

TITLE	Commuted Sums Advisory Panel
FOR CONSIDERATION BY	The Executive on 26 March 2015
WARD	None specific
DIRECTOR	Stuart Rowbotham, Director of Health and Wellbeing and Heather Thwaites, Director of Environment
LEAD MEMBER	John Kaiser, Executive Member for Planning and Highways

OUTCOME / BENEFITS TO THE COMMUNITY

To ensure that the Council uses its commuted sums for affordable housing to provide homes that best meet the needs of the Borough.

RECOMMENDATION

That the Executive approves the establishment of a Commuted Sums Advisory Panel to make recommendations to the Executive about the allocation of commuted sums for affordable housing.

SUMMARY OF REPORT

The Council could receive over £60 million of affordable housing commuted sums over the coming years. There is a need to formalise the governance structure to ensure that resources are targeted effectively to develop new affordable housing. As part of this process a new advisory panel would be established to recommend affordable housing commuted sum allocations to Executive for their approval.

There is a presumption that the Council would commission Wokingham Housing Limited to be the delivery vehicle for commuted sums funded schemes, but in exceptional cases the Housing Service (HRA) or a Registered Provider may be chosen.

Background

In recognition of the changing role of local authorities in the provision of affordable housing in recent years, the Council has established Wokingham Housing Limited (WHL), its own Local Housing Company, in June 2011. Wokingham Housing Limited is overseen by the holding company, which provides governance over the Council's trading companies through a board of directors. Over the same period, the introduction of the National Planning Policy Framework (NPPF) has provided the Council with more flexibility over the way we secure affordable housing through the planning process, particularly the ability to attract commuted sums.

The Council will accrue significant financial sums, which under the Section 106 agreement, must be spent on "affordable housing provision within the Borough". Affordable housing is defined in Appendix 2 of the NPPF and can include: -

1. Social and affordable rented homes;
2. Intermediate housing (which could include self-build) via: -
 - a) shared equity loans; or
 - b) low Cost Mortgages

As further development comes forward in the borough it is anticipated that commuted sums for affordable housing will continue to grow significantly.

The process outlined in this paper seeks to implement a clear process by which commuted sums are recommended for allocation to affordable housing projects and to develop the Council's commissioning role.

Analysis of Issues

As stated earlier, the Council could receive over £60 million of affordable housing commuted sums over the coming years. It is therefore proposed that a governance process (summarised in the flowcharts in Annexes 1, 2 & 3) be developed for this money. As part of this process a new advisory panel would be established to approve and recommend affordable housing commuted sum allocations to Executive. A proposed Terms of Reference for this panel is set out in Annex 4.

The key points for this process would be as follows:

1. Opportunities/Proposals for the use of commuted sums for affordable housing are invited in the first instance from Council Departments and Wokingham Housing Limited. Proposals are collated and screened by the affordable housing commissioning function of the council in the Housing Service (Head of Housing and Executive lead)
2. There is a presumption that WHL will be the delivery vehicle for commuted sums funded schemes (Annex 1), but in exceptional cases the Housing Service (HRA) (Annex 2) or a Registered Provider (Annex 3) may be chosen as above.
3. Proposers will be asked to develop a business case (standard template) for proposals not 'screened out'. Proposers will need to consult with Finance and Environment services to establish the capital funding: -

- a. Bid for commuted sums
 - b. Bridge finance requirements through council borrowing and on-lending
4. WHL will separately need to seek approval from the Holding Company prior to developing a business case
 5. In the event that neither WHL nor the Housing Service (HRA) are able to take forward the development opportunity, Registered Providers will be invited to express an interest
 6. The Affordable Housing Implementation Group will be consulted on all business cases
 7. Completed business cases will be submitted to the Commuted Sums Advisory Panel
 8. Recommendations from the panel will be received by the Executive, which will make a final decision.

It is proposed that the bids be evaluated against the following criteria:

- a) Fit with Housing Strategy and other corporate objectives (40% weighting)
- b) Deliverability (20% weighting)
- c) Value for Money (20% weighting)
- d) Financial return/savings generated to the Council (20% weighting) – There is an expectation that all WHL projects generate a 4% return for the Council (effectively a finance charge on the basis the commuted sum does not need to be repaid).

If agreed, it is envisaged that the process would run in a similar way to the Homes and Communities Agency 2015-2018 National Affordable Housing Programme with an initial bid round followed by continuous acceptance and evaluation of new bids going forward.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	N/A	N/A
Next Financial Year (Year 2)	£0	N/A	N/A
Following Financial Year (Year 3)	£0	N/A	N/A

Other financial information relevant to the Recommendation/Decision

The Council could receive over £60 million of affordable housing commuted sums over the coming years. This will ensure a clear, transparent process for the allocation of those funds.

