

CABINET

12th January 2021

SPENDING OF COMMUTED SUMS FOR AFFORDABLE HOUSING

Report of the Strategic Director - Places

Strategic Aim:	Delivering sustainable development Protecting the vulnerable	
Key Decision: Yes	Forward Plan Reference: FP/271120	
Exempt Information	Appendix B of this report contains exempt information and is not for publication in accordance with Part 1 of Schedule 12A of the Local Government Act 1972. Further details can be seen in paragraph 14.1 below.	
Cabinet Member(s) Responsible:	Mr G Brown, Portfolio Holder for Planning and Finance	
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Ward Councillors	Ms J Burrows, Mr I Razzell, Mr N Woodley.	

DECISION RECOMMENDATIONS

That Cabinet:

1. Approves a grant of £650,000 to the Platform Housing Group for the development on the former allotments at Brooke Road, Oakham subject to planning consent and a satisfactory funding agreement.
2. That the Strategic Director - Places be authorised to conclude the funding agreement in consultation with the Portfolio Holder for Planning and Finance

1 PURPOSE OF THE REPORT

- 1.1 This report considers further information on the bid by Platform Housing Group for £650,000 from the Rutland Affordable Housing Fund for the former allotment site at Brooke Road, Oakham. Much of this information has been received since funding was approved in principle by Cabinet on 17 November 2020. This current report proposes that the grant be approved, subject to planning consent and a satisfactory funding agreement being concluded.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 On 17 November 2020, Cabinet considered a report on a Prioritised Programme for Spending of Commuted Sums for Affordable Housing (report number 133/2020). Cabinet approved the principle of using affordable housing commuted sums towards the site of the former Brooke Road allotments in Oakham shown in Appendix A of the November report, subject to a further report to the Cabinet once further information is available.
- 2.2 It has now been clarified that Platform Housing Group (formerly known as De Montfort / Waterloo) are expected to acquire the site and develop it wholly as affordable housing subject to planning and funding. The new properties are required to last for at least 60 years. Platform already have 200 affordable homes in Rutland. Further information on Platform's considerable experience is in Appendix A.
- 2.3 Further information on the proposal is in Appendix B, which is exempt from publication. The additional information provided is regarded sufficient for the Council to provide the grant of £650,000 to Platform, subject to planning consent and a satisfactory funding agreement.

3 CONSULTATION

- 3.1 Negotiations have been held with Platform Housing Group to help ensure that the benefits of the scheme are maximised and address identified local needs.
- 3.2 Consultation with the public will be through the planning process.

4 ALTERNATIVE OPTIONS

- 4.1 The Council could decide not to fund the development or to fund it at a lower level, but this could lead to it not going ahead and the loss of a substantial amount of affordable housing.
- 4.2 The Council could provide more grant than has been requested by Platform, but this is not considered to be a prudent use of resources.
- 4.3 The Council is not able to make a loan instead of a grant because the development would not be viable.

5 FINANCIAL IMPLICATIONS

- 5.1 The Council holds £932,000 in developer contributions for affordable housing, of which £701,000 can only be spent in Oakham and Barleythorpe because of the terms of the legal agreements. The grant sought is £650,000.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 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.
- 6.2 Making a substantial grant available to a housing association potentially raises State Aid implications, because public funds are being used to support a specific housing association within the overall market of social housing providers. However, provided that certain conditions are followed, the grant arrangement will be compatible with State Aid rules. This is because the grant is intended to support an organisation which is helping the council provide public service functions (in this case, social housing) or what is termed in EU law, "Services of General Economic Interest" (SGEIs)
- 6.3 Following the ECJ decision in Altmark (2003) and an EC Decision on SGEIs in 2011, it has been established that it is not necessary for the council to have undertaken a competitive process to select a particular housing association provider to work with, but it is necessary for the grant to be used to fund the cost of public service functions and to be transparently accounted for.
- 6.4 One way that this can be done is for a robust grant agreement to be put in place, for example, giving the council nomination rights over the properties for a substantial period and putting the provider under an obligation to repay the funds should there be any attempt to dispose of the properties or otherwise make them unavailable for social housing, during the grant period.
- 6.5 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, as well as the State Aid requirements.
- 6.6 The matter of the grant agreement has been sent to external solicitors. They have been forwarded the Council's standard 26 page document, which it is envisaged that the solicitors will use. This provides many clauses regarding the proper use of the grant and appropriate conduct. Senior Officers acting on professional legal advice will approve the final document.
- 6.7 The draft agreement includes a schedule of the types and tenures of the properties proposed to be built and the need to meet regulatory requirements. It also includes timescales for the development. The detail of the agreement is subject to negotiation and the planning process, but it currently envisages a start on site of August 2021 and completion by July 2023, with a 'longstop' date in case of delays of February 2024. Half the grant would be paid within 28 days of an invoice following the scheme's start on site with the remainder paid within 28 days of an invoice following its practical completion.

6.8 The scheme will also be subject to Homes England funding requirements which provide substantial reassurance.

7 DATA PROTECTION IMPLICATIONS

7.1 A Data Protection Impact Statement has not been carried out because the funding of the projects in itself will involve little risk to personal data.

8 EQUALITY IMPACT ASSESSMENT

8.1 An Equality Impact Assessment (EqIA) has been completed. Meeting housing need inevitably means deciding what types of housing are a priority in the context of overall need, supply and resources. Any differential impact is proportionate and justified.

9 COMMUNITY SAFETY IMPLICATIONS

9.1 The developments will make use of under-used land and reduce the chance of these areas being used for anti-social behaviour. 'Sustainability – social' was one of the assessment criteria used for the bids.

10 HEALTH AND WELLBEING IMPLICATIONS

10.1 Housing is one of the 'wider determinants of health'. Providing good quality housing for people with housing need is likely to promote their wellbeing.

11 ORGANISATIONAL IMPLICATIONS

11.1 Environmental implications

11.2 The proposed development is within walking distance (350 metres) of Oakham town centre, which is a major benefit for an affordable housing scheme. Any environmental implications will be addressed through the planning process.

12 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

12.1 The Council holds a substantial amount of money collected from developers for the provision of off-site affordable housing. It is important for the Council to spend these resources, not only for meeting immediate housing need but also to help justify holding and collecting these sums in the future.

12.2 The additional information provided by Platform Housing Group means that the grant from the Rutland Affordable Housing Fund can now be approved, subject to planning consent and a satisfactory funding agreement being concluded. The recommendations will help to enable the development of 40 affordable homes for those in need, provided funding from Homes England is also available to Platform.

13 BACKGROUND PAPERS

13.1 There are no additional background papers to this report.

14 APPENDICES

- 14.1 Appendix A – Our Journey to Platform Housing Group.
- 14.2 Exempt Appendix – Appendix B is marked as “Not For Publication” because it contains exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, namely Information relating to the financial or business affairs of any particular person (including the authority holding that information).

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

Appendix A

OUR JOURNEY TO PLATFORM HOUSING GROUP



