

Report to the Council Housebuilding Cabinet Committee



**Epping Forest
District Council**

Report reference: 19 January 2016

Date of meeting: CHB-011-2015/16

Portfolio: Housing

Subject: Council House-Building Programme - Financial Position

Responsible Officer: P. Pledger (01992 564248)

Democratic Services Officer: J. Leither (01992 564756)

Recommendations/Decisions Required:

(1) That the current financial position be noted, in respect of:

- (a) The amount of additional “Replacement Right to Buy (RTB) Receipts” for utilisation under the Government’s “one-for-one replacement” scheme that has been received; when it is required to be spent; the actual expenditure to date; and the future planned expenditure profile (Appendix 1);**
- (b) The amount and use of financial contributions available to the Council’s Housebuilding Programme from Section 106 Agreements, in lieu of the provision of on-site affordable housing on private development sites, and other sources of funding (e.g. sales of HRA land and non-RTB property, and external funding) (Appendix 2);**
- (c) The expenditure profile that reflects the house-building programme (Appendix 3); and**
- (d) A Financial Modelling summary of all sites agreed by the Cabinet Committee by phase incorporating the unit mixes and numbers, updated costs and subsidy requirements (Appendix 4).**

(2) That it be noted, to avoid returning 1-4-1 RTB Receipts, the Council will need to spend around £2m by the end of Q4 of 2016/17 on the purchase of street properties.

Executive Summary

One of the Cabinet Committee’s Terms of Reference is to monitor expenditure on the Council Housebuilding Programme.

The Financial Reports attached at Appendix 1, 2, 3 and 4 set out the current financial position with the various aspects of the Housebuilding Programme.

Reasons for Proposed Decision

The Council's Housebuilding Programme is a high profile, high cost activity. It is therefore essential to ensure that budgets, costs and expenditure are properly monitored, to enable corrective action to be taken at the earliest opportunity when necessary.

Other Options for Action

Not to have regular Financial Reports presented to the Cabinet Committee.

Background

1. One of the Cabinet Committee's Terms of Reference is to monitor expenditure on the Housing Capital Programme Budget for the Council Housebuilding Programme, ensuring the use (within the required deadlines) of the capital receipts made available through the Council's Agreement with the Department of Communities and Local Government (DCLG) allowing the use of additional "Replacement Right to Buy (RTB) Receipts" received as a result of the Government's increase in the maximum RTB Discount to be spent on housebuilding.

2. The Cabinet Committee regularly receives a suite of detailed financial reports covering all financial issues relating to the Housebuilding Programme. Since progress on a phase by phase basis is monitored separately (see separate progress report elsewhere on the agenda), it has been possible to consolidate the detailed financial reports into the 3 appendices as set out below.

Appendix 1 - Captures the total amount of Replacement Right To Buy Receipts received and available for use for "One-for-One Replacement" on the Council's House-building Programme, as captured on the Pooling Return to the DCLG and when it is required to be spent. It also captures the actual expenditure to date and compares that to the projected future planned expenditure profile.

Appendix 2 - Sets out the amount and use of financial contributions available to the Council's Housebuilding Programme from Section 106 Agreements, in lieu of the provision of on-site affordable housing on private development sites, and other sources of funding (e.g. sales of HRA land and non-RTB property, and external funding)

Appendix 3 – Sets out the expenditure profile. This has been profiled to reflect the detailed programme that has been included elsewhere on the agenda, which discusses the need to accelerate the house-building programme

Appendix 4 – Sets out the financial modelling summary of all sites agreed by the Cabinet Committee by phase incorporating the unit mixes and numbers, updated costs and subsidy requirements.

3. This information is captured and presented for monitoring purposes. However, it should be noted that due to delays on the construction of Phase 1, delays in securing planning permission on Phase 2 and delays in completing on the Barnfield S106 development, coupled with a higher than expected rate of RTB's there will be underspend of around £2m in Q4 of 2016/17. However, this does rely on Broadway Construction Ltd now delivering the Phase 1 construction works by July 2016, which is their own projected completion date.

4. To avoid giving back the 1-4-1 receipts that the Council has been accumulating from RTB sales, the Cabinet Committee has already agreed a suite of measures, which includes purchasing properties on the open market. However, it should be noted that

since there are no developments in the pipeline that meet the Council's deadlines it will be necessary to purchase street properties to meet this underspend.

Resource Implications:

These are set out in the detailed Financial Reports at Appendices 1, 2, 3 and 4.

Legal and Governance Implications:

It is good governance to properly monitor costs and expenditure, and keep financial forecasts up to date – especially for such a high profile, high cost programme.

Safer, Cleaner and Greener Implications:

None – in relation to this report.

Consultation Undertaken:

None

Background Papers:

None

Impact Assessments:

Risk Management

One of the biggest risks to the Housebuilding Programme is the potential for budgets, costs and expenditure to not be properly monitored, and for them to become out of control as a result. Monitoring the Financial Reports helps mitigate this risk.

By not spending £2m on purchasing street properties by December 2016 the Council will be in a position of having to return 1-4-1 receipts with interest at 4% above BOE base rate.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

Within the Housing Service Strategy, it has been identified that the target groups that are affected by the Council's house building programme are people in need of:

- Affordable Housing,
- Homelessness assistance,
- Supported housing for special needs groups,
- Owners and occupiers of poor condition housing
- Council and housing association tenants.

From that, it was identified that generally, there is an under provision of suitable accommodation for nearly all target groups. This has been reaffirmed in the most recent Strategic Housing Market Assessment.

Decision making is affected by funding and other factors, such as the availability of building land suitable for particular groups e.g. the elderly or young families.

There is no evidence of unlawful discrimination in relation to the provision of affordable housing.