

# North Yorkshire Council

## Executive

17 October 2023

### Application for Homes England Investment Partner Status and Associated Affordable Housing Programme 2021-26 Bid

#### Report of the Corporate Director Community Development

#### 1.0 PURPOSE OF REPORT

- 1.1 The report seeks permission from the North Yorkshire Council Executive to apply to Homes England for Investment Partner status, to submit an associated bid to Homes England for grant funding under the Affordable Housing Programme (AHP) 2021-26, to accept the transfer of Harrogate Borough Council's Recycled Capital Grant Fund (RCGF) credits from 2022/23 and to use those credits towards HRA capital budget development costs.

#### 2.0 SUMMARY

- 2.1 North Yorkshire Council has an ambition to build more Council homes through direct delivery as well as continuing to manage the existing stock of 8400 homes. Becoming an Investment Partner (IP) with Homes England would allow North Yorkshire Council to bid for and receive funding from Homes England under the Affordable Homes Programme (AHP) 2021 to 2026 and any future bid programmes.
- 2.2 Applications for Investment Partner status must be linked to a bid for grant from the AHP 2021-26. Homes England will not consider applications for IP status without a grant bid. It is therefore proposed that North Yorkshire Council bid for Homes England grant for the legacy schemes from Harrogate Borough Council's Development Programme. These sites have previous approval and allocated budget, any grant award will mean savings on the existing capital budget.
- 2.3 Approval is required to transfer the sum of £58,500 from the former Harrogate Borough Council's Recycled Capital Grant Fund (RCGF) credits to North Yorkshire Council.
- 2.4 The Council can use that £58,500 to contribute to the delivery of affordable housing, rather than repay to Homes England.

#### 3.0 BACKGROUND

- 3.1 Homes England is an executive non-departmental public body, sponsored by the Department for Levelling Up, Housing and Communities. Their Affordable Homes Programme provides grant funding to support the capital costs of developing affordable housing for rent or sale. It is a process of Continuous Market Engagement (CME), i.e Registered Provider partners are invited to bid for grant at the point opportunities arise. As the Government's housing accelerator, Homes England has made available £7.39 billion from April 2021 to deliver up to 130,000 affordable homes by March 2026 – outside of London.

3.2 Prior to Local Government Reorganisation Harrogate Borough Council, Craven District Council, Selby District Council and Ryedale District Council all held Investment Partner status, allowing them to undertake successful grant funded housing delivery projects.

#### **4.0 Application for Investment Partner Status with Homes England**

4.1 In order to continue to access grant funding as North Yorkshire Council, through the Affordable Homes Programme 2021-26, for affordable housing delivery, North Yorkshire Council is required to become an Investment Partner.

4.2 The Investment Partner process requires North Yorkshire Council to submit to Homes England information relating to their development experience and a Statement of Good Standing, outlining financial stability.

4.3 An application for Investment Partner status must be accompanied by a bid for grant funding under the AHP 2021-26. This does not prevent us from making further bids in the future.

4.4 The current development programme in the Harrogate and Knaresborough constituency is fully budgeted within North Yorkshire Council's current capital programme and consists of the following HRA sites:

- 70 Poplar Grove, Harrogate
- Cavendish House, Roberts Street, Harrogate
- 22a Springfield Drive, Boroughbridge
- 33 Gascoigne Crescent, Harrogate
- 22a Kingsway, Weeton

The majority are small garden/garage sites that provide opportunities to develop underutilised HRA land. Cavendish House is a former single persons' temporary accommodation facility, no longer fit for purpose, long term empty and with approval to progress to development as shared ownership apartments. The planning application was approved of September 2023.

4.5 Funding to develop these units was agreed as part of the budget setting process in February 2023. A total of £2.75 million per annum is allocated to the new build budget for each of the next 3 years. Budgets for the new builds are based on contractor tender bids plus 6 months of in-house staff, welfare and materials costs from previous builds, a 20% contingency has been included in the yearly budget to cover for any issues that may arise once we get on sites or for further material price increases. The budget for the conversion scheme has been provided by external specialist consultants based on other, similar conversion schemes.

4.6 The tenure of the new build units will be social rent. There is huge demand for social rented accommodation in the Harrogate locality, with 2196 households currently registered on the Harrogate waiting list. Homes England now requires that properties built under its CME programme are social, rather than affordable rented. This is particularly relevant given the high cost of market rents in the Harrogate locality.

