

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Cllr Paul Crossley, Leader of the Council Cllr Tim Ball, Cabinet Member for Homes & Planning	
MEETING/ DECISION DATE:	On or after 20th September 2014	EXECUTIVE FORWARD PLAN REFERENCE:
		E2693
TITLE:	Updated partnership working with Registered Providers (Housing Associations)	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1: Consultation Outcomes Appendix 2: Indicative Selection Criteria		

1 THE ISSUE.

- 1.1 The current West of England Housing Delivery Panel (WoE HDP), a contractual partnership with Registered Providers¹ (RPs), will come to an end in March 2015. If the benefits of partnership working are to be maintained, and potentially enhanced, new partnership arrangements will need to be put in place.

2 RECOMMENDATION

The Leader of the Council and the Cabinet Member for Homes & Planning agree that:

- 2.1 The replacement arrangements, known as “HomesWest – Bath & North East Somerset” and detailed within this report, are approved; and
- 2.2 That the Head of Housing is delegated to appoint RP partners to the new partnership in accordance with the standards detailed within this report.

¹ Register Providers – Also known as Housing Associations
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3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 The administrative cost of selecting partners for HomesWest Bath & North East Somerset will be met within existing Housing Services budgets and staffing resources. The specific costs associated with the running of the strategic level partnership, such as the annual meeting or other events, will be met by a £500 joining fee payable by the partner RPs. One key requirement of partners will be a commitment to continue the current practice of paying an Enabling Fee of £530 (increased annually by RPI) per affordable home delivered. This funding stream is used to part fund the Enabling & Development Team within Housing Services.
- 3.2 There will be a positive impact on staffing resources for the Housing Enabling & Development Team by a streamlining of the existing partnership, including removing one tier of partnership meetings and reducing the current cumbersome monitoring requirements associated with the WoE HDP.
- 3.3 Whilst the new HomesWest B&NES partnership scheme will not have any direct effect on the way the Council manages its capital funding streams, the benefits should be demonstrable by the increased supply of affordable housing and increased innovation in delivery.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 Local Authorities have a range of duties and powers to promote economic wellbeing, improve health impacts and reduce inequality within their area. The proposed HomesWest Bath & North East Somerset partnership is a mechanism designed to assist in achieving these outcomes.
- 4.2 The partnership will support a range of corporate strategies including the adopted Core Strategy and the emerging Economic Strategy.
- 4.3 Only Registered Providers with a Regulatory Judgement of 1 for Viability and Governance will be eligible to join the partnership. As such they will have demonstrated to the Regulator, the Home & Community Agency (HCA) full compliance with all appropriate legislative requirements including equalities legislation.

5 THE REPORT

Background Information

- 5.1 For a number of years the Unitary Authorities (UAs) of the West of England have entered into partnership with a number of RPs to enhance the rate of delivery and standard of affordable homes delivered. The current partnership arrangements are due to expire in March 2015. As such the Enabling & Development Teams across the West of England have been working to develop proposals for a replacement partnership agreement.
- 5.2 The delivery trajectory of affordable homes for the WoE for this period is extensive, and the 4 UAs are seeking arrangements which ensure we maximise affordable housing delivery and development opportunities:

Affordable Housing Trajectory Projected in WoE 2015-2018 (as at Dec 2013)

	2015/16	2016/2017	2017/2018
NSC	150	150	150
BANES	160	160	160
SGC	838	795	668
BCC	600	700	850
Total	1748	1805	1828

5.3 The 4 UAs have considered the benefits and disadvantages of the current partnership arrangements, including through two independently facilitated discussions. This work has led to a clear vision for a new way of partnership working.

Vision/Intention

5.4 The 4 UAs favour an informal WoE partnership, with a strong focus on working at the UA level to meet the differing housing objectives/housing markets of each UA. It is proposed to replace the HDP with a new partnership of affordable housing providers and West of England UAs to maximise the delivery of affordable housing in the West of England, with a strong focus on local partnership working, regular local UA level meetings and less frequent WoE joint meetings.

