

Notice of KEY Executive Decision containing exempt information

This Executive Decision Report is part exempt and Appendices A & C 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.

Subject Heading:	<i>Acceptance of Funding from the GLA Council Housing Acquisitions Programme</i>
Decision Maker:	<i>Neil Stubbings – Strategic Director of Place</i>
Cabinet Member:	<i>Councillor Paul McGeary – Lead Member for Housing & Property</i>
ELT Lead:	<i>Paul Walker – Interim Director of Housing & Property</i>
Report Author and contact details:	<i>Kirsty Moller – Head of Programme & Support</i> <u>Kirsty.Moller@havering.gov.uk</u> T: 01708 434707
Policy context:	<i>This decision supports the Council's ambitions for providing genuinely affordable housing</i>
Financial summary:	<i>This report requests permission to accept GLA grant funding for 160 housing property acquisitions across two financial years. The grant funding is £23.985m, with necessary match funding provided via the Housing Revenue Account (HRA)</i>
Reason decision is Key	<i>(a) Expenditure or saving (including anticipated income) of £500,000 or more</i>

Key Executive Decision – Part Exempt Report

Date notice given of intended decision:	<i>24th July 2024</i>
Relevant Overview & Scrutiny Committee:	<i>Places Overview & Scrutiny Sub-Committee</i>
Is it an urgent decision?	<i>No</i>
Is this decision exempt from being called-in?	<i>No</i>

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

People - Things that matter for residents

Place - A great place to live, work and enjoy (X)

Resources - A well run Council that delivers for People and Place.

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

For the reasons set out within this report, it is recommended that the Strategic Director of Place accepts grant funding from the Greater London Authority at the value of £23.985m under the Council Housing Acquisitions Programme and enters into any required legal agreements associated with the grant.

The grant is to support the acquisition of 160 affordable homes to be owned and let by the Council at social rent levels.

Necessary match funding for the acquisitions comes from the Housing Revenue Account and is included within the latest HRA Business Plan (see appendix 1B), approved at Cabinet on 7th February and Council on 28th February 2024.

AUTHORITY UNDER WHICH DECISION IS MADE

Part 3.3 of the Council’s constitution ‘Powers Delegated to Staff’ sets out the following in relation to accepting grant funding:

Scheme 3.3.3 – ‘Powers common to all Strategic Directors’

Section 5 – ‘Grants’

5.1 To apply for, accept and thereafter spend / allocate any grant funding connected with their directorate provided that any match funding or residual liabilities can be met from the existing budget of the directorate.

STATEMENT OF THE REASONS FOR THE DECISION

Background:

Earlier this year, the GLA launched the Council Homes Acquisition Programme (CHAP), in response to London's urgent need for social housing and in recognition of the current increased costs of building new homes. The programme aims to deliver 10,000 new homes by enabling councils to purchase homes to increase housing supply and reduce the financial pressures of homelessness costs on Council budgets.

The CHAP programme presents an excellent opportunity to utilise external grant funding towards the costs of acquisitions from April 2024, which will provide suitable accommodation for Havering residents with housing needs. The additional units delivered will increase the supply of good-quality affordable housing in the borough and reduce demand for temporary accommodation which is a significant cost to the Council's general fund budget.

Havering has a strong track record for delivering affordable housing through GLA-funded programmes, having secured over £66m in grants for new build schemes as well as £8.2m for the Right to Buy Back acquisitions fund (82 homes) and £6.3m for the current Refugee Housing Programme (50 homes) which concluded in July 2024.

The delivery and oversight related to this programme will fall within existing arrangements and current staff capacity. The grant funding will provide up to £320,000 toward the capitalised cost of project staff.

Our bid for the CHAP programme was approved by the Leader of the Council in April 2024, a formal funding offer was received from the GLA in August 2024.

Programme Requirements:

The programme is for housing acquisitions, which will be owned and managed by the Council. Acquisitions can be undertaken through a number of different routes including, but not limited to:

- purchase of ex-council homes that were sold via Right to Buy
- purchase of street properties within the borough
- purchase of completed new build properties
- purchase of new build properties off plan

It is expected that we will provide some new build homes from developers where appropriate (subject to separate governance) with the majority of homes being provided from singular acquisitions, all within the borough. We will focus on acquiring family-sized homes as this presents the greatest need according to our housing register.

All 160 homes must be acquired by 31st March 2026, our indicative delivery profile is:

- 45 homes by 31st March 2025
- 115 homes by 31st March 2026

Key Executive Decision – Part Exempt Report

Completed acquisitions must meet the following funding criteria:

- Acquisitions and grant claims must be completed by 31 March 2026
- Properties will be self-contained, no shared accommodation will be funded
- Properties must be in a fit state to occupy for at least 30 years, with no known plans for demolition within that timeframe
- Properties will be maintained to Decent Homes standard after acquisition (this is funded via the Housing Revenue Account)
- Properties will reach EPC level D
- Rent levels must be set at social rent as we intend to use the homes as long-term housing

The requirements for completed properties will be met through our voids process, where properties are brought up to the appropriate standard. Void costs are included in the property cost budget calculations, based on averages from previous acquisitions programmes. The Council aims to bring all housing properties up to EPC level C.

Building Safety:

Acquisitions must meet the following three building safety standards:

- Applicants must undertake reasonable endeavours to verify that no combustible materials are known to be used in the external walls of any homes or buildings, regardless of their height. The external wall excludes building features which are set out in Regulation 7(3) of the Building Regulations, such as door frames and window frames
- Applicants must register any in-built electrical products, such as white goods, with the manufacturers' registration service for all homes
- Applicants should include information about product registration, product recalls and electrical safety in the residents' pack or manual for all homes.