4.7 The conversion at Cavendish House will provide six shared ownership flats. There is a significant demand from first time buyers across North Yorkshire for home ownership affordable to those on local incomes, with approximately 750 households registered with the council for this tenure. This need is evidenced within the Local Plan database. The site is centrally located, within minutes of the town centre and transport networks, ideally located to meet the needs of first time buyers working locally or in nearby, accessible

conurbations. Development as shared ownership will help support the local economy and boost viability with sales receipts.

- 4.8 The associated bid would be for up to a maximum of 30% of the total scheme cost, subject to negotiation with Homes England.

<b>Project Title</b>	<b>Budget Cost</b>	<b>Unit Type</b>	<b>Tenure</b>
70 Poplar Grove, Harrogate, HG1 4PN	£375,000	New Build 1 x 3 bed house	Social Rent
33 Gascoigne Crescent, Harrogate, HG1 4AJ	£375,000	New Build 1 x 3 bed house	Social Rent
22a Springfield Drive, Boroughbridge, YO51 9ED	£375,000	New Build 1 x 2 bed house	Social Rent
22a Kingsway, Huby, LS17 0AL	£375,000	New Build 1 x 2 bed house	Social Rent
Cavendish House, Robert Street Hostel, Harrogate	£400,000	Conversion to 6 flats	Shared Ownership
<b>Total:</b>	<b>1,900,000</b>		

- 4.9 This application for Homes England grant conforms with North Yorkshire Council's Grant Application and Acceptance Procedure. If approved and the application is successful, the grant acceptance will also follow these procedures.

#### **5.0 Transfer of Harrogate Borough Council's Recycled Capital Grant Fund (RCGF) credits**

- 5.1 Where a property has received grant funding from Homes England and the homeowner subsequently staircases out to own 100% of the property, the registered provider is required as part of its contractual obligations to notify Homes England of the event. Any grant received in respect of the property must then be recycled back into the provision of new affordable homes within 3 years of the event occurring.
- 5.2 In 2022/23 two shared ownership properties staircased out to 100% ownership within the former Harrogate District, generating a capital receipt of which £58,500 represents the original grant provision provided by Homes England for these two homes. As Harrogate Borough Council no longer exists Homes England can request that these credits are paid back, however, this is not the preferred route. Rather than require a repayment of the original grant, Homes England have advised that the credits can be transferred over to the new North Yorkshire Council enabling them to be used directly to fund the properties noted under the current development programme. The RCGF can be used in addition to any grant allocated by Homes England.

5.3 A registered provider transfer letter confirming that the credits are to be transferred over from the former Harrogate Borough Council to North Yorkshire Council must be signed and returned to Homes England.

5.4 The £58,500 would then be available to directly fund the developments noted at 4.8.

## **6.0 CONTRIBUTION TO COUNCIL PRIORITIES**

6.1 The application to become an Investment Partner and associated bid under the AHP 21-26 programme directly contributes to the North Yorkshire Council Priority: *Good quality, affordable and sustainable housing that meets the needs of our communities.*

## **7.0 ALTERNATIVE OPTIONS CONSIDERED**

7.1 Not to become an Investment Partner, this has been considered and dismissed as the funding presented by the Homes England AHP programme can only be accessed by Investment Partners.

7.2 Not to transfer the RCGF credits to North Yorkshire Council has been considered and dismissed as if they are not transferred then Homes England requires them to be repaid.

## **8.0 FINANCIAL IMPLICATIONS**

8.1 Becoming an Investment Partner does not in itself commit us to incurring any expenditure; neither does it guarantee us any grant funding. But it gives the potential to secure grant funding for schemes that we would be looking to progress, across the county as a whole, thereby reducing the call on the Council's Housing Revenue Account funds.

## **9.0 LEGAL IMPLICATIONS**

9.1 An application for Investment Partner status is a qualifying assessment, rather than a contractual relationship. If approved, the Council will be able to bid for grant funding from Homes England. This application (and any future application) for grant funding is subject to the Council's grant application and acceptance procedures. In addition, any subsequent grant offer will be legally binding on the Council and will therefore need to be reviewed accordingly.

