

CABINET

19 May 2020

PRIORITISED PROGRAMME FOR SPENDING OF COMMUTED SUMS FOR AFFORDABLE HOUSING

Report of the Strategic Director - Places

Strategic Aim:	Provide homes that young families can afford. Protect and improve the lives of vulnerable adults.	
Key Decision: Yes	Forward Plan Reference: FP140220	
Reason for Urgency:	N/A	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Gordon Brown, Portfolio Holder for Environment, Planning, Property, and Finance Councillor Alan Walters, Portfolio Holder for Safeguarding – Adults, Public Health, Health Commissioning & Community Safety	
Contact Officer(s):	Penny Sharp, Strategic Director – Places	Tel: 01572 722577 psharp@rutland.gov.uk
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Ward Councillors	All	

DECISION RECOMMENDATIONS

That Cabinet:

1. approves the priorities of single persons or childless couples accommodation and five- and six-bedroomed properties in section 3 of this report
2. approves an affordable housing commuted sum allocation of £932,400
3. authorises the Strategic Director of Places to undertake a bidding process for grant applications from housing associations and from within the Council, setting out in a separate document for bidders the priorities in section 3, other lower priority bids that may be accepted and the details of the scoring matrix to be used by the Council
4. authorises the Strategic Director of Places to hold informal discussions with the bidders if appropriate

5. requests that the Strategic Director of Places bring a further report to Cabinet on the outcome of the bidding process and recommending a way forward, including proposed budget recommendations for the capital programme.

1. PURPOSE OF THE REPORT

- 1.1 On 20 February 2018 (report no. 18/2018), Cabinet approved priorities for the spending of affordable housing commuted sums. This report outlines progress on the main recommendations and considers the way forward. This will help to deliver the Corporate Plan's Priority Themes of Delivering Sustainable Development and Protecting the Vulnerable.

2. BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Strategic Housing Market Assessment Update 2019 estimates that 44 additional rented affordable homes are needed annually. Appendix A shows the current situation regarding the Council's housing register (waiting list).
- 2.2 The Council currently holds a number of commuted sums from developers totalling £932,400 (at May 2020) for the provision of off-site affordable housing. This is a substantial increase in the funds available since report no. 18/2018.
- 2.3 One of the targets in the Housing and Homelessness Strategy 2017-22 is, "To develop priorities and a programme for the spending of commuted sums for affordable housing." This Strategy adds, "Decisions regarding affordable housing expenditure need to be made which provide good value for money, are appropriate for the local community and which are sufficiently timely to take advantage of opportunities." The Council's Planning Obligations Supplementary Planning Document aims to have contributions spent geographically fairly close to where they were generated, where practicable.
- 2.4 The funds currently held are from a wide range of open market housing schemes, with differing conditions and timescales. Further information is in Appendix B.

3. DEVELOPING A PROGRAMME

- 3.1 These off-site contributions can play an important role in enabling specific priorities to be funded that may be hard to deliver viably on an open market development and for which sufficient Government grant may not be available. This would help to broaden the range of new affordable housing provision, through the Council having much more control over how the money is spent. However, this has to be balanced against the benefits from delivering "typical" affordable housing which may be delivered more easily and produce more homes for the money.
- 3.2 There are a number of possible forms of provision, such as subsidy to housing associations for new properties (which can lever in substantial resources from the associations' borrowing power), or direct provision by the Council which tends to be more capital intensive but can sometimes deliver more quickly.
- 3.3 The Council held a bidding round for housing association and Council bids in Spring 2018, which prioritised dwellings of five or six bedrooms whilst also being open to bids

for lower priorities. The only bid received was from the Council for the Officers' Mess site in Edith Weston, which was not proceeded with as the overall proposal for the Officers' Mess was later found not to be viable.

- 3.4 In order to encourage further innovation and value for money, it is suggested that internal and external bids for a Rutland Affordable Housing Fund be invited starting from Summer 2020. The priorities used in 2018 bidding process have been revised, to stimulate bids from housing associations. Officers will score specific bids against housing need, quality, deliverability and on-going costs/ savings. Full details of the scoring matrix will be made available to relevant organisations when bids are invited. Report number 18/2018 allowed the Council to top-slice the commuted sums held to enable the Council to convert a house it owned to contain 6 bedrooms. The procurement process was approved by Cabinet on 19 March 2019 (report number 62/2019). The works have now been completed at a cost of £168,538 (substantially below budget), which would leave around £932,400 available for other projects. This has given the Council a fresh opportunity to look at the bidding priorities. Other forms of affordable housing meeting local need may also be considered within the scoring matrix if insufficient value for money bids are received for the priorities below. The Council may have to become more involved with delivery if housing associations do not engage fully in the process.

Single persons or childless couples accommodation

- 3.5 As at 6 May 2020, there were 58 working age single adults on the housing register and 29 other working age adult households without children. This could be met through self-contained dwellings or works carried out to existing housing association properties to make them suitable for shared occupancy. This is likely to involve one-bedroom properties or shared two or three bedroomed properties. This will help further the Council's preventative approach and will need to be socially and financially sustainable, if it has been proven to be an acceptable solution to those seeking accommodation (with a detailed analysis) and if it does not impact significantly on those who have been waiting longer for accommodation of the size being converted.

