

Safer and Stronger Communities Scrutiny and Policy Development Committee

Tuesday 19 November 2019 at 5.00 pm

**To be held at the Town Hall, Pinstone
Street, Sheffield, S1 2HH**

The Press and Public are Welcome to Attend

Membership

Councillors Ben Curran (Chair), Tim Huggan (Deputy Chair), Sue Auckland, David Baker, Penny Baker, Michelle Cook, Dawn Dale, Karen McGowan, Pat Midgley, Anne Murphy, Peter Price, Peter Rippon, Kaltum Rivers and Richard Shaw

Substitute Members

In accordance with the Constitution, Substitute Members may be provided for the above Committee Members as and when required.

PUBLIC ACCESS TO THE MEETING

The Safer and Stronger Communities Scrutiny Committee exercises an overview and scrutiny function in respect of the planning, development and monitoring of performance and delivery of services which aim to make Sheffield a safer, stronger and more sustainable city for all of its residents.

A copy of the agenda and reports is available on the Council's website at www.sheffield.gov.uk. You can also see the reports to be discussed at the meeting if you call at the First Point Reception, Town Hall, Pinstone Street entrance. The Reception is open between 9.00 am and 5.00 pm, Monday to Thursday and between 9.00 am and 4.45 pm. on Friday. You may not be allowed to see some reports because they contain confidential information. These items are usually marked * on the agenda.

Members of the public have the right to ask questions or submit petitions to Scrutiny Committee meetings and recording is allowed under the direction of the Chair. Please see the website or contact Democratic Services for further information regarding public questions and petitions and details of the Council's protocol on audio/visual recording and photography at council meetings.

Scrutiny Committee meetings are normally open to the public but sometimes the Committee may have to discuss an item in private. If this happens, you will be asked to leave. Any private items are normally left until last. If you would like to attend the meeting please report to the First Point Reception desk where you will be directed to the meeting room.

If you require any further information about this Scrutiny Committee, please contact Alice Nicholson, Policy and Improvement Officer, on 0114 2735065 or email alice.nicholson@sheffield.gov.uk

FACILITIES

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall. Induction loop facilities are available in meeting rooms.

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

**SAFER AND STRONGER COMMUNITIES SCRUTINY AND POLICY
DEVELOPMENT COMMITTEE AGENDA
19 NOVEMBER 2019**

Order of Business

- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**
To identify items where resolutions may be moved to exclude the press and public
- 4. Declarations of Interest**
Members to declare any interests they have in the business to be considered at the meeting
- 5. Public Questions and Petitions**
To receive any questions or petitions from members of the public
- 6. Call-In of Cabinet Member Decision on Council Housing Stock Increase Programme**
Report of the Policy and Improvement Officer.
- 7. Date of Next Meeting**
The next meeting of the Committee will be held on a date to be arranged.

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ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

If you are present at a meeting of the Council, of its executive or any committee of the executive, or of any committee, sub-committee, joint committee, or joint sub-committee of the authority, and you have a **Disclosable Pecuniary Interest (DPI)** relating to any business that will be considered at the meeting, you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business, or
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

You **must**:

- leave the room (in accordance with the Members' Code of Conduct)
- make a verbal declaration of the existence and nature of any DPI at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.
- declare it to the meeting and notify the Council's Monitoring Officer within 28 days, if the DPI is not already registered.

If you have any of the following pecuniary interests, they are your **disclosable pecuniary interests** under the new national rules. You have a pecuniary interest if you, or your spouse or civil partner, have a pecuniary interest.

- Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner undertakes.
- Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period* in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

*The relevant period is the 12 months ending on the day when you tell the Monitoring Officer about your disclosable pecuniary interests.

- Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority –
 - under which goods or services are to be provided or works are to be executed; and
 - which has not been fully discharged.

- Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.
- Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.
- Any tenancy where (to your knowledge) –
 - the landlord is your council or authority; and
 - the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.
- Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -
 - (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
 - (b) either -
 - the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 - if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

If you attend a meeting at which any item of business is to be considered and you are aware that you have a **personal interest** in the matter which does not amount to a DPI, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent. You should leave the room if your continued presence is incompatible with the 7 Principles of Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; and leadership).

You have a personal interest where –

- a decision in relation to that business might reasonably be regarded as affecting the well-being or financial standing (including interests in land and easements over land) of you or a member of your family or a person or an organisation with whom you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the Authority's administrative area, or
- it relates to or is likely to affect any of the interests that are defined as DPIs but are in respect of a member of your family (other than a partner) or a person with whom you have a close association.

Guidance on declarations of interest, incorporating regulations published by the Government in relation to Disclosable Pecuniary Interests, has been circulated to you previously.

You should identify any potential interest you may have relating to business to be considered at the meeting. This will help you and anyone that you ask for advice to fully consider all the circumstances before deciding what action you should take.

In certain circumstances the Council may grant a **dispensation** to permit a Member to take part in the business of the Authority even if the member has a Disclosable Pecuniary Interest relating to that business.

To obtain a dispensation, you must write to the Monitoring Officer at least 48 hours before the meeting in question, explaining why a dispensation is sought and desirable, and specifying the period of time for which it is sought. The Monitoring Officer may consult with the Independent Person or the Council's Audit and Standards Committee in relation to a request for dispensation.

Further advice can be obtained from Gillian Duckworth, Director of Legal and Governance on 0114 2734018 or email gillian.duckworth@sheffield.gov.uk.

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Report to Safer and Stronger Communities Scrutiny and Policy Development Committee Thursday 7th November 2019

Subject: Call in of Individual Cabinet Member decision on “Council Housing Stock Increase Programme”

Author of Report: Alice Nicholson, Policy & Improvement Officer
0114 2735065, alice.nicholson@sheffield.gov.uk

Type of item: The report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Community Assembly request for scrutiny	
Call-in of Cabinet Member decision	X
Briefing paper for the Scrutiny Committee	
Other	

1.0 Background

1.1 On the 14th October 2019 Cabinet Member for Neighbourhoods and Community Safety took the following decision:

Decision:

(i) notes the progress of the HRA funded Stock Increase Programme since its approval in 2014 and approves the principle of increasing delivery from 1,600 to around 3,100 new homes over the next 10 years (which if necessary may include the purchase of land for the purpose of the delivery of new council homes) subject to individual business cases and the Council’s Capital Approval Processes;

(ii) agrees that proposals be developed for shared ownership homes to improve housing choice in some areas and notes that appropriate policies for the management of this tenure will be the subject of a further executive decision; and

(iii) approves that the HRA Stock Increase Programme is reviewed annually to ensure that any additional prudential borrowing is at a level that poses no additional risk to the 30 year HRA Business Plan as the programme increases the number of new homes provided.

- 1.2 The Call-In notice is attached to this report as Appendix 1. Additional documents for this item include the Individual Cabinet Member Decision Record and the original report of Executive Director Place to Cabinet Member for Neighbourhoods and Community Safety, with its 2 No. appendices.
- 1.3 As per Part 4, section 16 of Sheffield City Council's Constitution, this decision has been called in, preventing implementation of the decision until it has been considered by this Scrutiny Committee.
- 1.4 The Call-In notice states that the reason for the Call-in is *"It is unclear what the implications for the Council of the extra borrowing required to finance the new homes."*

2.0 The Scrutiny Committee is being asked to:

- 2.1 As per the Scrutiny Procedure rules, scrutinise the decision and take one of the following courses of action:
- (a) refer the decision back to the decision making body or individual for reconsideration in the light of recommendations from the Committee;
 - (b) request that the decision be deferred until the Scrutiny Committee has considered relevant issues and made recommendations to the Executive;
 - (c) take no action in relation to the called-in decision but consider whether issues arising from the call-in need to be fed back to the decision maker or added to the work programme of an existing Scrutiny Committee;
 - (d) if, but only if (having taken the advice of the Monitoring Officer and/or the Chief Finance Officer), the Committee determines that the decision is wholly or partly outside the Budget and Policy Framework, refer the matter, with any recommendations, to the Council after following the procedures in the Budget and Policy Framework Procedure Rules
- (If a Scrutiny Committee decides on (a), (b) or (d) as its course of action, there is a continuing bar on implementing the decision).
- 2.2 The Scrutiny Procedure rules state that if a decision is referred back, it is referred back to the individual or body that made the decision. In this case the decision maker is the Cabinet Member for Neighbourhoods and Community Safety.

