



**Brighton & Hove
City Council**

**POLICY, RESOURCES & GROWTH
COMMITTEE
ADDENDUM**

4.00PM, THURSDAY, 8 DECEMBER 2016

**COUNCIL CHAMBER, HOVE TOWN HALL, NORTON ROAD,
HOVE, BN3 3BQ**

ADDENDUM

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76 PUBLIC INVOLVEMENT	1 - 2
To consider the following matters raised by members of the public:	
(a) Deputations: to receive any deputations submitted by the due date of 12 noon on the 1 December 2016.	
Sale of Brighton Downland Estate - Spokesperson Dave Bangs - Keep Our Downs Public (Brighton)	
Supported by: Chris Todd, Kim Turner, John Carden, Seana Hopper	
<i>Contact Officer: Ross Keatley</i> <i>Tel: 01273 291064</i>	
88 RESPONSE TO THE REPORT OF THE FAIRNESS COMMISSION	3 - 6
extract of the proceedings of the Neighbourhoods, Communities & Equalities Committee meeting held on 28 November 2016 (copy attached).	
<i>Contact Officer: Nicky Cambridge</i> <i>Tel: 01273 234041</i>	
<i>Ward Affected: All Wards</i>	
91 DRAFT HOUSING ALLOCATIONS POLICY	7 - 18
Extract from the proceedings of the Housing & New Homes Committee meeting held on 16 November 2016 (copy attached).	
<i>Contact Officer: James Crane</i> <i>Tel: 01273 293316</i>	
<i>Ward Affected: All Wards</i>	
92 HOUSING DELIVERY OPTIONS - LIVING WAGE JOINT VENTURE	19 - 34
Extract from the proceedings of the Housing & New Homes Committee meeting held on 16 November 2016 (copy attached).	
<i>Contact Officer: Sam Smith,</i> <i>Tel: 01273 291383,</i>	
<i>Martin Reid</i> <i>Tel: 01273 293321</i>	
<i>Ward Affected: All Wards</i>	

93 HOUSING DELIVERY OPTIONS - WHOLLY OWNED HOUSING COMPANY 35 - 40

Extract from the proceedings of the Housing & New Homes Committee meeting held on 16 November 2016 (copy attached).

*Contact Officer: Sam Smith, Tel: 01273 291383,
Martin Reid Tel: 01273 293321*

Ward Affected: All Wards

95 HOUSING DELIVERY OPTIONS - LIVING WAGE JOINT VENTURE - EXEMPT CATEGORY 3 41 - 42

Part Two extract from the proceedings of the Housing & New Homes Committee meeting held on 16 November 2016 (Item 92 on Part One of the agenda). (Circulated to Members only).

Contact Officer: Martin Reid Tel: 01273 293321

Ward Affected: All Wards

DEPUTATIONS FROM MEMBERS OF THE PUBLIC

A period of not more than fifteen minutes shall be allowed at each ordinary meeting of the Council for the hearing of deputations from members of the public. Each deputation may be heard for a maximum of five minutes following which one Member of the Council, nominated by the Mayor, may speak in response. It shall then be moved by the Mayor and voted on without discussion that the deputation be thanked for attending and its subject matter noted.

Notification of 1 Deputation/s has/have been received. The spokesperson is entitled to speak for 5 minutes.

**(a) Deputation Sale of Brighton Downland Estate
Spokesperson Dave Bangs - Keep Our Downs Public (Brighton)**

Supported by: Chris Todd, Kim Turner, John Carden, Seana Hopper

Deputation concerning the importance of the Brighton Downland Estate and its integrity, and the case for withdrawing the remaining unsold Downland sites in the current programme of 'non-core asset' disposals from sale

Spokesperson – David Bangs

Subject: Extract from the Proceedings of the Neighbourhoods, Communities and Equalities Committee, held on 24 November 2016 – Response to the report of the Fairness Commission

Date of Meeting: 8 December 2016

Report of: Executive Lead Officer for Strategy, Governance & Law

Contact Officer: Name: Penny Jennings Tel: 01273 291065
Email: penny.jennings@brighton-hove.gov.uk

Wards Affected: All

FOR GENERAL RELEASE

Action Required of the Committee:

To receive the item referred from the Neighbourhoods, Communities & Equalities Committee for approval:

Recommendation: That the Committee agree the recommendations referred from the Neighbourhoods, Communities & Equalities Committee:

That the Policy, Resources and Growth Committee agree the response to the Fairness Commission recommendations set out in Appendix 1 to this report and authorise Officers to take all steps necessary or incidental to the implementation of the responses.

BRIGHTON & HOVE CITY COUNCIL

NEIGHBOURHOODS, COMMUNITIES AND EQUALITIES COMMITTEE

4.00PM 16 NOVEMBER 2016

ST RICHARD'S CHURCH HALL, EGMONT ROAD, HOVE

DRAFT MINUTES

Present: Councillors Daniel (Chair), Moonan (Deputy Chair), Simson (Opposition Spokesperson), Littman (Group Spokesperson), Bell, Gibson, Hill, Horan, A Norman and K Norman

Invitees: Sally Polanski (Community Works), Anusreee Biswas Sasidharan (Brighton & Hove Police Ethnic Group) and Lisa Bell (Sussex Police)

PART ONE

37. RESPONSE TO THE REPORT OF THE FAIRNESS COMMISSION

- 37.1 The Committee considered a report of the Executive lead Officer, Strategy, Governance and Law presenting the Council's response to the recommendations of the Brighton and Hove Fairness Commission.
- 37.2 The processes used for coordinating, responding to and responding to and managing the recommendations within the Council as well as setting out the wider city partner responses and the arrangements for implementation and governance going forward were set out. Appendix 1 to the report set out detailed responses received to each recommendation and supporting information regarding timescales, responsibilities and budget where relevant.
- 37.3 It was noted that full implementation would be a long term process and that the recommendations would be used to influence, level and affect change across a wide range of services and that the council would ensure that the recommendations were embedded into its core business planning and performance frameworks. The Fairness Commission had been undertaken in a short timeframe during which it had heard from a huge number of contributors which had resulted in the final report including a significant number and range of recommendations at a time of reducing budgets.
- 37.4 Councillor Simson referred to Recommendation 49 which related to "Poverty Proofing the School Day". Whilst considering that this should be put into place if needed she considered that this should not be applied on a blanket basis in the absence of discussions taking place with individual schools first, this might not be needed at all schools. Given current financial constraints, Councillor Simson stated that she was anxious that available funds were applied where they were most needed.