Five- and Six-bedroomed properties

- 3.6 Currently, there are three households with a particularly acute need for a five or six bedroom property. Even allowing for children sharing bedrooms where appropriate, the families are generally overcrowded by at least two bedrooms currently and typically have a number of challenging or problematic issues where lack of space is a major contributing factor.
- 3.7 Some other large families cope well and the challenges they encounter may be limited primarily to housing and everyday financial issues. The Housing Options team report that the number of large families in housing need is a trend and the increasing pressure from benefits changes may cause a further increase. There are only four rented affordable houses in Rutland with five or more bedrooms and turnover of these is low.

4. THE WAY FORWARD

- 4.1 Internal and external bids for a Rutland Affordable Housing Fund will be invited in Summer 2020. Specific bids will be scored against housing need, quality,

deliverability and ongoing costs/ savings. Appropriate terms and conditions would need to be included for any grant paid, including the agreement to a restriction on the property title to protect the affordable housing use in the longer term. A further report on the process will be brought to Cabinet in late 2020 setting out the way forward in more detail.

5. CONSULTATION

- 5.1 The Council consulted extensively during the production of its Housing and Homelessness Strategy and the relevant Supplementary Planning Documents. Informal discussions with housing associations show that they may have a preference for new build accommodation. The Council is currently undertaking informal market engagement with housing associations. The bidding process will allow a range of approaches to come forward and to be assessed for value for money.
- 5.2 Schemes regarding planning consent will be consulted upon in the normal way during the planning process.

6. ALTERNATIVE OPTIONS

- 6.1 The Council could seek to spend all the section 106 commuted sums itself, but we do not have the capacity to do this efficiently in a short period of time and still achieve value for money.
- 6.2 The Council could rely on housing associations to use all of the affordable housing commuted sums, but this would mean that the Council would not have the opportunity of delivering some of the accommodation itself in a timely way. It would also leave the Council completely reliant on external bids.
- 6.3 The Council could have less of a focus on meeting the needs of larger families through affordable housing commuted sums, but this would be harder to meet in other ways in the short term.

7. FINANCIAL IMPLICATIONS

- 7.1 The Council holds £932,400 in affordable housing commuted sums (at May 2020) which will be available for bids through the Rutland Affordable Housing Fund.
- 7.2 The Council is able to make grant payments to housing associations for rented accommodation under sections 24 and 25 of the Local Government Act 1988, using "The General Consent under Section 25 of the Local Government Act 1988 for Financial Assistance to any Person 2010". As the legislation specifically permits this and the Council does not own the asset, this is different from a contract agreement. It will be down to the provider to design and deliver the affordable housing. The Council will still need to ensure that the process is fair and constitutes good value for money and that the payment remains within the exemptions in the State Aid rules. A grant agreement would be put in place to support this expenditure, with appropriate grant conditions attached to facilitate the provision of the Council's desired outcomes and timescale for the funding.

- 7.3 The budget process taken forward for 2020/21 has reflected the availability of this funding, but the MTFP (revenue account) or Capital programme will not show this as programmed expenditure until the spending profile is clearer, which will be later in 2020/21. A rolling programme will be developed as further receipts come in over time. The Council will not commit this expenditure until the relevant income has been received.
- 7.4 In line with the Council's Financial Procedure Rules, Cabinet can approve additions to the capital programme of up to £1m.

8. LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 None of the commuted sums are required to be spent before 2024, but there is the possibility of challenge for existing or new agreements if commuted sums are not spent within a reasonable period of time.
- 8.2 The relevant legislation and the provisions of the Constitution are set out in the Report.

9. DATA PROTECTION IMPLICATIONS

- 9.1 A Data Protection Impact Assessment is not required because the proposals are unlikely to result in a high risk to the rights and freedoms of natural persons.

10. EQUALITY IMPACT ASSESSMENT

- 10.1 An Equality Impact Assessment (EqIA) screening has been completed. This found a positive impact for people covered by the proposed priorities and that any differential impact was justified.

11. COMMUNITY SAFETY IMPLICATIONS

- 11.1 There is the potential for the better use of underused properties or land and the reduction of overcrowding or homelessness, which could reduce anti-social behaviour.

12. HEALTH AND WELLBEING IMPLICATIONS

- 12.1 Housing is recognised as being one of the wider determinants of health. The proposals could reduce homelessness and overcrowding, which are likely to contribute to poor health if not addressed.

13. CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 13.1 The proposals in this report will enable affordable housing commuted sums to be spent to meet a range of local housing need and to achieve value for money.

14. BACKGROUND PAPERS

- 14.1 There are no additional background papers to this report.

15. APPENDICES

15.1 Appendix A – Breakdown of Housing Register Need by Age Groups and Bedroom Requirements.

15.2 Appendix B – Affordable housing commuted sums at 6 May 2020.

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

Appendix A

BREAKDOWN OF HOUSING REGISTER NEED BY AGE GROUPS AND BEDROOM REQUIREMENTS

Working Age Adults

Single adult	58
Adults no child	29
Adults with children	93
Single adult with children	86

Older adults

Older adults	23
Single older adult	22

Bedroom Need

1 bed need	136
2 bed need	108
3 bed need	48
4 bed need	16
5 bed need	3

Total Live Applications – 311