Background Papers

- Appendix 1 - Call in notice dated 17.10.2019
- Individual Cabinet Member Decision Record dated 14.10.2019
- Report of Executive Director, Place to Cabinet Member for Neighbourhoods and Community Safety dated 14.10.2019 with 2 No. appendices (Alternative Appendix A – RTB and APPPENDIX 1 Map - RTB 1980-2018)

Category of Report: OPEN

SHEFFIELD CITY COUNCIL

CALL-IN PROCESS FOR EXECUTIVE DECISIONS

I TIMOTHY HUGGAW (Name of Member in Block Capitals)

under the provision of Scrutiny Procedure Rule 16, wish to call-in Item No.

INDIVIDUALLY relating to COUNCIL HOUSING STOCK INCREASE PROGRAM
 CABINET MEMBER DECISION

of the meeting of CHUR PAUL WOOD (meeting title)

on MONDAY 14th OCTOBER (date) for consideration by the

SAFER & STRONGER COMMUNITIES Scrutiny Committee.

The relevant Scrutiny Committee will be indicated on the Checklist within the report relating to this matter.

Reason for Call-In

IT IS UNCLEAR WHAT THE IMPLICATIONS
FOR THE COUNCIL OF THE EXTRA
BORROWING REQUIRED TO FINANCE THE NEW HOMES

Signed [Signature] Date 17th Oct '19

I have obtained the following signatures of the other Members who wish to call-in this item:-

Name (in Block Capitals)	Signature
1. <u>RICHARD SHAW</u>	<u>[Signature]</u>
2. <u>MIKE LEVRY</u>	<u>[Signature]</u>
3. <u>STEVE AYRIS</u>	<u>[Signature]</u>
4. <u>PENNY BAKER</u>	<u>[Signature]</u>

(NOTE: Scrutiny Procedure Rule 16 requires five Members, including two from the appropriate Scrutiny Committee to 'call-in' an Executive decision for scrutiny. This can be done **up to 4 working days after the decision publication.**

The five signatures required for the call-in process must be submitted by the deadline date, but need not all be on one form.

**Completed forms to be returned to the
 Head of Democratic Services (Room G13/14, Town Hall),
 by the deadline referred to above.**

**The request will be logged and forwarded to Policy and Improvement Team
 for action.**

Amended 8 July 2013

SHEFFIELD CITY COUNCIL

INDIVIDUAL CABINET MEMBER DECISION RECORD

The following decision was taken on 14 October 2019 by the Cabinet Member for Neighbourhoods and Community Safety.

Date notified to all members: Monday 14 October 2019

The end of the call-in period is 4:00 pm on Friday 18 October 2019

Unless called-in, the decision can be implemented from Saturday 19 October 2019

1. **TITLE**

Council Housing Stock Increase Programme

2. **DECISION TAKEN**

That the Cabinet Member for Neighbourhoods and Community Safety:-

(i) notes the progress of the HRA funded Stock Increase Programme since its approval in 2014 and approves the principle of increasing delivery from 1,600 to around 3,100 new homes over the next 10 years (which if necessary may include the purchase of land for the purpose of the delivery of new council homes) subject to individual business cases and the Council's Capital Approval Processes;

(ii) agrees that proposals be developed for shared ownership homes to improve housing choice in some areas and notes that appropriate policies for the management of this tenure will be the subject of a further executive decision; and

(iii) approves that the HRA Stock Increase Programme is reviewed annually to ensure that any additional prudential borrowing is at a level that poses no additional risk to the 30 year HRA Business Plan as the programme increases the number of new homes provided.

3. **Reasons For Decision**

An extension to the Stock Increase Programme will significantly increase the number of new Council homes and the type of homes needed to meet the growing need for new affordable homes for rent in a number of key locations across the city.

4. **Alternatives Considered And Rejected**

That the Stock Increase Programme remains at 1600 new homes, as approved in the current HRA Business Plan. This would not take advantage of the new HRA borrowing freedom to increase the level of provision from within the HRA to significantly accelerate new homes.

The Council could have considered disposing of Council HRA allocated land and secured s106 units. However, this could limit the Council's opportunity to provide

the numbers of new homes by this approach and, we would not achieve the quality and type of homes needed.

5. **Any Interest Declared or Dispensation Granted**

None

6. **Respective Director Responsible for Implementation**

Executive Director, Place

7. **Relevant Scrutiny Committee If Decision Called In**

Safer and Stronger Communities Scrutiny Committee

[Type text]



Author/Lead Officer of Report: Janet Sharpe,
Director for Housing and Neighbourhood Services

Tel: 273 5493/ 07764959663

Report of: *Laraine Manley, Executive Director, Place*

Report to: *Cabinet Member for Neighbourhoods and Community Safety*

Date of Decision: *14th October 2019*

Subject: *Principles for Increasing the Council's Stock Increase Programme*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input type="checkbox"/>	
- Affects 2 or more Wards	<input checked="" type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <i>Councillor Paul Wood, Cabinet member for Neighbourhoods and Community Safety</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>Safer and Stronger Communities</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? <i>404</i>		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Purpose of Report:

In January 2019 Cabinet approved the Housing Revenue Account Business Plan for 2019/20. At that time it was agreed that a report would be brought back to Cabinet to identify the potential to increase the Council's Housing Stock Increase Programme following the Government's announcement in October 2018 to remove the HRA borrowing cap. This confirmed that Local Authorities would now have the flexibility to increase borrowing for the purpose of increasing its housing stock as long as robust HRA Business Plans are in place to be able to safely manage any additional borrowing.

This report considers the principles that could be adopted to increase the number of new homes that could be achieved up to 3,100 new homes by 2029 (1600 of these have already been assumed in the current HRA Business Plan) that will help mitigate the loss of homes being lost through the RTB legislation and, to provide a greater range of homes to meet the growing need for affordable housing in the city. The report also details the current risk of the HRA Business Plan as a result of the RTB legislation and how the loss is affecting the viability of the plan.

If approved this programme will provide much needed homes to meet housing need in the city. The proposals for consideration will be to provide new Extra Care Schemes, specialist accommodation for vulnerable people, new interim temporary accommodation and a range of general needs housing across the city. New build development will be built on the Council's housing allocated sites (HRA), by acquiring homes for sale that meet gaps in provision and will also include purchasing 'off plan' from private sector developers and through acquiring s106 properties from private developers. The report also recommends commencing a small programme of shared ownership homes (as set out in the 2019/20 Housing Revenue Account Business Plan, approved by Cabinet in January 2019) in some areas of the City to increase housing choice and/ or to enable households to move into another tenure and free up an affordable home.

All homes built by the Council as part of this programme will meet lifetime home standards and include apprenticeship and local employment opportunities.

Recommendations:

That the Cabinet Member:

R1. Notes the progress of the HRA funded Stock Increase Programme since its approval in 2014 and approves the principle of increasing delivery from 1,600 to around 3,100 new homes over the next 10 years (which if necessary may include the purchase of land for the purpose of the delivery of new council homes) subject to individual business cases and the Council's Capital Approval Processes.

R2. Agrees that proposals be developed for shared ownership homes to improve housing choice in some areas and notes that appropriate policies for the management of this tenure will be the subject of a further executive decision.

R3. That the HRA Stock Increase Programme is reviewed annually to ensure that any additional prudential borrowing is at a level that poses no additional risk to the 30 year HRA Business Plan as the programme increases the number of new homes provided.

Background Papers:

1. Delivering More Council Housing – report to Cabinet February 2014
2. New Homes Delivery Plan – Cabinet November 2018
3. Housing Revenue Account Business Plan update - Cabinet January, 2019
4. The impact of RTB, Neighbourhood Maps, Appendix 1

