

<b>TITLE</b>	<b>Selection of Preferred Registered Provider (RP) Partners</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 29 <sup>th</sup> March 2018
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Director of Corporate Services - Graham Ebers
<b>LEAD MEMBER</b>	Executive Member Adult Services - Richard Dolinski

**OUTCOME / BENEFITS TO THE COMMUNITY**

The delivery of affordable homes is an underpinning principle of the Council's vision. The approval of carefully selected Registered Provider (RP) Partners for the Council will ensure that those RPs delivering affordable housing in the borough are aligned to the Council's strategic vision and aspirations. In doing so, this will positively benefit the community through provision of high quality, well-managed affordable homes.

**RECOMMENDATION**

That Executive approves the following matters:

- 1) That the following Registered Providers (RP) be approved as Partners for the next five year period commencing on 1<sup>st</sup> April 2018, subject to satisfactory performance:

Bracknell Forest Homes (to be rebranded as Silva Homes during 2018)  
 Catalyst Housing Limited  
 Housing Solutions  
 Loddon Homes Limited  
 Southern Housing Group  
 Sovereign Housing Association  
 Thames Valley Housing  
 Vivid Housing Limited

- 2) That the Council and the eight RPs enter into a Partnership Agreement. The Agreement will detail expectations and responsibilities, and will outline the basis for regular performance monitoring.

**SUMMARY OF REPORT**

Until 2008, in line with the Housing Act 1988, the Council acted as an 'enabler' of new affordable housing rather than a direct provider. New affordable housing was developed in partnership with housing associations to provide a continuing supply of homes to meet local need. We sought to work with a small number of development partners who would offer best value for money, operate consistently high standards of housing management and add value through use of their own resources and expertise.

The Council has had successful partnership arrangements with Registered Providers (RPs) since 2002 with the current partnership due to end in March 2018. In recent years there has been a significant increase in the number of affordable homes secured, particularly on the Strategic Development Locations (SDLs). This programme has been delivered through partnership working with RPs as well as through the establishment of

the Council's own housing companies. As there is now considerable housing delivery being generated from the SDLs, it is pertinent to spread both the cost and risk across a number of RP partners, all of which can bring significant financial strength. Whilst our housing companies are the preferred partners for delivery of affordable housing on the Council's own land, the RP Partnership ensures there is greater financial capacity to deliver the substantial numbers of homes coming forward on Section 106 sites.

A full competitive process has been run to review and renew membership of this partnership arrangement. This report seeks Executive approval for the selection of the eight Registered Providers to partner the Council in the delivery of affordable housing for the next five years commencing on 1<sup>st</sup> April 2018, subject to satisfactory performance. The selection of eight Registered Provider partners is made on the basis there is considerable housing delivery in the Borough providing ample opportunities for all RP partners and each partner bringing different strengths to the partnership.

## **Background**

Until 2008, in line with the Housing Act 1988, the Council acted as an ‘enabler’ of new affordable housing rather than a direct provider. New affordable housing was developed in partnership with housing associations to provide a continuing supply of homes to meet local need. This led over time to a very large number of housing associations operating in the borough, with tenants receiving different levels of service, and some of the associations in question having little interest or buy-in to the borough or their local community. We, along with many local authorities, sought to tackle this through running a competitive process to identify a small number of development partners who would offer best value for money; operate consistently high standards of housing management in accordance with what we would expect for our own tenants and add value through use of their own resources, or particular development specialisms.

Consequently, Wokingham Borough Council has operated a successful Preferred Registered Provider Partnership since 2002 to manage and oversee the quality of affordable housing and ongoing housing management services coming forward. Working with a partnership has helped the Council to rationalise the number of Registered Providers operating in the Borough and ensure they have bought into the Council’s vision and values. The previous partnerships have consisted of between four and six Registered Providers. Whilst the Council is now delivering affordable housing itself through its own companies, there is still a need for a partnership approach to deliver the level of affordable housing coming forward in the coming years.

The partnerships were established through a full competitive process, which required the successful RPs to demonstrate a high level of commitment to excellent service delivery, financial strength, development expertise and an understanding of Wokingham’s strategic approach and need for affordable housing. All selected RPs hold significant stock within Wokingham Borough or within neighbouring boroughs.