## **10.0 EQUALITIES IMPLICATIONS**

10.1 There are no equalities implications arising from the application to become an Investment Partner.

## **11.0 CLIMATE CHANGE IMPLICATIONS**

11.1 There are no climate change implications arising from the application to become an Investment Partner.

11.2 North Yorkshire Council is committed to delivering homes which are energy efficient and have a low carbon footprint compared to traditional methods of building – using timber frames, high levels of wall and floor insulation and installation of energy saving technologies, solar panels and air source heat pumps where appropriate.

## **12.0 RISK MANAGEMENT IMPLICATIONS**

12.1 There are risk management implications, the associated bids for grant funding carry both financial and reputational risks and should be carefully managed.

## **13.0 ICT IMPLICATIONS**

13.1 Homes England require all bids to be submitted through their online portal, IMS. This requires NYC to appoint a system administrator. Whilst this can currently be managed and resourced from within the Housing Growth Team it should be noted that should the development programme expand, further resources would be required.

## **14.0 CONCLUSIONS**

14.1 The report seeks permission from the Executive to apply to Homes England for Investment Partner status and to submit an associated bid to Homes England for grant funding under the Affordable Housing Programme (AHP) 2021-26, to retain the RCGF credits to support the delivery of the current development programme.

## **15.0 REASONS FOR RECOMMENDATIONS**

15.1 Becoming an Investment Partner with Homes England would allow North Yorkshire Council to bid for and receive funding from Homes England under the Affordable Homes Programme (AHP) 2021 to 2026 and to retain the RCGF credits.

## **16.0 RECOMMENDATIONS**

15.1 That the Assistant Director for Housing is authorised to complete and submit the application and the associated capital bid on behalf of NYC for Homes England Investment Partner status.

15.2 That authority is delegated to the Assistant Director Resources (Community Development) to transfer Harrogate's RCGF credits 2022/23 to North Yorkshire Council, to sign the registered transfer approval letter and to accept the grant as set out in this report if successful.

## **APPENDICES:**

Appendix A: Equality Impact Assessment  
Appendix B: Climate Change Assessment

## **BACKGROUND DOCUMENTS:**

*Nic Harne*  
Corporate Director – *Community Development*  
County Hall  
Northallerton  
9 October 2023

Report Author – *Vicky Young – Housing Policy and Strategy Officer*  
Presenter of Report – *Andrew Rowe – Assistant Director Housing*

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

<b>Appendix A - Initial equality impact assessment screening form</b>			
This form records an equality screening process to determine the relevance of equality to a proposal, and a decision whether or not a full EIA would be appropriate or proportionate.			
<b>Directorate</b>	Community Development		
<b>Service area</b>	Housing		
<b>Proposal being screened</b>	Application for Homes England Investment Partner Status and Associated Affordable Housing Programme 2021-26 Bid		
<b>Officer(s) carrying out screening</b>	Vicky Young		
<b>What are you proposing to do?</b>	The report seeks permission from the North Yorkshire Council Executive to apply to Homes England for Investment Partner status, to submit an associated bid to Homes England for grant funding under the Affordable Housing Programme (AHP) 2021-26, to accept the transfer of Harrogate Borough Council's Recycled Capital Grant Fund (RCGF) credits from 2022/23 and to use those credits towards HRA capital budget development costs.		
<b>Why are you proposing this? What are the desired outcomes?</b>	To become an Investment Partner with Homes England will allow the Council to apply for grant funding to deliver social housing.		
<b>Does the proposal involve a significant commitment or removal of resources?</b> Please give details.	The council has already committed budget to developing social housing. The application to become an investment partner will free up that budget to allow more homes to be delivered.		
<b>Impact on people with any of the following protected characteristics as defined by the Equality Act 2010, or NYC's additional agreed characteristics</b>			
As part of this assessment, please consider the following questions:			
<ul style="list-style-type: none"> <li>To what extent is this service used by particular groups of people with protected characteristics?</li> <li>Does the proposal relate to functions that previous consultation has identified as important?</li> <li>Do different groups have different needs or experiences in the area the proposal relates to?</li> </ul>			
<b>If for any characteristic it is considered that there is likely to be an adverse impact or you have ticked 'Don't know/no info available', then a full EIA should be carried out where this is proportionate. You are advised to speak to your directorate representative for advice if you are in any doubt.</b>			
Protected characteristic	Potential for adverse impact		Don't know/No info available
	Yes	No	
Age		X	
Disability		X	
Sex		X	
Race		X	
Sexual orientation		X	
Gender reassignment		X	
Religion or belief		X	
Pregnancy or maternity		X	
Marriage or civil partnership		X	
People in rural areas		X	
People on a low income		X	