Sheffield Stock Increase Programme October 2019

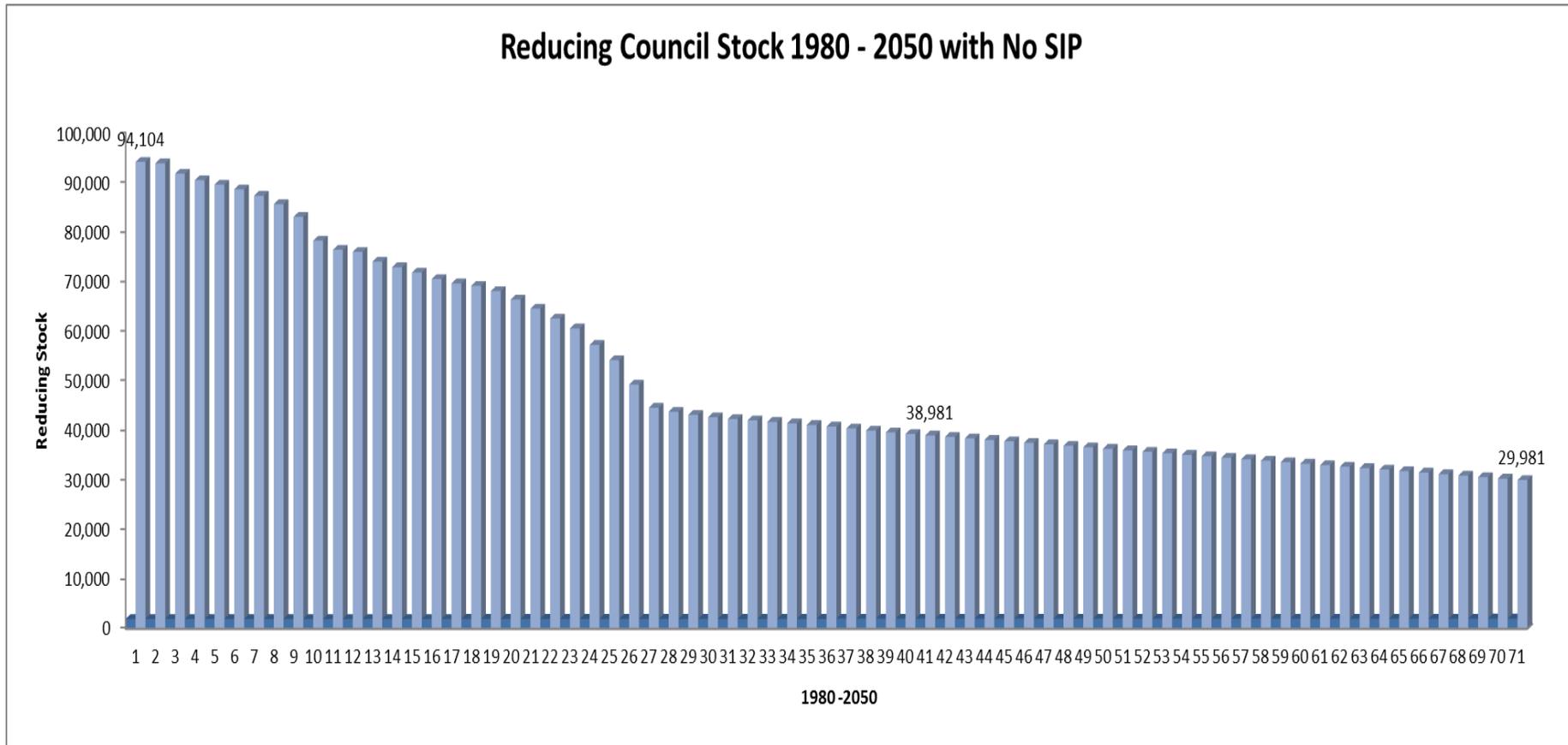
Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Karen Jones</i>
		Legal: <i>Andrea Simpson</i>
		Equalities: <i>Louise Nunn</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	<i>Laraine Manley</i>
3	Cabinet Member consulted:	<i>Cllr Paul Wood, Cllr Robert Johnson</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Janet Sharpe</i>	Job Title: <i>Director of Housing and Neighbourhoods</i>
Date: 4th October, 2019		

1. BACKGROUND

- 1.1 Across the country in recent years, challenging market conditions and national government policies and priorities for housing have stifled the delivery of affordable housing. In Sheffield, the number of new affordable homes delivered has not matched the levels needed to meet the increasing demand. The incomes of many in the city fall well short of the money needed to be able to afford many rented homes. There is a lack of choice in the type of Council homes available for those trying to access Council Housing as a result of Right to Buy and this is increasingly affecting the sustainability of the Housing Revenue Account (HRA) Business Plan.
- 1.2 The Right to Buy (RTB) legislation gives all secure tenants (subject to some conditions and exceptions) the right to buy their council home, regardless of the demand for affordable housing or the effect on the local authority's self-financing HRA (as set out in the HRA Business Plan).
- 1.3 Since RTB legislation was introduced in 1980, Sheffield City Council has sold well over 32,000 Council homes. This has included many of the best and most desirable homes, particularly houses and particularly in the most popular areas. Over the last 30 years the mix of Council homes has significantly changed. Formerly the ratio of houses to flats (which includes flats and maisonettes) was much higher; it is now likely that in the near future flats will outnumber houses for the first time. This is at a time when the demand for Affordable housing has increased significantly.
- 1.4 This has a significant impact on the HRA Business Plan. Aside from the reduction in rental income as homes are sold (in addition to the statutory rent reduction imposed by the Welfare Reform and Work Act 2016) there is an impact on management and maintenance costs, which are much higher for flats than for houses. Each year it becomes harder to make the savings necessary to avoid this having an impact on our ability to invest in Council Housing stock, meet housing demand and manage the estates.
- 1.5 Over 50% of the homes on many estates now have been sold. A considerable proportion of this is no longer owner-occupied but is now private rented accommodation. Even though these are still seen as "Council estates" the Council has no control over who lives in the homes it doesn't own, which increases the demand for Council Housing Services to address neighbourhood issues and reduces its ability to carry out effective neighbourhood management. The attached neighbourhood map's gives an overview of some of the challenges across the city.
- 1.6 This report seeks in principle approval to increase the HRA Stock Increase Programme from the 1600 already planned as part of the current HRA Business Plan to 3,100 new homes over the next 10 years to meet housing need in the city. The report sets out the principles for delivery and describes proposals for specialist housing provision and the introduction of housing for shared ownership.

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1.7 The following Graph shows the impact of RTB on the stock profile without the Stock Increase Programme by 2050.



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2. STOCK INCREASE PROGRAMME

- 2.1 In February 2014 Cabinet approved the development of a mixed programme of acquisitions and new build to replace the Council's housing stock. At that time, the projected delivery of new council homes was estimated to be approximately 600 homes over six years. This was based on the estimated available finance which was subject to some constraints such as the HRA borrowing cap.
- 2.2 To enable the programme to be implemented smoothly without the need to refer back for further Cabinet or Cabinet Member decisions Cabinet delegated authority to officers, subject to obtaining the necessary capital approvals. The Director of Housing and Neighbourhood Services has authority to identify sites for new build housing and specify the type and sizes of homes to be built. They are also authorised to identify properties for acquisition and the Chief Property Officer authorised to negotiate and agree terms for those acquisitions. This means that multiple acquisitions, for example units acquired from developers under section 106 agreements, can be approved and completed.
- 2.3 The estimated number of new homes that could be achieved was increased over the years through the annual HRA Business Plan. The current estimate, as reported to Cabinet in January 2019 in the HRA Business Plan 2019/20 is around 1,600 additional Council homes by 2023/24. Cabinet has not however considered the programme in more detail than has been reported through the Business Plan since 2014 and this report provides an update on progress and future proposals.
- 2.4 Around 500 new homes have been delivered to date. However, by the time this programme is complete it is likely that the Council will have lost around 3,000 homes so the pace of replacement homes is now critical to ensure that we can safely provide the homes that are needed and to ensure that the HRA Business Plan is sustainable and the condition of our estates remains good.
- 2.5 In 2014 the focus was on general needs social rented council housing, with most new units let at an affordable rent where consistent with Government guidance. The Cabinet report only mentioned housing to meet special needs through acquisitions and gave the examples of adapted properties suitable for disabled people and properties suitable for people with learning disabilities. This was expanded on in the Council Housing Acquisitions Strategy approved by the Cabinet Member for Homes and Neighbourhoods in April 2015. Older people's specialist housing was not mentioned at all; nor were other affordable housing options.
- 2.6 Both of these omissions have been considered recently by Cabinet. The New Homes Delivery Plan (NHDP), reported to and approved by Cabinet in November 2018, described the shortfall of housing in the city including the shortfall of affordable housing and identified a number of desirable interventions by the Council, including direct provision of additional affordable homes through the Stock Increase Programme, including older persons and specialist housing and shared ownership.

- 2.7 Similarly, the HRA Business Plan report presented to Cabinet in January 2019 identified the opportunity to introduce new shared ownership homes to meet a gap in affordable housing provision in the city, and plans for a mix of new housing types and tenures to meet the demand for social housing in the city. These are discussed further below.

