

CABINET

COMMUNITY HOUSING FUND 8 August 2017

Report of Chief Officer (Regeneration and Planning)

PURPOSE OF REPORT			
To seek authority to establish a new governance and decision making framework for the allocation of the Community Housing Fund for Lancaster district.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	6 TH July 2017		
This report is public			

RECOMMENDATIONS OF Councillor Andrew Warriner

- (1) That the proposed governance framework for the allocation of £707,630 Community Housing Fund be approved.
- (2) That the draft Grant Policy for allocation of the Community Housing Fund be approved.
- (3) That funding from the Community Housing Fund be set aside to support a jointly funded officer post along with Fylde Borough Council to support and develop community led projects.
- (4) That Cabinet notes the receipt of 2 further grants totalling £29,645 for two new government initiatives, intended to support the council in preparation of and maintenance of a Brownfield Land Register and a Self and Custom Build Housing Register, and endorses their use to provide additional staff resources on a fixed term basis from the DCLG allocation.
- (5) That the Chief Officer (Resources) be authorised to update the General Fund Revenue Budget to reflect any decisions taken under recommendation 2 above and also 3 and 4 and 5, to be funded from the Revenue Grants Unapplied Reserve, and subject to there being a nil impact on the Council's resources.

1.0 Introduction

- 1.1 On 23rd December 2016, the Department of Communities and Local Government (DCLG) announced the allocation of a £60M fund to support community-led housing developments in areas where the impact of second homes is particularly acute.
- 1.2 Lancaster City Council was successful in receiving an allocation of £707,630 for 2016/2017. The first tranche of funding (50%) was received in early January and the second tranche of funding was received at the end of March 2017 after officers completed a series of questions for DCLG on how the funding could be used to support community led developments. The guidance issued by DCLG is attached at Appendix 1.
- 1.3 Lancaster City Council is one of four districts in Lancashire to receive an allocation of funding to date along with Wyre, Fylde and Ribble Valley local authorities, although their funding has been allocated at a lower rate. Indications from DCLG suggest that further allocations of funding will be made in future years (potentially for up to 5 years) depending on how successful local authorities are in spending their allocations. It is not yet clear what arrangements will be in place to do so, and funding may, in the future, be allocated through the Homes and Communities Agency, potentially with a bidding process in place.
- 1.4 The council also received two further initial payments totalling £29,645 from DCLG in March 2017, which are intended to be used to support local authorities in providing additional resources needed to help address the delivery of two new government initiatives, i.e. Brownfield Land Register and Self and Custom Build Housing Register, noting that further allocations are expected in 2017/18, 2018/19 and 2019/20.

2.0 The purpose of the Community Housing Fund

- 2.1 The CHF funding is intended to support the delivery of affordable housing, although not exclusively. However, unlike other means of supporting affordable housing such as grant funding through the Homes and Communities Agency and the Section 106 developer contributions (also known as commuted sums) the funding must to be used to support projects that are community led – where the local community play a leading and lasting role in solving local housing problems and creating genuinely affordable homes in ways that could be difficult to achieve through mainstream housing.
- 2.2 Community-led schemes can offer the potential to generate benefits and efficiencies across the public sector, by meeting the needs of a specific group, for example, by providing housing and mutual support solutions through an active community, such as the elderly and vulnerable, and include models such as co-housing schemes as well as bringing forward development sites that could be unattractive to mainstream housebuilders. The funding could also support communities and groups registered for self-build and custom build housing.
- 2.3 With reference to the self and custom build housing above, it should be noted that since April 2017 local authorities are required to hold a register of people who want to acquire serviced plots of land for self and custom housebuilding purposes. Legislation enables local authorities to permission sufficient land suitable for self and custom build housing to meet the demands on their register within three years. Similarly, there is a legislative requirement for local authorities to prepare and maintain registers of brownfield land suitable for residential development (irrespective of their planning status) to help provide certainty for developers and communities, thereby encouraging investment in local areas.
- 2.4 Although the council has already established a Self and Custom Build Housing Register and published a map-based list of Brownfield Land using existing resources, in order to address the objectives set by Government for these new initiatives and

meet demand on the registers, using existing delegations Officers intend that the DCLG allocation be used to provide additional dedicated staff resource (through increasing the hours of two part-time officers) on an initial fixed term basis within the Planning and Housing Policy team to accommodate the initial demands associated with these new initiatives, with any continuation being subject to review and confirmation of further funding by DCLG. Cabinet is requested to endorse this.

