

Hambleton District Council

Report To: Cabinet

Date: 10 March 2020

Subject: **Rural Housing Enabler Programme**

Portfolio Holder: Planning
Councillor D A Webster

Wards Affected: All Wards

1.0 Purpose and Background

- 1.1 Hambleton District Council currently acts as the host authority for Rural Housing Enabler Programme on behalf of the York, North Yorkshire and East Riding Housing Partnership (at its meeting on 17 February 2020 the Partnership Board approved the proposals contained in this report). The current 5-year term is due to expire on 31 March 2020. This report seeks a decision as to whether to continue this role for another 5 years.
- 1.2 The Rural Housing Enabler Programme consists of six part-time staff members who undertake work to enable the provision of affordable housing in rural areas across the Partnership area. This has led to the completion of 1,259 new homes in the period from April 2015 to December 2019 (of which 161 were in the Hambleton district).
- 1.3 As host authority the Council takes responsibility for the financial management of the Programme and employment of the six staff (including any redundancy and pension costs that may arise). The financial implications of this are shown in section 4.0 below.

2.0 Link to Council Priorities

- 2.1 The Programme contributes to the Council's priority of 'Providing a special place to live' by enabling new affordable housing in rural areas.

3.0 Risk Assessment

- 3.1 There are no significant risks associated with this report.

4.0 Financial Implications

- 4.1 The annual running costs are currently £182,000. The Programme is funded through a combination of local authority and Registered Provider contributions and fee income from newly completed rural housing schemes assisted by the Programme. However, additional income options are being explored.

- 4.2 In addition to the annual running costs there is a need for contingency reserves of £123,144 to cover redundancy and pension liabilities should these arise if all the members of the Rural Housing Enabler programme decided to discontinue. The balance of reserves is projected to be only £76,683 by the end of March 2020, i.e. a projected deficit of £46,461.
- 4.3 By virtue of increases in partner contributions and anticipated scheme income in 2020/21 the Partnership expects that the recommended level of reserves will be in place by 31 March 2021. The balance at 31 March 2021 will be a surplus of £15,730. The probability of reserves being required in excess of those currently held before 31 March 2021 is very low due to the stable nature of the workforce.
- 4.4 The table below shows the position at 31 March 2020 and also the position for the 2020/21 financial year including all expenditure and income:

Current Year 2019/20	£
Cost of Programme (estimated)	182,000
Income (minimum)	
RP Retainers @ £3,250 each - £48,750	
LA Contributions @ £6,950 each - £62,550	
Price per unit set at £176.67	£173,583
Programme Deficit to Carry Forward to 2020/21	£8,417
Required Contingency (4.2 above)	£123,144
Reserve Balance Brought Forward from 2018/19	£85,100
Programme Deficit to Carry forward to 2020/21	£46,461
Proposed 2020/21	
Cost of Programme (estimated)	£186,000
Deficit Brought Forward from 2019/20	£46,461
Total Expenditure	£232,461
Income	
RP Retainers @ £3,500 - £52,500	
LA Contributions @ £7,500 each - £67,500	
Price per unit assumed £450 x 285 - £128,250	£248,250
Programme Surplus to Carry Forward to 2021/22	£15,789

- 4.5 One partner has announced that it intends to withdraw from the Partnership (it will give 12 months' notice). This will reduce running costs but will also reduce income. Hence the Partnership intends to increase scheme fees in future years in order to cover running costs and maintain reserves at the recommended level as illustrated in the table above and therefore this reduces the risk. A full review is due to be completed later in 2020.
- 4.6 Hambleton District Council's contribution will increase from £6,950 in 2019/20 to £7,500 in 2020/21 and 2021/22. This is currently paid from the General Fund (Housing Strategy Enabling budget). It is proposed that from 2020/21 this is paid from the Council's commuted sums reserves (those ring-fenced for affordable housing across the district). Hence this will provide a General Fund saving of £6,950 per annum from 2020/21 as this is the amount currently budgeted for.

Overall the revenue effect for HDC's budget will be as follows:-

Revenue Effects	2019/20 £	2020/21 £	2021/22 £
Cost of Council contribution	<u>6,950</u>	<u>7,500</u>	<u>7,500</u>
Financed by:			
Base budget Commutated sums	<u>6,950</u>	<u>7,500</u>	<u>7,500</u>
Budget Revenue effect	<u>6,950</u>	<u>zero</u>	<u>zero</u>

4.7 This Council recoups a modest management / administration charge associated with its role of lead employer. This was set up and agreed in 2014/15 and this continues at £6,000.

4.8 There is no capital expenditure.

5.0 Legal Implications

5.1 There are legal implications in respect of redundancy and pension liabilities which have been taken into account.

6.0 Equality/Diversity Issues

6.1 Equality and Diversity Issues have been considered however there are no issues associated with this report.

7.0 Recommendations

7.1 It is recommended that Cabinet:

- (1) agrees that the Council will act as the host authority for the Rural Housing Enabler Programme for a term of 5 years from 1 April 2020; and
- (2) utilises commuted sum reserves (ring-fenced for affordable housing) to pay for the Council's annual contributions from 2020/21.

Helen Kemp
Director of Economy and Planning

Background papers: Report to the York, North Yorkshire and East Riding Housing Partnership Board 17 February 2020 "Rural Housing Enabler Programme".

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