

Bath & North East Somerset Council		
MEETING:	Climate Emergency and Sustainability Policy Development and Scrutiny Panel	
MEETING DATE:	17 th January 2022	EXECUTIVE FORWARD PLAN REFERENCE:
		n/a
TITLE:	Council House Building Update	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
None		

1 THE ISSUE

- 1.1 The administration set a manifesto commitment to deliver Council Housing in addition to the social housing currently being delivered through established enabling activities. This report provides the panel with an update on progress to date and key future decisions.

2 RECOMMENDATION

The Panel is asked to;

- 2.1 Note current progress on meeting the manifesto commitment to deliver Council Housing, and
- 2.2 Provide an initial view on the direction of travel and other matters of principle the panel considers appropriate.

3 THE REPORT

Background

3.1 Since the transfer of the Council Housing stock to Curo (formerly Somer) in 1999 the delivery of affordable housing has typically been secured through either:

- Section 106 planning agreements negotiated between developers and the Council, with the resultant affordable housing being purchased by Registered Providers (also known as Housing Associations).
- 100% affordable housing schemes delivered by Registered Providers.
- Bespoke schemes, usually specialist support schemes, commissioned by the Council but delivered by partners.

3.2 Delivery through this route has been very positive and in the last 10 years (up to March 2021) the Council has delivered around 1,902 affordable homes. These comprise 1,397 (70%) for rent and 505 (30%) for intermediate/affordable home ownership. In addition, there are a further 593 affordable housing units that have planning consent and are awaiting build-out.

3.3 Despite this positive rate of delivery demand for affordable housing in the district remains very high. There are now approximately 6,000 households on the Council's waiting list for social housing, with typically only around 600 properties becoming vacant each year.

3.4 This high demand for social housing is, at least in part, a factor of high local housing prices. Indeed, at a ratio of 12.5x average house price to average earnings the district remains one of the least affordable outside London¹. Using a typical mortgage multiplier of 3.5x income means that around 75% of all first-time buyers are unable to afford an average terraced property within the district. Renting is also expensive with the average market rent for a 2-bedroom flat currently around £1,096 per month. It should also be noted that these figures are averages with the city being significantly less affordable.

3.5 It is in this context that the Council wishes to utilise Council resources, including surplus land and properties to further support the delivery of Council Housing where feasible and practical to do so.

Current Progress on Council House Building

3.6 Over the past 18 months the Council has been actively developing its own affordable housing schemes, initially concentrating on where the Council can add greatest value, notably around supported housing schemes. Schemes currently completed or well advanced include:

- Temporary Accommodation Scheme (13 units)
Hub & spoke model providing the Council with enhanced capacity and capability to ensure that we meet our statutory responsibilities to provide temporary accommodation to eligible homeless households. The scheme will be managed directly by the Council.
- Supported Housing Scheme (20 units)

¹ Hometrack Housing Intelligence (October 2021)
Printed on recycled paper

Scheme providing supported accommodation for former rough sleepers and which built upon the good work achieved with rough sleepers during the covid pandemic. The Council will retain the landlord function but housing management & support functions will be provided by specialist partner agencies.

- Platform for Life Scheme (4 units)

This scheme will provide supported move-on accommodation for former rough sleepers in a shared house setting. The house will accommodate up to 4 residents. The Council will retain landlord functions but housing management & client support functions will be provided by specialist partner agencies.

- Shared Ownership (2 Units)

The original plan was to transfer these Aequis developed properties to another RP. However, this proved problematic and importantly the business case for shared-ownership properties supported the Council retaining ownership.

3.7 In November 2021 the Cabinet took the decision to extend this programme to potentially deliver a further tranche of up to 58 affordable Council Houses by utilising eight surplus buildings and sites. These homes would be delivered directly by the Council. As such the Council would be responsible for commissioning all aspects of the delivery, including design; financing; securing planning consent; build-out; and ongoing ownership of the land and residential units. The homes will be offered to eligible residents on social rented tenure, the most affordable rent tenure.

3.8 This overall programme provides the Council with a number strategic benefits, including:

- Secure “additionality” through 100% affordable housing schemes.
- Allowing the Council to have greater control over the homes delivered, potentially including accelerated delivery; low-carbon developments and potentially innovation through Modern Methods of Construction (MMC).
- Provides the Council with enhanced operational resilience, through increased housing options for front-line services, notably Housing and Adults.
- Relatively quick to mobilise and deliver.
- Develops in-house skill and competence.
- Reassures Homes England and the Regulator of Social Housing of our commitment to provide low-cost housing.
- By focusing on existing Council sites/schemes the option is complementary, rather than in competition, with the activities of our Homewest Registered Providers.

