 14 small sites (excluding sheltered schemes), this has now reduced to 29 over 11 sites, due to site constraints. Substitution sites are being prepared. The locations of the existing sites are shown below:

Urban sites

- Boxley garages
- Noakes Meadow garages
- Towers View garages Beecholme Drive garages
- Belmont Place land

Rural sites

- Brattle garages
- Carters Wood
- Priors Way land
- Priors Way garages
- Ragstone Hollow garages (2 sites)
- Calland land
- The Weavers garages
- Jubilee Fields land

5. This programme is being delivered in two phases. Phase 1 relates to units being delivered in partnership with the HCA, utilising HCA grant funding.

Phase 2 relates to units funded by the use of capital receipts for the sale of Council properties, otherwise known as 141 monies. The Council entered into an agreement in 2012 to retain capital receipts from sales to re-invest in the delivery of housing. These receipts can be utilised to fund up to 30% of the cost of providing new affordable housing, with the remainder of the cost being drawn from the HRA resources. However there are conditions which set out that the 141 receipts need to be used within 3 years or repaid to the government with a significant interest payment.

6. Due to the numbers of right to buy sales generating receipts and the priority to spend 141 monies before having to return it to the Treasury with interest, it has become necessary to switch the funding arrangements for 18 units to be funded by 141 monies instead of HCA grant. This represents the best value for the Council as 30% per unit cost can be funded via 141 monies but only 20% per unit can be funded via HCA grant. This means that delivery supported by 141 funding requires less financial contribution from the HRA.
7. Officers keep the level of 141 monies under continual review and have managed the funding arrangements in order to maximise the use of 141 monies and have reduced the number of units delivered with HCA grant contribution as a result. In view of this, in phase 1 the Council is currently committed to delivering 11 units using HCA grant before 31st March 2018. This programme is on target and resilience has been built into the programme to ensure delivery of the use of HCA grant by bringing forward some phase two units in preparation, should there be any slippage in the phase 1 programme.
8. Phase 2 of the programme using 141 monies is in contract to be completed later in 2018.

Other Current Schemes – 2015/18 Programme

Purchase of Street Properties

9. The current programme provides for the purchase of 11 'street properties' (i.e. existing dwellings) utilising 141 monies. To date we have either purchased or are negotiating on a total of 6 properties.

Demolition and re-build of Sheltered Housing Scheme at Danemore

10. In addition the current delivery programme also includes the demolition and rebuild of the sheltered housing scheme at Danemore, Tenterden, This was removed from the HCA Programme following success in securing an award of £1.6m from the Care and Support in Sheltered Housing (CASSH) funding programme. The proposals for Danemore provide a high standard of homes for older persons.
11. This is our second eldercare development, which will deliver 34 units of accommodation, enabled with CASSH grant and the sale of 4 chalet bungalows constructed as part of the project.

12. The development at Danemore will use the good experiences and progressive design of Farrow Court but will present its own image and character to reflect its location in Tenterden and the immediate built environment. This project has been procured using a 2 stage tender process. We have now reached stage 2 and have entered into contract with the main contractor. The completion of this scheme is to be late summer 2018 for the sum of £7.5m including the 4 chalet bungalows for sale.

Phase 2 Farrow Court

13. This project started in the summer of 2013, and is now nearing the end of phase 2. The handover of these blocks will begin in late August, with all accommodation to be commissioned and handed over before October.
14. This award winning project (Kent Design Awards) delivers 84 apartments for the elderly, 12 learning difficulty units and 8 recuperative care units to compliment the extensive communal facilities and day care centre. This building now provides the template for all future redevelopment of eldercare provision in the borough. The expected final contract sum is £16.4m.