3. THE PRINCIPLE OF TAKING ON ADDITIONAL BORROWING FOR THE PURPOSE OF INCREASING THE COUNCIL STOCK INCREASE PROGRAMME

- 3.1 Sheffield City Council was one of the few local authorities to work directly with the government over the last two years on the opportunities that could be created by lifting the HRA borrowing cap, which was identified as a barrier to councils building new homes. In October 2018 a Determination was issued which removed the HRA borrowing cap. The ability to take on additional HRA borrowing (through new prudential borrowing) will enable the expansion of the Council Stock Increase Programme. While HRA borrowing will increase for this purpose, the basis is that the homes built will provide enough revenue to be self-financed over a 30 year period (or the expected life of the new homes built). This will then avoid any additional financial risk to the current 30 year HRA Business Plan.
- 3.2 The lifting of the HRA borrowing cap was reported briefly to Cabinet in the HRA Business Plan and New Homes Delivery Plan (NHDP) reports. At the time of the NHDP it had very recently been announced so the report simply stated that once details were confirmed there would be further opportunity to use any additional HRA borrowing headroom to increase the number of new affordable homes for rent. The 2019/20 HRA Business Plan report stated that an extended council housing development programme was being developed to take advantage of the new flexibilities. This report contains the proposals for that extended programme.
- 3.3 Primarily this borrowing freedom will help us in our commitment to deliver more affordable housing in the city. **However, we will only use this flexibility to finance activities that generate sufficient income for the HRA to offset the upfront capital and management costs associated with the investment within the HRA business planning horizon.** Using the borrowing capacity in any other way will bring additional financial risk to the HRA Business Plan. We intend to assess our options in terms of land availability, land purchase and our disposals strategy as well as investigating other opportunities to deliver more affordable housing in the areas where we have significant gaps in affordable housing provision in the city.
- 3.4 It is proposed that the Council's housing stock increase programme is increased by a further 1500 new homes (with most new general needs units let at an affordable rent), with additional borrowing approved to enable this. This will result in a greater range of homes to meet the significant shortfall of some type of homes that the Council has available for letting. This will include:

- New Extra Care accommodation
- Homes for Younger People
- Family Accommodation
- Accommodation for specific needs including Learning Disabilities schemes
- New Interim Temporary, Supported Housing Accommodation

3.5 Each phase of this programme will be brought forward by individual business cases and follow the Council's approval route for capital projects. The programme is constrained by the Council's confidence in taking on additional borrowing and the absence of available land at a reasonable cost. Even with this programme the Council will only be keeping pace with replacing homes that are lost on an annual basis through RTB but it will enable us to increase the numbers of certain types of homes that are in short supply, which currently restricts the housing and affordability choices for many on the housing register, and will help the overall viability of the HRA business plan.

3.6 It is proposed that the Council explores a range of different delivery options in order to maximise the delivery and retention of units for social rented housing. Options include: building on the Council's housing land (held for the purposes of Part II of the Housing Act 1985 and accounted for in the HRA), acquiring homes for sale, purchasing 'off plan' from private sector developers, acquiring properties from private developers, and acquiring land for the purpose of building new Council Homes.

4. EXTRA CARE HOUSING

4.1 The Sheffield Older People's Independent Living Strategy (approved by Cabinet in December 2017) identified a shortfall in accessible general needs housing and specialist older people's housing and suggested that this is likely to contribute to Sheffield's current above-average rate of placements to residential care homes. The proposals in this report will help to address the shortfall in two ways. Firstly, all homes built by the Council will meet lifetime home standards. Secondly, it is proposed that the programme will provide new Extra Care Schemes.

4.2 It must be recognised that only the housing element of extra care housing schemes may be accounted for within the HRA. The care provided under the scheme must be funded separately as is the case for other older persons and specialist need accommodation in the city. The aim however, for the Council's new extra care schemes is to ensure that rents are set at a level that could encourage people to move from larger homes into high quality extra care housing with on-site round the clock support which will help them to live independently, at a reasonable cost, for as long as possible.

5. OTHER SPECIALIST ACCOMMODATION

- 5.1 The Stock Increase Programme provides an opportunity to develop accommodation to help the Council to meet other needs within the city. Two schemes for people with learning disabilities are currently being developed with the Council's own funding being supplemented by grant assistance from NHS England. As with extra care housing, only the housing element of such schemes may be accounted for within the HRA. The care provided through the scheme must be funded separately.

6. SHARED OWNERSHIP

- 6.1 Shared ownership is a low cost home ownership tenure where the buyer is granted a lease for a premium based on a percentage of the market value and pays rent for the remaining percentage. They can increase their share by "stair-casing", paying additional sums calculated as a percentage of the market value at that time. Shared ownership contributes to the city's affordable housing shortfall, offers a further affordable tenure for households who have the ability to contribute towards their housing choice, and helps to reduce demand for social rented homes.
- 6.2 In addition to the social rented homes to be developed under the Stock Increase Programme this report also recommends commencement of a small programme of shared ownership homes, as described in the 2019/20 Housing Revenue Account Business Plan (approved by Cabinet January 2019). Initially this will be enabled by securing properties primarily through s106 agreements in areas of the city where the need for more housing choice is identified in the Council's Housing Strategy.

Council tenants and their households who have the income to change their housing circumstances presently have limited options available to them. They can remain in a Council rented property, move to a Private Rented Sector (PRS) home on the same estate (often a former Council property) or purchase their home through the RTB legislation. Council Shared Ownership of a new property in the vicinity would provide an alternative option enabling households to slowly 'staircase' the amount of home they purchase if their financial circumstances improved. This could reduce the number of households trying to purchase their home through RTB as an alternative home could be available elsewhere that better suits their needs.

This would be managed as part of a new Council policy to make the best use of affordable housing including both social rented and shared ownership properties. The policy will be developed in consultation with elected members and approval will be the subject of a further executive decision. This will allow the Council more control on how and where shared ownership will provide an additional option for households with an affordable solution. Shared ownership properties are **held within the HRA and are not subject to RTB** as the mechanism for staircasing ownership is defined under the lease. If this type of property is not required for shared ownership in future it can revert to Affordable Rent or be disposed of by the Council.

- 6.3 The proposals contained in this report are limited to commencing a programme of shared ownership homes that have been secured mainly through or alongside S106 and developer/planning agreements. Options to further expand shared ownership will be considered in future once further work has taken place and will be brought back to a future Cabinet meeting.
- 6.4 Shared Ownership properties provide a different sort of housing management arrangement to traditional Council social rented housing. These households are not secure tenants. The relationship is similar to traditional leasehold management, in the same way as Right to Buy leasehold stock is managed, but with an additional tenancy element.
- 6.5 The aim of the extended Stock Increase Programme is to look at each neighbourhood carefully and introduce new affordable Council housing in a way that creates balanced mixed tenure communities overall and, will take into account the issues with some of the sizes and viability issues on some sites.

7. IMPACT OF NOT INCREASING THE HRA STOCK INCREASE PROGRAMME

- 7.1 This programme would significantly increase the number of new Council homes and the type of homes needed to meet the growing need for new affordable homes for rent in a number of key locations in the city
- 7.2 If the Stock Increase Programme were not to be increased as described in this report then, given the level of change in terms of mix of accommodation types as a result of the RTB, the HRA Business Plan would require a significant re-design to address the change in stock, review the costs to the HRA from other Services that supports front line delivery and revise the management and maintenance model for the 30 year plan.
- 7.3 To mitigate this the aim is to create an investment plan for the next 10 years which will balance prudential borrowing, demand and land availability to provide much needed new council homes in Sheffield. A Member and Tenant Policy Steering Group is to be put in place to oversee this programme.
- 7.4 The Council's ability to build new homes itself is limited by land availability which is why it is also important to work in partnership with the private sector to purchase new homes by agreement as this should allow the Council to provide a greater range of new homes in areas where land is in short supply.

8. HOW DOES THIS DECISION CONTRIBUTE

- 8.1 Our evidence tells us that affordability in Sheffield has worsened over the last five years. Providing more affordable homes through the Council's stock increase programme will help to meet this shortfall and it will provide a wider range of affordable homes than can be achieved through the planning policy section 106 contributions alone. It will also help to provide more choice of homes available (around 3,000 homes per year are re-let) as currently 70% of homes that become available for rent are taken up by households with an urgent housing priority so choice is very limited for new and existing customers

on the Council's housing register even when taking into account other affordable housing providers (Housing Association) accommodation available in the city.

- 8.2 An increased range of affordable homes supports communities to upsize and downsize locally as their personal circumstances change and helps households to live in homes where they can more easily access and sustain jobs, education and training and give or receive care and support. Increased provision of affordable homes will reduce disadvantage and help neighbourhoods and their communities to thrive.
- 8.3 All homes built by the Council will meet lifetime home standard principles and include apprenticeship and local employment opportunities.
- 8.4 The table below shows the estimated profile of delivery if approved in principle. Providing a wider range of new homes will enable those with specific needs to be able to access an affordable home that meets their needs and will also contribute to the delivery of some of the Council's wider strategies such as the Homelessness Prevention Strategy, Older People's Housing Strategy, Sheffield Local Offer for Children and Young People Leaving Care, Supported Housing Commissioning Strategy and the Social Care Recovery and Improvement Plans.

