

**Report title: Funding for Enabling Budget 2015/16, 2016/17, 2017/18 and 2018/19**

**Wards affected: Citywide**

**Strategic Director: Barra Mac Ruairi**

**Report Author: Tim Southall**

**RECOMMENDATION for the Mayor's approval:**

- a. To increase the Council's Enabling Budget for 2015/16 from £650,000 to £1,500,000
- b. To include in the Council's Budget for 2016/17, 2017/18 and 2018/19 a capital provision for an enabling budget of at least £1.5m per annum to enable and support the delivery of quality affordable housing in the City.
- c. That a report reviewing these allocations be submitted to Cabinet in 12 months' time, in order that the Mayor/Cabinet can re-assess this allocation as appropriate (within the context of the overall Council budget).

**Key background / detail:**

- a. Purpose of report:

This report seeks the Mayor's approval to allocate £1.5m per annum between financial years 2016 – 2019 within the Council's capital budget to enable and support the delivery of quality affordable housing in the City.
- b. Key details:
  1. The Affordable Housing Framework (AHF) identified a specific action that the Council would need to seek the Mayor's approval to allocate funds to an enabling budget to support and enable the delivery of affordable housing between 2015 -2020.
  2. This Council has been providing 'enabling grants' to HAs to successfully promote affordable homes in the city for 25 plus years. Any financial intervention made by the Council must demonstrate how it meets the Housing Strategy's objectives, offers best value and levers in additional investment to support the delivery of high quality affordable housing.
  3. As a result of the Government's recent decision to reduce rents by 1% on all Council and HA rented properties and the potential impact of the Welfare Reform and Work Bill and Housing Bill it is important that the Council retains its financial capacity through the Enabling Budget. The Council and its partners need to think innovatively and creatively in order to find new ways to support and enable delivery of affordable housing projects and programmes in light of the new fiscal environment.

4. To facilitate this approach the Enabling Budget needs to be seen as a flexible resource that could be used in a variety of ways including but not limited to providing 'enabling grants'. It is planned to prepare a report for the Strategic Director Place in liaison with the Assistant Mayor early next year to consider the future use of the Enabling Budget; following soft market testing of a possible new approach and new evaluation criteria with Homes West Bristol partners.

BRISTOL CITY COUNCIL  
CABINET  
3 November 2015

**REPORT TITLE:** Funding for Enabling Budget 2015/16, 2016/17, 2017/18 and 2018/19

**Ward(s)** Citywide

**Strategic Director:** Barra Mac Ruairi / Strategic Director Place

**Report author:** Tim Southall / Housing Development Manager

**Contact telephone no. & e-mail address:** 0117 3525138.  
tim.southall@bristol.gov.uk

***Purpose of the report:***

This report seeks the Mayor's approval to allocate at least £1.5m per annum between financial years 2015 – 2019 within the Council's budget to enable and support the delivery of quality affordable housing in the City.

**RECOMMENDATION for the Mayor's approval:**

- a. To increase the Council's Enabling Budget for 2015/16 from £650,000 to £1,500,000
- b. To include in the Council's Budget for 2016/17, 2017/18 and 2018/19 a capital provision for an enabling budget of at least £1.5m per annum to enable and support the delivery of quality affordable housing in the City.
- c. That a report reviewing these allocations be submitted to Cabinet in 12 months' time, in order that the Mayor/Cabinet can re-assess this allocation as appropriate (within the context of the overall Council budget).

**1. POLICY BACKGROUND**

- 1.1 The Council will support the Cities growing population through building new quality market and affordable homes that meet the diverse needs of our citizens.
- 1.2 The Mayor's vision is that *"Bristol will be a city of well connected neighbourhoods with a strong sense of identity and belonging, where a diverse mix of housing types and tenures ensure that homes are increasingly affordable by building at least 750 affordable homes by 2017 and 1000 affordable homes per annum by 2020"*
- 1.3 In June 2015 the Mayor approved a new Affordable Housing Framework 2015 – 2020 ('AHF') which set out six delivery models which could enable and support the delivery of affordable housing within the City.
- 1.4 One of the delivery models identified in the AHF is the provision of new affordable homes funded by the Council and/or the Homes and Community Agency (HCA) in partnership with Housing Associations (HAs), also known as Registered Providers. The AHF noted that the Council would need to seek the Mayors approval to allocate

funds to an enabling budget to support and enable the delivery of affordable housing between 2015 -2020.