- 2.5 Community led schemes may also generate added value to communities by providing skills, training and jobs for local people which could be targeted at vulnerable groups, by giving community organisations control over assets and revenue through appropriate management arrangements such as through a Community Land Trust model or through co-operative arrangements which allow residents to democratically control and manage their homes.
- 2.6 The funding is intended to support existing community groups who may have formed in response to local housing shortages or as an extension of a community based activity with local roots who then decide to provide housing in addition to their current activities and where this additional funding will allow them to access the technical support they require.

3.0 Progress to Date

- 3.1 In the short time that has elapsed between receiving the notification and initial allocation of funding, officers have engaged in the following activities to explore opportunities to utilise the Community Housing Fund. This has included:-
- 3.2 Some initial mapping of second homes ownership in Lancaster district has taken place. Unsurprisingly the rural areas most affected in terms of the percentage of second homes against the dwelling count in parishes were Silverdale and Cantsfield. It should be noted however that the actual numbers of second homes are relatively small.
- 3.3 Through ongoing engagement with Neighbourhood Plan Groups, Wray Parish Council had begun early discussion with Lune Valley Rural Housing Association to investigate feasibility of developing sites in Wray potentially through a Community Land Trust model, and this culminated in Wray Parish Council arranging a facilitated workshop on the 7th February 2017 by the Affiliated Adviser for the Community Land Trust Network, Andy Lloyd, and all parish councils and city council elected members were invited to attend.
- 3.4 A report was presented to Planning Policy Cabinet Liaison Group on the 16th February 2017.
- 3.5 A city council member briefing extended to parish councillors, was arranged for 6th April 2017 and facilitated again by Andy Lloyd.
- 3.6 Some initial engagement work and specialist advice has been offered to groups who are interested in accessing the funding. To date this has included a briefing session for Carnforth Town Council and a briefing session and further scoping work for Lancaster Cohousing Scheme in Halton, who have an ambition to extend their existing community led development. The provision of specialist advice to date has been a mixture of awareness raising and assistance with establishing the new framework for the Community Housing Fund.

4.0 Allocations from the Community Housing Fund –Administering the Fund

- 4.1 Members should note that there could be multiple applications received to request funding from the Community Housing Fund given the scope and wide remit of how the funding can be used. These are expected to be in the form of both revenue funding and/or capital funding, and a draft policy has been formulated to set out in what circumstances the council will provide grant funding at Appendix 2. In order to make allocations of the fund in a timely way, the grant policy sets out suggested

thresholds to fund any set-up costs (Stage 1) for newly forming community groups and initial feasibility work (Stage 2) for each potential scheme identified, which are not normally expected to exceed £20K for both elements. It is proposed, therefore, that payments for qualifying applications for Stage 1 and Stage 2 grants will be authorised through officer delegation and that any subsequent applications for additional funding for development costs (Stage 3) after initial feasibility work has been completed would require Cabinet approval.

- 4.2 Whilst acknowledging that the council has predetermined practices and financial thresholds as part of the procurement of services and contract monitoring, members should be aware that applying some of these practices when supporting and providing grant funding to community groups may sometimes need to be relaxed i.e. around the procurement of specialist advice and services. Any departure from the council's existing policies and procedures will be discussed with the council's Procurement Manager and where costs exceed £50K there may be a need to seek authorisation and apply for an Exception to Contract Procedures if and when required.
- 4.3 Progress and monitoring information on the Community Housing Fund will be reported at six monthly intervals to elected members through the Housing Regeneration Cabinet Liaison Group, and depending upon the type and frequency of applications for grants paid from the Community Housing Fund, the governance arrangements will be reviewed after the first year. Depending on the response to the Fund, consideration will be given to using the Liaison Group for consultation/engagement regarding specific scheme proposals if appropriate.

5. Officer Support

- 5.1 Whilst recognising the opportunities that may present themselves from the Community Housing Fund, it should be noted by members that unlike other funding received, these are normally made based on worked up bids with the support of members, where the resource implications are clearly identified at the outset. It has already become clear that there is insufficient officer capacity to undertake further awareness raising at a rate which offers value for money, and to properly support community groups to take potential projects forward and bring them to fruition. It should also be noted that the funding allocation is for one year only and with a degree of uncertainty about the length or rate of continued funding, although officers are reasonably optimistic that it will be forthcoming in future years.
- 5.2 An officer group meeting took place on 20th February 2017 of the Lancashire authorities who received an allocation of funding to discuss options going forward. Since then, Lancaster City Council and Fylde Borough Council have continued dialogue to investigate options to increase officer capacity. Given the temporary nature of the funding, and the level of funding secured by both local authorities, the creation of a new jointly funded officer post fixed for a period of 12 months initially has been investigated, subject to approval by both local authorities.
- 5.3 If supported, the post holder would be directly employed by Fylde Borough Council and would therefore be ultimately responsible for the appointment and management of the officer appointed following a joint selection process. The post holder's hours would be split equally between both local authorities and they will be based in each local authority's offices for equivalent amounts of time (the exact arrangements are still being agreed). Lancaster City Council would be required to make a financial contribution of 50% of the cost and induction training required. The post holder's primary functions would be to undertake more detailed engagement work with local community groups for projects across both districts that have already been identified to date and

exploring pipeline schemes.

