

Bolsover District Council

Executive

5th March 2018

Homes England (Formally HCA) Funding Agreement

Report of the Portfolio Holder – Leisure and Social Enterprise

Purpose of the Report

- To provide a progress update on the southern batch of sites, agreed at the January 2017 Executive.
- To seek approval to enter a funding agreement with Homes England

1 Report Details

1.1 As members of Executive will be aware, a programme of residential development (B@Home) is being brought forward by Housing Services and Property and Estates, supported by a Development Fund to cover the costs of feasibility work.

1.2 To date, the following progress has been made:

HRA Development -

- 4 developments completed (Rogers Avenue, Blackwell Hotel, Fir Close, Derwent Drive) – 33 homes
- 1 development under construction (Hilltop) – 37 homes
- 8 developments with planning permission (Recreation Close, Highcliffe Avenue, Ash Close, Elm Close, Lime Close, Leamington Drive, Beech Grove, St Michael's Drive) – 21 homes
- 1 development in the feasibility stage (The Paddock, Bolsover) – 8 homes

The above sites deliver a total of 99 new Council Houses at a total cost of approximately £12m of HRA headroom borrowing, approved by Executive and Council.

1.3 In October 2017, Executive approved that Officers pursue Homes England (Formally HCA) Affordable Homes Programme (AHP) funding to support the delivery of the above sites, adding further capacity to the Council's B@Home Programme.

Officers submitted the AHP bids for the following sites:

- St. Michael's Drive, South Normanton
- Leamington Drive, South Normanton
- Beech Grove, South Normanton
- Ash Close, Pinxton
- Elm Close, Pinxton
- Lime Close, Pinxton

- Highcliffe Avenue, Shirebrook

Homes England have confirmed the bids totalling approximately £650k, to support the delivery of 18 new Council homes on the above sites, have been successful and now wish to enter a contract with Bolsover District Council.

- 1.4 The Council have an existing funding agreement with Homes England for the AHP 2015-18 under which the Council secured £1.5m to deliver the following sites:
 - Rogers Avenue
 - Former Blackwell Hotel
 - Fir Close
 - Derwent Drive
 - Hilltop
- 1.5 This report seeks approval to enter into a funding agreement with Homes England for the AHP 2016-21. Whilst the funding agreement will cover the schemes outlined in 1.3, any further bids submitted by Officers (e.g. Recreation Close, Paddock, etc.) and approved by Homes England are able to be added to the funding agreement.
- 1.6 It should be noted that, whilst the HCA has the ability, at its own discretion, to vary the percentages attributed to the tranches of grant paid to the Council, this is unlikely and certainly has not been experienced within previous funding agreements.

2 Conclusions and Reasons for Recommendation

- 2.1 To deliver the Council's corporate target of building a minimum of 100 new Council properties by March 2019, it is recommended that Executive utilise external funding support where available to increase the overall capacity to deliver new homes through HRA headroom borrowing.
- 2.2 To date, Executive and Council have approved and funded the delivery of 14 sites which will deliver 99 new Council properties by March 2019. If the recommendation in the report is supported, of the forecast £12m total cost, Homes England would have contributed in excess of £2.2m.

3 Consultation and Equality Impact

- 3.1 There are no equality implications arising directly from this report.
- 3.2 As with all decisions relation to the Council's assets, consultation has taken place with Asset Management Group and the proposal is supported.

4 Alternative Options and Reasons for Rejection

- 4.1 Executive could choose not to enter the funding agreement and decline the funding support. This would increase the pressure on the HRA headroom and reduce the capacity for further delivery of new Council homes.

5 Implications

5 Finance and Risk Implications

- 5.1.1 The financial risk associated with entering into any funding agreement is the inability to meet the commitments in the agreement which could lead to legal costs, reputational damage and clawback of grant funding.
- 5.1.2 To mitigate this risk, Officers work closely with Homes England on an open and transparent basis with regards what is being delivered, challenges and development risks. Council Officers have regular meetings with the Account Manager who monitors scheme progress to ensure delivery meets the mutual aims of the Council and Homes England within the parameters of the funding agreement.
- 5.1.3 This approach has been successful on the sites delivered under the Affordable Homes Programme 2015-18 funding agreement. The Council was audited in September 2017 and no breaches or issues were raised through the audit process and the auditor was very complementary around how we manage the developments.

5.2 Legal Implications including Data Protection

The Affordable Homes Programme 2016-18 contract has been issued by Homes England and comprehensively reviewed by Legal Services in order to ensure the Council's interests are protected.

5.3 Human Resources Implications

None

6 Recommendations

- 6.1 That Executive agree to enter into the Homes England, Affordable Homes Programme 2016-21 funding agreement and any ancillary agreement as outlined in the report.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is an executive decision which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	Yes
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	Corporate Plan - deliver a minimum of 100 new Council properties by March 2019

8 Document Information

Appendix No	Title
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Funding bids for sites listed in paragraph 1.3	
Draft Grant Agreement (Local Authority) in relation to the Shared Ownership Affordable Homes Programme 2016-2021	
Report Author	Contact Number
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Report Reference –