5.5 It is proposed this partnership would be in place from February 2015 with a first review planned for April 2018.

This partnership would deliver the following benefits/outcomes:

- A Partnership arrangement of affordable housing providers, to provide engagement and collaborative working on S106 opportunities and coordination of other opportunities across the WoE.
- Provide a strategically recognised Partnership for liaison with house builders, Members, LEP, HCA and Government, with the gravitas needed for lobbying on related issues locally and nationally.
- To promote economic and housing growth and attract new private and public investment unblocking barriers to growth and assisting in housing delivery, creating high quality, sustainable neighbourhoods.
- Capacity to deliver the affordable housing trajectory in the WoE, delivering Core Strategy Delivery targets and other Strategic Policies and Objectives, in high quality, sustainable neighbourhoods, where people want to live.
- Innovation in funding solutions and delivery.
- Maximisation of the delivery of affordable homes with limited public subsidy and other resources and achieving value for money.

- Flexible membership, to allow new partner organisations to join post initial selection process in order to achieve strategic and delivery objectives.
- Continued commitment to payment of Enabling Fees.
- Reduced resources needed for procurement and administration.
- A strong focus on delivery at the UA level enabling responsive and flexible solutions.

5.6 It is suggested that the name 'HomesWest' as the overarching partnership name, reflecting local tier working by adding the appropriate UA name, for example HomesWest Bath & North East Somerset.

Selecting HomesWest Partners

5.7 Following consultation and the review of current arrangements, it is recommended that we do not undertake formal, detailed selection of partners or seek a partnership that is contractually procured. This would avoid the need for complex administrative and legal arrangements and would provide more flexibility. However, it is considered important that we can demonstrate why we are working with a particular group of RPs and ensure the inclusion of appropriate partners who can meet the aims of the WoE UAs. It is therefore proposed that we consider selection of partners based on the demonstration of the following:

- HCA Regulatory Judgement Governance and Viability Rating of 1.
- Commitment to delivery in the West of England, or at a UA level.
- Capacity to deliver their commitment in the West of England *or* at a UA level.
- Compliance with local policies (Core Strategies/SPD's).
- Willingness to pay Enabling Fees.
- Payment of £500 joining fee per organisation to cover cost HomesWest Events for a full three year period.
- Commitment to excellence in Housing Management and RP Management.
- Commitment to active participation in HomesWest local partnership meetings and to joint working on delivering locally agreed actions.
- Commitment to adding value – eg: enhanced design and build standards, train and build/apprentices/social enterprise, innovation to increase supply etc.
- Willingness to sign up to a specific Partnership Agreements and Annual Performance Agreements for each UA that the partner wishes to work with.

HomesWest – B&NES

5.8 Under ten strategic selection criteria based on the above bullet points, each UA will provide key local priorities for the RPs to sign up to delivering. For HomesWest B&NES, the 4 local priorities are:

HomesWest Bath & NE Somerset

Bath & North East Somerset has a Core Strategy target for the delivery of 12,956 homes including 3,290 affordable homes to 2029. Set against a backdrop of a World Heritage City, 2 Areas of Outstanding Natural Beauty, 25,000 hectares of Greenbelt covering 70% of the District & 50 conservation areas, homes in the district are some of the most expensive in the West of England. With an average house price of £312,355 and a 9:1 house price to earnings ratio² affordability of housing products present a significant concern to the Council. Our ‘HomesWest – B&NES’ RP partners will demonstrate

Local Priority 1: A clear commitment to RP-led delivery of both affordable and market homes (where these directly support the delivery of affordable homes) across the District.

Local Priority 2: A commitment to explore new ways of working to deliver homes that are truly affordable in the context of high property & land values, with an emphasis on delivering new tenure options and new methods of delivery for those in housing need.

Local Priority 3: A commitment to deliver high quality specialist and supported housing opportunities including rural housing & ExtraCare housing provision.

Local Priority 4: A commitment to promoting affordable housing issues at a local level, including rural housing, by engaging with communities, landowners, local politicians, the voluntary sector & funders & investors and taking an active role in strategic decision making across the Council to maximise delivery.