- 37.5 The Chair, Councillor Daniel agreed stating that it was timely for such discussions to take place in advance of budgets being set as they could then inform the decision making process. It was confirmed that following approval of the recommendations further discussions would take place, with the schools and with other partners in relation to the relevant areas to ensure that available funding was utilised appropriately.
- 37.6 Councillor Simson referred to recommendation 5 of the report stating in her view the word “monitoring” needed to be added before the word “delivery”. There was agreement by the Committee that this would be appropriate and this was taken up as an amendment and voted upon when the Committee considered the report recommendations.
- 37.7 Councillor Simson stated that a number of the points and recommendations which had come forward had also been highlighted as a result of earlier scrutiny panels, the Social Value Scrutiny and in relation to street clutter were cited. In view of the longer term aims of the Fairness Scrutiny she was anxious that the outcomes from this earlier work were not lost.
- 37.8 Councillor K Norman agreed, commending the work which had been carried out, especially by colleagues on the Cross Party Member Working Group of which he was aware that Councillors Littman and Simson had been Members. This represented a valuable piece of work and valuable pieces of work had been undertaken in the past it was important that these were not lost sight of.
- 37.9 Councillors Moonan and Littman concurred agreeing with the approach which had been adopted, considering that it was important to “future proof” the recommended approach. Councillor Littman considered that against the backdrop of reduced funding it was important to ensure that this work was carried forward, an important tool in ensuring that was achieved in his view was to feed this into the EIA process which would ensure that it fed into the budget process and that an appropriate level of on-going monitoring took place.
- 37.10 Councillor Gibson considered that as this work was cross-cutting across a number of departments and budgets that it would be appropriate for the relevant strands to go forward to the appropriate individual committees. Councillor Littman concurred in that view. The Chair, Councillor Daniel stated however that that this could result in a delay. Following approval by the Policy and Resources Committee work would continue within the Council and with its partners. The Chair sought confirmation from the Committee as to whether they wished to pursue that approach but it was rejected by the remaining eight remaining Committee Members.
- 37.11 Anusri Biswas Sasidharan, asked whether there were provisions in place which enabled the Fairness Commission to challenge proposed budget cuts. It was explained that whilst they did not have the ability to do that by feeding into the budget process Members would be aware of all germane issues when making their decisions.
- 38.12 Sally Polanski, stated that in view of the involvement of external partners which had fed to both the consultation process and the subsequent process in addition to their role as independent members it was important to ensure that all partners were fully involved in the process to ensure that all agencies were working in tandem. Third Sector Partners

had believed they were working collaboratively in putting together a Youth Strategy but had subsequently found that what was anticipated was not what was actually in place, this needed to be addressed. The Head of Communities and Equality, Emma McDermott, explained that a meeting was being arranged with voluntary sector representatives at an early date to ensure that the necessary processes were embedded and monitored.

38.13 The Chair, Councillor Daniel, then moved to the vote. She asked whether Members were minded to Councillor Simson's proposed amendment to recommendation 5 (highlighted below). Members voted unanimously in agreement.

38.14 The Chair, Councillor Daniel stated that in view of Members concerns that appropriate measures were in place to ensure that appropriate levels of monitoring were in place she proposed that an additional recommendation be approved (as set out below). This was seconded by Councillor Littman and Members voted unanimously in agreement.

“(6) That going forward it is recommended that the strands identified should be subject to an EIA attached in order to seek to ensure that the improvements and changes sought are monitored and an assessment is capable of being made as to whether they are being achieved.”

37.15 **RESOLVED :**

- (1) That the Committee welcomes and agrees the responses detailed in Appendix One to this report;
- (2) That the Committee agrees with the outcomes of the cross party Member working group process; including the decision to prioritise 15 recommendations as set out in Appendix Two to the report;
- (3) That the Committee notes that other recommendations are being progressed, either within the council or beyond through Brighton and Hove Connected and the family of partnerships;
- (4) That the Committee notes that budget decisions for prioritised recommendations will be taken forward through the budget setting process;
- (5) That the Committee agrees to hold responsibility for *monitoring* delivery against the recommendations on behalf of the Council; and
- (6) That going forward it is recommended that the strands identified should be subject to an EIA attached in order to seek to ensure that the improvements and changes sought are monitored and an assessment is capable of being made as to whether they are being achieved.

37.16 **RESOLVED TO RECOMMEND** – That the Policy, Resources and Growth Committee agreed the response to the Fairness Commission recommendations set out in Appendix 1 to this report and authorises Officers to take all steps necessary or incidental to the implementation of the responses.

