

<b>Report to:</b>	<b>EXECUTIVE</b>
<b>Relevant Officer:</b>	Andrew Foot, Head of Housing
<b>Relevant Cabinet Member:</b>	Councillor Neal Brookes, Cabinet Member for Housing and Welfare Reform
<b>Date of Meeting:</b>	20 January 2020

## COUNCIL HOMES INVESTMENT PLAN

### 1.0 Purpose of the report:

- 1.1 To seek approval of a new Council Homes Investment Plan 2020-2025 that sets out how the Council will invest in its existing homes and in building and acquiring new Council homes to help meet local housing needs. The report also seeks authority to start acquiring homes from the local housing market to add to the Council housing stock.

### 2.0 Recommendation(s):

- 2.1 That the Council Homes Investment Plan 2020-2025 is adopted and implemented by the Council for the period up to the 31 March 2025, working with Blackpool Coastal Housing.
- 2.2 That the Director of Resources be delegated authority to purchase up to 50 homes at market value that best meet the greatest local needs outlined in the Investment Plan, after consultation with the relevant Cabinet Member and Blackpool Coastal Housing. The decision to authorise the purchases is to be in the form of a published Officer decision with a report detailing the rationale behind the purchases and financial viability.

### 3.0 Reasons for recommendation(s):

- 3.1 To enable the effective management and development of Council homes to meet local housing needs.
- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No
- 3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None.

#### **4.0 Council Priority:**

4.1 The relevant Council Priorities are:

“The Economy: Maximising growth and opportunity across Blackpool”

“Communities: Creating stronger communities and increasing resilience”

#### **5.0 Background Information**

5.1 The Council Plan and the Council’s Housing Strategy both point to the critical role of high quality housing in tackling deprivation and meeting the needs of our residents. A new Council Home Investment Plan 2020-2025 has been prepared to set out how the Council will invest in and further develop Council homes over the next 5 years to provide homes that existing Council tenants can be proud of, and that provide more opportunities for other residents to find homes that meet their needs.

5.2 Blackpool Council is one of only 3 local authorities in Lancashire (out of 14) to still own its own Council housing, and therefore have a separate Housing Revenue Account to fund Council housing from tenants’ rents. As the owner of 4,700 of the town’s homes, the Council has a great opportunity and responsibility, with Blackpool Coastal Housing (BCH) who manage the homes, to use the resource well and to plan for a balance of investment in existing and new homes.

5.3 While this is the first time in recent years that a comprehensive 5 year investment programme for Council housing has been brought forward, it builds on the achievements of delivering the Decent Homes programme (2008-15), the re-development of Queens Park, and other recent developments of new Council homes.

5.4 The new Plan sets out how the Council and Blackpool Coastal Housing will over the next 5 years:

- Build 300 new Council homes, including the 75 currently on site at Troutbeck Crescent, and new homes at Grange Park
- Acquire 250 existing homes that best meet local needs, refurbish them, and let them as Council homes

- Continue to improve efficiency in the maintenance of Council homes, and ensure that safety and the Decent Homes Standard are maintained
- Invest in improving external environments on Council housing estates
- Develop a new Carbon Management Plan and invest to improve energy efficiency in Council homes in support of the Council's commitment to be carbon neutral by 2030.

- 5.5 The development and acquisition of 550 homes over the next 5 years by the Council working with Blackpool Coastal Housing will be in addition to acquisitions and refurbishments by Blackpool Housing Company, so that at least 1,000 high quality homes will be brought into the ownership of the Council and its companies over the next 5 years.
- 5.6 The principal constraint to building even more new Council homes is the lack of available land within the borough boundary. But the level of existing debt in the Housing Revenue Account is very low, so despite a lack of land for new homes there is capacity to invest in acquiring existing homes in the town as long as the costs of acquisition and refurbishment can be met from future rents. In this way, more homes can be provided to people who need the security and affordable rents offered through Council tenancies and management by Blackpool Coastal Housing.
- 5.7 It is proposed that these acquisitions include homes previously sold on Council estates through the Right to Buy, as well as homes in targeted neighbourhoods that complement the work of Blackpool Housing Company. Most homes will be acquired from private landlords but in limited cases will also include homes sold by owner occupiers who need to move to more suitable accommodation. In this way, we will encourage a better quality rented offer while still protecting owner occupation. The types of homes to be targeted because they are in most demand include family houses, bungalows, and 1 bedroom flats, as evidenced by the Council's recent Affordability Study.
- 5.8 Approval is sought to move forward with acquiring the first 50 existing homes to enable a swift start to the delivery of the new Plan. Investment in further developments of new homes will each be subject to future approvals. Capital investment in existing homes through the Housing Revenue Account is subject to annual approval of the Council's Capital Programme.
- 5.9 The Plan includes financial and asset management performance measures and an action plan that will be monitored regularly by senior officers of the Council and Blackpool Coastal Housing. The performance measures include indicators that ensure prudent management of the Housing Revenue Account Business Plan. The proposed additional investment is affordable providing it is covered by future rental income, so

it is important that new developments are fully appraised and only proceed if they are financially viable.