## **2. DELIVERY APPROACH**

### ***Enabling Budget***

4.1 The Housing Act 1988 empowered Local Authorities to act as 'enablers' and make funds available to promote the development of affordable homes in meeting local housing needs (see Appendix A).

4.2 This Council has been providing 'enabling grants' to HAs to successfully promote affordable homes in the city for 25 plus years. Any financial intervention made by the Council must demonstrate how it meets the Housing Strategy's objectives, offers best value and levers in additional investment to support the delivery of high quality affordable housing.

4.3 The Council current objectives of providing 'enabling grants' are set out below;

- a) To address specific housing needs. The Council has concentrated on funding housing that addressing housing needs that HAs are unable to secure grants from the HCA for;
- b) To promote partnership working and act as leverage to secure additional funding;
- c) To improve the quality of the 'housing offer' and thus the affordability, accessibility and sustainability of new homes;
- d) To enable the delivery of new homes in advance of funding by de-risking sites;
- e) To support its wider regeneration objectives;
- f) To match fund developments with HAs/HCA to demonstrate Council's commitment to delivering regionally important programmes.

4.4 In 2015/16 £650,000 was allocated to the Enabling Budget. As the £650,000 has now been fully committed it is proposed that the Enabling Budget for 2015/16 be increased from £650,000 to £1,500,000.

4.5 As a result of the Government's recent decision to reduce rents by 1% on all Council and HA rented properties and the potential impact of the Welfare Reform and Work Bill and Housing Bill it is important that the Council retains its financial capacity through the Enabling Budget. The Council and its partners need to think innovatively and creatively in order to find new ways to support and enable delivery of affordable housing projects and programmes in light of the new fiscal environment.

4.6 To facilitate this approach the Enabling Budget needs to be seen as a flexible resource that could be used in a variety of ways including but not limited to providing 'enabling grants'. It is planned to prepare a report for the Strategic Director Place in liaison with the Assistant Mayor early next year to consider the future use of the Enabling Budget; following soft market testing of a possible new approach and new evaluation criteria with Homes West Bristol partners.

### **Consultation and scrutiny input:**

- Assistant Mayor at Assistant Mayors Briefing on 28<sup>th</sup> September 2015 – Assistant

Mayor agreed it needs to go to Cabinet on 3<sup>rd</sup> November.

- Barra Mac Ruairi – Strategic Director Place – Supports the increase in the Enabling Budget for 2015/16 and has agreed that this paper needs to go to Cabinet on 3<sup>rd</sup> November as a separate budget item – due to its importance as a Mayoral Priority
- Robin Poole – Finance Business Partner – comments incorporated
- Peter Gillett – Service Director – Finance – confirmed that the increased Enabling Budget for 2015/16 can be accommodated in the Councils current budget and supports the requirement to make formal bid for funds from the Council Budget by taking it through Cabinet
- Eric Andrews – Contracts and Procurement Solicitor - Legal comments incorporated

**Other options considered:**

An alternative option would be for the Enabling Budget to be used solely for strategic acquisitions of private land. This has not been progressed, as it is known the HCA is already considering making further acquisitions in the city and the Council with over 100 has in Council ownership does not need to increase its land holdings. Further it is considered that the current Enabling Budget gives the Council sufficient flexibility - if for example by acquiring an access route may help promote the delivery of affordable homes

**Risk management / assessment:**

FIGURE 1							
The risks associated with the implementation of the (subject) decision :							
N o.	RISK	INHERENT RISK		RISK CONTROL MEASURES	CURRENT RISK		RISK OWNER
		Imn	Proba		Imn	Proh	
1	HAs not interested in taking up grants to deliver affordable rented homes	M	M	Enabling Budget needs to be flexible enough to facilitate alternative ways of increasing supply of affordable rented homes	L	L	Tim Southall

  

FIGURE 2							
The risks associated with <u>not</u> implementing the (subject) decision:							
N o.	RISK	INHERENT RISK		RISK CONTROL MEASURES	CURRENT RISK		RISK OWNER
		Imn	Proba		Imn	Proh	
1	Reduction in numbers of affordable rented homes delivered leading to increasing numbers of homeless households	H	H	Council identify alternative delivery models or establish own housing company to deliver affordable rented homes	M	M	Abigail Stratford

