

## Notice of KEY Executive Decision containing exempt information

This Executive Decision Report is part exempt and Appendices A & B are not available for public inspection as they contain or relate to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972.

They are exempt because they refer to: Information relating to the financial or business affairs of any particular person (including the authority holding that information); and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

<b>Subject Heading:</b>	<i>Agreement to Bid for Funding from the GLA's Affordable Housing Programme 2021-26</i>
<b>Cabinet Member:</b>	<i>Councillor Damian White – Leader of the Council &amp; Portfolio Holder for Regeneration</i>
<b>SLT Lead:</b>	<i>Neil Stubbings – Director of Regeneration</i>
<b>Report Author and contact details:</b>	<i>Kirsty Moller – Interim Head of Programme &amp; Support</i> e: <a href="mailto:Kirsty.Moller@havering.gov.uk">Kirsty.Moller@havering.gov.uk</a> t: 01708 434707
<b>Policy context:</b>	<i>A successful grant bid will support Havering's regeneration ambitions to deliver more high quality, genuinely affordable homes for local people.</i>
<b>Financial summary:</b>	<i>This report seeks approval to submit a bid for affordable grant funding from the Greater London Authority, for a total of £76.348 million to progress 7 schemes, which would support the delivery 959 new affordable homes.</i>

## Key Executive Decision – Part Exempt Report

<b>Reason decision is Key</b>	<i>(a) Expenditure or saving (including anticipated income) of £500,000 or more</i>
<b>Date notice given of intended decision:</b>	<i>05 February 2021</i>
<b>Relevant OSC:</b>	<i>Towns &amp; Communities OSC</i>
<b>Is it an urgent decision?</b>	<i>No</i>
<b>Is this decision exempt from being called-in?</b>	<i>Yes – an exemption has been granted</i>

**The subject matter of this report deals with the following Council Objectives**

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input checked="" type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

## **Part A – Report seeking decision**

### **DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION**

- 1.1 This report seeks approval from the Leader of the Council to submit a bid for funding to the Greater London Authority (GLA) as part of the 2021-26 Affordable Homes Programme. The overall detail of the funding request is set out in Exempt Appendix 1, a financial overview of each development scheme, potential benefits and any risks associated with the bid for grant funding are outlined in the part-exempt financial implications section below.
- 1.2 Note that acceptance of any funding offered by the GLA, as a result of this bid, will be subject to a further detailed report and agreement from Cabinet.
- 1.3 Note that the Council reserves the right to review funding arrangements, unit numbers and tenures for any sites where GLA funding is not provided in full. (Full funding requests are as set out in EXEMPT Appendix A).

### **AUTHORITY UNDER WHICH DECISION IS MADE**

According to Part 2 of the Council's constitution "Powers of the Executive" – the Leader of the Council may choose to execute functions personally where the function is usually delegated to:

1. Cabinet
2. A committee of the Cabinet
3. Individual Cabinet Members
4. Staff
5. Joint Committees

In this instance, the submission of grant bids over £500,000 is usually delegated to Cabinet, as per "2.1 General functions of Cabinet".

*(q) To approve applications for the submission of bids for grants and other financial assistance which require the provision of additional finance or match funding or are likely to lead to residual costs or implications for the Council or where the amount of the grant application exceeds £500,000.*

### **STATEMENT OF THE REASONS FOR THE DECISION**

- 3.1 The Greater London Authority recently released details of the "2021-26 Affordable Homes Programme" and invited approved providers to submit bids for funding to support the delivery of new affordable homes in London. The programme has £4 billion in available funding, and expects to deliver 82,000 new homes over the next eight years.
- 3.2 A successful grant bid would support Havering's regeneration ambitions of delivering almost 7,000 new homes for local people, of which over 3,000 will be affordable. There are 959 affordable homes across three tenures included in this potential funding bid.