Future Delivery Programme

15. The proposed new affordable housing delivery programme for 2018/ 2022 is set out at Exempt Appendix 2 (Pages 1 to 5). The proposed programme has been developed following the successful allocation of £660,000 of HCA funding under their Shared Ownership and Affordable Homes Programme (SOAHP), and also maximises projected 141 monies and other income available to the HRA.
16. The proposals have been assessed through the HRA Business Planning Model and are affordable.
17. The programme seeks to continue the modernisation of sheltered housing schemes, as well as bring forward opportunities for new delivery and a continuation of a programme of street purchase properties available on the open market or made available via buy backs of ex council property where appropriate.
18. It is proposed that the purchase of existing street property should remain as part of the delivery programme moving forward. This is an efficient way of utilising 141 monies and it is proposed therefore that flexibility be provided to enable delegation to the Head of Finance & IT and the Head of Housing, together with the relevant portfolio holders to vary the programme to maximise the use of 141 monies, subject to the availability of the supporting HRA resources.

Negotiating a Bespoke Deal

19. It should be noted that although the current proposed programme is set out to reflect the financial constraints of the HRA business plan and in particular the current debt cap level, the government have indicated a willingness to work with Council's who can demonstrate that they can deliver to allow them to raise their debt cap level.
20. It is proposed that the Council presents a case to DCLG for a bespoke deal to request an increase in debt cap in order to support a more ambitious delivery programme. Our proposals for the bespoke deal are likely to include:
 - Provision of additional units on land already owned by the HRA, (although most of the larger sites have already been developed)
 - The purchase and development of a new larger site identified in the new local plan
 - The continued modernisation of our older persons schemes

Risk Assessment

21. The delivery of the existing programme and the proposed future programme have been fully assessed using the HRA business plan modelling tool. Both programmes are affordable and can be managed within the existing debt cap provision.
22. The risks associated with each development have been identified and will be monitored closely. Some of the schemes on the future programme are subject to relevant land assembly issues and proposals are in place to manage this.
23. A provision for additional staff resources will be required to project manage a larger programme and a provision has been made within the costs for the programme to supplement existing resources if required. Adjustments to the programme including any bespoke arrangements with DCLG may necessitate a review of staff resources to deliver the programme, which will be built into the overall scheme costs.
24. The Council could decide not to identify a future affordable housing delivery programme, however this could result in serious financial implications for the HRA, with the need to repay 141 monies to the government with significant interest penalties added.
25. Failure to address the condition of our sheltered schemes will result in their gradual further decline in terms of condition and poor standards.
26. There is a need to replace housing stock lost through right to buy to maintain a strong HRA business plan for the future.
27. There is a risk that the government may implement further initiatives, which may impact on HRA business plan, such as sale of higher value assets. In

addition other impacts such as rising inflation may also impact on the future plans for delivery. However the business plan is kept under review and any impacts arising from government changes, or changes in the economy are identified at an early stage to ensure that the delivery programme remains affordable.

Equalities Impact Assessment

28. Members are referred to the attached Assessment at Appendix 3. There are no adverse impacts identified.

Consultation Planned or Undertaken

29. All sites within the future delivery programme are subject to planning approval. As part of the planning application process further formal consultation will take place with local residents and ward members giving them the opportunity to respond to the proposals.
30. Housing staff will supplement the formal planning consultation work on each site, as has been done on every other site we have developed in previous new build developments. This work gives local residents and other stakeholders an opportunity to understand the proposals and talk through the likely impact in more detail with housing staff. Such previous consultations have proved very successful and we would continue the approach we have adopted thus far to engage local people.

Other Options Considered

31. Officers have carried out extensive modelling exercises in order to maximise the resources available to the HRA to address further needs and meet our strategic aspirations.
32. The proposals as set out also maximise the opportunities to plan appropriate decanting programmes arising from the completion of Farrow Court phase 2.

Reasons for Supporting Option Recommended

33. The options set out represent the best use of the resources available, taking into account a range of factors including availability of HCA grant, effective use of 141 monies and also opportunities to support effective decant programmes.

Next Steps in Process

34. Consultation will commence with affected communities and residents and members and any relevant land assembly works will be progressed.

35. Detailed project plans will be developed for the 2018/23 Affordable Housing Programme and necessary preparatory work and site investigations will commence as required.

Conclusion

36. The report sets out further evidence of the council's proactive approach to responding to the needs of our older residents to provide good quality accommodation.
37. The programme set out maximises the current resources available to the HRA and manages the potential risk of returning under-spent capital receipts to the Treasury with high interest.