**Public sector equality duties:**

Women, people from some Black and minority ethnic groups and disabled people are particularly reliant on social rented housing due to lower levels of income and higher levels of unemployment. Therefore proposals to increase the availability of affordable homes managed by housing associations will have a positive impact on people with these protected characteristics. There is a significant shortage of affordable homes in Bristol and increasing the numbers of affordable homes which can be rented from housing

associations is of positive benefit for people with protected characteristics. The key equality issue which may require further scrutiny is in the allocation policies which identify who is prioritised for such properties. If any of the £1.5m is allocated to an affordable homes initiative which has a local lettings policy or locally agreed prioritisation process, this would need to have a separate equality impact assessment to ensure the people who are presumed to benefit from this funding, as identified in this equality impact assessment, do actually benefit under the allocations policies. The draft unpublished SHMA report has identified that 950 affordable homes are required each year in Bristol, 41% for households needing one bedroom flats and 17% for four bedroom plus homes. It should be noted that these are only emerging figures from the draft SHMA report which although is due to be considered in October has not as yet been agreed by the four WOE Unitary Authorities.

**Anne James:**            **Equality and Community Cohesion Team Leader**  
**Date:**                    **6<sup>th</sup> October 2015**

### **Eco impact assessment**

From April 2016 all market and affordable homes will be built to a common sustainability standard set through the new Building Regulations. The Enabling Budget will enable the Council to secure higher sustainability standards by making grant available to upgrade from the new Building regulation standard. These grants will contribute significantly to higher sustainability standards if it is used to ensure homes are built to **maximise energy efficiency**, with measures such as roof insulation, outside cladding, triple glazing on doors & windows and efficient boilers.

**Steve Ransom:**        **Environmental Programme Manager, Energy Programme**  
                                  **(Corporate)**  
**Date:**                    **29<sup>th</sup> September 2015**

### **Resource and legal implications:**

#### **a. Financial implications:**

The revenue cost of funding any addition to the capital expenditure for the enabling budget will be met from revenue savings associated with the schemes across the Council.

**Advice given by**        **Robin Poole / Finance Business Partner**  
**Date**                        **6<sup>th</sup> October 2015**

### **Comments from the Corporate Capital Programme Board:**

Supported in principle by Strategic Director – Place who proposed that this budget bid be specifically considered by Cabinet.

#### **c. Legal implications:**

“Whenever the Council provides a benefit through use of grants to an organisation, it must ensure that benefit does not constitute state aid, or that it falls under one of the applicable state aid exemptions. Given the aim of this particular scheme, one of the exemptions potentially available is where a “service of general economic interest” is being provided in exchange for the grant. Social housing projects are capable of falling within this exemption. The applicability of this exemption will however depend on the details of the arrangement, which can be assessed on a case by case basis. Furthermore, provided the arrangement constitutes a genuine grant agreement, rather than a contract (and care will need to be taken over this), the agreement need not be procured in accordance with the EU public procurement regime, although the Council is free to engage in some form of competition in order to secure best value.”

**Advice given by** Eric Andrews / Contracts and Procurement Solicitor  
**Date** 30<sup>th</sup> September 2015

**d. Land / property implications:**

Not applicable

**e. Human resources implications:**

Not applicable

**Appendices:**

Appendix A Local Housing Need Summary

**Access to information (background papers):**

Affordable Housing Framework 2015

**Appendix A**

**LOCAL HOUSING NEED SUMMARY**

*Please note that these are only emerging figures from the draft SHMA report which although is due to be considered in October has not as yet been agreed by the four WOE Unitary Authorities.*

- A. The West of England Strategic Housing Market Assessment (SHMA) 2015 has identified that there is an acute demand for affordable housing in Bristol. Currently 18,800 households need affordable homes. This figure equates to a revised affordable housing requirement of 940 affordable homes per annum. Of these 18,800 households only 14% would be able to afford intermediate or shared ownership homes (sold at 40% equity with 1% rental on retained equity) with the remainder (86%) needing social rented and Affordable Rent homes.
- B. The SHMA highlights a need for large affordable family accommodation (three bedrooms plus) within the City. The SHMA has identified that of the 16,200 households needing affordable rented homes, 7,040 households require three plus bedroom family homes (of which 1,700 requiring four plus bedroom houses).
- C. The SHMA has also identified that there are 7,280 households needing one and two plus bedroom properties let principally at social rents (with only 170 households being able to afford 'Affordable Rent' at 80% of open market rents).
- D. The number of homeless households accommodated in Bed and Breakfast (B&B) and other temporary accommodation has risen in 2014/15 to over 300. With the relatively low supply of affordable rented homes delivered by HAs over the last three years and the possible switch of HCA funds to low cost home ownership the numbers of homeless households may increase with consequent pressures on the Council's revenue budget.