Subject: Draft Housing Allocations Policy
Date of Meeting: 8 December 2016
Report of: Executive Lead Officer for Strategy, Governance & Law
Contact Officer: Name: **Caroline De Marco** Tel: **01273 291063**
E-mail: Caroline.demarco@brighton-hove.gov.uk
Wards Affected: All

FOR GENERAL RELEASE

Action Required of the Committee:

To receive the item referred from the Housing & New Homes Committee for approval:

Recommendation: That the Committee note the resolutions from Housing & New Homes Committees and agree the revised recommendations as set out below:

That the Housing & New Homes Committee:

- (1) Agrees upon the policy, and agrees to refer the policy to Policy, Resources and Growth Committee (PR&G) as set out below.
- (2) That the following be agreed:
 - a) That the Housing Allocations Plan, is approved by the Housing and New Homes Committee;
 - b) that the initial Housing Allocations Plan set out on page 127 of the Committee papers be approved;
 - c) That future Housing Allocation Plans are approved by Housing and New Homes Committee on an annual basis, with any deviation of more than 5% of each allocation queue being reported to the committee
 - d) That this policy be reviewed at the end of the first Housing Allocations Plan cycle, and that this review will consider
 - i) any revisions to the Housing Allocations Plan
 - ii) The possibility of reintroducing the positive local contribution category
 - iii) Feedback from applicants involved in the system
- (3) Recommends to Policy, Resources & Growth Committee that the proposed new policy on refusing a suitable and reasonable offer of accommodation (p. 194 of agenda) be amended to read: "Applicants will not qualify for social

housing in Brighton & Hove and be (or remain) registered on the council's housing register if they have refused two offers of suitable accommodation within the last two years made or arranged by the council and there has been no material change in their circumstances so as to make the earlier offer(s) clearly unsuitable in the light of the applicant's changed circumstances."

That the Policy, Resources & Growth Committee:

- (1) Notes the comments of Housing & New Homes Committee and agrees the Policy subject to the amendments set out above.
- (2) That an officer report be presented to the Policy, Resources & Growth Committee considering the further Green amendments as follows:
 - a) Banding continues to be dependent upon assessment by a medical officer, as before;
 - b) That any applicants who have not bid in 12 months should be written to and asked if they wish to remain on the register, with a warning that failure to respond to the notification within 31 days will lead to their removal from the register;
 - c) That the income cap be reduced, to exclude those who are able to afford private renting of the appropriate sized property (those for whom renting consumes less than 50% of their income)
 - d) That the savings cap be increased, to enable individuals to retain sufficient funds to cover for 8 months rent for a property in the private rented sector – covering for 6 months rent in advance plus 2 months to cover damage, moving costs and charges
 - e) Rent arrears: That exclusion not be automatic should a person have a record of 'failure to pay rent', except where the person has outstanding debt liabilities to the council (excluding rent arrears) and is deemed not to be making satisfactory arrangements to repay those debts;
 - f) That the bidding time limit be set at 6 months rather than 3;
 - g) That the criteria for being a qualifying person include those who have lived in the area continuously for five years preceding the date they make their application, and at least 2 years immediately preceding this date (with the same exceptions provided for in the draft policy)
 - h) That the policy explicitly state that 'there will be provision of a cooker and a sink in their home,' rather than referring only to 'access to cooking facilities,'
 - i) That whilst internet based applications are encouraged as default in the policy, that the policy will allow paper based applications, should these be requested by the applicant.

j) That Housing Allocations assist genuine and informed bidding by making fuller property information available to bidders (with images of aspects of the property)

k) That applicants excluded for refusing an offer be excluded for one year, not two.

BRIGHTON & HOVE CITY COUNCIL

HOUSING & NEW HOMES COMMITTEE

4.00 PM 16 NOVEMBER 2016

COUNCIL CHAMBER, HOVE TOWN HALL

Present: Councillor Meadows (Chair) Councillor Hill (Deputy Chair), Councillor Mears (Opposition Spokesperson), Councillor Gibson (Group Spokesperson), Councillors Atkinson, Barnett, Bell, Druitt, Lewry and Moonan.

DRAFT MINUTE

PART ONE

- 42.1 Prior to the consideration of the report, there was a 15 minute adjournment to enable members to receive advice from officers on the amendments received from the Conservative and Green Groups.
- 42.2 The Committee considered a report of the Executive Director Economy Environment & Culture which presented a new Allocation Policy for members to note and comment on further to the report being submitted for approval to the Policy, Resources and Growth Committee. City wide consultation was carried out from 1st December 2015 to 29th February 2016. It was reported that over the last 5 years the Housing Register had continued to grow and now stood at over 24,000 applicants.
- 42.3 Data demonstrated that numbers in current allocation Bands A & B were relatively static, whereas the increase in numbers was within Bands C & D on the register. This reflected the lower priority given. The report would be referred to the Policy, Resources & Growth Committee as there were significant financial implications which were set out in points 7.10 and 7.11 of the report. The report was presented by the Service Improvement Manager and the Head of Temporary Accommodation & Allocations.
- 42.4 Members were informed of a typographical error on page 127, paragraph 3.12. This should read that there needs to be a 5% tolerance in either direction (not 55%).
- 42.5 The Service Improvement Manager informed members that this report had been deferred at the last meeting in order to take the report and the consultation to the Area Panels. An Area Panel meeting was held on 20 October at Leach Court and was attended by 21 tenant's representatives where they were taken through all the main changes that were being proposed. There was a very good discussion and a number of questions were asked and were answered by officers. The tenants were pleased with the proposals but did have reservations around the one offer policy. The allocations plan had been inserted at paragraph 3.12. Financial comments had been updated and were included at paragraph 7.1.

42.6 Councillor Mears set out the following Conservative amendment:

“That the recommendations the recommendations on page 125 of the agenda are amended by inserting an additional recommendation 2.1.1 as follows:

2.1.1 Recommends to Policy, Resources & Growth Committee that the proposed new policy on refusing a suitable and reasonable offer of accommodation (p. 194 of agenda) be amended to read: *“Applicants will not qualify for social housing in Brighton & Hove and be (or remain) registered on the council’s housing register if they have refused ~~any~~ two offers of suitable accommodation within the last two years made or arranged by the council and there has been no material change in their circumstances so as to make the earlier offer(s) clearly unsuitable in the light of the applicant’s changed circumstances.”*

*Further that the words “**subject to the amendments in paragraph 2.1.1 above**” be added at the end of paragraph 2.2*

So that the amended recommendations read:

2. RECOMMENDATIONS:

That the Housing & New Homes Committee:

2.1 Notes and comments upon the policy and agree to refer the policy to Policy Resources & Growth Committee (PR&G).

2.1.1 Recommends to Policy, Resources & Growth Committee that the proposed new policy on refusing a suitable and reasonable offer of accommodation (p. 194 of agenda) be amended to read: “Applicants will not qualify for social housing in Brighton & Hove and be (or remain) registered on the council’s housing register if they have refused two offers of suitable accommodation within the last two years made or arranged by the council and there has been no material change in their circumstances so as to make the earlier offer(s) clearly unsuitable in the light of the applicant’s changed circumstances.”