Portfolio Holder's Views

38. This report sets out a realistic and affordable housing delivery programme for the HRA, which uses all potential funding streams to their maximum effect. The proposals tackles the need to continue to modernise our dated sheltered housing schemes and also delivers new provision.

Contact and Email

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HRA New Build plans 2015 to 2019 - Affordable Housing Delivery

Details of New Builds, costs and funding

Address	numbers	Property type	bedrooms	Total Costs £000's	Grant/ Funding	Completion Date	Unit Cost £000's before grant/ funding	Unit Cost £000's after grant/ funding
1. Urban sites								
Boxley Garages	2	house	3	£420	HRA/HCA	Spring 2018	£210	£170
Noakes Meadow Garages	2	bungalow	2	£416	HRA/HCA	Spring 2018	£208	£168
Towers View Garages		house	2		HRA/141	Removed		
Beacholme Drive, Kennington	2	house	3	£530	HRA/HCA	Spring 2018	£265	£225
Belmont Place, Newtown	3	flats	2	£696	HRA/HCA	Spring 2018	£232	£172
Total Urban sites	9	Gross Urban spend before funding		£2,062				
Note: HRA/HCA funding on lowest value properties up to summer 2017								
2. Rural Sites								
Brattle Garages	4	house	2	£682	HRA/141	Spring 2018	£171	£114
Carters Wood Hamstreet		bungalow	2		HRA/141	Removed		
Priory Way pt1 land		flats	2		HRA/141	Removed		
Priory Way pt2 garages	2	house	3	£511	HRA/HCA	Spring 2018	£256	£216
Ragstone Hollow	4	bungalow	2	£951	HRA/141	Autumn 2018	£238	£159
Calland Smeeth	4	houses	3	£968	HRA/141	Autumn 2018	£242	£161
The Weavers Biddenden	2	bungalow	2	£584	HRA/141	Autumn 2018	£292	£195
Jubilee Fields Wittersham	4	house	3	£857	HRA/141	Autumn 2018	£214	£143
Total Rural sites	20	Gross Rural spend before funding		£4,553				
Total	29	Total Gross spend		£6,615				

Note: HRA/HCA funding on lowest value properties up to March 2018
deadline and need to spend time limited 1-4-1 monies

HRA New Build plan 2015 to 2019 - Sheltered Schemes and other Projects

Details of New Builds, costs and funding

Address	numbers	Property type	bedrooms	Total Costs £000's	Grant/ Funding	Completion Date	Unit Cost £000's before grant/ funding	Unit Cost £000's after grant/ funding
1. Current sheltered development								
Farrow Court Phase 2	71	Apartment	2	£8,099	HRA/CASSH	Summer 2017	£114	£67
Danemore	34	Apartment	2	£7,569	HRA/CASSH	Summer 2018	£223	£175
Total sites	<u>105</u>		Gross spend before funding	<u>£15,668</u>				
2. Property purchases								
11 Street Purchases	11	Mixed	2&3	£2,200	HRA/141	Autumn 2017	£200	£133
Total sites	<u>11</u>		Gross spend before funding	<u>£2,200</u>				
3. Other current projects								
Court Wurtin	3	Flats	2	£675	HRA/141	Summer 2018	£225	£150
Total sites	<u>25</u>		Gross spend before funding	<u>£675</u>				
Total	<u><u>130</u></u>		Total Gross spend	<u><u>£18,543</u></u>				

Appendix 3

Equality Impact Assessment

1. An Equality Impact Assessment (EIA) is a document that summarises how the council has had due regard to the public sector equality duty (Equality Act 2010) in its decision-making. Although there is no legal duty to produce an EIA, the Council must have **due regard** to the equality duty and an EIA is recognised as the best method of fulfilling that duty. It can assist the Council in making a judgment as to whether a policy or other decision will have unintended negative consequences for certain people and help maximise the positive impacts of policy change. An EIA can lead to one of four consequences:

- (a) No major change – the policy or other decision is robust with no potential for discrimination or adverse impact. Opportunities to promote equality have been taken;
- (b) Adjust the policy or decision to remove barriers or better promote equality as identified in the EIA;
- (c) Continue the policy – if the EIA identifies potential for adverse impact, set out compelling justification for continuing;
- (d) Stop and remove the policy where actual or potential unlawful discrimination is identified.