Monitoring & Scrutiny

5.9 There are no proposals to continue with the high level of monitoring or scrutiny of performance currently in place with the WoE HDP. Each UA will manage and monitor their local partnerships, recognising that the HCA, through their Regulatory Judgements, has a significant monitoring and auditing role to ensure all RPs meet required performance levels in all areas of operation. Monitoring at a WoE level will be kept to capacity management to ensure the Partnership has the capacity to deliver numbers required. WoE Affordable Housing Performance Reporting will continue as currently reported quarterly to Heads of Housing.

² Data from Hometrack July 2014
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Timescales

- 5.10 The new partnership will officially commence from April 2015.
- Proposals for the new look partnership discussed with WoE HDP in June 2014 and PHCB in July 2014.
 - Development of PID, finalise Aims and Objective/Core Principles and scale of new partnership July/August 2014.
 - Individual UA corporate/political sign off September 2014.
 - Arrangements for winding down HDP. Development of Selection Criteria, agree Local Terms of Reference and format. August 2014 – September 2014.
 - Advertise locally and nationally October / November 2014.
 - Selection Process December – February 2015.
 - Partnership in place April 2015.

Handover from current arrangements

- 5.11 Contractual arrangements for the WoE HDP run officially until November 2015. It is proposed that the WoE HDP continue until the end of its legal term as a sleeping Panel in order to avoid the need to formally dissolve the panel. This will enable UA's, if they wish to continue with commissioning WoE HDP until 30 October 2015. There may be unspent budget at the end of its term. It is proposed that consideration is given to rolling over any unspent budget into HomesWest in lieu of payment (or part payment) of joining fees.

6 RATIONALE

- 6.1 The proposals are the culmination of 6 month's work reviewing and assessing current working arrangements against the needs of the 4 enabling authorities to deliver both a challenging trajectory of new affordable homes whilst meeting specific local housing priorities. It is believed that the recommendations in the report will provide a new focus to delivery of housing that meets both challenges and allows for differences in priorities within each UA.
- 6.2 Discussions and consultation at all levels both within and outside the 4 UAs show significant support for the new approach to partnership.

7 OTHER OPTIONS CONSIDERED

- 7.1 Retender West of England Housing Delivery Panel arrangements current (a Framework Agreement procured via OJEU). Whilst there have been some positives around joint working and competitiveness through existing arrangements, the HDP is inflexible and restrictive, and the level of resource required to manage it is not justified by the outputs. Most affordable homes are delivered outside the HDP commissioning arrangements.
- 7.2 Return to the previous two-tier framework (smaller strategic WoE partnership plus a local tier partnership at LA level). This is not supported as there will be restricted engagement at strategic level and the capacity of LA-tier partners will not be maximised for large scale delivery. Any benefits of procuring a two-tier partnership may be outweighed by the additional management and support required. Whilst this approach will re-focus development to a local level it is not considered the most efficient way to achieve the UAs' local or WoE Strategic objectives.
- 7.3 Select partnerships solely at local authority level and abandon a West of England approach. This approach is not supported as it provides for no strategic engagement at WoE level or guaranteed consistency of approach. There is potential for duplication across the WoE. This does not fit with the Homes and Communities Agency's 'minimum geography' and would result in the loss of potential strategic dialogue between the RPs and HCA at our sub-regional level.
- 7.4 Abandon all partnership arrangements - This will not provide any strategic engagement at WoE or local level or guaranteed consistency of approach. Will not demonstrate a strategic approach to partnership working or guarantee enabling fee income. Great potential for duplication at both WoE and local levels.

8 CONSULTATION

- 8.1 Outline proposals were endorsed by the West of England Planning, Housing and Communities Board in July 2014
- 8.2 The West of England Housing Delivery Panel (HDP) members were consulted on the proposals at the June 2014 WoE HDP meeting (via a facilitated workshop session). Written submissions were also invited. A summary of the responses received is at appendix 2, which includes the oral feedback given at the meetings and written responses from Affinity Sutton, Guinness Hermitage, Merlin Housing Society, Knightstone Housing Association and Sovereign Housing Association. The HDP members unanimously support the proposal in principle, subject to some minor comments. Responses and changes to be made to respond to the consultation submissions are noted in the summary.

9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

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Background papers	<i>None</i>
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