
Executive Decision Addition to the HRA Capital Programme Budget

Decision taken by: City Mayor

Date of Decision: 10 October 2024

Lead director/officer: Chris Burgin

Useful information

- Ward(s) affected: All
- Report author: Suzanne Collins
- Author contact details: ext. 375189
- Report version number: 5/9/24

1. Summary

- 1.1 The Council has an ambitious target to deliver 1,500 new affordable homes. The application for Homes England (HE) funding towards the acquisition of dwellings, both single large buildings, off the shelf new build and multiple open market individual family homes helps the council finance these additional homes. The remaining funding comes from the Housing Revenue Account.
- 1.2 Leicester City Council have an existing contract with Homes England for the Affordable Homes Programme funding year 2021/2026 which has been in place since 2023. This year LCC has been successful in securing further funding for an additional 13 units and a potential further 7 which will deliver 20 Acquisitions for 2024/2025.
- 1.3 This report seeks approval to add funds to the Capital Budget in the sum of £4.9m for the delivery of these 20 affordable homes.

2. Recommended actions/decision

- 2.1 It is recommended that the City Mayor approves the addition of £4.9m to the 2024/25 HRA Capital Programme for the 20 dwelling acquisitions, with £1.4m financed from Homes England grant, £0.5m from Allowable Debt, and £3m from Prudential Borrowing.

3. Scrutiny / stakeholder engagement

Ongoing liaison and support with Housing Finance and Legal Services with regards to the affordable housing programme.

Liaison and support with Homes England representatives with regards to placing bids and claiming grant funding.

4. Background and options with supporting evidence

4.1 Background

The City Council has declared a Housing Crisis (November 2022) because of the extent of need in the city and the constraints/difficulties being faced in attempting to meet these needs. The additional supply of homes via these acquisitions will assist in meeting demand and will contribute towards addressing some of the pressures on the Housing Register and Temporary Accommodation.

To assist the delivery of affordable homes LCC entered into a contract with Homes England in 2023 and have to date been successful in achieving grant funding towards 58 units of affordable housing in 2023/2024 in the form of 20 acquisitions and 30 units (of 58) in the Zip Building. This year we have to date secured funding for 13 units with a view to submit bids for a further 7 units.

4.2 **Housing Need**

Leicester has evidenced need for 1,117 new units of affordable housing each year (Leicester City Local Housing Need Assessment 2022). To seek to address this need, the Council has an ambitious target of achieving an additional 1,500 new council, social and extra care/supported living homes by 2027. Seeking and securing Homes England funding helps the council to finance this ambition.

4.3 **Funding**

The total scheme cost of £4.9m is expected to be financed as follows:

Homes England Grant Funding (29% of scheme costs)	£1.4m
Allowable Debt	£0.5m
Prudential Borrowing	£3.0m
Total Financing	£4.9m

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

This report seeks approval to add £4.9m to the HRA Capital Programme, financed from £1.4m of Homes England grant, £0.5m of Allowable Debt (money received from property sales under Right to Buy) and £3m of Prudential Borrowing. The additional properties will bring with them an income stream which is sufficient to repay the borrowing, interest and other costs associated with managing these dwellings over the long term.

All forms of affordable housing require an element of grant subsidy to reflect the sub-market rents that would be charged. To date, this has been largely through receipts from the sale of properties under Right to Buy; the use of Homes England grant helps to secure further properties, and will become increasingly important.

Given the use of public subsidy to purchase these properties, the purchases will be exempt from Stamp Duty Land Tax.

Signed: Stuart McAvoy

Dated: 5th September 2024

5.2 Legal implications

Legal advice will continue to be provided to support the affordable housing programme, including any legal implications arising from the proposed increase in scale and value as well as how the targets are achieved. This will include advice to support continued subsidy control compliance.

Signed: Kevin Carter

Dated: 17th September 2024

5.3 Equalities implications

When making decisions, the Council must comply with the Public Sector Equality Duty (PSED) (Equality Act 2010) by paying due regard, when carrying out their functions, to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity and foster good relations between people who share a 'protected characteristic' and those who do not. In doing so, the council must consider the possible impact on those who are likely to be affected by the recommendation and their protected characteristics. Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

This report seeks approval to add funds to the Capital Budget in the sum of £4.9m for the delivery of these 20 affordable homes.

The Council has an ambitious target to deliver 1,500 new affordable homes. Provision of good quality affordable homes for local people that help to address current provision, both in terms of lack of availability and suitability are likely to have positive impacts in terms of the aim of the PSED to advance equality of opportunity for people from across all protected characteristics. By providing affordable housing where peoples' needs are met in a community setting there is also potential to better foster good relations between those who share a protected characteristic and those who do not. It is important that inclusive design principles are adhered to in any development of any property.

Signed: Surinder Singh

Dated: 5 September 2024

5.4 Climate Emergency implications

Housing is one of the largest sources of carbon emissions in Leicester, responsible for 33% of emissions. Following the city council's declaration of a Climate Emergency and its aim to achieve net zero carbon emissions, addressing the emissions from housing is vital to the council's efforts to reduce carbon emissions. This is particularly important within the council's own housing stock, including new purchases, where it has the greatest level of control.

Opportunities to ensure that these acquisitions will provide energy efficient low carbon housing should be investigated as relevant, which is likely to depend on the status of the buildings at the time of purchase. This could include consideration of the levels of insulation, use of low energy lighting and appliances and the installation of low carbon heating and renewables and potential improvements that could be made. Achieving a high level of energy efficiency would reduce the energy bills and carbon emissions of the property and could also increase its value and the level of comfort for occupants.

Signed: Aidan Davis, Sustainability Officer, Ext 37 2284

Dated: 6 September 2024

5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

6. Background information and other papers:

7. Summary of appendices:

8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No.

9. Is this a “key decision”? If so, why?

Yes. Spending of over £1m is to be committed on a scheme that has not been previously authorised.