

Three Rivers District Council

Full Council Local Authority Housing Fund

12 December 2023

Report Originator	Head of Service sponsor	Date Originated	
Justin Wingfield	Alison Scott	24 November 2023	
Lead Member Name:	Area of Responsibility:		
Councillor Keith Martin	Lead Member (Resources)		
CMT Date:	N/A		
JLT Date (if applicable):	N/A		
REASON FOR REPORT			
Reason	JLT/CMT Feedback for Officer and further instructions		Recommendation to JLT/CMT:
To provide information related to the Local Authority Housing Fund and to seek approval to transfer 3no. garage sites to Three Rivers Homes Limited	N/A		N/A
Consultees consulted	Finance Yes Date: 30 Nov 2023	Legal Yes Date: 30 Nov 2023	Strategic Housing Manager Yes Date: 30 Nov 2023
Consultees to be consulted following CMT before report publication	Chief Executive	Shared Director of Finance	

FULL COUNCIL

PART I – Report & Appendix 1

PART II – Appendix 2

Appendix 2 of this report is NOT FOR PUBLICATION because it comprises exempt information which is not for publication by virtue of Paragraphs 3 of Part I of Schedule 12A of the Local Government Act 1972 (as amended) as it relates to information relating to the financial or business affairs of any particular person (including the authority holding that information).

LOCAL AUTHORITY HOUSING FUND UPDATE AND PROPOSED TRANSFER OF LAND

(DoF)

1 Summary

- 1.1 The Local Authority Housing Fund (LAHF) was announced in December 2022 and is a project aimed at providing longer term accommodation for Afghan and Ukrainian families who have arrived in the UK via various resettlement schemes. Full Council received a report in February 2023 which provided more detail about the scheme, the funding criteria and the proposals for how the Council intends to utilise the LAHF funds to provide homes in our District. The LAHF fund is administered by the Department for Levelling Up, Housing and Communities (DLUHC).
- 1.2 This report provides a further update on progress since February 2023 and requests consent for the transfer of 3no. garage sites into Three Rivers Homes Limited (TRHL), to facilitate the development of 16no. new affordable homes.
- 1.3 It is intended, in the interests of transparency to provide as much information as possible within the public domain about the LAHF scheme, choosing only not to disclose commercially sensitive information which is included within the confidential Part II appendix. The purpose of seeking confidentiality is to ensure that the commercially sensitive details of the transaction, namely the value and financial details associated with the proposed transaction are not disclosed prior to the completion of the transaction and conclusion of the development.
- 1.4 The 16no. new homes will be built on three former TRDC-owned garage sites; two of these are located at Pollards in Maple Cross and one site is located at The Queens Drive, Mill End. All three brownfield sites will provide 14no. 2-bed apartments and 2no. 4bed houses. (Plans of the sites & visualisations of the properties are provided at **Appendix 1**).

2 LAHF Update

- 2.1 Since February 2023, the Council was awarded further funds from the LAHF scheme. Firstly in late March 2023, TRDC received a further award of £2,055,614 from the redistribution of unallocated funds from LAHF1 and then again as part of LAHF2 where a further £732,000 was awarded to TRDC. This takes the total number of new affordable homes to be provided from 11 to 24 and provides a total grant from DLUHC of £4,491,613. As a requirement of the LAHF funding, TRDC are required to provide a match fund. The match fund level varies dependent on the type of homes to be provided, but in total £5,851,612 of TRDC's capital is required, providing a total funding pot of £10,343,225. The table in section 5 of this report illustrates what funding is provided and for what purpose.
- 2.2 In order to meet the demands of providing 24 new homes, 4 garage sites were considered capable of providing 22 homes, with a further 2 units being acquired from the market. However, despite concerted efforts to secure a viable development on the Jacketts Field garage site, the ability to provide parking for displaced vehicles could not be easily overcome. As a result, the Jacketts Field site was removed from the LAHF programme and

the 6no. units intended to be constructed on the site will instead be acquired from the market.