That the Policy, Resources & Growth Committee:

2.2 Notes the comments of Housing & New Homes Committee and agrees the Policy subject to the amendments set out in paragraph 2.1.1 above.

42.7 The above amendment was seconded by Councillor Barnett.

42.8 An amendment had been submitted by the Green Group which was subsequently amended. Councillor Gibson explained that following discussions with officers and the Conservative Group he was going to amend the amendment on the grounds that some issues would be forwarded to Policy, Resources & Growth Committee to give proper time for discussion, debate and clarification. Some elements of the amendment would be retained for this committee to vote and make a decision on and other matters would be referred to Policy, Resources & Growth Committee. The new amendment was as follow:

That the Housing allocations policy be agreed by Housing & New Homes Committee and that

2.1 ~~Notes and comments upon~~ **Agrees upon the policy, and agrees** to refer the policy to Policy, Resources and Growth Committee (PR&G) as set out at paragraph 2.2. It is further agreed:

a) That the Housing Allocation plan is approved by the Housing and New Homes Committee,

b) that the initial Housing Allocations Plan set out on page 127 of the Committee papers be approved;

c) That future Housing Allocation Plans are approved by Housing and New Homes Committee on an annual basis, with any deviation of more than 5% of each allocation queue being reported to the committee

d) That this policy be reviewed at the end of the first Housing Allocations Plan cycle, and that this review will consider

1) any revisions to the Housing Allocations Plan

2) The possibility of reintroducing the positive local contribution category

3) Feedback from applicants involved in the system

That the following matters will all be referred to the Policy, Resources and Growth Committee for consideration.

a) Banding continues to be dependent upon assessment by a medical officer, as before;

b) That any applicants who have not bid in 12 months should be written to and asked if they wish to remain on the register, with a warning that failure to respond to the notification within 31 days will lead to their removal from the register;

c) That the income cap be reduced, to exclude those who are able to afford private renting of the appropriate sized property (those for whom renting consumes less than 50% of their income)

d) That the savings cap be increased, to enable individuals to retain sufficient funds to cover for 8 months rent for a property in the private rented sector – covering for 6 months rent in advance plus 2 months to cover damage, moving costs and charges

e) Rent arrears: That exclusion not be automatic should a person have a record of 'failure to pay rent', except where the person has outstanding debt liabilities to the council (excluding rent arrears) and is deemed not to be making satisfactory arrangements to repay those debts;

f) That the bidding time limit be set at 6 months rather than 3;

g) That the criteria for being a qualifying person include those who have lived in the area continuously for five years preceding the date they make their application, and at least 2 years immediately preceding this date (with the same exceptions provided for in the draft policy)

h) That the policy explicitly state that 'there will be provision of a cooker and a sink in their home,' rather than referring only to 'access to cooking facilities,'

i) That whilst internet based applications are encouraged as default in the policy, that the policy will allow paper based applications, should these be requested by the applicant.

j) That Housing Allocations assist genuine and informed bidding by making fuller property information available to bidders (with images of aspects of the property)

k) That applicants excluded for refusing an offer be excluded for one year, not two.

- 42.9 Councillor Mears asked the Committee Lawyer about the functions under the delegated functions of housing because under 2.b homelessness and the allocation of housing was a housing function. The Committee Lawyer referred to 7.10 and 7.11 of the legal implications stating that the Executive Director of Finance & Resources considered that this will have budgetary implications. Delaying the approval would also have budgetary implications and the council's constitution stated that in those circumstances it is a PR&G function rather than housing.
- 42.10 Councillor Mears formally seconded the Green Group's amendments as amended.
- 42.11 Councillor Barnett referred to the five year plan stating that people had to be in the city for five years before they were allocated any housing. She asked if there were going to be any exceptional circumstances. Councillor Barnett stated that 50% of working people always used to get a choice on housing allocation and that had been taken away now. She stressed that private landlords could specify who they did and did not want to house. Why was it not the same for the council?
- 42.12 The Service Improvement Manager explained that there were a number of exceptions to local connection. Page 189 listed the exemptions. One of such groups was military personnel. Others were homeless people for whom the council accepted a responsibility. The homeless local connection was different to the allocation policy. Members previously decided that they did not want to adopt the wider definition of local connection; they wanted a residents' connection. 50% was not for working households. It was for working positive contribution which included people who were doing volunteering for a certain amount of hours and some people with a disability making some form of contribution but not on a regular basis, because of that disability.
- 42.13 Councillor Atkinson thanked the officers for work on the policy. He stressed that this was about assisting those residents in most need that had a solid local connection to have a chance to obtain local housing. He stressed that the council now had a significantly reduced council housing stock due to properties being sold through the right to buy. It was necessary to use the council housing resource as carefully as possible.

The policy could also be of use to key workers in the city. A staff nurse for instance would be well within the financial assessment criteria.