Cross-Council Implications

This is an opportunity to provide a range of affordable housing to meet the needs of all our residents including those with disabilities, our young people and others with a specific housing need. It will ensure transparency, accountability and the targeting of funding at the greatest need.

Reasons for considering the report in Part 2

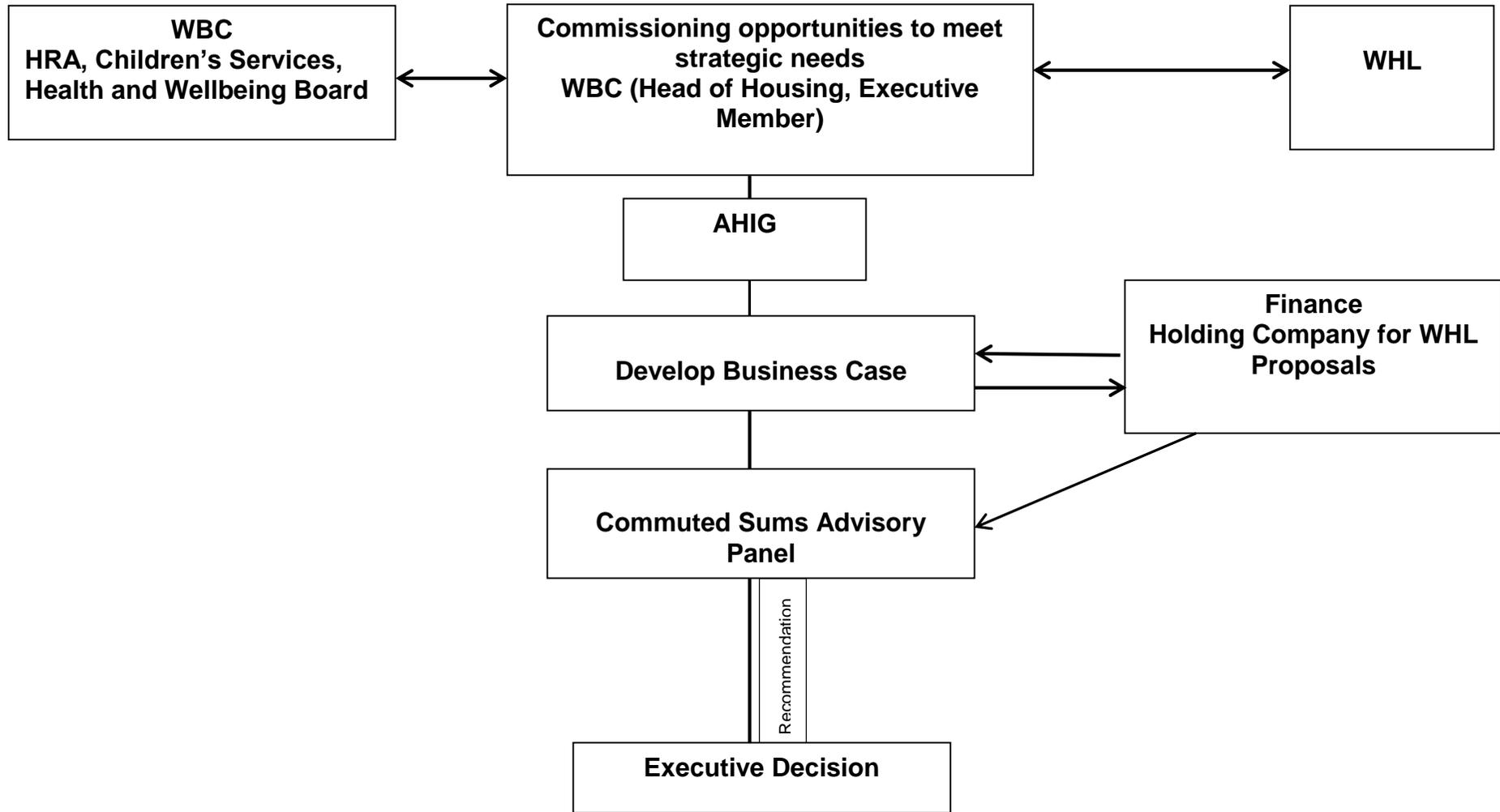
Not applicable

List of Background Papers

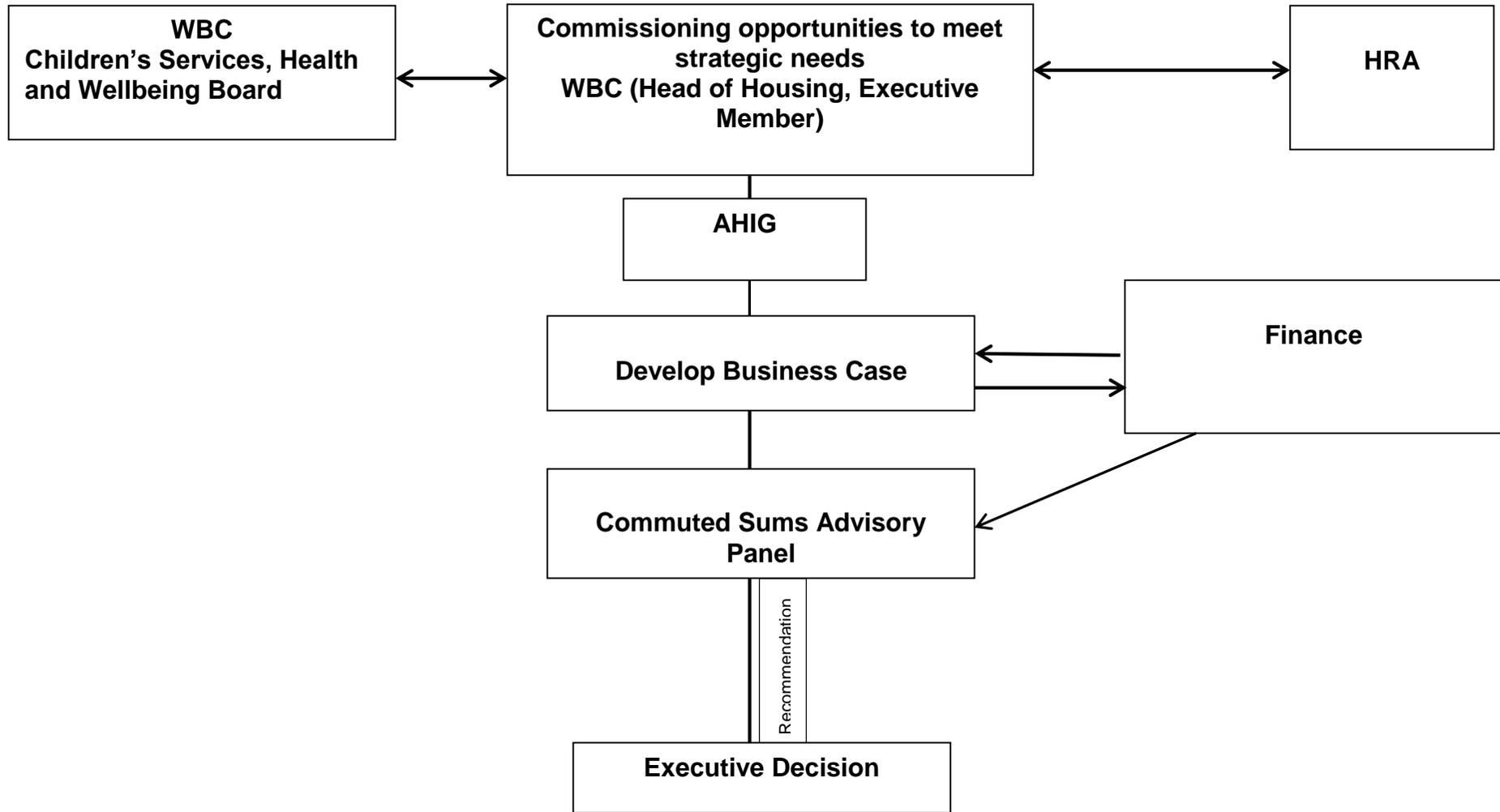
None

Contact Simon Price Frances Haywood	Service Housing & Development Policy and Planning
Telephone No 0118 974 3775 0118 9746859	Email Simon.price@wokingham.gov.uk frances.haywood@wokingham.gov.uk
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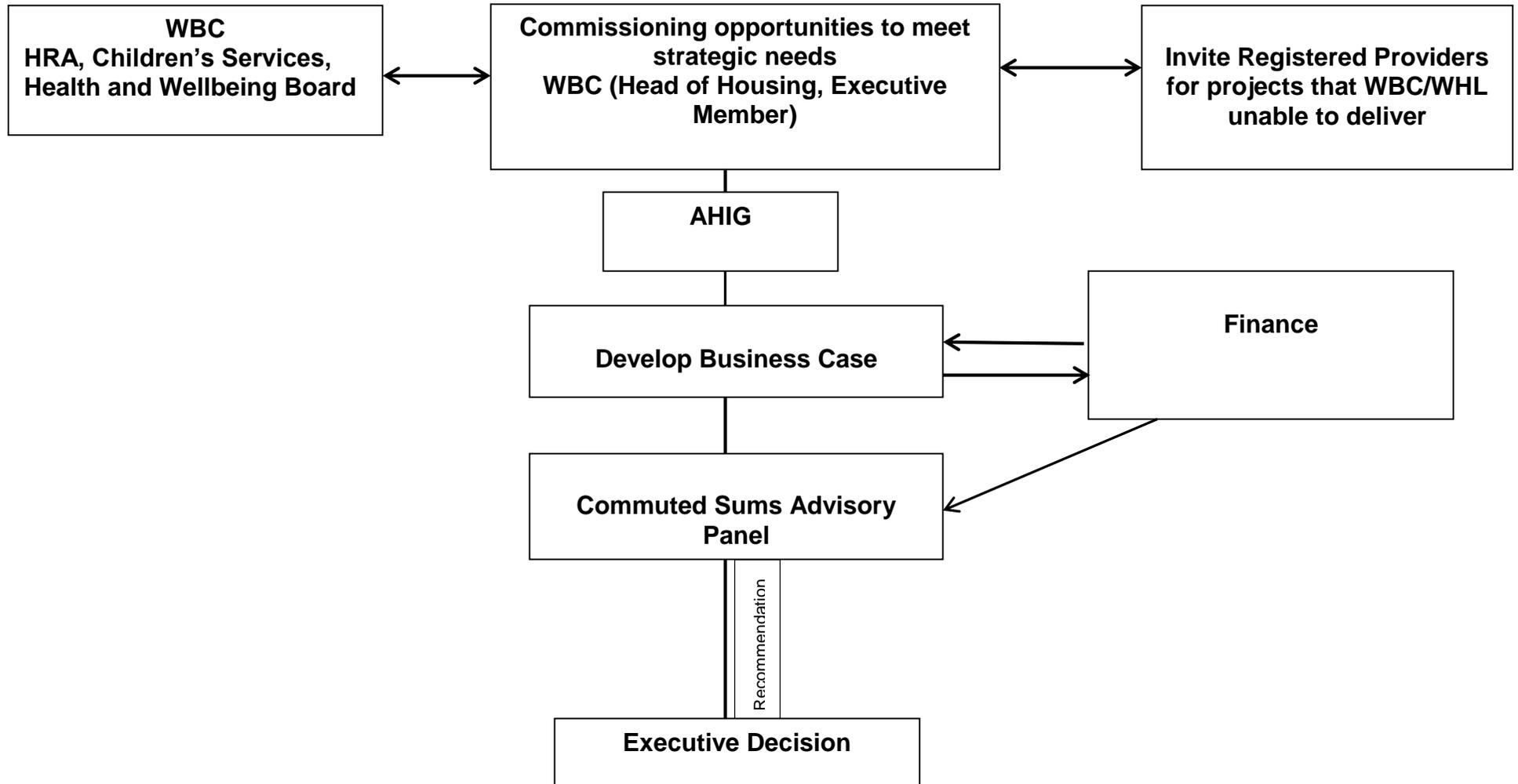
ANNEX 1 - AFFORDABLE HOUSING COMMUTED SUM GOVERNANCE FLOWCHART FOR WHL



ANNEX 2 - AFFORDABLE HOUSING COMMUTED SUM GOVERNANCE FLOWCHART FOR HRA



ANNEX 3 - AFFORDABLE HOUSING COMMUTED SUM GOVERNANCE FLOWCHART FOR EXTERNAL PROVIDERS





