

Cyngor Sir Powys / Powys County Council
Health, Care and Housing Scrutiny Committee
8th April 2019

REPORT AUTHOR: Head of Housing and Community Development

SUBJECT: Powys Planned Development Programme

REPORT FOR: **Committee Briefing**

1. Background

- 1.1 The need for affordable housing of all tenures is acknowledged and agreed at all levels of Government. Welsh Government (WG) has its target of 20,000 new affordable homes in its current term and Powys has its own target of at least 250 new affordable homes by 2023 as stated in Vision 2025 and the Housing Service's own Service Improvement Plan. We also have the corporate objective of providing Extra Care housing to meet the needs of our ageing population.
- 1.2 Each financial year Welsh Government provides a sum for new affordable housing development. This sum comprises various grant elements for different purposes. Social Housing Grant (SHG) is direct grant aimed at development of new housing by Registered Social Landlords (RSLs) and equates to 58% of the cost of development with the RSL providing the remaining 42%. Housing Finance Grant (HFG) is a 30-year revenue grant to RSLs to support their borrowing and is equivalent in effect to SHG at 58%. Rent to Own (RTO) is grant provided at 30% precisely for new build offered under that scheme. Currently these three forms of funding are only available to RSLs although there is word from WG that RTO might be made available to Developing Local Authorities (LAs) also.
- 1.3 Occasionally Housing Associations accumulate receipts from what were originally grant funded sources. These receipts are called Recycled Capital Grant (RCG) and must be spent in the year received or the immediately subsequent year to reduce SHG requirement. The Corporate Objective of providing Extra Care schemes will draw on various forms of housing grant funding and also require input from the Integrated Care Fund (ICF). (See below, 4.4)
The final form of funding is Affordable Housing Grant which is available to LAs at 58%, exactly in line with SHG for the RSLs.

- 1.4 The amount of funding is allocated by WG annually using a formula based on population of each LA and it is the role of the Strategic Housing Authority (SHA) to allocate funding to schemes according to strategic need. It is also the role of the SHA to decide which RSL shall undertake which scheme and where according to strategic need and the zoning of the RSLs both by WG and by agreement within the Strategic Housing Partnership (SHP). This role currently falls to the Housing Strategy Team Leader with The Affordable Housing Team Leader being responsible for AHG allocation.
- 1.5 Each year WG provides the figures for each form of funding to each LA with indicative figures for a second and third year. In return each strategic authority is expected to provide a three-year Planned Development Programme (PDP).

2. Funding Levels

- 2.1 From 2009 to 2015/16 financial years the SHG allocation for Powys was steady at £1,596,000. The figures for subsequent and future years are shown in this table.

Table 1: Welsh Government funding by year.

Year	SHG	HFG	RTO	Total
2015/16	£1,596,000			£1,596,000
2016/17	£3,191,000			£3,191,000
2017/18	£4,659,000	£2,523,000		£7,182,000
2018/19	£6,090,000	£1,446,000	£638,000	£8,174,000
2019/20 *	£1,742,000	£998,000	£957,000	£3,697,000
2020/21 *	£2,348,000		£1,117,000	£3,465,000

*Figures are currently indicative and may rise when confirmed by WG

- 2.2 Affordable Housing Grant was introduced in 2018/19 and is split into Capital and Revenue as shown here:

Table 2, Affordable Housing Grant levels

Year	Capital	Revenue
2018/19	£2,293,000	£120,000
2019/20	£1,495,000	£80,000

This funding will be used for the Council's own development programme as shown on the LA Build tab of Appendix 1.

3. Current Development Programme

- 3.1 The Q4 PDP for 2018/19 is attached at Appendix 1. *(It should be noted that highlighting and blank spaces are due to WG "locking" the format and making changes post submission for their convenience of accounting.)*

The total allocation of grant shown on this PDP indicates a total of 221 new homes to be developed by our partner Housing Associations over the coming three years. It should be noted that developments currently underway that were funded in previous years but not yet completed will provide a further 73 new homes making a total of 294.

- 3.2 Powys County Council has eight partner Housing Associations zoned to develop in the County. The PDP shows how funding is currently distributed between the associations. This can be tabulated as follows:

Table 3 Grant allocations by RSL

Association	SHG	HFG	RTO	Total
First Choice	£272,000	£146,000		£418,000
Grwp Cynefin	£138,000			£138,000
Gwalia (Pobl)	£1,552,000			£1,552,000
Melin Homes	£824,000	£550,000		£1,374,000
Mid Wales HA	£4,911,000	£1,245,000	£700,000	£6,964,000
Newydd HA	£69,000		£895,000	£964,000
Pennaf	£2,013,000			£2,013,000
Wales & West	£545,000	£363,000		£908,000
Total grant commitment over the coming three years				£14,331,000

The total grant allocation (Table 1 above) for the three years from 2018/19 onwards is £15,336,000 which means that there remains £1,005,000 to be allocated in the third year of the programme. Also there will be a further year (2021/22) of indicative figures to be announced and which we expect to be around the £3,500,000 level.

4 The PDP and Powys County Council Strategic Imperatives.

- 4.1 In the recent Council Restructure Housing has been aligned with Economic Development, a fact which reflects the high potential impact of housing on the local economy. Alongside this the Corporate improvement objective (included in the Housing Service Improvement Plan) regarding the Home Grown Homes project and timber promotion drives, currently underway, will stimulate economic growth and encourage job creation in the building related timber industry in Powys and Wales as a whole.
- 4.2 Powys Housing Service and the eight partner RSLs are also committed to the employment of local labour and the creation of apprentice opportunities in all developments. These are included in all contract tenders. All our association partners endeavour to contract with local companies via their tendering processes and frameworks.
- 4.3 A major imperative for Powys County Council is the Live Well, Age Well process and how we accommodate our ageing population whilst maintaining maximum independence and choice for the individual. As a result of study the major need has been identified as a form of Extra Care housing that offers more than traditional sheltered accommodation and yet is not fully residential care. This model is also proposed to provide hub and outreach services of care and support in any given area. The provision of Extra Care is now a corporate imperative. To this end Integrated Care Funding (ICF), provided by WG as both Capital and Revenue, will be used alongside the social housing grant programme over the coming years to provide Extra Care (EC) schemes in the areas of highest need in the County. These are currently identified as Welshpool, Ystradgynlais and Brecon.
- 4.4 Due to the limitations of available funding the current EC project is for Welshpool and Ystradgynlais and is estimated to cost £13,100,000 of which we have identified grant availability of £7,738,500 between ICF capital and SHG. The balance will be from RSL borrowing. This grant funding breakdown is shown by the tables provided at Appendix 2.
- 4.5 Unfortunately, due to a very late decision on the ICF from WG we were unable to commence works in the financial year 2018/19 but are on track to take these two schemes forward to commencement in the current year due to an arrangement with WG that has permitted the drawdown of the allocated ICF funding from 2018/19. This will permit a further year of forward planning to allocate the shortfall.
- 4.6 Whilst the focus on EC will necessitate a reduction in general needs funding for RSLs it is anticipated that the growth of the Powys Housing Services development plans will mitigate this impact.

5 Scrutiny Committee Comments and Observations

- 5.1 The Housing Service will be taking the Planned Development Programme to Cabinet in April for approval and would wish to receive the comments of the Health Social Care and Housing Scrutiny Committee on the document.

Appendix 1 Spreadsheets

Appendix 2 - Allocation of SHG and HFG for the period 2018-19 to 2020-21 across Powys