- 42.14 Councillor Mears asked questions relating to the bullet points on page 127, paragraph 3.12. Councillor Mears stated that the council could legally only have one allocations policy, yet she believed that Adult Social Care had their own allocation policy. Councillor Mears asked officers to explain how the 10% plus Brookmead would be allocated.
- 42.15 The Head of Temporary Accommodation and Allocations explained that the about 700 properties a year were available for letting. Roughly half of them were one beds and studios. About 40% of the 700 would go to homeless households. Officers would work on a range of accommodation, so some would be family homes and others one beds. Adult Social Care generally wanted single person accommodation so the 10% that went to them would be for single person type accommodation. Family homes would be allocated to Children's Services. This needed to be profiled throughout the year which was why officers had asked for a tolerance of 5% either way in case the right size properties were not available.
- 42.16 The Service Improvement Manager explained that the policy in front of members allocated extra care through the process. Adult Social Care received referrals for any extra care accommodation in order to assess that eligibility. It was necessary for the Temporary Accommodation and Allocations team to work with Adult Social Care on this matter.
- 42.17 The Executive Director, Economy, Environment & Culture confirmed that the allocations to council housing would be through the allocations policy, but in accordance with the protocols that were agreed with the other departments.
- 42.18 Councillor Lewry asked what plus Brookmead meant on page 127, paragraph 3.12. The Head of Temporary Accommodation and Allocations explained that Brookmead was a new build development for extra care housing. Because it was for elderly people with dementia, it would be necessary for Adult Social Care to assess need for such accommodation.
- 42.19 Councillor Gibson made comments as follows:
- Although he accepted the reasons for the proposals he was saddened to have to make decisions that would lead to rationing and constraining a resource that was becoming more and more scarce and precious.
 - More clarification was needed on many of the proposals. Therefore it was appropriate for them to go the PR& G Committee.
 - It was vital that the Housing & New Homes Committee took responsibility for the Housing Allocations Plan on page 127, and that the committee review it.
 - It was vital that points being raised were taken to PR&G Committee.
 - The policy should be reviewed after a year.
 - If the council was allowing people to find housing in the private rented sector then they should be allowed to have enough money to be able to pay six months' rent in advance.

- People needed the maximum amount of information about the property they are bidding for.

42.20 Councillor Bell welcomed the report. He asked how the allocations policy would work for people who wanted to transfer from out of the area. He also asked for an explanation on how down size would help people to find a home.

42.21 The Services Improvement Manager explained that the council still had the tenants incentive scheme to Band A with a financial sum for those giving up family sized accommodation, or an adapted property. There were no changes to that part of the policy. In terms of people coming from outside the area, the council were going to a closed register rather than an open register as at the present. The proposal was to introduce a reciprocal agreement whereby if the council come to an arrangement other local authorities, they could take someone from the Brighton & Hove list and Brighton & Hove could take someone from their list.

42.22 Members voted on the Conservative amendments, as set out in paragraph 42.6 above. The amendments were unanimously agreed.

42.23 Members voted on the Green amendments as amended above in paragraph 42.8. The items referred to PR&G were for consideration. The amendments were agreed unanimously.

42.24 Members voted on the substantive recommendation as amended. It was unanimously agreed.

42.25 **RESOLVED:-**

That the Housing & New Homes Committee:

- (2) Agrees upon the policy, and agrees to refer the policy to Policy, Resources and Growth Committee (PR&G) as set out below.
- (2) That the following be agreed:
 - a) That the Housing Allocations Plan, is approved by the Housing and New Homes Committee;
 - b) that the initial Housing Allocations Plan set out on page 127 of the Committee papers be approved;
 - c) That future Housing Allocation Plans are approved by Housing and New Homes Committee on an annual basis, with any deviation of more than 5% of each allocation queue being reported to the committee
 - d) That this policy be reviewed at the end of the first Housing Allocations Plan cycle, and that this review will consider
 - i) any revisions to the Housing Allocations Plan
 - ii) The possibility of reintroducing the positive local contribution category
 - iii) Feedback from applicants involved in the system

- (4) Recommends to Policy, Resources & Growth Committee that the proposed new policy on refusing a suitable and reasonable offer of accommodation (p. 194 of agenda) be amended to read: “Applicants will not qualify for social housing in Brighton & Hove and be (or remain) registered on the council’s housing register if they have refused **two** offers of suitable accommodation within the last two years made or arranged by the council and there has been no material change in their circumstances so as to make the earlier offer(s) clearly unsuitable in the light of the applicant’s changed circumstances.”

That the Policy, Resources & Growth Committee:

- (3) Notes the comments of Housing & New Homes Committee and agrees the Policy subject to the amendments set out above.
- (4) That an officer report be presented to the Policy, Resources & Growth Committee considering the further Green amendments as follows:
- a) Banding continues to be dependent upon assessment by a medical officer, as before;
 - b) That any applicants who have not bid in 12 months should be written to and asked if they wish to remain on the register, with a warning that failure to respond to the notification within 31 days will lead to their removal from the register;
 - c) That the income cap be reduced, to exclude those who are able to afford private renting of the appropriate sized property (those for whom renting consumes less than 50% of their income)
 - d) That the savings cap be increased, to enable individuals to retain sufficient funds to cover for 8 months rent for a property in the private rented sector –covering for 6 months rent in advance plus 2 months to cover damage, moving costs and charges
 - e) Rent arrears: That exclusion not be automatic should a person have a record of ‘failure to pay rent’, except where the person has outstanding debt liabilities to the council (excluding rent arrears) and is deemed not to be making satisfactory arrangements to repay those debts;
 - f) That the bidding time limit be set at 6 months rather than 3;
 - g) That the criteria for being a qualifying person include those who have lived in the area continuously for five years preceding the date they make their application, and at least 2 years immediately preceding this date (with the same exceptions provided for in the draft policy)
 - h) That the policy explicitly state that ‘there will be provision of a cooker and a sink in their home,’ rather than referring only to ‘access to cooking facilities,’
 - i) That whilst internet based applications are encouraged as default in the policy, that the policy will allow paper based applications, should these be requested by the applicant.
 - j) That Housing Allocations assist genuine and informed bidding by making fuller property

information available to bidders (with images of aspects of the property)

k) That applicants excluded for refusing an offer be excluded for one year, not two.