3.9 Officers are now tasked with starting the process of creating viable schemes on these sites which will be subject to approval through the Council’s Corporate Capital sign-off procedures. Where planning permission is required any proposed scheme will be subject to statutory public consultation.

3.10 It should be noted that at this stage no formal decision has been made concerning the Housing Management functions of these additional 58 units. Housing Management functions include: property allocation and letting; rent and service charge collection; tenancy management; repairs and maintenance; and wider social conditions. Options include the Council performing the Housing

Management functions or commissioning a third party to undertake this role. There are clearly benefits and risks of both approaches. Further investigation is therefore ongoing to ensure that an informed decision can be made in due course.

4 STATUTORY CONSIDERATIONS

4.1 The delivery of Council Housing is supported by the following:

- Local Government Act (section 2) which allows Councils to act to promote or improve the economic, social or environmental wellbeing of their area.
- Localism Act 2011 (sections 1-7) which provides the local authority's general power of competence.
- The Council is registered with the Regulator of Social Housing as a Local Authority Registered Provider of Social Housing.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 The capital costs of the 39-unit supported housing and shared-ownership programme are estimated at approximately £3.3m. This is being funded by tenant rents supported borrowing of £298k, Government grants of £1.49m, shared-ownership sales of £360k and a Council subsidy of £1.18m coming principally from right to buy capital receipts. The programme is revenue neutral.

5.2 The capital costs of delivering the additional 58-unit social rented programme are estimated to be approximately £12.1m. This will be funded by tenant rents supporting borrowing of £6.4m, Government grants of £3.4m (to be confirmed) and Council subsidy of £2.3m coming principally from right to buy capital receipts. The programme, when using typical industry standards for Management, Maintenance, Voids & Bad Debts would be revenue neutral. The model assumes a nil capital receipt for the surplus buildings and sites, though these assets would be retained and enhanced.

6 RISK MANAGEMENT

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

7 EQUALITIES

7.1 A formal equalities impact assessment has not been undertaken on the overall programme. However, the delivery of low-cost housing, particularly affordable housing, has a positive impact on equality. It provides affordable housing options for those residents who would be unable to compete on the open-market and may otherwise be forced to leave the area or reside in unsuitable housing conditions. Nationally social housing also supports a disproportionate number of residents from minority ethnic groups, particularly black households; low-income residents including carers and those with a disability; and lone parents.

8 CLIMATE CHANGE

8.1 Housing is a key contributor to climate change. Any Council specified housing will be designed to meet the highest energy efficiency standards and where new-

build the AECB (or similar) standard for energy efficiency, thus contributing to meeting the Council's Climate Emergency targets.

8.2 Current outcomes, include:

- Modelling has indicated that the measures to be incorporated in the refurbishment of 23 Grosvenor Place, subject to listed building consent, would reduce both energy and carbon usage by almost 40% compared to the current baseline.
- In the case of Theobald House Temporary Accommodation Scheme the modelling has indicated that the refurbishment would create significantly greater energy and carbon savings than above due to the ability to also being able to deploy air-source heating and wall insulation.
- The new build shared-ownership properties delivered by Aequis at St Joseph's Terrace, Sladebrook Road, have achieved an EPC A rating and are predicted to be carbon neutral in use.

9 OTHER OPTIONS CONSIDERED

9.1 Throughout the programme other options have been considered, depending upon the strategic objectives of the scheme and any funding conditions or requirements. The broad alternatives considered were as follows:

- Supported Housing Schemes

In relation to the former rough sleeper accommodation, and given funding and time constraints, the only other option was not to proceed with the schemes. This would mean that the Council did not access Government funding and did not deliver much needed supported accommodation for former rough sleepers.

In relation to the temporary accommodation scheme the alternatives considered included continuing to "spot purchase" accommodation and/or commission more temporary accommodation from existing providers. The former was discounted as it has not proved reliable or consistent, is often poorly located and does not require the level of support clients often require. The latter was discounted based on cost, deliverability and ensuring the Council has resilience, particularly when dealing with clients with specific needs.

- Shared Ownership Units

The original plan was to transfer these Aequis developed properties to another RP. However, this proved problematic and importantly the business case for shared-ownership properties supported the Council retaining ownership.

- Utilising Eight Surplus Sites for Social Rented Council Houses

As an alternative to direct delivery a joint venture/partnership approach with a Registered Provider was also considered. Whilst both delivery routes are practical and feasible the direct delivery route has been recommended on

these eight sites as this is more aligned to the corporate objectives, notably:
providing the Council with full control over the design & build of units;
enhanced operational resilience and quick to mobilise and deliver.

10 CONSULTATION

- 10.1 Internal officer consultation, including with finance and legal services. In Sept 2019 this Panel was also consulted on initial plans to develop a Council housing programme.

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Background papers	None
Please contact the report author if you need to access this report in an alternative format	