TERMS OF REFERENCE FOR THE COMMUTED SUMS ADVISORY PANEL

Purpose

To make recommendations on affordable housing commuted sums to Executive.

Duties and responsibilities

The Commuted Sums Advisory Panel must work within the context of Wokingham Borough Councils constitution.

The specific remit of the Commuted Sums Advisory Panel will be:

- i. To make recommendations to the Executive for the allocation of affordable housing commuted sums
- ii. To monitor and report on the allocation of commuted sums to the Capital Finance Team and Wokingham Housing Limited Holding Company

Meeting frequency

The Commuted Sums Advisory Panel to meet as required but every three months as a minimum. The meetings are to be public, with attendance in an observatory capacity. The quorum for the meetings will be 3 members.

Membership

The membership the Commuted Sums Advisory Panel will be appointed at the Annual Meeting of the Council and will consist of;

- Five members of the Council, allocated in accordance with political balance rules, but not to include the Executive Member for Planning and Highways
- Involved Tenant, nominated from the Tenant and Landlord Improvement Panel.

Administration and support

The meetings will be formally minuted and will be available on the Council's website. Administration and support of the Commuted Sums Advisory Panel will be undertaken by the Housing Service at Wokingham Borough Council.

Agenda setting

The Commuted Sums Advisory Panel will send out agenda and papers for each meeting, one week in advance.

Circulation of minutes

The papers will be circulated to all members of the Commuted Sums Advisory Panel will be sent within two weeks of each meeting.

To receive agenda, minutes and associated papers

All members

Heather Thwaites, Director of Environment

Stuart Rowbotham, Director of Health and Wellbeing

Anne Hunter, Service Manager Democratic Services

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