2.3 The remaining 3 garage sites were granted Planning permission on 16 November 2023 by TRDC's Planning Committee. Permission was obtained authorising the construction of 16 new homes. The subject of this report is seeking approval to the grant of a 999 year long Leasehold interest ('the transfer') of those 3 sites to Three Rivers Homes Limited, so that the development may be delivered via the Council's Joint Venture company.

2.4 As a result of the grant of Planning permission, the Council is required to provide a further properties and it is intended that these will all be acquired from the local market (restricted to properties within the District). Members will note that the Policy & Resources Committee approved the purchase of one property in Sarratt at their meeting on 11 September 2023. The remaining 7no. properties are currently being sourced and any recommendation to purchase will be subject to a further decision to be made by the Policy & Resources Committee.

3 Options and Reasons for Recommendations

3.1 As discussed in section 2 of this report, this paper seeks Council's approval to the disposal of three former garage sites, 2no. located at Pollards & 1no. at The Queens Drive. Having secured Planning Permission, the sites are intended to be transferred to TRHL. The details of the proposed transaction are commercially sensitive and are contained within Confidential **Appendix 2**.

3.2 The Council, working with its development partner, Watford Community Housing recently secured Planning permission for the two sites at Pollards in Maple Cross (23/1569/FUL & 23/1570/FUL) and a single site at Queens Drive, Mill End (23/1619/FUL). The Pollard sites will provide 8no. 2-bed apartments and 2no. 4-bed houses. The Queens Drive site will provide 6no. 2-bed apartments.

3.3 Following the initial Full Council endorsement of the scheme in February 2023, the decision being considered today represents a significant amount of work from Officers and our partners, Watford Community Housing to reach a stage where the sites have successfully achieved Planning permission and are ready to progress to development.

3.4 Officers are aware of the need to have all LAHF funding committed by the 31 March 2024 and remain in regular contact with colleagues from DLUHC regarding the Council's plans to deliver the required 24 new homes. Whilst the timings are very tight, it was always understood that the pace of delivery would be challenging. DLUHC are content that we have a clear delivery plan and evidence of how the funds will be committed in accordance with the LAHF scheme requirements. In order to continue with the delivery plan, Members are requested to consider and approve the proposed transfer of the garage sites.

4 Policy/Budget Reference and Implications

4.1 The LAHF scheme provides only capital funding from DLUHC. TRDC intends to use £5.85m of Capital funds earmarked for the Property Investment Board within the Council's Capital Programme, as TRDC's match-funding contribution and form part of

4.2 In terms of Policy considerations, the accommodation of these vulnerable groups would form part of our Housing, Homelessness and Rough Sleeping Strategy. The Government has a continued need to provide homes for Ukrainian and Afghan nationals who arrive in the UK under the various resettlement schemes. As has been previously indicated, once these new homes have satisfied the initial demands, they can be used in future for 'general needs' housing. Providing further affordable housing capacity within our District.

5 Financial Implications

- 5.1 Whilst the Confidential **Appendix 2** deals in more detail with the proposal from a financial perspective, it would be reasonable to state that the development viability of these three garage sites was never achievable without external funding. The LAHF funds are the difference between maintaining a financially viable scheme and not. The intention is to transfer these assets into Three Rivers Homes Limited company, for which TRDC are a 50% stakeholder. Whereupon the Council will maintain a capital stake in the scheme and retain the freehold to the site whilst Watford Community Housing will manage the stock, TRDC will retain the usual Housing nomination rights.
- 5.2 As a summary of the LAHF grant awards and TRDC match-funding requirement, the table below sets out how the money is to be spent and what match funding is required, for what purpose.