Public sector equality duty

2. The Equality Act 2010 places a duty on the council, when exercising public functions, to have due regard to the need to:
- (a) Eliminate discrimination, harassment and victimisation;
 - (b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it (ie tackling prejudice and promoting understanding between people from different groups).

3. These are known as the three aims of the general equality duty.

Protected characteristics

4. The Equality Act 2010 sets out nine protected characteristics for the purpose of the equality duty:
- Age
 - Disability
 - Gender reassignment
 - Marriage and civil partnership*
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex
 - Sexual orientation

*For marriage and civil partnership, only the first aim of the duty applies in relation to employment.

Due regard

5. Having 'due regard' is about using good equality information and analysis at the right time as part of decision-making procedures.
6. To 'have due regard' means that in making decisions and in its other day-to-day activities the council must consciously consider the need to do the things set out in the general equality duty: eliminate discrimination, advance equality of opportunity and foster good relations. This can involve:
- removing or minimising disadvantages suffered by people due to their protected characteristics.
 - taking steps to meet the needs of people with certain protected characteristics when these are different from the needs of other people.
 - encouraging people with certain protected characteristics to participate in public life or in other activities where it is disproportionately low.

7. How much regard is 'due' will depend on the circumstances. The greater the potential impact, the higher the regard required by the duty. Examples of functions and decisions likely to engage the duty include: policy decisions, budget decisions, public appointments, service provision, statutory discretion, decisions on individuals, employing staff and procurement of goods and services.

8. In terms of timing:

- Having 'due regard' should be considered at the inception of any decision or proposed policy or service development or change.
- Due regard should be considered throughout development of a decision. Notes shall be taken and kept on file as to how due regard has been had to the equality duty in research, meetings, project teams, consultations etc.
- The completion of the EIA is a way of effectively summarising this and it should inform final decision-making.

Case law principles

9. A number of principles have been established by the courts in relation to the equality duty and due regard:

- Decision-makers in public authorities must be aware of their duty to have 'due regard' to the equality duty and so EIA's must be attached to any relevant committee reports.
- Due regard is fulfilled before and at the time a particular policy is under consideration as well as at the time a decision is taken. Due regard involves a conscious approach and state of mind.
- A public authority cannot satisfy the duty by justifying a decision after it has been taken.
- The duty must be exercised in substance, with rigour and with an open mind in such a way that it influences the final decision.
- The duty is a non-delegable one. The duty will always remain the responsibility of the public authority.

- The duty is a continuing one so that it needs to be considered not only when a policy, for example, is being developed and agreed but also when it is implemented.
- It is good practice for those exercising public functions to keep an accurate record showing that they have actually considered the general duty and pondered relevant questions. Proper record keeping encourages transparency and will discipline those carrying out the relevant function to undertake the duty conscientiously.
- A public authority will need to consider whether it has sufficient information to assess the effects of the policy, or the way a function is being carried out, on the aims set out in the general equality duty.
- A public authority cannot avoid complying with the duty by claiming that it does not have enough resources to do so.

The Equality and Human Rights Commission has produced helpful guidance on "Meeting the Equality Duty in Policy and Decision-Making" (October 2014). It is available on the following link and report authors should read and follow this when developing or reporting on proposals for policy or service development or change and other decisions likely to engage the equality duty. [Equality Duty in decision-making](#)