Subject:	Housing Delivery Options – Living Wage Joint Venture - Extract from the proceedings of the Housing & New Homes Committee meeting held on the 16 November 2016.		
Date of Meeting:	8 December 2016		
Report of:	Executive Lead Officer for Strategy, Governance & Law		
Contact Officer:	Name:	Caroline DeMarco	Tel: 01273 291063
	E-mail:	caroline.demarco@brighton-hove.gov.uk	
Wards Affected:	All		

FOR GENERAL RELEASE

Action Required of the Policy, Resources & Growth Committee

To receive the item referred from the Housing & New Homes Committee for decision.

Recommendation: That the Committee note the resolutions from Housing & New Homes Committees and agree the revised recommendations as set out below:

- (1) That the Housing & New Homes Committee recommends the report to the Policy, Resources and Growth Committee as set out in paragraph 2.2, as amended.
- (2) That officers be instructed to take a report to Policy, Resources & Growth Committee addressing the issues raised in the Conservative draft amendment.
- (3) That Officers arrange a briefing before Policy Resources & Growth Committee to which Housing & New Homes Committee members are invited to ensure members are fully briefed on the answers to the Conservative draft amendment.
- (4) That the following amendments be made to the recommendations listed under point 2, so that the document reads as follows:
 - 2.2 That the Policy, Resources and Growth Committee:
 - i) Support in principle the living wage joint venture proposal; and
 - ii) Give delegated authority to the Executive Director of Economy, Environment and Culture following consultation with the Executive Lead Officer for Strategy, Governance & Law, the Executive Director of Finance & Resources, the Estate Regeneration Board and the Strategic Delivery Board to:

a) Develop and negotiate the deal with Hyde; in which the following are sought:

- 1) 100% of nominations for Living Wage Rented Housing are provided only for households from the BHCC waiting list, for whom specifically, the market rent for housing in the private sector exceeds 50% of their income. This is estimated at an annual gross income of:- £36,000 for a three-bed- £31,000 for a 2 bed,- £22,500 for a one bed-£16,000 for a studio
- 2) That 100% of nominations for shared ownership properties are achieved for residents with a local connection to Brighton and Hove, as defined in the Housing Allocations Policy
- 3) That a 'first refusal' option is agreed in the event Hyde become bankrupt; and/or that in the event that Hyde should separately dispose of their stake in the partnership, that their stake be sold to the council or to a charitable housing association, with charitable objectives;
- 4) That the rent levels set are reduced to the levels modelled in the 30% of living wage rent sensitivity test, (made possible by lowering the rate of return in the base model)

b) the final terms of the agreement be put forward and agreed by full meeting of Council, prior to the completion of the deal;

iii) Note that the reserved matters (as detailed in 3.30) will come back to committee for approval including any business plans which are to be delivered through the Joint Venture, and the disposal of land/sites to the JV:

iv) That reserved matters for the Joint Venture should include:

- a) An option to veto any future rent increases that exceed increases in the National Living wage;
- b) An option to veto any future rents increases that raise combined rents and service charges above the Local Housing Allowance;
- c) An option to increase allowances for maintenance of properties after year 10 in the model

v) That should the business model exceed its projected rate of return, all surplus council monies be ring fenced exclusively to provide additional council owned emergency accommodation for homeless people and additional living wage rented housing.

BRIGHTON & HOVE CITY COUNCIL
HOUSING & NEW HOMES COMMITTEE
4.00PM 16 NOVEMBER 2016
COUNCIL CHAMBER, HOVE TOWN HALL
MINUTES

Present: Councillors Meadows (Chair); Councillor Hill (Deputy Chair), Councillor Mears (Opposition Spokesperson), Councillor Gibson (Group Spokesperson), Councillors Atkinson, Barnett, Bell, Druitt, Lewry & Moonan.

PART ONE

40 HOUSING DELIVERY OPTIONS – LIVING WAGE JOINT VENTURE

- 40.1 The Committee considered a report of the Executive Director Economy Environment & Culture which set out a proposal from Hyde Housing Association to develop a Living Wage Joint Venture with the council to acquire land and develop new homes for lower cost rental and sale for low income working households in the city.
- 40.2 Following the deferral of the report submitted to the September Committee meeting, officers had carried out further work including ongoing financial and legal due diligence on the terms of the proposed joint venture; meetings between the council and Hyde's legal teams; further development of key documents; and additional briefings for Housing spokespersons and their lead members/political groups. Details of the briefings were set out in the report. A comprehensive list of Frequently Asked Questions had also been produced and appended to the report to help inform member decisions at Appendix 3. A financial summary was contained in Part Two of the agenda.
- 40.3 Prior to the consideration of the current report, members had a 40 minute adjournment to receive advice from officers on the amendments received from the Conservative and Green Groups. The report was presented by the Head of Housing Strategy, Property and Investment, and the Programme Manager, Regeneration. They were accompanied by the Principal Accountant and Matthew Waters from Bevan Brittan.
- 40.4 Councillor Mears stated that the Conservative Group had submitted an amendment in time and had been informed that due to the complexity of the questions, the amendment could not be debated at the meeting today. She put forward a further amendment requesting a Special meeting of the Housing & New Homes Committee be held, shortly before the Policy, Resources & Growth Committee on 8 December 2016 in order to consider the report and allow officers to respond to questions. The amendment was seconded by Councillor Bell.

40.5 The Chair asked members to vote on whether to defer the report to a Special meeting of the Housing & New Homes Committee on 8 December before Policy, Resources and Growth Committee. Four members voted for the amendment and six members voted against. The amendment to defer the report was therefore not agreed.