Funding Split	LAHF 1		LAHF 2		Total Funding
	20no. 2/3 bed (Main)	1no. 4 bed (Bridging)	2no. 2/3 bed (Resettle)	1no. 2/3 bed (TA)	
DLUHC Contribution (a)	£3,007,999	£331,614	£448,000	£224,000	£4,011,613
DLUHC £20k per property (b)	£400,000	£20,000	£40,000	£20,000	£480,000
TRDC Match Funding (c)	£4,511,998	£331,614	£672,000	£336,000	£5,851,612
Net Funding Allocation (less £20k/property) (a+c=d)	£7,519,997	£663,228	£1,120,000	£560,000	£9,863,225
Total Pot (b+d)	£7,919,997	£683,228	£1,160,000	£580,000	£10,343,225

6 Legal Implications

- 6.1 The Localism Act 2011 gives the Council a general power of competence to do anything an individual may do although this is expressly subject to any statutory limitations that predate the commencement of that Act.
- 6.2 The relevant provision where a Council proposes to dispose of land is Section 123(2) of the Local Government Act 1972 ("LGA") which allows a Council to do so provided a disposal (other than by way of short lease) is for the best consideration reasonably obtainable, otherwise the consent of the Secretary of State is required.
- 6.3 The disposals for which this report seeks authority will not satisfy the best consideration reasonably obtainable requirement given that granting long leases of 999 years at a peppercorn rent is proposed.
- 6.4 However, a General Consent has been issued in the name of the Secretary of State entitled Circular 06/2003 which permits local authority disposals that will contribute to the improvement of promotion of economic, social or environmental well-being in that authority's area and where the undervalue is less than two million pounds. Both of the 2003 Circular's requirement are satisfied as (i) the provision of housing of the type envisaged promotes the social well-being of the Three Rivers area and (ii) the undervalue (as given in the land values in Appendix 2) is less than two million pounds.

- 6.5 Accordingly, the disposal to Three Rivers Homes Limited, as a company jointly owned by Three Rivers District Council and Clarendon Living Limited, a subsidiary company of Watford Community Housing has the consent of the Secretary of State by virtue of the General Consent and the requirement of section 123(2) of the LGA 1972 is satisfied.
- 6.6 Members will note within Appendix 2, that Officers have explained how the land value matter is considered, why the recommendation is made and the relevant mitigations regarding the proposed transfer of the land by way of a long lease at a peppercorn rent.
- 6.7 In deciding whether to approve this disposal Members should be aware of their fiduciary and best value duties in terms of the prudent and responsible stewardship of the Council's assets and resources.

7 Equal Opportunities Implications

- 7.1 Having undertaken a high-level Equalities Impact Assessment, it has been determined that this scheme will create a positive impact on certain groups with protected characteristics. However, only once the funding and project details have been confirmed can a Full Equalities Impact Assessment be undertaken. It is intended that this will be undertaken when the matter is considered by the Policy & Resources Committee.

8 Staffing Implications

- 8.1 There are no direct staffing implications related to this proposal.

9 Environmental Implications

- 9.1 Any environment implications in connection with this project will be addressed through any Planning, statutory and legislative requirements.

10 Community Safety Implications

- 10.1 There are no community safety implications related to this proposal.

11 Public Health implications

- 11.1 There are no community safety implications related to this proposal.

12 Customer Services Centre Implications

- 12.1 There are no customer services centre implications related to this proposal.

13 Communications and Website Implications

- 13.1 The funding will be used to provide accommodation for displaced Afghan and Ukrainian families. Given the relatively high profile nature of the war in Ukraine and the evacuation of Afghan citizens to the UK, there are likely to be some local and regional interest in the efforts to provide accommodation for these families.

14 Risk and Health & Safety Implications

- 14.1 The Council has agreed its risk management strategy which can be found on the website at <http://www.threerivers.gov.uk>. In addition, the risks of the proposals in the report have also been assessed against the Council's duties under Health and Safety legislation relating to employees, visitors and persons affected by our operations. The risk management implications of this report are detailed below.
- 14.2 The subject of this report is covered by the day-to-day resources allocated within the Property Services & Housing Services service plans, with external partnership working governed by the Joint Venture Board, to which Three Rivers Homes Limited reports. Any

risks resulting from this report will be included in the risk register and, if necessary, managed within this plan.

