

## CABINET

15 February 2022

### PRIORITISED PROGRAMME FOR SPENDING OF COMMUTED SUMS FOR AFFORDABLE HOUSING

Report of the Portfolio Holder for Planning, Highways and Transport, the Portfolio Holder for Health, Wellbeing and Adult Care

Strategic Aim:	Delivering sustainable development Protecting the vulnerable	
Key Decision: Yes	Forward Plan Reference: FP/031221	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr I Razzell, Portfolio Holder for Planning, Highways and Transport  Cllr S Harvey, Portfolio Holder for Health, Wellbeing and Adult Care	
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Ward Councillors	All	

#### DECISION RECOMMENDATIONS

That Cabinet:

1. Approves the priorities listed in section 3 of this report noting of the likely level of resources available for allocation through the bidding rounds
2. Authorises the Strategic Director of Places to establish a bidding process for grant applications 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.
3. Authorises the Strategic Director of Places to determine grant applications in accordance with the bidding process

- 1.1 On 17 November 2020 (Report No. 133/2020) and 12 January 2021 (Report No. 03/2021), Cabinet approved expenditure of affordable housing commuted sums by two housing associations. This report proposes a fresh bidding round for remaining resources in the Rutland Affordable Housing Fund and a process for future bidding rounds.

## **2 BACKGROUND AND MAIN CONSIDERATIONS**

- 2.1 The Strategic Housing Market Assessment Update 2019 estimates that approximately 44 additional rented affordable homes are needed annually to meet identified needs in Rutland.
- 2.2 The Council currently holds a number of unallocated commuted sums from developers totalling £143,515 (at 7 December 2021) for the provision of off-site affordable housing. This is allowing for the £780,000 allocated at the above Cabinet meetings for development of 43 affordable homes in Oakham and Uppingham. Further commuted sums are anticipated in due course from planning applications in Ashwell (£178,241), Barleythorpe (£116,214), Barrowden (£7,500) and Ketton (£218,200).
- 2.3 The Draft Future Rutland Vision states: “The housing needs of current and future generations who want to make Rutland their home will be met by a healthy mix of well-designed and genuinely affordable properties that cater for everyone, regardless of their life stage or financial constraints.” A fresh bidding round is needed to invest the remainder of the current funds and to prepare for further commuted sums for affordable housing being received over the short to medium term.
- 2.4 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 reasonably close to where they were generated, where practicable.
- 2.5 The funds currently held are from a wide range of open market housing schemes, with differing conditions and timescales.

## **3 DEVELOPING A PROGRAMME**

- 3.1 There are various 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.
- 3.2 The last bidding round was held between 2 July 2020 and 14 August 2020. This sought to give extra priority to high specialist housing needs that were unlikely to be delivered otherwise, such as large family housing. However, we are now seeking to meet this need, subject to planning, on a number of large open market sites through section 106 agreements.
- 3.3 In order to encourage further innovation and value for money, like the last bidding

round, it is envisaged that internal and external bids for the Rutland Affordable Housing Fund be invited in February 2022. The priorities used in 2020 bidding process have been revised, to stimulate bids from housing associations and to take account of the fact that more specialist needs are now more likely to be met on large section 106 sites. 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.

- 3.4 As further resources will become available over time, it is proposed that the Strategic Director – Places be authorised to hold further bidding rounds as potential resources become available without the need for separate approval for each process. This does not affect the arrangements for authorising expenditure which will remain subject to the Council's normal processes.

### **Priorities**

- 3.5 Priority will be given to bids that address the priorities in the latest Strategic Housing Market Assessment update and in the Council's housing register (waiting list). Applicants should note that there is little need for further one-bedroomed accommodation for older people, nor is there a need for one-bedroomed affordable home ownership products.
- 3.6 In line with Government policy for the First Homes scheme (a 30% discount for first time buyers on specified properties in perpetuity), 25% of commuted sums collected under First Homes have to be spent on providing First Homes. Initially, we will seek interest from not-for-profit registered providers as the state subsidy rules will be simpler.
- 3.7 The following locations are priorities for investment for developments of appropriate size: Oakham, Uppingham, Barleythorpe, Cottesmore, Edith Weston, Empingham, Great Casterton, Greetham, Ketton, Langham, Market Overton, Ryhall and Whissendine. However, we would particularly encourage and may prioritise those in Oakham, Barleythorpe and Empingham due to the wording of the s106 agreements that provided the funding. In addition, any small schemes that can take advantage of the commuted sums associated with the locations of Ashwell and Barrowden will also be considered.
- 3.8 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 above.