Lead officer:	Sharon Williams
Decision maker:	Cabinet
Decision: <ul style="list-style-type: none"> • Policy, project, service, contract • Review, change, new, stop 	<p>To provide an update on the Housing Revenue Account (HRA) Affordable Housing Programme (AHP) previously approved at Cabinet on 14th April 2016.</p> <p>To get approval for the new Affordable Housing Programme 2018-2022, maximising grant-funding, receipts from Council house sales and HRA resources in order to contribute towards meeting the demand for housing in the Borough.</p>
Date of decision: The date when the final decision is made. The EIA must be complete before this point and inform the final decision.	13 July 2017
Summary of the proposed decision: <ul style="list-style-type: none"> • Aims and objectives • Key actions • Expected outcomes • Who will be affected and how? • How many people will be affected? 	<p>To note the progress with the AFG 2015 to 2019.</p> <p>Approve the proposed new AFG 2018 to 2022, maximising grant funding from the Homes and Communities Agency and receipts from the sale of Council properties</p> <p>Delegate authority to the Head of Housing and the Head of Finance and ICT to purchase street properties to maximise the use of capital receipts from Right to Buy sales, subject to resources within the HRA business plan.</p> <p>Enter in to the Shared Ownership Affordable Homes Programme grant agreement.</p>
Information and research: <ul style="list-style-type: none"> • Outline the information and research that has informed the decision. • Include sources and key findings. 	<p>The following policies have identified the need to address housing supply in the Borough. The Housing Strategy Framework Priority 1- Improve the supply of affordable housing to meet local housing needs in urban and rural, the HRA reform which lead to Cabinet endorsing five key priorities for further spending and allowing for greater freedom, the Corporate Plan, the Kent Forum Housing Strategy (2012-2015) highlighted the need for affordable homes and a choice for residents and the National Housing Strategy which highlights the delivery of new homes under the affordable rent model.</p>
Consultation: <ul style="list-style-type: none"> • What specific consultation has occurred on this decision? • What were the results of the consultation? • Did the consultation analysis reveal any difference in views 	<p>Consultation has taken place with Legal Services, Finance and ICT, Housing Enabling, Housing Options and Property Services.</p> <p>The consultation was to identify suitable areas to develop out affordable homes and the level of finance (inclusive of grant and capital contributions) required to achieve the programme.</p>

<p>across the protected characteristics?</p> <ul style="list-style-type: none"> • What conclusions can be drawn from the analysis on how the decision will affect people with different protected characteristics? 	
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Assess the relevance of the decision to people with different protected characteristics and assess the impact of the decision on people with different protected characteristics.

When assessing relevance and impact, make it clear who the assessment applies to within the protected characteristic category. For example, a decision may have high relevance for young people but low relevance for older people; it may have a positive impact on women but a neutral impact on men.

Protected characteristic	Relevance to Decision High/Medium/Low/None	Impact of Decision Positive (Major/Minor) Negative (Major/Minor) Neutral
<u>AGE</u> Elderly	High	Positive (Major)
Middle age	High	Positive (Major)
Young adult	High	Positive (Major)
Children	High	Positive (Major)
<u>DISABILITY</u> Physical	High	Positive (Major)
Mental	None	Neutral
Sensory	None	Neutral
<u>GENDER RE-ASSIGNMENT</u>	None	Neutral
<u>MARRIAGE/CIVIL PARTNERSHIP</u>	None	Neutral
<u>PREGNANCY/MATERNITY</u>	None	Neutral
<u>RACE</u>	None	Neutral
<u>RELIGION OR BELIEF</u>	None	Neutral
<u>SEX</u> Men	None	Neutral
Women	None	Neutral
<u>SEXUAL ORIENTATION</u>	None	Neutral

Mitigating negative impact: Where any negative impact has been identified, outline the measures taken to mitigate against it.	Nothing to mitigate.
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Is the decision relevant to the aims of the equality duty? Guidance on the aims can be found in the EHRC's Essential Guide , alongside fuller PSED Technical Guidance .	
Aim	Yes / No / N/A
1) Eliminate discrimination, harassment and victimisation	N/A
2) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it	Yes
3) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it	N/A

Conclusion:	
<ul style="list-style-type: none"> Consider how due regard has been had to the equality duty, from start to finish. There should be no unlawful discrimination arising from the decision (see guidance above). Advise on whether the proposal meets the aims of the equality duty or whether adjustments have been made or need to be made or whether any residual impacts are justified. How will monitoring of the policy, procedure or decision and its implementation be undertaken and reported? 	<p>Due regard has been considered throughout this proposal to each protected group.</p> <p>No unlawful discrimination has arisen from the decision.</p> <p>The effect on the community will be positive due to the aims of the programme delivery. No adjustments required.</p> <p>The programme will be monitored by a Housing Project group with regular updates to our Portfolio Holder and Cabinet.</p>
EIA completion date:	27 June 2017