40.6 Councillor Mears presented the original Conservative amendment as follows.

“That the recommendations on page 62 of the agenda be amended as follows:

2. RECOMMENDATIONS:

2.1 That Housing & New Homes Committee:

i) Recommends the report to Policy, Resources & Growth Committee as set out at paragraph 2.2 subject to the following safeguards being put in place to protect the Council:

- a) That prior to the signing of any Heads of Terms agreement or other legally binding agreement to form this Joint Venture, Housing and New Homes Committee, Policy, Resources and Growth Committee and Full Council must ratify such a decision, with all members receiving the external advice sought including but not restricted to that from Queen’s Counsel on reverse Teckal, VAT and corporation tax liability and the likely outcome should a court conclude that the LLP would breach the requirement to use a company where something is done for commercial purposes as set out in the legal advice. As well as but not exclusively providing members with the ‘Independent financial/treasury management advice that will be sought as part of further due diligence review to ensure financial risk exposure to the council is kept to a minimum’ as outlined in the report.*
- b) That the appointments from the Council to the management board, shall include as the councils three members of the board, the chair of the housing and new homes committee, the opposition spokesperson of the housing and new homes committee and the minority groups spokesperson of the housing and new homes committee. Such positions should be capable of being substituted for by other members, and relevant council officers may attend purely in an advisory capacity to assist members. The Chair of the Board should also be the chair of the committee, who will hold a casting vote: in perpetuity. Final details of this officer advisors list, should come back to a future Housing and New Homes Committee for final approval, with any future changes to be agreed by later meetings of a committee which holds the same housing functions as this current committee.*
- c) That no HRA asset will be transferred or sold into the Joint Venture and this shall be written into the Heads of Terms, or equivalent legal agreement or final contracts.*
- d) That the HRA will have first refusal of any General Fund land being sold to the Joint Venture, with member oversight of this being considered for any sum above and including zero pence at the Estate Regeneration Board.*

- e) *That a short 30 day Prior Information Notice be issued to ascertain, and this should be clearly set out in the OJEU Council Documents, whether another registered provider believes their frameworks could provide better value for money for the Council's significant investment than Hyde's: whilst clearly stating the Council has no legal compulsion to procure in this instance, and if responses to the PIN are received this is not binding for a full procurement process to be gone through. The results of which should be brought back to a future Housing and New Homes committee meeting, for the committee to assess whether a full procurement process, if any registered provided responds positively to the Prior Information Notice, should be undertaken in the interest of value for money. The Procurement Advisory Board prior to the results coming to committee should also consider the results, and make recommendations which will be included in the report back to this committee.*
- f) *Further financial modelling should be undertaken and reported back to a future meeting of this committee for approval, as well as Policy Resources and Growth Committee and Full Council. This financial modelling should include SFVM and NPV calculations over each, 2, 5, 7, 10, 15, 20 and 40 years period, not simply the current 60 years one modelled as earlier exit is a possibility. This should also be a more extensive combination of sensitivity analysis at each of these time periods of the proposed joint venture. These should include both a best and worst cases scenario for each, but as a minimum should include a rental market reduction of 10%, an interest rate increase up to and including 8%, stress testing of the current proposed unit cost with additional 10% contingency and fees, construction costs increases of 20% seen on other council schemes, exposure of the LLP to corporation tax and VAT which should include tax increases and decreases down to 12% and up to 40%, as we are still waiting on Counsel Advice on this. This model should also include provision for legal advice should the dispute resolution mechanisms fail and achieving each element of the council's affordable housing brief in full, not simply partially. This modelling and sensitivity analysis should also include a market value of property reduction of 20%, at any stage, and the likely effect on the sale of shared ownership properties or propensity of ownership default of the shared ownership properties if the UK entered recession and GDP contracted by 7%, and the financial impact on the joint venture and council, including but not exclusively of mortgage companies having first refusal over the LLP retained, rented percentage of these shared ownership properties, using historic recession trends particularly the results on Housing Associations of the 2008 financial crisis.*
- g) *That the council, in order to protect general fund services, internally underwrite the risk of any exposure to the loan for the LLP, which could result in the joint venture in any one year resulting in a deficit for the general fund; including any extension to right to buy: with the council's existing general fund asset portfolio (as the sale of any of these assets should be used to fill the gap if the sale of the joint venture properties is unobtainable) and/or future in year loans to fill any gap, which the JV profits in subsequent years could repay. This to ensure that should there be a deficit in any year, that in none of these years will the general fund have to make reductions to services to make*

loan repayments. This being conditional on it being a non-HRA loan. This to form part of the heads of terms, contract or equivalent legal document by the council solely and/or the Joint Venture.

- h) That a full and in depth review spanning the preceding 5 years of Hyde Housing Association and Hyde Housing Group be conducted and reported back to members at a future meeting of this Committee. This should also include a 5 year outline of all credit rating agency ratings, outlining every upgrade and/or downgrade over this period.*
- i) The Heads of Terms should clearly state at 2.1.6 d) the council or a third party to provide corporate and financial services, with an added, on costs incurred basis. Clarification on the requirement for a procurement process to be undertaken should these good or services be provided by a third party should also be set out to members at a future meeting of this committee.*
- j) Legal advice on state aid compliance should be provided extensively at the relevant committee agreement stage for the sale of any council land to the Joint Venture and the annual approval of the business plan approval stage.*
- k) It should be explicit in the heads of terms or subsequent contracts that any profit from the Joint Venture should be split on a 50/50 basis.*
- l) That the Heads of Terms be amended at 3.3.5 g) to delete '(or first phase)' and to instead read 'whole development'.*
- m) That financial solvency checks for its lifetime be conducted on 'Hyde New Build' as outlined at 4.1.2 of the heads of terms.*
- n) Changes to the Heads of Terms be made to ensure that only the Housing and New Homes Committee can agree to a change in the reserved matters list and this cannot form part of the annual business plan to be changed.*
- o) The expenses policy of the LLP as set out at 4.10 of the Heads of Terms should be agreed by a future meeting of this committee prior to the Heads of Terms being signed.*
- p) The Heads of Terms be amended at 4.15 to read that 97% of fair value of 3 independent valuers, including the district valuer, shall be transferred in the event of a default.*
- q) The Heads of Terms be amended at 4.17 so that any third party must undergo financial solvency checks and be approved by the remaining partner of the Joint Venture.*

