

Wiltshire Council

Cabinet

11 July 2023

Subject: Housing Acquisitions

Cabinet Member: Cllr Richard Clewer – Leader of the Council and Cabinet Member for Economic Development, Military-Civilian Integration, Heritage, Arts, Tourism, Health and Wellbeing

Key Decision: Key Decision

Executive Summary

This report sets out the current and future activity that is being proactively undertaken by the council in acquiring a broad range of housing within Wiltshire for a variety of needs.

The Council through a number of Government programmes are in the process of acquiring homes to meet specific needs e.g. Local Authority Housing Fund (LAHF) for Ukrainian and Afghan families.

In addition, when the budget was approved in February 2023, the Cabinet set aside £10m in reserves to enable housing acquisitions to be made for a broad range of housing provision and service need. The £10m will be leveraged up to enable a greater total, and thus a greater number of houses to be acquired.

The report sets out the recommendations to Full Council to add the necessary budgets, with associated funding, to the Capital Programme.

Overall, it is anticipated that the programmes will deliver nearly 250 homes that will support long term service need for Wiltshire residents as well as delivering the Counties ongoing commitment to homing Ukrainian and Afghan families.

Proposal(s)

Cabinet is asked to note:

- a) the activity being undertaken by the Council to date in acquiring houses through the LAHF programme, and the addition of the £4.012m Government Grant to the HRA Build Programme under the Section 151 officer's delegated powers.

Cabinet is asked to approve:

- b) that the governance of housing acquisitions will be through individual business cases approved by the Corporate Director Resources & Deputy Chief Executive in consultation with the Leader and Cabinet Member for Finance.

Cabinet is asked to recommend to Full Council to approve:

- c) the addition to the capital programme of £40m, funded through £10m reserves and £30m debt, to enable the Council to acquire housing for long term investment to deliver service solutions.

Reason for Proposal(s)

To report on the Council's recent and future activity of housing acquisition funded through Government Grant and to seek the recommendation to Full Council the necessary approvals to add those funds and the leveraged funds to the Capital Programme.

Terence Herbert
Chief Executive

Wiltshire Council

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Key Decision: Key Decision

Purpose of Report

1. To update members on the recent and future intended activity of house acquisitions by the Council to deliver on a wide range of service needs.

Relevance to the Council's Business Plan

2. The Council's Business Plan has a mission of 'having the right housing', and these proposals will ensure across the breadth of council services that secure housing plays a key part in providing long term solution to solving residents needs.

Main Considerations for the Council

3. When the Council received funding through the Homes for Ukraine (HfU) scheme, an innovative solution was worked through to enable a long term solution to deliver homes for Ukrainian families.
4. The scheme was to use the remaining balance of HfU grant funding, after meeting all the commitments under the grant conditions to Ukrainian nationals and host families, to acquire housing to deliver a long term housing solution. The grant funding would be leveraged up through the use of borrowing at a rate of 40% grant funding and 60% debt. This would result in the total amount available to go further than just the available balance of grant funding. The Councils own company, Stone Circle Housing, would be utilised to acquire the homes.
5. Since that idea the Government subsequently introduced the Local Authority Housing Fund (LAHF) which funded local authorities to acquire housing for Ukrainian and Afghan families by providing grant funded that would be

leveraged up by the Councils own resources.

6. Wiltshire was allocated government grant of £4.012m that would enable 26 homes to be acquired for Ukrainian families and 4 for Afghan families. The grant would represent up to 40% per unit for the main element of the grant,
7. Homes acquired under this scheme would be sat in the Councils Housing Revenue Account (HRA), and therefore the HRA Build Programme funds, already approved, would be used as the leverage and the grant would be added to that existing budget.
8. The Cabinet, as part of the budget setting for 2023/24, set aside £10m in reserve to be used for house purchases to deliver long term solutions to a wide range of service specific need. Again, the intention was to leverage this amount with debt to increase the overall total amount available to acquire houses.
9. The £10m would be leveraged through a 25%/75% equity/debt ratio, thereby increasing the total amount available to fund house acquisitions to £40m.
10. This amount will be used to acquire homes for all types of service need. Whilst it is anticipated that a significant call on this funding will be to ensure the council has adequate cover to meet its statutory functions around housing and homelessness e.g. temporary accommodation, other service need e.g. learning disability, children's and adult social care are also expected to benefit from the availability of this funding to deliver long term service solutions through housing.
11. Business cases will be drawn up by services to access the funding, identifying the need, the number of homes required to meet that need and the savings or cost avoidance the council will see as a result of acquiring the house or houses and delivering services from the newly acquired homes.
12. The saving that is identified in the business case will be used to determine the leverage rate used. For the purposes of this report and the approvals to Full Council, a split of 25% equity, 75% debt has been used, but this could be higher or lower depending on the individual business case. Where a different intervention rate has been applied an adjustment will be made to the budget allocation in the capital programme monitoring report to Cabinet, with the requisite approvals to Full Council.
13. In all cases the key principle will be for savings that are identified through the business case to be removed from the relevant service budget to pay for the debt being raised.
14. The Government also announced at the start of the year a Single Homelessness Accommodation Programme (SHAP) that will target two key groups with the longest history of rough sleeping. The Council have applied for 6 unit through this funding stream.
15. Overall, it is anticipated that the various housing acquisition programmes will

deliver nearly 250 homes to meet need, analysed through the following:

- Local Authority Housing Fund (LAHF) – 30 units
- Stone Circle Housing Company, including Ukraine – 89 units
- General Fund activities – 14 units (identified to date)
- SHAP – 6 units
- Future General Fund – up to 110 units, subject to business cases

Overview & Scrutiny Engagement

16. This report will be scrutinised by the Financial Planning Task Group on 7 July 2023.

Safeguarding Implications

17. None have been identified as arising directly from this report but there is potential that housing acquisition will lead to the council offering wider opportunities and service to vulnerable residents.