The key successes of the previous partnerships include:

- Delivery of 1,310 new affordable homes in the borough since 2008
- Successful delivery of Wokingham specific models of affordable housing, such as the shared ownership model of 35% equity share and 1.5% cap on rent on unsold equity
- Establishment of effective relationships with larger stock holding RPs in tackling anti-social behaviour and other tenancy issues
- Commitment from RP partners in terms of delivery of Council strategic objectives, including supporting local initiative such as the Strive business start-up programme, and, previously funding for a post to develop rural housing on exception sites.

## **Analysis of Issues**

A full competitive selection process was undertaken to select the best RPs to work with the Council to meet local needs. The closing date for applications was 4<sup>th</sup> December 2017. 12 initial Expressions of Interest were received and nine formal application forms were sent in within the deadline, of which eight were invited to interview. Interviews took place on the 10<sup>th</sup> and 17<sup>th</sup> January 2018 with the interview panel consisting of the then Deputy Executive Member for Adult Services (including Housing), Category Manager (Economic Prosperity and Place), Category Manager (Housing Operations)

and the Senior Strategy Officer. All those shortlisted were also asked to do a presentation to the Affordable Housing Implementation Group on the 15<sup>th</sup> January 2018.

Following interviews, the panel agreed that the following RPs should be selected as RP partners in Wokingham Borough:

- Bracknell Forest Homes (to be rebranded as Silva Homes during 2018)
- Catalyst Housing Limited
- Housing Solutions
- Loddon Homes Limited
- Southern Housing Group
- Sovereign Housing Association
- Thames Valley Housing
- Vivid Housing Limited

All eight demonstrated a high level commitment to excellent service delivery, financial strength, development expertise, partnership working and an understanding of Wokingham's strategic approach and need for affordable housing. All eight have considerable stock either within Wokingham or within neighbouring boroughs and are therefore well established landlords within the local area. All are committed to Wokingham's affordable housing policy and specific models of affordable housing, providing a consistent approach to affordable housing delivery. Two RPs (Catalyst and Thames Valley) have been RP partners in Wokingham since April 2002 and a further two (Housing Solutions and Sovereign) since April 2007. They have already demonstrated their commitment to the area as well as an excellent track record for delivery.

The selection of eight RP partners is made on the basis there is considerable housing delivery in the Borough both current and projected, providing ample opportunities for all RP partners. Whilst our housing companies are the preferred partners for delivery of affordable housing on the Council's own land, the RP Partnership ensures there is greater financial capacity to deliver the substantial numbers of homes coming forward on Section 106 sites. By having a cascade arrangement within Section 106 agreements, the Council is able to stipulate that preferred partners must be approached to bid for the affordable units, although we are unable to be prescriptive about which RP they should work with.

The current scale of affordable housing development opportunity is so large that we need to spread the cost and risk of large Section 106 requirements. It would not be possible to meet this with a small number of RPs at the moment, as none would have the capacity to deliver the scale and range of affordable housing on their own. There would be an increased risk of affordable units going outside of the partnership or not being delivered at all with a smaller number of RPs, as developers may exhaust the cascade mechanism options. A partnership approach enables the Council to exercise control and influence over the quality and management of affordable units, as well as the cost of shared ownership, through our own, unique model. The eight RP partners being selected all bring different strengths to the partnership.

It is recommended that the RP Partnership run from 1<sup>st</sup> April 2018 until 31<sup>st</sup> March 2023 subject to satisfactory performance. It is also recommended that the Council and the eight RPs enter into a Partnership Agreement. The agreement will detail the

expectations and responsibilities and will outline the basis for regular performance monitoring.

**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		
Next Financial Year (Year 2)	0		
Following Financial Year (Year 3)	0		

<b>Other financial information relevant to the Recommendation/Decision</b>
N/A

<b>Cross-Council Implications</b>
The delivery of new affordable housing will affect customers of other Council services, including Housing Needs and People’s Services. The Partnership seeks to provide good quality homes and effective ongoing management.

<b>List of Background Papers</b>
None

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