Grant Rates & Payments:

- Grant payments are completed in two tranches, 90% at contract exchange stage (subject to evidence of the agreement for sale or lease) and the remaining 10% is claimed at completion stage, the point the property is fit for letting.
- The match-funding required for the delivery of the proposed 160 homes would be provided by the Council's Housing Revenue Account (HRA). This allocation was approved by Cabinet via the latest HRA Business Plan in February 2024.

Allocations:

- Once properties reach the Council's lettings standard, the properties would be made available for lettings to Havering residents in accordance with the Council's allocations policy.

Key Executive Decision – Part Exempt Report

Contracting Arrangements:

- The Council Housing Acquisitions Programme falls under the wider GLA 2021-26 Affordable Homes Programme - the Council has already entered into the 2021-26 Programme grant agreement. The programme will be managed via the GLA's OPS system. A deed of variation will be required to confirm the grant funding under the 2021-26 contract.
- Additional projects can be brought into the 2021-26 grant agreement in accordance with section 9 (Additional Projects). The original grant agreement is included as Appendix C.

The relevant costs of acquiring the expected property mix are included in Exempt Appendix A, along with other relevant financial information.

OTHER OPTIONS CONSIDERED AND REJECTED

Do Nothing

Not utilising any external funding would mean the Council's Housing Revenue Account (HRA) bears the full cost of acquiring and refurbishing properties.

Deciding not to purchase additional affordable homes means that homelessness costs continue to rise without any suitable mitigation.

Doing nothing would mean we miss a significant opportunity to fund essential activity, both options are therefore rejected.

Use Alternative Funding to Deliver the Affordable Homes

Other Grants:

The only alternative grant solution would be through the Local Authority Housing Fund (LAHF) via Homes England. As this funding covers the entire UK it is much more competitive. Havering has received an initial allocation of around £3m under this fund, permission to accept the funding is progressing separately through the governance process. As funding has now been allocated, we are unlikely to be able to increase our grant allocation through this programme at the current time.

Right to Buy (RTB) Receipts

RTB receipts could be used for acquisitions at up to 100% of cost in accordance with the latest guidelines. However, this internal resource is limited and will be allocated to the most expensive affordable home delivery schemes in order to generate the biggest benefit to the HRA.

As the GLA grant offer is time-limited and can be delivered within existing resources and budget allocations, it is recommended to reject both options and accept the grant allocation.

Key Executive Decision – Part Exempt Report


PRE-DECISION CONSULTATION

No formal consultation is required in order to implement the recommendations in this report.

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

Name: Kirsty Moller

Designation: Head of Programme & Support (Housing & Property)

Signature: 

Date: 16th September 2024

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

There are no specific legal considerations other than those alluded to in the report and previously detailed in the executive decision report of 18 April 2024 authorising the bid.

FINANCIAL IMPLICATIONS AND RISKS

The Council has a strategy of increasing the housing stock within the HRA. This is built into the current HRA Business Plan. The addition of the grant funding to the Council enables it to deliver further with the existing budgets within the HRA business plan but using it as match funding for the GLA grant. There is a clear purpose for this funding and the risks to the Council are minimal. The opportunity to increase the level of current housing stock and begin to impact demands on the Council for homes and prevent homelessness is significant.

The risks related to accepting this grant are limited to not meeting grant criteria and therefore committing to a purchase or work and having to fully fund. As the grant funding is drawn down by scheme this risk is limited to individual blocks of purchases rather than the overall program and is fully within the Council's control. The other risk is that with the restating of the HRA Business Plan pressure is placed upon match funding. This risk again can be managed entirely by the Council in the imminent HRA business plan update.

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

There are no HR implications or risks arising from this decision that impact on the Council or its workforce.

The delivery and oversight related to this programme will fall within existing arrangements and current staff capacity.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

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.

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

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.

An EqHIA (Equality and Health Impact Assessment) is usually carried out and on this occasion this is attached as Appendix B.

The Council seeks to ensure equality, inclusion, and dignity for all in all situations.

There are not equalities and social inclusion implications and risks associated with this decision.

Key Executive Decision – Part Exempt Report

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

Havering Council is committed to improving the health and wellbeing of its residents.

Access to good quality, secure, affordable housing is an important determinant of health and wellbeing, with insecure, unaffordable, poor quality housing associated with poorer mental and physical health outcomes.

Accepting funding from the GLA Council Housing Acquisitions Programme offers a means by which the Council can grow its stock of social housing, allowing more households to have access to affordable, good quality homes. Prioritising the acquisition of family-sized homes offers an important opportunity to protect more children and young people from longer term risks associated with unsafe, unstable, and unaffordable housing.

There are no health and wellbeing risks associated with this decision.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

There are no environmental or climate change implications arising from this report.

As acquired properties will be maintained to Decent Homes Standard and at least EPC level D, properties are expected to be secure, warm and reasonably energy efficient.

BACKGROUND PAPERS

Council Housing Acquisitions Programme Prospectus (OPEN)

APPENDICES

Appendix A	Financial Implications (EXEMPT)
Appendix B	Equalities & Health Impact Assessment
Appendix C	GLA 2021-26 Affordable Homes Grant Agreement (EXEMPT)

Key Executive Decision – Part Exempt Report

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

Details of decision maker

Signed



Neil Stubbings
Strategic Director of Place

Date: 10th October 2024

Lodging this notice

The signed decision notice must be delivered to Committee Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____