OFFICIAL - SENSITIVE

OFFICIAL - SENSITIVE

Carer (unpaid family or friend)		X	
Are from the Armed Forces Community		X	
<b>Does the proposal relate to an area where there are known inequalities/probable impacts</b> (for example, disabled people's access to public transport)? Please give details.	No.		
<b>Will the proposal have a significant effect on how other organisations operate?</b> (for example, partners, funding criteria, etc.). <b>Do any of these organisations support people with protected characteristics?</b> Please explain why you have reached this conclusion.	No.		
<b>Decision (Please tick one option)</b>	EIA not relevant or proportionate:	✓	Continue to full EIA:
<b>Reason for decision</b>	There are no negative equalities implications from the decision to apply for Investment Partner status.		
<b>Signed (Assistant Director or equivalent)</b>	Andrew Rowe		
<b>Date</b>	3 October 2023		

OFFICIAL - SENSITIVE

OFFICIAL - SENSITIVE

## **Appendix B - Initial Climate Change Impact Assessment (Form created August 2021)**

The intention of this document is to help the council to gain an initial understanding of the impact of a project or decision on the environment. This document should be completed in consultation with the supporting guidance. Dependent on this initial assessment you may need to go on to complete a full Climate Change Impact Assessment. The final document will be published as part of the decision-making process.

If you have any additional queries, which are not covered by the guidance please email [climatechange@northyorks.gov.uk](mailto:climatechange@northyorks.gov.uk)

<b>Title of proposal</b>	<b>Application for Homes England Investment Partner Status and Associated Affordable Housing Programme 2021-26 Bid</b>
<b>Brief description of proposal</b>	The report seeks permission from the North Yorkshire Council Executive to apply to Homes England for Investment Partner status, to submit an associated bid to Homes England for grant funding under the Affordable Housing Programme (AHP) 2021-26, to accept the transfer of Harrogate Borough Council's Recycled Capital Grant Fund (RCGF) credits from 2022/23 and to use those credits towards HRA capital budget development costs.
<b>Directorate</b>	Community Development
<b>Service area</b>	Housing
<b>Lead officer</b>	Vicky Young
<b>Names and roles of other people involved in carrying out the impact assessment</b>	

The chart below contains the main environmental factors to consider in your initial assessment – choose the appropriate option from the drop-down list for each one.

Remember to think about the following;

- Travel
- Construction
- Data storage
- Use of buildings
- Change of land use
- Opportunities for recycling and reuse

<b>Environmental factor to consider</b>	<b>For the council</b>	<b>For the county</b>	<b>Overall</b>
Greenhouse gas emissions	No effect on emissions	No Effect on emissions	No effect on emissions
Waste	No effect on waste	No effect on waste	No effect on waste
Water use	No effect on water usage	No effect on water usage	No effect on water usage
Pollution (air, land, water, noise, light)	No effect on pollution	No effect on pollution	No effect on pollution
Resilience to adverse weather/climate events (flooding, drought etc)	No effect on resilience	No effect on resilience	No effect on resilience
Ecological effects (biodiversity, loss of habitat etc)	No effect on ecology	No effect on ecology	No effect on ecology
Heritage and landscape	No effect on heritage and landscape	No effect on heritage and landscape	No effect on heritage and landscape

If any of these factors are likely to result in a negative or positive environmental impact then a full climate change impact assessment will be required. It is important that we capture information about both positive and negative impacts to aid the council in calculating its carbon footprint and environmental impact.

<b>Decision (Please tick one option)</b>	Full CCIA not relevant or proportionate:	x	Continue to full CCIA:	
<b>Reason for decision</b>	There are no climate change implications arising from the application to become an Investment Partner.			
<b>Signed (Assistant Director or equivalent)</b>	Andrew Rowe			
<b>Date</b>	3 October 2023			