[Type text]

Table 1:

Projected Build Out Rate	Already Built	2019/20 - 2022/23	2023/24 - 2025/26	2026/27 - 2028/29	Total
Older Persons Independent Living / Extra Care	0	240	200	0	440
Temporary Accommodation	0	0	75	0	75
Learning Disabilities	0	16	0	0	16
General Needs - New Build	51	369	402	174	996
General Acquisitions	429	400	300	300	1429
Section 106 Acquisitions	8	33	39	64	144
Total	488	1058	1016	538	3100

Please note that any older persons, shared or specialist accommodation that is built or purchased is exempt from RTB.

[Type text]

9. HAS THERE BEEN ANY CONSULTATION?

- 9.1 Consultation has been undertaken as part of the HRA Business Plan with tenants and residents who support proposals to increase the number and type of new homes in the city to increase housing choice in neighbourhoods to meet the growing demand for affordable housing. An annual review of the HRA Business Plan is consulted on with tenants to approve Capital Programme spending priorities.
- 9.2 Further consultation will take place as new sites for development and purchases off plan will be undertaken with tenants and residents and local elected members as part of the planning process and to ensure that the local infrastructure can easily accommodate new homes in their area.

10. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

10.1 Equality of Opportunity Implications

- 10.1.1 Increasing the Council's housing stock, including the provision of specialist housing for older or vulnerable people and to meet the needs of people with disabilities will have a positive impact for groups with all protected characteristics. No negative impacts have been identified as a result of this proposal.

10.2 Financial and Commercial Implications

- 10.2.1 This report sets out the proposals and defines the parameters for an increased programme of new Council housing provision. Specific proposals for new build or acquisition under the programme will be presented through individual business cases and be subject to the Council's normal Capital Approval Processes.
- 10.2.2 In October 2018 the Government issued a Determination lifting the HRA Debt Cap. This provides us with more freedom and flexibility to undertake additional borrowing but future borrowing must now comply with the provisions of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, made under the Local Government Act 2003, which require the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure within a clear framework that the capital investment plans of local authorities are affordable, prudent and sustainable and that decisions are taken in accordance with good professional practice.
- 10.2.3 Other opportunities to maximise and secure external grants (such as through the Government's Shared Ownership and Affordable Housing Programme) and other resources, including funding streams such as Section 106 Commuted Sums and RTB Capital Receipts, will continue to be pursued to

reduce the level of any additional borrowing.

- 10.2.4 The aim is to ensure that HRA resources are used efficiently and effectively such that the overall stock increase programme can be financially sustainable in the long term. The principle of this programme is that any additional borrowing must be able to be repaid within a 30 year period of the Business Plan or over the life of the asset particularly where there is a strategic need

It is anticipated that the resources to fund this overall programme of up to 3,100 units will be self-financed by the HRA and primarily be funded through new HRA borrowing of up to £200m over the next 10 years. As detailed proposals become available, these will be incorporated in to the annual revision of the HRA Business Plan, and the financial implications will be reported to Cabinet as part of the annual HRA Business Planning process in 2020.

- 10.2.5 The programme presented in the table at 8.4 above reflects our assumptions at a point in time. If the national landscape changes then the ambitions for the Stock Increase Programme over the next 10 years will have to be re-examined. There is a risk of uncertainty on a national level, which could impact on inflation, cost of borrowing, rent policies or grant availability. Changes in these sources of income would impact on the Council's ability to deliver the programme above. Other delivery models are also being explored that could allow the Stock Increase Programme to accelerate at a faster pace and, options to protect the City's Social Housing for as long as possible.
- 10.2.6 In addition to increasing the supply of affordable housing in the city the stock increase programme will also have the added benefit of providing additional income of around £5m in New Homes Bonus (assuming the current scheme continues), and additional Council Tax of around £13m over the next 10 years.

10.3 Legal Implications

- 10.3.1 The Council has powers of acquisition of land and housing for the purposes of Part II of the Housing Act 1985 (the 1985 Act) under section 17 of that Act. Section 18 provides that where houses are so acquired the Council must secure that they are used as housing accommodation as soon as practicable after acquisition. By virtue of section 9 of the 1985 Act the power to provide housing accommodation for the purposes of Part II may be exercised by disposing of houses so provided, for example for use for shared ownership. Dwellings, land and other assets held for the purposes of Part II of the Act are accounted for within the Housing Revenue Account (HRA) by virtue of Part VI of the Local Government and Housing Act 1989 (the 1989 Act).
- 10.3.2 The HRA is the Council's statutory ring-fenced landlord account. The duty to keep the HRA and to prevent a debit balance on it, what must and what may not be accounted for within it and restrictions as to what may be credited or debited to the account are governed by Part VI of the 1989 Act. Credits to the account are mainly rent receipts, debits are mainly management, repair and

maintenance costs.

- 10.3.3 Under Part II of the 1985 Act the Council has the power in connection with the provision of housing accommodation to provide certain welfare services for its residents in accordance with its needs. The costs of providing such services, and any income from charges for them, are to be accounted for in the HRA, subject to the exclusions listed in the Housing (Welfare Services) Order 1994, which are social or nursing care services. Thus any such services provided in connection with the specialist housing described in this report, such as extra care or learning disability housing schemes, cannot be funded by the HRA.
- 10.3.4 Any dwelling let as Council housing on a secure tenancy will be subject to the Right to Buy (RTB) under Part V of the 1985 Act, which may have implications of financial loss for the Council. However, the Cost Floor rule means that for any RTB applications completed in the first 15 years, the discount must not reduce the purchase price below specified costs incurred in respect of the property, including the costs of build or acquisition. After the Cost Floor period the discount due to a tenant buying under RTB will not be reduced to take account of the costs incurred.
- 10.3.5 There are certain exceptions to RTB listed at Schedule 5 to the Housing Act 1985 which may apply to the specialist housing described in this report:
- Dwellings in a “group” of dwellings, which are either modified to make them suitable for occupation by people with physical disabilities or are let to people with a mental disorder as defined in the Mental Health Act 1983 (which in the context may include learning disabilities), or are particularly suitable for older people, and a social service or special facilities are provided wholly or partly for the purpose of assisting those people;
 - Certain other dwellings that are particularly suitable for older people.

10.4 Other Implications

- 10.4.1 The Proposed Stock Increase coincides with the celebrations for the 100 years anniversary and will bring forward new Council homes on a scale that has not been seen for decades. This provides an exciting opportunity for the city to work with Government to mitigate the risks whilst also providing new homes to meet the Government’s target for new homes across the UK. It makes sense, whilst the Government is supportive of Local Authorities to accelerate its new build and development programmes. There is no guarantee that this window of opportunity will continue so taking advantage of this opportunity in a timely manner is important and, the ongoing monitoring of national housing policies. If any changes add additional risk to the 30 year HRA Business Plan then a review of this accelerated programme will take place and be brought back to Cabinet.

11. ALTERNATIVE OPTIONS CONSIDERED

- 11.1 That the Stock Increase Programme remains at 1600 new homes, as approved in the current HRA Business Plan. This would not take advantage of the new HRA borrowing freedom to increase the level of provision from within the HRA to significantly accelerate new homes.
- 11.2 The Council could have considered disposing of Council HRA allocated land and secured s106 units. However, this could limit the Council's opportunity to provide the numbers of new homes by this approach and, we would not achieve the quality and type of homes needed.

12. REASONS FOR RECOMMENDATIONS

- 12.1 An extension to the Stock Increase Programme will significantly increase the number of new Council homes and the type of homes needed to meet the growing need for new affordable homes for rent in a number of key locations across the city.

