

Portfolio Holder decision record sheet

Name of decision maker:	Margaret Griffiths
Portfolio:	Housing
Date of Portfolio Holder decision:	23/08/2017

Title of decision:	Grant of One for One receipts to Hightown Praetorian and Churches Housing Association and approval of model agreement for future schemes
Part II:	
Part II reason:	

Decision made and reasons:	<ol style="list-style-type: none"> 1. That the grant agreement at Appendix 1 of the report is agreed as the model agreement for future schemes, and that the grant of £382,291 for 2017/18 to Hightown Housing Association with respect to Maylands Plaza be approved, to be drawn from One for One receipts. 2. That a grant agreement be made with Hightown Housing Association for Viking House of £3,149,594 to be drawn from one for one receipts. 3. That the agreements for the Council be signed by the Corporate Director Housing and Regeneration or the Assistant Director Housing 4. That minor amendments to the agreement, reflecting the differing specific details that arise in new schemes, can be made by the Corporate Director Housing and Regeneration or the Assistant Director Housing in consultation with the Council's Solicitor and Monitoring Officer and, the Section 151 officer. 5. That historic payments now due are made to Hightown Housing Association as follows: <table style="margin-left: 40px; border: none;"> <tr> <td></td> <td style="text-align: right;">£</td> </tr> <tr> <td>• Maylands Plaza 2015/16</td> <td style="text-align: right;">577,500</td> </tr> <tr> <td>• Maylands Plaza 2016/17</td> <td style="text-align: right;">1,583,719</td> </tr> <tr> <td>• Viking House 2016/17</td> <td style="text-align: right;">29,164</td> </tr> </table> <p style="margin-left: 40px;">to be drawn from One for One receipts</p> 		£	• Maylands Plaza 2015/16	577,500	• Maylands Plaza 2016/17	1,583,719	• Viking House 2016/17	29,164
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Reports considered: (here reference can be made to specific documents)	
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Officers/Councillors/Ward Councillors/Stakeholders consulted:	N/A
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Monitoring Officer comments:	Under the scheme introduced in 2012 investment in new affordable housing can be made by the Council itself or through grant funding registered providers. This decision proposes funding developments by Hightown Housing Association. Officers should ensure that each grant going forward is covered by the annexed grant agreement to ensure that the Council's position is protected and enable it to meet audit requirements.
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Deputy S151 Officer comments:	The cost of these agreements can be met from existing Right to Buy receipts and help to mitigate the risk of
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repaying money to Central Government. The grant agreements for future years transfer the risk of any interest penalties to the Housing Association who will indemnify the Council against the penalty payments.

Implications:

Risk: If the Council is unable to spend its one for one receipts then they must be returned to the government. Should the Council retain receipts and then be unable to spend them within a three year period then interest becomes payable. The recommended model agreement passes this risk onto the receiving Housing Association

Value for money: One for one receipts provides the means to increase the provision of affordable homes within the Borough at no cost to the Council and assists in avoiding the costs of homelessness by increasing supply.

Options considered and reasons for rejection:

Not paying the grant out and returning to the government – rejected because it would mean that less affordable housing was available in the Borough, and retaining the grant without protecting the Council should it not be spent would incur interest payments to the government. .

Portfolio Holder's signature:

Date:

Details of any interests declared and any dispensations given by the Standards Committee:

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Date decision record sheet received from portfolio holder: 22/08/2017

Date decision published: 23/08/2017

Decision no: PH/014/17

Date of expiry of call-in period: 31/08/2017

Date any call-in received or decision implemented:

Background

The Council signed up in 2012 to an agreement with DCLG, following the government's major increase in the level of potential discount for Right to Buy, which allowed the Council to use the receipts to part fund new affordable homes – the One for One replacement scheme. Initially the intention was to use the entirety of these receipts to help fund the Council's own new build programme. Following decisions made by the government in the Welfare Reform and Work Act 2016 the impact was to require a reduction in Council rents by 1% per year for four years which significantly reduced the funding able to match the Council's own programme. As any funding not spent within the three year window dictated by the government must be returned and the One for One regulations allow for it to be spent on delivery of additional affordable homes by Housing Associations. It is proposed to avoid this by funding affordable housing provision delivered by Housing Associations in addition to the spending on the Council's own new build programme.

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The level of Right to Buy sales grew very quickly and has kept at around 100 per year – this generates a level of receipt that we are unable to match fund in order to spend it all within the three years. The rules of the scheme mean that it can only be used to cover 30% of overall costs and the level of receipts is so high there we will have to return some of the receipt. The importance of working with Housing Associations has grown as has the grant levels to distribute. For this reason it is felt that a more formal agreement on schemes moving forward should be captured in a form of agreement that facilitates the development of the new homes whilst protecting the Council from interest costs should the grant agreed not be spent in time, transferring this risk to the Housing Association. This report seeks approval for this agreement as the model for all future payment and is set out at Appendix 1.

Use of one for one receipts will deliver 53 additional new affordable homes for rent at Maylands Plaza, 58 additional new homes for rent at Viking House and 40 additional new homes for rent at 66 Books (which will be subject to a subsequent decision process). This is a substantial contribution to help meet housing needs within the Borough.

Appendix 1 is both the model agreement and the actual agreement for 2017/18 payments on Maylands Plaza. It is also recommended that a similar agreement be made with Hightown Housing Association on Viking House. The spend profile for the grant is set out below:

Viking House

	£
2017/18	640,063
2018/19	1,968,353
2019/20	480,039
2020/21	61,139
TOTAL	3,149,594

Future schemes will be based on this agreement, adjusted for detail. They will also be subject to Cabinet or Portfolio Holder approval and will comprise the whole scheme lifetime. Payments would be made in accordance with the detail set out. These payments may vary dependant on the actual spend declared.

To date the Council has operated on a somewhat simpler signed agreement with Hightown Housing Association on a range of schemes including Park Lane and Maylands Plaza (previously referred to as Heart of Maylands) and Viking House. Agreed payments on the Maylands Plaza scheme and Viking House and are now due. Whilst it is not appropriate to complete the new agreement retrospectively, this opportunity is taken to secure formal approval of these historic payments alongside the introduction of the new agreement.

The grant being proposed to be paid to Hightown Housing Association on the Maylands Plaza for 2017/18 is £382,281 and this is set out in the Agreement at appendix 1 .

The payments now due for previous years are:

	£
• Maylands Plaza 2015/16	577,500
• Maylands Plaza 2016/17	1,583,719
• Viking House 2016/17	29,164

It is recommended these payments are now made.