- 5.4 The associated benefits of a shared officer post is that the contribution required by the two local authorities is divided equally allowing a bigger percentage of the funding allocation to be used on other initiatives/projects. Fylde Borough Council's allocation of Community Housing Fund is £440,381. Furthermore, it will allow both authorities to pilot the effectiveness of a shared resource, given this is a new area of work with some degree of uncertainty about the medium term resource implications and whether a shared post can provide the level of officer hours needed by each authority. If the pilot proves successful and further allocations of funding are forthcoming, then there are opportunities to review the arrangements, and increase the level of resources if it is found that a full time officer resource is required by each authority, it would offer value for money and the funding can be secured exclusively from a future Community Housing Fund allocation. The exact cost of the officer post has not yet been finalised but are not expected to exceed a financial contribution of £20K per local authority, and the actual costs will be confirmed once the job description has been completed and assessed through job evaluation by Fylde Borough Council.
- 5.5 The use of specialist advice is likely to be required for the provision of training for the appointed post holder and to provide ongoing support to groups until such time as the post holder has fully acquired the relevant skills and knowledge to work independently and this will be closely monitored by both local authorities. The costs incurred by Lancaster City Council to date for provision of specialist advice is less than £5K.

6.0 Emerging Proposals

- 6.1 A number of expressions of interest have been received to date for projects that would benefit from an element of funding. These include approaches made by ward councillors about specific projects that could potentially come forward as community led developments. Should the necessary officer resources become available, further investigation will be undertaken to explore the feasibility of these schemes working closely with the relevant ward members and community groups, and will be reported in detail if an application for funding is made.

7.0 Options and Options Analysis (including risk assessment)

	Option 1: Retain the DCLG funding and approve the framework and policy to allocate the Community Housing Fund and implement accordingly, and use the £29,645 to increase officer resources in the Planning Policy Team	Option 2: Do not approve the framework and policy set out in the report and either request officers to develop an alternative or hand the grant back to DCLG (if required)
Advantages	<p>The proposed governance framework will allow the timely allocation of funding to investigate and bring community led developments into fruition.</p> <p>The approval of a jointly funded officer post will increase the officer resources available to</p>	<p>The DCLG funding allocations are non ring-fenced grants and were direct awards not subject to a bid process.</p> <p>There will be no officer resources required to implement and manage the Community Housing Fund.</p>

	<p>Fylde and Lancaster on a pilot basis and will allow officers to review its effectiveness.</p> <p>The Grant Policy clearly sets out the circumstances that the council will support projects and how the fund will be allocated, administered and managed.</p> <p>The additional officer resources in the Planning Policy Team will ensure the Service can respond to the necessary legislative requirements, for a fixed period of time to run alongside whatever DCLG funding is provided and by virtue of extending the hours of two existing officer posts only.</p>	
Disadvantages	<p>The level of funding allocated will only provide a relatively small element of funding with pre-determined thresholds within the grant policy, which will require community groups to identify and pursue other forms of funding.</p>	<p>There would be a loss of opportunity to support potential projects that would benefit from an allocation of the Community Housing Fund, including the provision of affordable housing and residential schemes that could potentially meet a more diverse or more bespoke need that could directly benefit communities.</p> <p>If funding is available in future years, there would be limited/no opportunity to secure any further allocation of funding if the council cannot evidence the money has been put to good use and allocated in the way it is intended.</p> <p>There will still be legislative requirements around the development and maintenance of a Brownfield Register/Self and Custom Build Register</p>
Risks	<p>Given that the proposed jointly funded officer post will be directly employed by Fylde Council, this a more complex arrangement than employing a dedicated officer who is appointed by and reports solely to Lancaster City Council.</p> <p>Given the nature of the funding</p>	<p>Reputational damage upon the council if the funding is not utilised as Government intended / or if handed back.</p> <p>Could weaken relationships between the council and communities including those parishes currently developing Neighbourhood Plans.</p>