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Housing Stock & Right to Buys



Decade	Right to Buys
1980,s	13,560
1990's	6,975
2000's	9,451
2010 to Date	2,259
Total	32,245

Ward	Total RTB 1980-2018	Total retained Stock Jan 2019
Beauchief & Greenhill	2,226	3,376
Beighton	1,115	988
Birley	2,232	1,459
Broomhill & Sharrow Vale	131	610
Burngreave	1,089	2,708
City	91	182
Crookes & Crosspool	78	313
Darnall	1,058	1,582
Dore & Totley	369	486
East Ecclesfield	1,208	1,027
Ecclesall	28	72
Firth Park	4,460	3,964
Fulwood	105	286
Gleadless Valley	1,744	2,820
Graves Park	329	411
Hillsborough	767	384
Manor Castle	1,448	647
Mosborough	1,110	1,419
Park & Arbourthorne	1,848	2,720
Richmond	1,870	1,327
Sharrow & Nether Edge	239	993
Shiregreen & Brightside	94	382
Southey	2,981	3,800
Stannington	926	1,217
Stocksbridge & Upper Don	952	1,060
Thorpe Hesley	17	66
Walkley	982	2,217
West Ecclesfield	1,054	1,018
Woodhouse	1,097	1,726
Outside of Ward Boundary	597	0
Total	32,245	39,260

Area	Total RTB 1980-2018	1980-2019	Total Stock Jan 2019
Burngreave and Shiregreen	1,181		3,179
City and West Sheffield	2,418		4,895
East Sheffield	6,222		6,283
Firth Park and Southey	7,448		7,853
North Sheffield	4,157		4,352
South and South West Sheffield	4,668		7,100
South East Sheffield	5,554		5,598
Outside Area Boundary	597		0
City Wide Stock Transfer & Demolitions		22,599	0
Total	32,245	22,599	39,260

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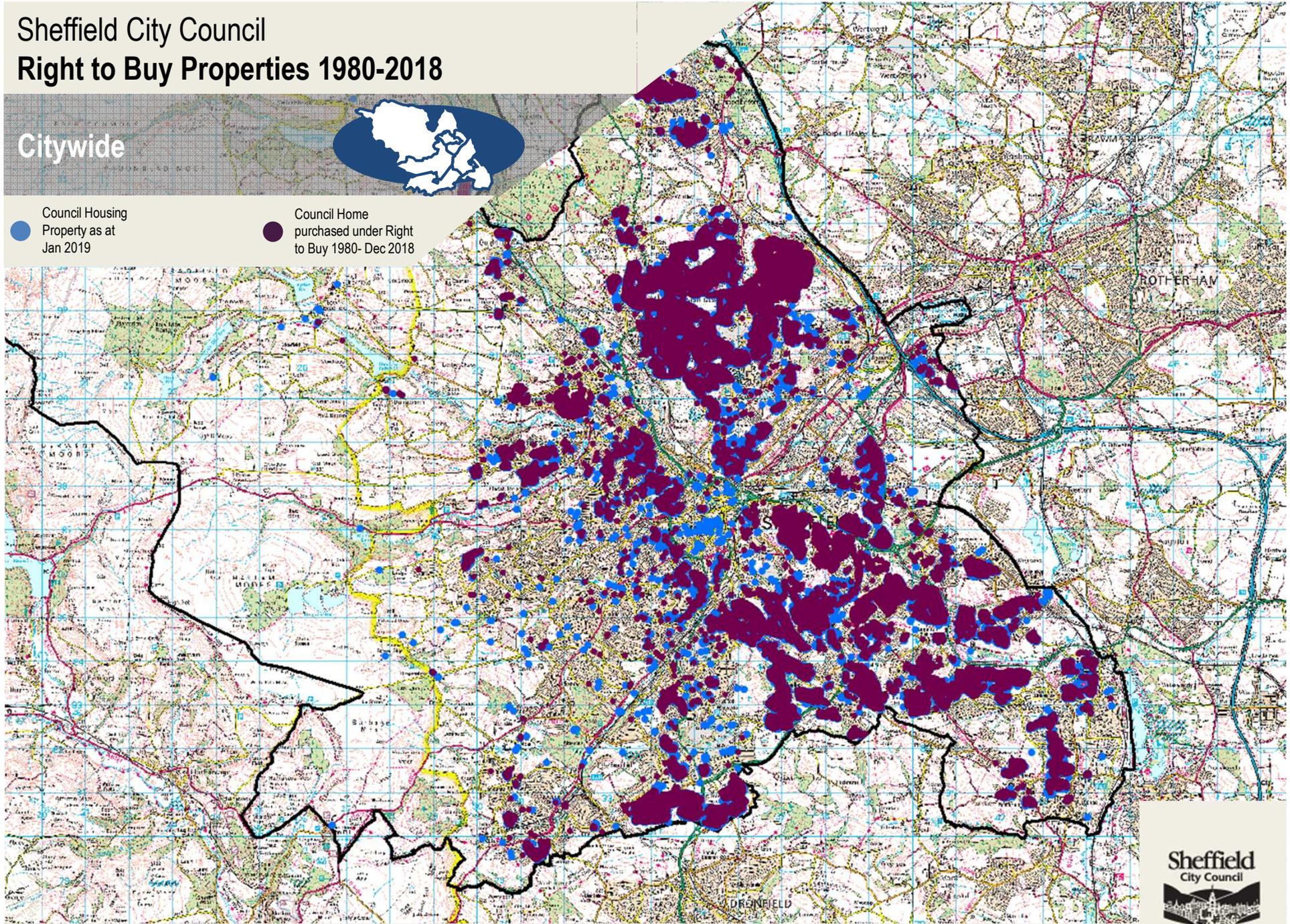
Sheffield City Council Right to Buy Properties 1980-2018

Citywide



● Council Housing
Property as at
Jan 2019

● Council Home
purchased under Right
to Buy 1980- Dec 2018



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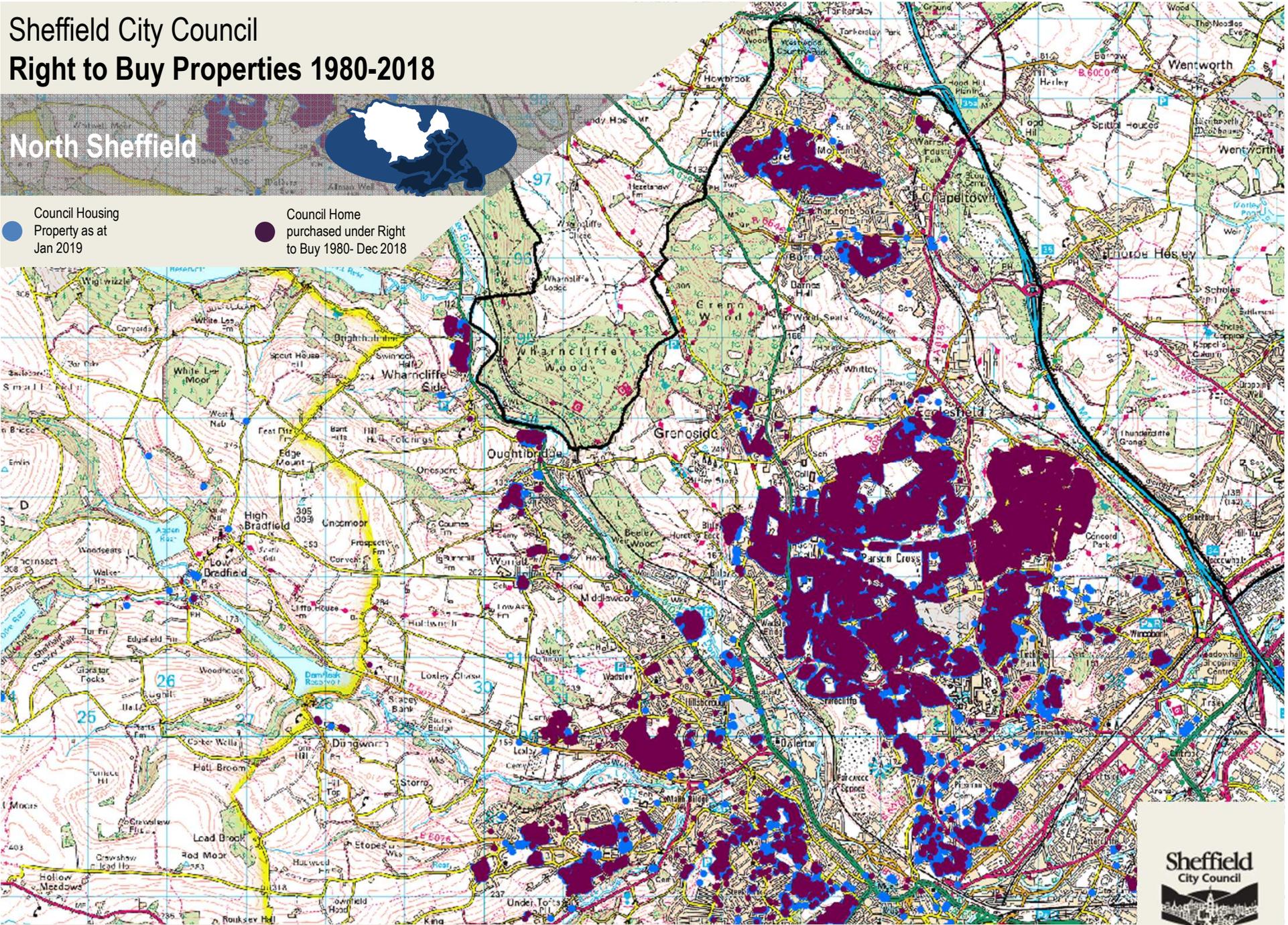
Sheffield City Council Right to Buy Properties 1980-2018