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- 3.3 Affordable products available for funding, and which can be delivered through the regeneration programme include:
- 3.4 **Council Rent** – Council rented homes capped at low rent levels, will be owned by the council and allocated in accordance with the Housing Allocations Policy.
- 3.5 **Shared Ownership** – Residents are able to buy a portion of the property (from 10% initial purchase) in line with that they can first afford to buy then gradually increase their level of ownership up to the full 100%. Rent is payable to the council on the unowned portion of the property. This is a popular option for first time buyers as initial deposits are typically much lower than buying on the open market.
- 3.6 **London Living Rent** – The London Living Rent tenure is designed as a rent-to-buy product. Residents can rent the property for up to 10 years whilst saving a deposit to purchase an initial share, the property then converts to shared ownership. This tenure type allows residents to stay in their home long-term and progress to home ownership over a ten-year period.
- 3.7 London Living Rent – Please note that Councils are currently challenging the GLA on the required use of 'Assured Shorthold Tenancies' with this tenure, as this is not something councils can grant. Should this issue remain unresolved by the time funding is announced, we may opt to change the tenure of these units.
- 3.8 The details of development sites, homes to be delivered and required funding are set out in **EXEMPT Appendix A**.
- 3.9 A financial overview of each development scheme, potential benefits and any risks associated with the bid for grant funding are outlined in the financial implications section below and **EXEMPT Appendix B**.
- 3.10 The funding prospectus from the Greater London Authority is included as **Appendix C**.

## **OTHER OPTIONS CONSIDERED AND REJECTED**

- 4.1 **Do Nothing** – by not submitting a bid for this grant programme, we are missing a significant opportunity to secure external funding for the regeneration programme. By not applying for grant, there is negative impact on scheme viability - which could lead to either greater investment from council resources or the cancellation of development schemes. Wider impacts could include a shortage of affordable housing in the borough and therefore more money spent on emergency and temporary accommodation for residents with housing needs.
- 4.2 **Submit a Bid Later** – The current deadline for bids is 9<sup>th</sup> April 2021, by missing this deadline we will not be eligible to apply for funding until the current £4 billion allocation has been distributed among the successful bidders. There is also no guarantee that there will be any funding available after this initial award.
- 4.3 **Use Alternative Funding (e.g. Retained Receipts)** – The Council retains receipts from Right to Buy sales, which must be recycled into providing new housing, either by acquisition or development. This is not a suitable alternative as the receipts cannot be

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used to fund shared ownership or London Living Rent homes, and we do not hold the required amount of receipts to fund the 959 new affordable homes.

### **PRE-DECISION CONSULTATION**

5.1 Consultees for this proposal include: OneSource business partners, the Greater London Authority, SLT and Themed Board.

### **NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER**

Name: Kirsty Moller

Designation: Interim Head of Programme & Support (Regeneration)

Signature:



Date: 26/03/2021

## **Part B - Assessment of implications and risks**

### **LEGAL IMPLICATIONS AND RISKS**

- 6.1 The Council has a statutory duty under Section 8 of the Housing Act 1985 to consider housing conditions in its district and the needs of the district with respect to the provision of further housing accommodation.
- 6.2 Section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything an individual can do, subject to any statutory constraints on the Council's powers. The recommendations in this report are in keeping with this power and the Council has the power to receive grant funding.
- 6.3 This decision sets out the information relating to the grant bid only, any acceptance of funding and the entering into of a new grant contract will be subject to a further report setting out related information and implications, and subject to the agreement of Cabinet.

### **FINANCIAL IMPLICATIONS AND RISKS**

- 7.1 This report seeks approval to submit a bid for funding to the Greater London Authority (GLA) as part of the 2021-26 Affordable Homes Programme. Seven schemes from the Council's existing pipeline would make up the proposed bid: -

	<b>GLA Bid £m</b>	<b>HRA Business Plan Assumption £m</b>	<b>Variance (Grant Bid to Business Plan) £m</b>
Chippenham Road	12.450	7.600	+4.850
Farnham & Hildene	6.974	4.304	+2.670
Brunswick Court	8.100	3.240	+4.860
Unnamed Site	1.900	-	+1.900
Bridge Close	8.170	6.020	+2.150
Quarles	3.894	2.856	+1.038
NW Romford (Phase One)	34.860	14.980	+19.880
<b>Total affordable housing grant</b>	<b>76.348</b>	<b>39.000</b>	<b>+37.348</b>

- 7.2 The table above illustrates the proposed GLA bid compared to the assumed GLA funding based on the previous 16-21 programme. The proposed bid if agreed is £37.348m greater than what has been assumed in the current HRA business plan.
- 7.3 With the exception of North West Romford, all the increases highlighted above are driven by the GLA requirement to rent property at a social rent, a departure from the previous 16-21 programme, which had permitted the setting of London Affordable rents. Social rents are lower than their London Affordable equivalents and as a result drive a requirement for a greater level of capital subsidy from the GLA.
- 7.4 All schemes with the exception of 'Unnamed Site' are approved and the necessary funding is included within the HRA capital programme. Should 'Unnamed Site' be approved, an additional capital budget of £11.508 million would be required to

progress the scheme. Agreement to additional budget is not requested in this report but should be considered as a potential later implication before any funding is accepted for this scheme.