	<p>and its intended use, the fund could be incurring abortive costs in paying for up-front costs that may not be deliverable or come into fruition for a number of reasons.</p> <p>Some community groups may require extensive support to bring schemes into fruition and deliver schemes within the required timescales.</p> <p>It may be difficult for some groups to access the appropriate level of match funding required, much of which would be outside of the council's control.</p> <p>If groups do not fulfil their requirements there may be a need to reclaim the funding.</p> <p>There is no absolute certainty of how long the DCLG funding is being provided for and could be discontinued.</p>	<p>No real impact if funding was discontinued.</p> <p>Non-compliance of legislative requirements could lead to challenge.</p>
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8.0 Officer Preferred Option (and comments)

- 8.1 The officer recommendation is option 1 as it will provide a robust framework for the allocation of the Community Housing Fund and it will allow the funding to be put to good use and aligns to the guidance issued by DCLG.

9.0 Conclusion

- 9.1 The allocation of DCLG Community Housing Fund to Lancaster City Council is a very positive and welcome opportunity for the council to provide direct support to community groups to meet their own identified housing needs. The provision of additional officer resources should enable both Fylde Borough Council and Lancaster City Council to explore any potential projects, and evidencing this should improve the prospect of a future allocation of funding. Using the additional £29,645 DCLG funding will bolster the existing officer hours in the Planning Policy Team which will ensure the new legislative requirements to develop and maintain Brownfield/Self and Custom Build Registers are properly resourced.

RELATIONSHIP TO POLICY FRAMEWORK

Corporate Plan 2016-20:- links directly with improving the quality and availability of housing including the provision of affordable housing in some instances.

Draft Local Plan 2011-2031 – contributes to increasing the opportunities to bring new housing forward to meet the district's annual housing requirement.

Housing Strategy 2012-2017 – meeting the needs of all parts of the community by providing a more diverse housing offer through community led developments.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing):

An Equality Impact Assessment has been undertaken. The policy should have a positive impact overall, particularly for rural communities, but it is unclear to what extent groups with protected characteristics will benefit or be affected at this point. Should the report be approved, a key role of the new post holder will be to raise awareness and undertake a wide range of engagement work so that the policy is inclusive and will maximise opportunities. The council is currently undertaking a district wide Housing Needs Survey which may provide some indicators around unmet housing need for particular groups, and as the council is undertaking a review of the Housing Strategy and Action Plan, a further opportunity exists to engage with specific groups to understand their housing needs and how the council may be able to assist, to plan for and meet those needs in emerging planning and housing policies.

LEGAL IMPLICATIONS

Legal Services are to advise on the terms of any grant agreements that are entered into.

FINANCIAL IMPLICATIONS

The Community Housing Fund (CHF) and Self- Build and Custom Build Housing allocations received from DCLG in 2016/17 were transferred into the 'Revenue Grants Unapplied' Reserve during the recent 2016/17 annual closedown of accounts exercise, until such time that appropriate governance arrangements are established and agreed in respect of their use.

It is not expected that there will be any additional financial implications arising for the Council as any allocations to community groups / organisations or procurement of specialist advisors and associated costs, etc. will be fully funded from the DCLG CHF grant with any required staff resources (over and above the jointly funded officer post employed by Fylde Borough Council) being met from within existing resources.

As the CHF grant has been issued as a non-ring fenced grant, it is not clear whether there would be any clawback arising by the DCLG if not used in line with its intended use. At the very least, there is a real risk of significant reputational damage for the Council if the grant is not used as proposed (Option 1) and the Council should not expect to receive any further funding allocations in the future. If Cabinet was minded to support Option 2, advice would be sought from Government as appropriate.

It is proposed that allocations for Stage 1 and Stage 2 grant awards are authorised through officer delegation as these are not expected to exceed £20K per application, with subsequent allocations for Stage 3 development costs being brought back to Members for final approval prior to being awarded. Monitoring information will be provided at 6 monthly intervals to the Housing Regeneration Cabinet Liaison Group with overall governance

arrangements for the allocations being reviewed again after 1 year.

It is further proposed that the specific DCLG allocations for self-build and custom build housing be used to provide the additional dedicated staff resource needed to maintain and manage the demands arising from the two new government initiatives, noting that this will be for an initial fixed term period, to be further reviewed upon confirmation of subsequent funding in 2017/18, 2018/19 and 2019/20.

Subject to the preferred Option 1 being approved, the Chief Officer (Resources) under delegated authority would need to update the General Fund Revenue Budget as appropriate, to be funded from the Revenue Grants Unapplied Reserve, and subject to there being a nil impact on the Council's resources.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:

There are no HR liabilities due to the post holder being employed directly by Fylde Borough Council.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

None

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