North Sheffield



● Council Housing
Property as at
Jan 2019

● Council Home
purchased under Right
to Buy 1980- Dec 2018

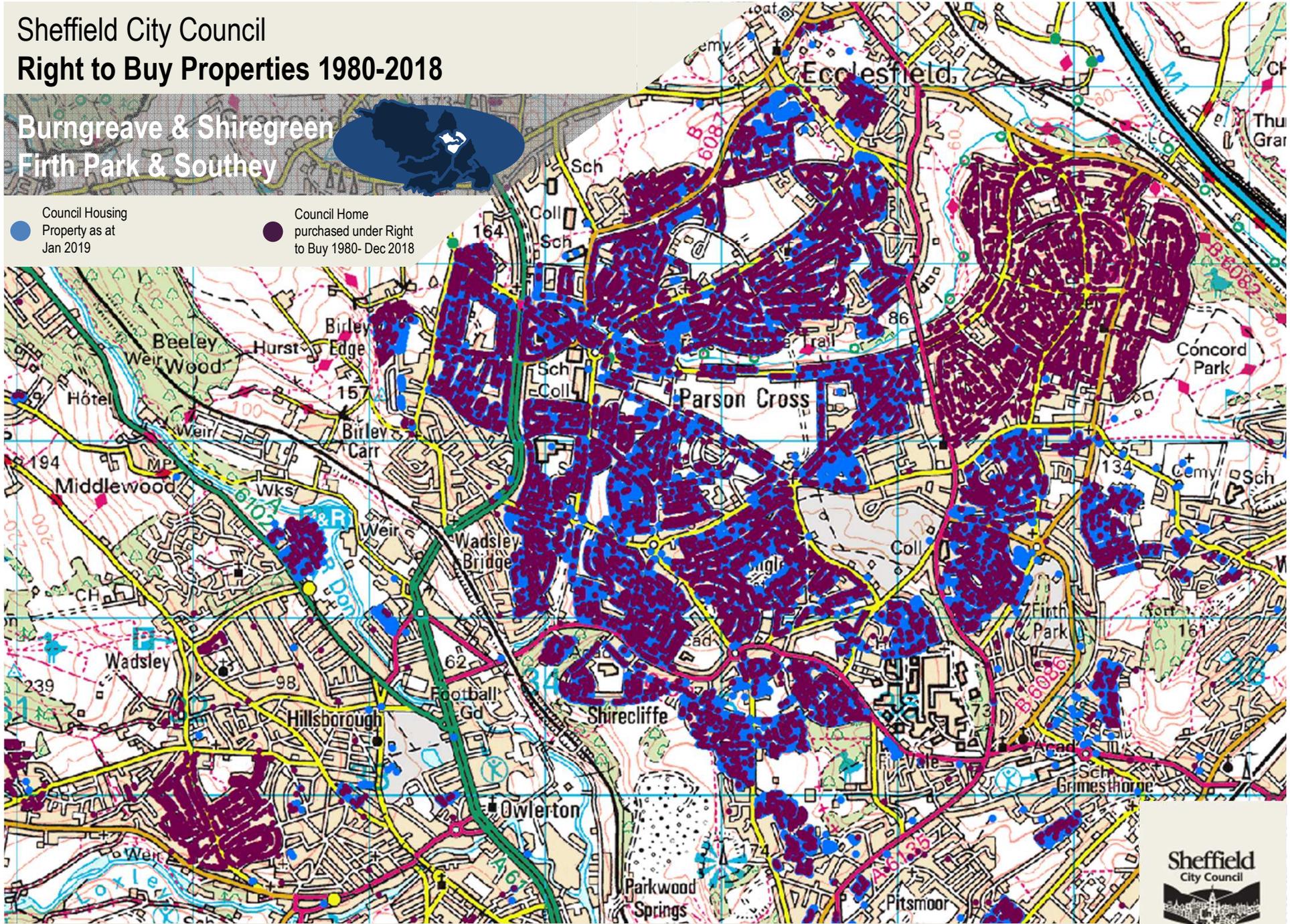


Sheffield City Council Right to Buy Properties 1980-2018

Burngreave & Shiregreen Firth Park & Southey



-  Council Housing Property as at Jan 2019
-  Council Home purchased under Right to Buy 1980- Dec 2018



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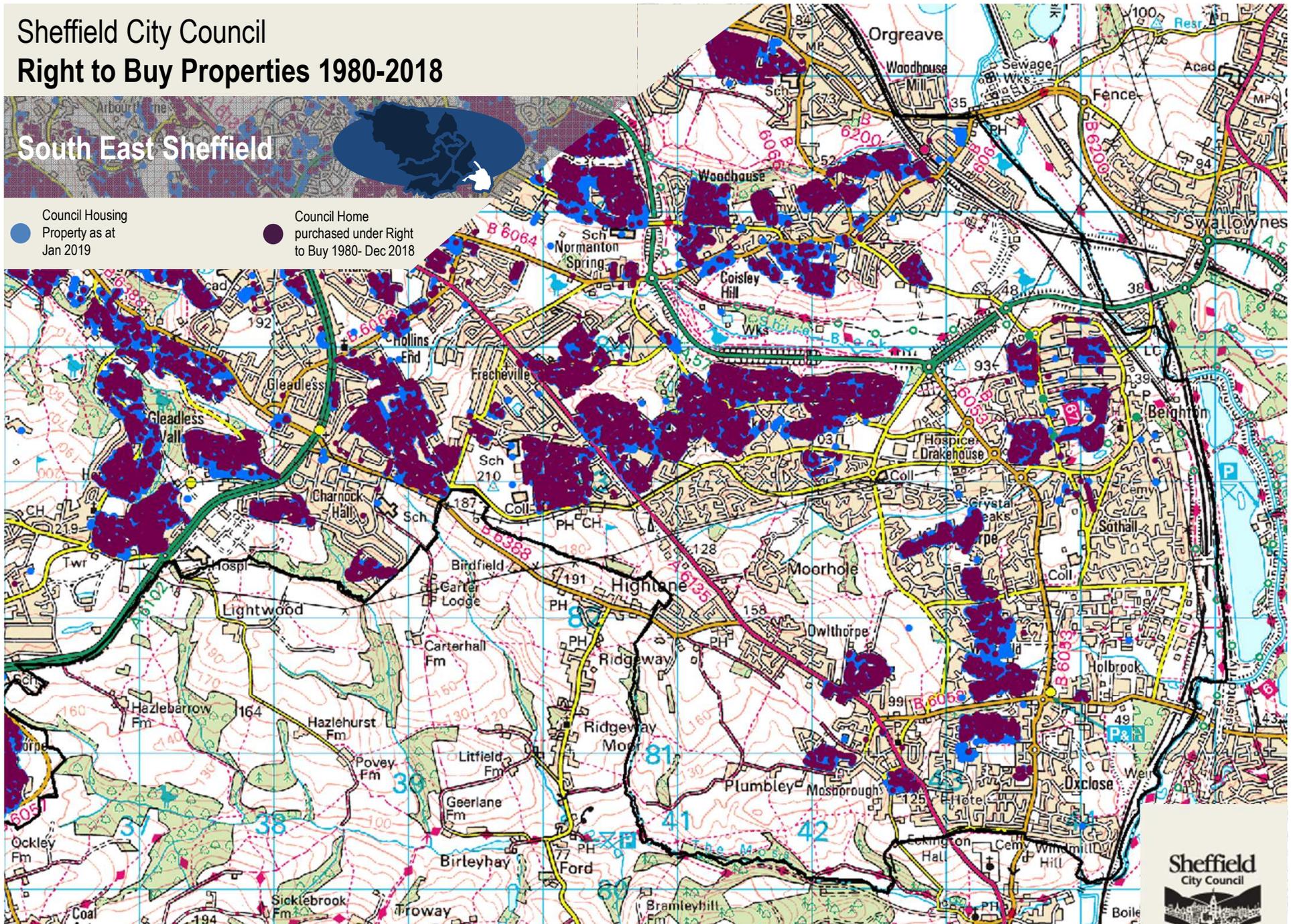