Nature of Risk	Consequence	Suggested Control Measures	Response <i>(tolerate, treat, terminate, transfer)</i>	Risk Rating <i>(combination of likelihood and impact)</i>
Full Council do not authorise the transfer of these three sites.	<p>This aspect of the scheme fails and a further 16no. units would need to be found via market acquisition.</p> <p>Rejection would have a significant reputational impact in terms of DLUHC and WCH as partners.</p> <p>Loss of funds committed to bringing sites forward.</p> <p>DLUHC funding is rejected.</p>	None, sites are retained and attention turns to an alternative approach.	Tolerate	4
The development of the project overruns or costs unexpectedly increase.	<p>Risk of funding needing to be returned to DLUHC.</p> <p>Additional funds from TRDC/WCH required to finish the scheme.</p>	<p>Maintain close relationship with DLUHC - although funds unlikely to be recalled, they will need to see evidence of progress</p> <p>Cost and programme controls will be tightly managed and overseen by the JV board.</p> <p>Costs have been estimated with a healthy contingency, any unexpected increases should be managed within budget</p>	Tolerate	6

- 14.3 The above risks are scored using the matrix below. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood scores 6 or less.

Very Likely ----- Likelihood ----- Remote	Low 4	High 8	Very High 12	Very High 16
	Low 3	Medium 6	High 9	Very High 12
	Low 2	Low 4	Medium 6	High 8
	Low 1	Low 2	Low 3	Low 4
Impact				
Low -----> Unacceptable				

Impact Score

- 4 (Catastrophic)
- 3 (Critical)
- 2 (Significant)
- 1 (Marginal)

Likelihood Score

- 4 (Very Likely (≥80%))
- 3 (Likely (21-79%))
- 2 (Unlikely (6-20%))
- 1 (Remote (≤5%))

- 14.4 In the Officers' opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan and are therefore operational risks. The effectiveness of the management of operational risks is reviewed by the Audit Committee annually.
- 14.5 The remainder are therefore operational risks. Progress against the treatment plans for strategic risks is reported to the Policy and Resources Committee quarterly. The effectiveness of all treatment plans are reviewed by the Audit Committee annually.

15 Recommendation

- 15.1 It is recommended to Full Council to:
- 15.1.1 Note the update report and the current progress of the LAHF scheme in the District;
 - 15.1.2 Approve the transfer of the two garage sites at Pollards, Maple Cross and the single garage site at The Queens Drive, Mill End to Three Rivers Homes Limited on the basis of this report and the accompanying appendices.
 - 15.1.3 Delegate any minor variations or amendments to the proposed transfer as may be necessary to the Chief Executive and Director of Finance, in consultation with the Leader of the Council and Lead Member for Resources.
 - 15.1.4 Note the intended use of the allocated capital programme funds to be invested into the LAHF scheme.

Committee Decision on Public Access:-

Public access to Report	Immediate
Public access to Appendix 2 (PART 2)	Denied until development completed or transaction abandoned, in the event that it does not proceed.
Public access to Decision	Immediate

Report prepared by: Justin Wingfield – Head of Property & Economic Growth

Data Quality

Data sources:

None

Data checked by:

Justin Wingfield – Head of Property & Economic Growth

Data rating:

1	Poor	
2	Sufficient	
3	High	✓

Background Papers

Full Council 21 February 2023 - LOCAL AUTHORITY HOUSING FUND

APPENDICES

Appendix 1 - Plans of the sites & visualisations of the properties

Appendix 2 (PART II) – Confidential & commercially sensitive and should be considered in accordance with Part II procedures.

Appendix 1

Plans of sites (not to scale and for information purposes only)



Above: Pollards, Maple Cross

Below: The Queens Drive, Mill End



23/1570/FUL - Garages rear of 22-32 Pollards, Maple Cross
Pollards – House site, 2no. 4-bed properties



23/1569/FUL - Garages adjacent 13-23 Pollards, Maple Cross
Pollards – Apartment site, 8no. apartments



23/1619/FUL - Garages between 83-89 The Queens Drive, Mill End
The Queens Drive, 6no apartments