7.5 Whilst the HRA funding has been approved, none of the schemes highlighted above have reached the unconditional stage. As a result, no significant funding has been committed by the Council towards these schemes. A decision to progress the schemes is therefore dependent on the success of the bid.

### **Financial risks**

7.6 Bid rejected / reduced allocation, should the bid be rejected or the Council is offered a lower amount, then the scope for alternative funding sources would need to be assessed, a change in design / requirements or in the worst case, the schemes would have to put on hold or cancelled. None of the schemes have progressed to an unconditional stage, and therefore the Council's investment at this stage is minimal.

7.7 Ballot, grant allocations for some of the schemes highlighted above would be dependent on the outcome of a resident ballot. There is a risk that a positive outcome is not achieved with a loss of grant funding. It is therefore essential that the Council minimises any capital investment prior to a positive ballot outcome.

7.8 The estate ballot requirement applies to 'Estate' sites where social housing is being demolished, 150 or more new homes are being provided and funding was not secured prior to the introduction of Estate Ballot rules in July 2018.

7.9 The ballot status of each site is as follows:

- Farnham & Hilldene and Chippenham sites - preparations are ongoing for a residents ballot later in 2021, further details are set out in the 17<sup>th</sup> March 2021 cabinet report.
- Bridge Close – the Council had secured some GLA funding through the Romford Housing Zone Borough Intervention Agreement prior to July 2018, Bridge Close is therefore exempt from ballot requirements.
- Quarles – no social housing is to be demolished on this site as it is a former college campus, this scheme will therefore not be subject to a resident ballot.
- Brunswick Court – the site does not provide back 150+ new homes, therefore does not require a resident ballot.
- North West Romford - the 'Estate' definition for the site is being queried to establish whether a resident ballot will be required.

7.10 Grant conditions, grant would be advanced with a number of conditions. It is necessary to ensure that the Council can meet any obligations set by the GLA prior to entering into contract to avoid repayment of grant.

Please note that further confidential financial information is available in **EXEMPT APPENDIX B**

**HUMAN RESOURCES IMPLICATIONS AND RISKS  
(AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

8.1 There are no Human Resources implications arising from this report.

**EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

9.1 The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

9.2 Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, sexual orientation.

9.3 The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

9.4 The grant bid set out in this report and related appendices would benefit local residents by providing funding to build new high quality, safe, modern homes.

## **HEALTH AND WELLBEING IMPLICATIONS AND RISKS**

### **10.1 Health & Wellbeing Benefits:**

Havering council is committed to improving the health and wellbeing of its residents. The provision of good quality and affordable housing is an important determinant of health and wellbeing.

A successful bid will support Havering's regeneration ambitions to deliver more high quality, genuinely affordable homes for local people through the delivery of up to 959 additional affordable homes and also by giving local residents the priority to secure new homes and benefit from training, employment and social value opportunities that come from the regeneration programme.

### **10.2 Health & Wellbeing Risks:**

The proposals to increase grant funding for this development do not give rise to any health and wellbeing risks.

## **BACKGROUND PAPERS**

None

## **APPENDICIES**

**EXEMPT Appendix A - Details of the Proposed GLA 2021-26 Programme Grant Bid**  
**EXEMPT Appendix B – Financial analysis of schemes**  
**Appendix C – GLA Funding Prospectus for the 2021-26 Affordable Homes Programme**

## **Part C – Record of decision**

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

### **Decision**

Proposal agreed

***Delete as applicable***

Proposal NOT agreed because

### **Details of decision maker**

Signed

Name: Councillor Damian White  
Leader of the Council & Portfolio Holder for Regeneration

Date:

### **Lodging this notice**

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

#### **For use by Committee Administration**

This notice was lodged with me on \_\_\_\_\_

Signed \_\_\_\_\_