Public Health Implications

The provision of homes such as temporary accommodation to support the homeless and homes to support other service need such as those with a learning disability and children's and adult social care will help to provide security and independence to some of our most vulnerable residents and help towards reducing inequalities.

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Procurement Implications

19. None have been identified as arising directly from this report.

Equalities and diversity impact of the proposals

20. None have been identified as arising directly from this report.

Environmental and Climate Change Considerations

21. None have been identified as arising directly from this report.

Risks that may arise if the proposed decision and related work is not taken

22. The Council will be exposed to unmanaged rising demand across all services relating to housing need, which will potentially end up in additional cost. In addition, if the approvals do not proceed the Council would not be able to deliver on the Government grant conditions around Ukraine and Afghan families.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

23. The Council will be undertaking increased levels of borrowing to enable the house acquisitions to be undertaken and this will need to be matched with savings to fund the debt financing costs.
24. Governance around the business case and adherence to the principles set out in this report will limit the Councils underlying risk exposure to debt financing costs.

Financial implications

25. The LAHF grant funding will be matched with existing HRA borrowing to fund the housing acquisitions under that programme and as result the uplift required in the Capital Programme can be achieved through the S.151 officers delegated authority.
26. The £10m was set aside as an earmarked reserve at budget setting specifically for this activity. The £10m will be used as the equity element of any purchase and leveraged with up to 75% debt. For the purposes of the recommendations in this paper the debt value is calculated at £30m, providing a total uplift in the capital programme of £40m.
27. Current 50 year rate for PWLB debt is around 5%, therefore the risk to the Council is fixed interest of £1.5m per annum, plus minimum revenue provision of circa £0.6m (based on a 50 year asset life) a total underlying revenue cost of £2.1m.
28. It is key therefore that there is a principle around individual business cases being presented that demonstrate cash savings as a result of delivering services through housing acquired e.g. delivering Learning Disability services through a more effective and outcome focused means than potential independent care or out county options.
29. Business cases may demonstrate a mix of cash savings or cash avoidance e.g. temporary accommodation and the avoidance of B&B costs and/or saving on the current cost of providing support under homelessness powers.
30. The business case should demonstrate a level of saving that will be taken from the services existing base budget to be transferred across to the capital financing budget to pay for the financing of any new debt. The level of saving will dictate the level of equity/debt ratio that is applied.

Legal Implications

31. None have been identified as arising directly from this report.

Workforce Implications

32. No workforce implications have been identified as arising directly from this report, capacity to undertake the acquisitions programme has been met within existing resources, however the council may allocate a proportion of funding from the £10m to boost workforce resources to speed up the acquisitions programme.

Options Considered

33. Not to proceed and reallocate the £10m in reserves on to other projects and/or activity that delivers business plan outcomes.

Conclusions

34. The proposal on this report delivers significant funding to provide long term housing solutions to address unique service needs for Wiltshire.

**Andy Brown Corporate Director of Resources and Deputy Chief Executive
(S151 Officer)**

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Appendices

Appendix A: Residential Purchase demand 2023/24

Background Papers

Appendix A - Residential purchase demands 2023/24

Competing programmes (as at 12th June)

Property type	Purpose (required)	No. Required	Completed / Completing	Number still required	In progress (complete within 3 months)
1 bed	SHAP	5	0	5	0
1 bed	General Fund / HRA Temporary Accommodation	4	0	4	4
2 bed	LAHF (Ukrainian / Afghan)	18	2	16	11
	Stone Circle Housing Co	34	8	26	8
	Stone Circle Housing Co Ukrainian	20	12	8	0
2 bed bungalow	General Fund / HRA Temporary Accommodation	3	0	3	1
3 bed	LAHF (Ukrainian / Afghan)	5	3	2	1
	Stone Circle Housing Co	19	10	9	1
	Stone Circle Housing Co Ukrainian	16	5	11	0
	SHAP	1	0	1	0
	General Fund / HRA Temporary Accommodation (inc 1 x HMO)	8	0	8	0
4 bed	LAHF (Ukrainian / Afghan)	6	1	5	5
	Total	139**	41	98	31

* Estimated Stone Circle Housing Co Ukrainian – subject to Business Plan approval at Shareholder Group

** Excluding 2 bed bungalow south, as being delivered via HRA

General Fund / HRA Temporary Accommodation – Funding subject to report proposal & determined by individual business case.

SHAP – subject to Government application being approved