## **4 THE WAY FORWARD**

- 4.1 Internal and external bids for a Rutland Affordable Housing Fund will be invited from February 2022. Specific bids will be scored against housing need, quality, deliverability and ongoing costs/ savings.
- 4.2 Report No. 95/2020 resolved (Cabinet 31 July 2020):
- “That the Strategic Director of Places in consultation with the Portfolio Holder for Planning be able to make decisions in specific matters and cases relating to the application, administration, amendment, and review of outstanding Section 106 agreements as set out in paragraph 3.11 [Day to Day delegations regarding

section 106 agreements] of this report, where this affects the provision of community facilities consultation will also be with the relevant ward Member;

- “That the Strategic Director of Place in consultation with the Section 151 Officer and Deputy Director Corporate Governance, and the Portfolio Holders for Planning and Resources be able to make decisions relating to the expenditure of Section 106 monies up to a value of £500,000 to deliver infrastructure and community facilities in accordance with the provisions of each individual obligation”.

- 4.3 Therefore, it is envisaged that bids for £500,000 or under be dealt with under delegated powers, with any larger bids that are recommended for approval being brought back to Cabinet. It is not anticipated that any successful bid would exceed the £1 million limit for additions to the capital programme by Cabinet.

## **5 CONSULTATION**

- 5.1 The Council consulted extensively during the production of its Housing, Homelessness and Rough Sleeping Strategy and the relevant Supplementary Planning Documents. Informal discussions with housing associations and the 2020 Rutland Affordable Housing Fund bidding round show that they may have a preference for new build accommodation. The bidding process may 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 a narrower focus to its priorities, but it would reduce opportunities for meeting a wide range of need.
- 6.4 The Council could choose not to hold a bidding round, but this may not produce as many homes or form the best value for money. It may also not be as transparent way of paying what might be regarded as state subsidy.

## **7 FINANCIAL IMPLICATIONS**

- 7.1 The Council holds £923,515 in affordable housing commuted sums (at 7 December 2021). However, subject to planning and contract, £780,000 has already been allocated through the 2020 bidding round, leaving £143,515. The individual developments summarised above may bring in up to another £520,155 subject to planning and build schedules. Funds must be spent by the relevant deadlines.

- 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 procurement 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 2022/23 has reflected the availability of the funding already received, but the MTFP (revenue account) or Capital programme will not show this as programmed expenditure until the spending profile is clearer. 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. If the addition is £500,000 or less, approvals can be made by the Strategic Director of Places, in consultation with the Section 151 Officer and Deputy Director Corporate Governance, and the Portfolio Holders for Planning and Resources.

## **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 Grant funding provided under this Agreement is made in compliance with State Aid Law concerning public service compensation granted for services of public economic interest under the UK-EU Trade and Cooperation Agreement.
- 8.3 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 Assessments (DPIA) has not been completed because lettings management is operated separately from the transfer of land.

## **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 ORGANISATIONAL IMPLICATIONS**

- 13.1 Environmental implications
- 13.2 Development will tidy up underused land and ensure that it is used productively. The environmental credentials of any new build affordable housing will be an important consideration in the assessment of bids.

## **14 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

- 14.1 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.

## **15 BACKGROUND PAPERS**

- 15.1 Blank bidding prospectus for the 2020 bidding round.
- 15.2 Housing, Homelessness and Rough Sleeping Strategy.
- 15.3 Rutland County Council Planning Obligations Supplementary Planning Document.

## **16 APPENDICES**

- 16.1 There are no appendices to this report.

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