5.10 Does the information submitted include any exempt information? No

5.11 **List of Appendices:**

Appendix 4a: Council Homes Investment Plan 2020-25

**6.0 Legal considerations:**

6.1 The Plan seeks to ensure that the Council will meet its responsibilities to its tenants to maintain safe homes in a good state of repair. Capital investment in existing homes will be subject to appropriate tenant consultation, and along with new development schemes, will be subject to Building Regulations and Planning approval.

6.2 The Plan also helps to ensure compliance with the Standards prescribed by the Regulator of Social Housing.

6.3 The relevant legal powers relating to the provision by the Council of housing accommodation and the acquisition of land for housing purposes are contained in the Housing Act 1985. The statutory requirements as to the keeping of a Housing Revenue Account are contained in the Local Government and Housing Act 1989.

**7.0 Human Resources considerations:**

7.1 The delivery of investment to existing Council homes will be managed by Blackpool Coastal Housing within existing resources as set out in the Plan.

7.2 The delivery of new developments will be managed in the same way as other recent schemes, but may require a small increase in staff resources within the Council and Blackpool Housing Company. The programme of acquisition of existing homes will require additional capacity and new systems and procedures to be established. Chapter 8 of the Plan recognises this and prioritises the establishment of new capacity and systems within the first 6 months of delivery. The costs of additional staff to deliver more new homes will be met from the capital costs of the new developments. Having a 5 year plan provides the certainty needed to invest in new staff and systems.

**8.0 Equalities considerations:**

8.1 The mix of new homes will be designed to provide the affordable homes that are in most demand in the area. This will mean that a significant proportion will be

designed to be accessible to people with limited mobility and to be easily adaptable.

8.2 The Council will continue to invest in adapting existing homes so that they meet the needs of tenants with limited mobility.

**9.0 Financial considerations:**

9.1 The Plan sets out the current position of the Housing Revenue Account Business Plan, showing it to have capacity for further investment, and sets financial performance measures to ensure that investment over the next 5 years is prudent and ensures the continuing viability of the business plan for Council housing.

9.2 It is expected that around a quarter of the cost of investment in new homes will be made available to the Council by Homes England through the Affordable Housing Programme. This is dependent on the Government continuing to make funding available for new affordable homes for rent across the country.

9.3 Investment in new affordable homes will be conditional on development schemes being subject to a rigorous financial appraisal and demonstrating that they have a positive net present value over 30 years.

9.4 Each new development scheme will be subject to separate approval, but this report recommends initial approval to the acquisition of 50 existing homes subject to:

- The costs of the interest on borrowing being met from the programme's rents net of void costs, management, and maintenance over 30 years
- Rents are assumed to rise at CPI+1% from first letting to 2025/6 and CPI thereafter
- Interest rates assumed for the next 30 years reflect long term averages
- Assumed management and maintenance costs are based on current average unit costs for similar properties, and capital reinvestment is based on a profile modelled to reflect the level of initial refurbishment

9.5 The Council plans to pay interest only on borrowing for new developments and not pay down the capital sum. This would be problematic if there were high levels of Right to Buy (RTB) sales, but numbers have remained at less than 20 per year in Blackpool and so this does not present a significant risk.

9.6 The capital programme to be brought forward for approval for 2020/21 onwards will be consistent with the expenditure commitments in this Investment Plan.

**10.0 Risk management considerations:**

10.1 The Plan seeks to minimise risk by increasing transparency and ensuring best practice

in the maintenance of Blackpool's Council housing. Regular monitoring against key performance measures will help minimize the risk of safety breaches, failing to deliver investment, or financial risks.

10.2 There is risk inherent in developing and acquiring new Council homes, so each scheme will have its own project management arrangements that include the management and mitigation of project-specific risks.

10.3 There is a risk that homes developed or acquired by the Council have to be sold through the Right to Buy at a discount, and therefore a cost to the HRA. This risk is mitigated by the relatively low levels of Right to Buy, and also by a statutory limit to discounts that means that purchasers cannot pay less than the original cash value of development for the first 15 years.

**11.0 Ethical considerations:**

11.1 The Plan is designed to ensure good management of resources to meet residents' needs, and the detailed allocation of resources and individual projects will be subject to consultation with those affected.

**12.0 Internal/ External Consultation undertaken:**

12.1 Consultation with the Council's Leadership Team

**13.0 Background papers:**

13.1 Blackpool Housing Affordability Study, October 2019

**14.0 Key decision information:**

14.1 Is this a key decision? Yes

14.2 If so, Forward Plan reference number: 25/2019

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

**15.0 Call-in information:**

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If **yes**, please give reason:

**TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE**

**16.0 Scrutiny Committee Chairman (where appropriate):**

Date informed: 10 January 2020 Date approved:

**17.0 Declarations of interest (if applicable):**

17.1

**18.0 Executive decision:**

18.1

**18.2 Date of Decision:**

**19.0 Reason(s) for decision:**

**19.1 Date Decision published:**

**20.0 Executive Members in attendance:**

20.1

**21.0 Call-in:**

21.1

**22.0 Notes:**

22.1