Sheffield City Council Right to Buy Properties 1980-2018

South East Sheffield

 Council Housing
Property as at
Jan 2019

 Council Home
purchased under Right
to Buy 1980- Dec 2018



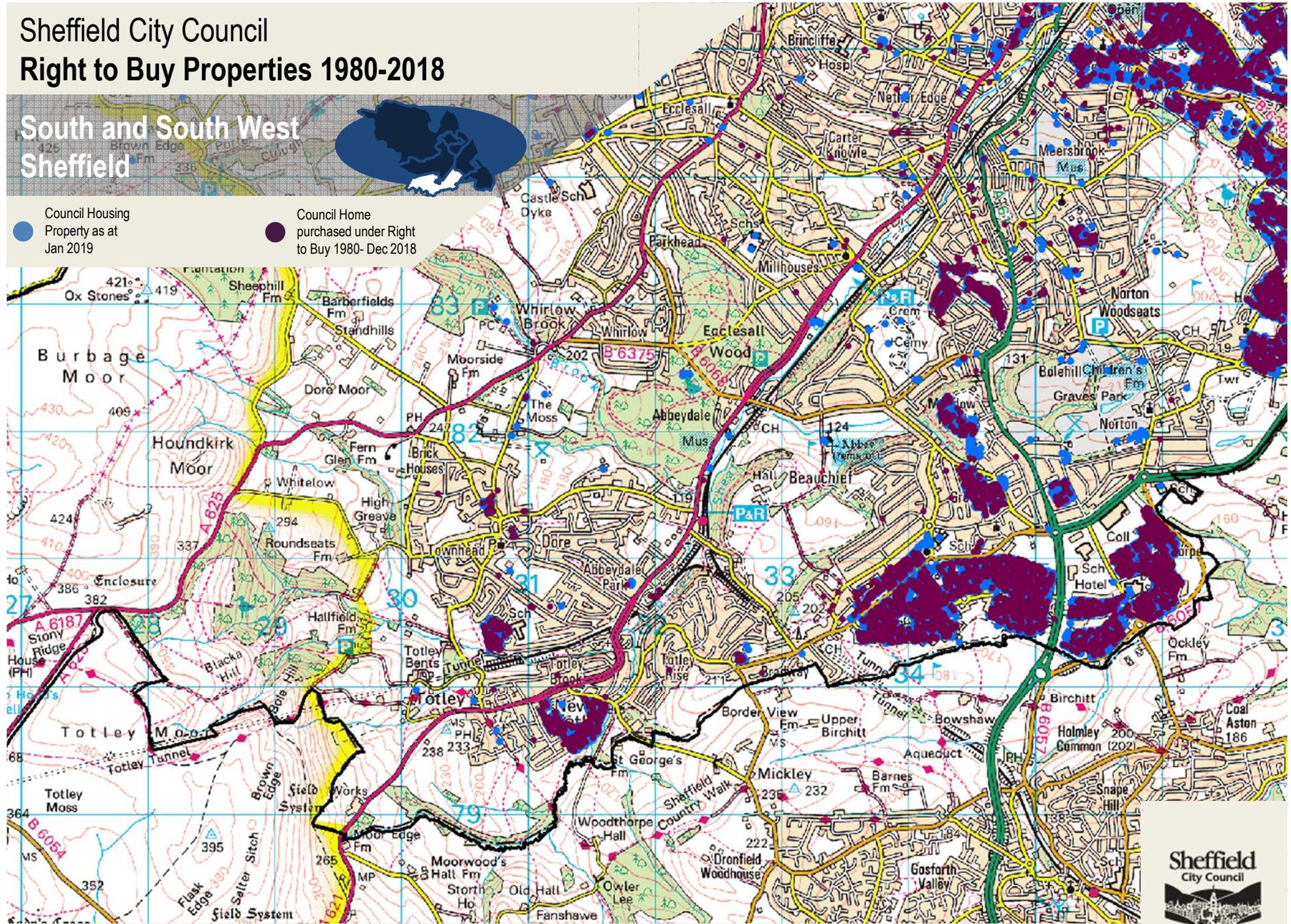
Sheffield City Council Right to Buy Properties 1980-2018

South and South West Sheffield



● Council Housing
Property as at
Jan 2019

● Council Home
purchased under Right
to Buy 1980- Dec 2018



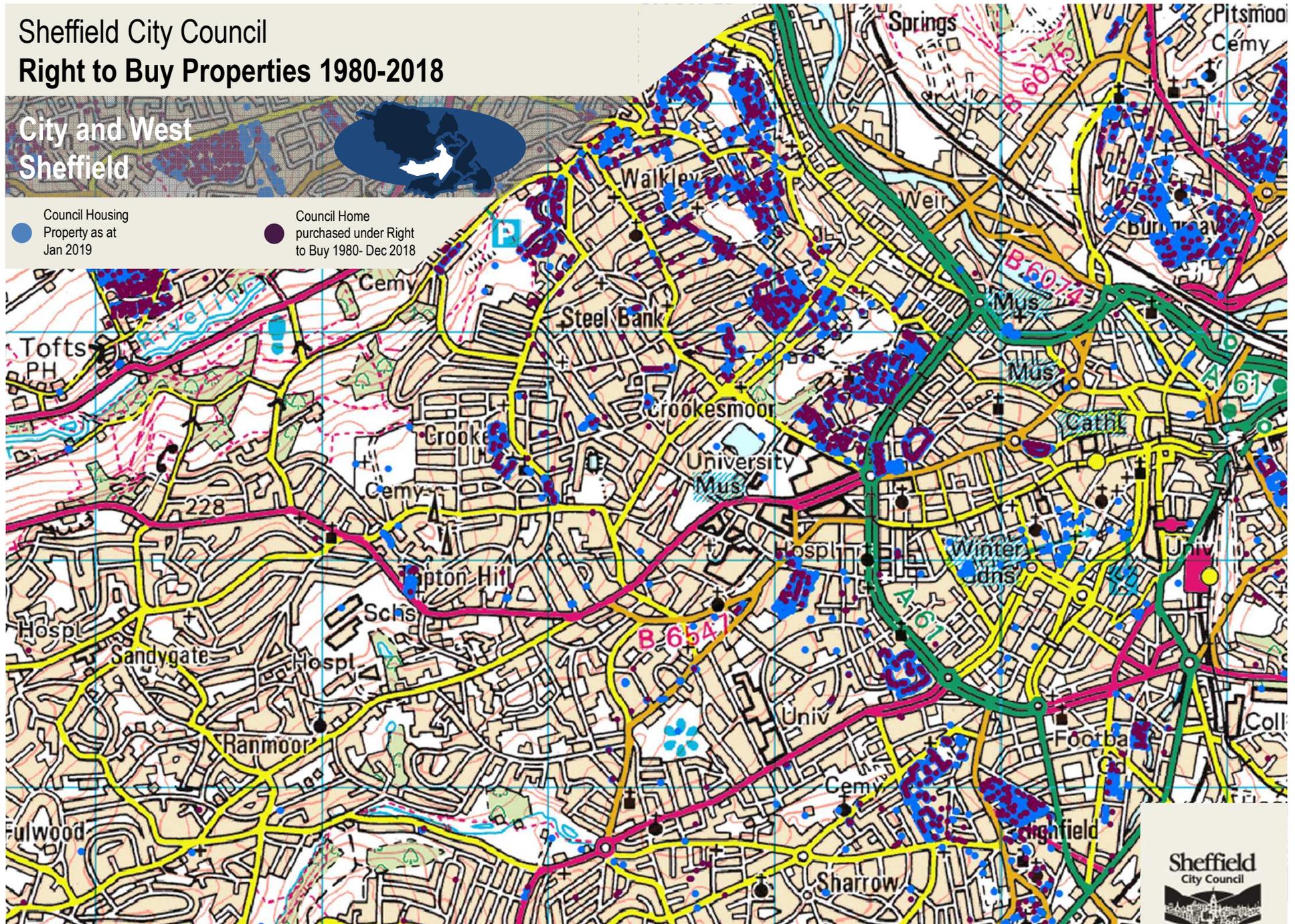
Sheffield City Council Right to Buy Properties 1980-2018

City and West Sheffield



● Council Housing
Property as at
Jan 2019

● Council Home
purchased under Right
to Buy 1980- Dec 2018



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