2.2 That Policy, Resources & Growth Committee:

- i) Support in principle the living wage joint venture proposal **subject to the further safeguards being put in place outlined above**; and*
- ii) Give delegated authority to the Executive Director of Economy, Environment & Culture following consultation with the Executive Lead Officer for Strategy Governance & Law, the Executive Director of Finance & Resources, the Estate Regeneration Board and the Strategic Delivery Board to:*

- a. *develop and negotiate the deal with Hyde;*
 - b. *agree and authorise execution of **develop** the Heads of Terms and subsequently the documentation required to implement the proposed Joint Venture; **both of which should come back to a future Housing and New Homes Committee, Policy Resources and Growth Committee and Full Council for final approval.***
 - c. *make ~~the appointments~~ **suggestions on the Council officer advisory attendees** from the Council to the management board; **as the councils three members of the board shall be the chair of the housing and new homes committee, the opposition spokesperson of the housing and new homes committee and the minority groups spokesperson of the housing and new homes committee. Such positions should be capable of being substituted for by other members, and relevant council officers may attend purely in an advisory capacity to assist members. The Chair of the Board should also be the chair of the committee, who will hold a casting vote: in perpetuity. Final details of this advisors list, should come back to a future Housing and New Homes Committee for final approval.***
- iii) *Note that reserved matters (as detailed in 3.30) will come back to **the Housing and New Homes committee, as well as the Policy Resources and Growth Committee** for approval including any business plans which are to be delivered through the Joint Venture, and the disposal of land/sites to the JV."*

- 40.7 The Executive Lead Officer for Strategy, Governance and Law explained it would be difficult for officers at today's meeting to give confident legal, financial and practical implications of the proposals contained in the amendment. By law the Committee were required to ensure that they have taken all relevant considerations into account, including the legal, financial and practical implications of what the Committee are proposing. If the amendment was moved as it was, it could potentially amount to negating the proposal in the report, because the level of change had significant implications. Given that situation the committee had two options in terms of how it wanted to proceed. The first one was to defer the item or to defer to a Special Housing & New Homes Committee. That idea was not supported. The other way to proceed was for the Committee to instruct officers to prepare a covering report addressing the points raised in the Conservative amendment and for that to be submitted to the Policy, Resources & Growth Committee so that they would be fully sited about the issues. Officers would be happy to facilitate a member briefing so that the PR&G Committee would have the benefit of that input.
- 40.8 The Executive Lead Officer for Strategy, Governance and Law suggested that if Councillor Mears was happy to proceed on the basis outlined above then the committee could vote on that. If she wanted to vote on the amendment as it was presented above, rather than taking a report to PR&G Committee, that would cause difficulties.
- 40.9 Councillor Mears requested an adjournment to discuss the advice given above. The Chair agreed to the adjournment.
- 40.10 Following the adjournment the Executive Director, Finance & Resources addressed the Committee as Section 151 officer. He stressed that the proposals in the amendment

were quite complex and officers had not had time to carry out any work in considering the proposals and were not in a position to provide advice to members.

40.11 The Executive Lead Officer for Strategy, Governance and Law explained that the suggested way forward did not reject the amendments. PR&G Committee would have a full set of amendments before it. It would also have the officers' comments on those amendments, including the legal and financial implications. Meanwhile, officers would be happy to facilitate a briefing for members.

40.12 Councillor Mears stated that the Conservative Group agreed to amend the original Conservative amendment to state that officers would be instructed to prepare a report covering issues raised in the draft amendment to the Policy, Resources & Growth Committee and that a briefing be arranged before Policy, Resources & Growth Committee to which members of Housing & New Homes Committee were invited.

40.13 Councillor Bell seconded the amendment to the amendment.

40.14 The Chair stated that the Committee would now need to consider the Green amendments. There would then be a debate and members would come back to the vote.

40.15 Councillor Gibson read out the Green amendments as follows:

First Green amendment:

"That the following amendments be made to the recommendations listed under point 2, so that the document reads as follows:

2.2 That the Policy, Resources and Growth Committee:

ii) Give delegated authority to the Executive Director of Economy, Environment and Culture following consultation with the Executive Lead Officer for Strategy, Governance & Law, the Executive Director of Finance & Resources, the Estate Regeneration Board and the Strategic Delivery Board to:

a. Develop and negotiate the deal with Hyde; ***in which the following are sought:***

- 1) ***100% of nominations for Living Wage Rented Housing are provided only for households from the BHCC waiting list, for whom specifically, the market rent for housing in the private sector exceeds 50% of their income.***

This is estimated at an annual gross income of:

- £36,000 for a three-bed
- £31,000 for a 2 bed,
- £22,500 for a one bed
- £16,000 for a studio

- 2) ***That 100% of nominations for shared ownership properties are achieved for residents with a local connection to Brighton and Hove, as defined in the***

Housing Allocations Policy

- 3) ***That a 'first refusal' option is agreed in the event Hyde become bankrupt; and/or that in the event that Hyde should separately dispose of their stake in the partnership, that their stake be sold to the council or to a charitable housing association, with charitable objectives;***
- 4) ***That the rent levels set are reduced to the levels modelled in the 30% of living wage rent sensitivity test, (made possible by lowering the rate of return in the base model)***
- ~~b. agree and authorise execution of the Heads of Terms and subsequently the documentation required to implement the proposed Joint Venture;~~
- b. the final terms of the agreement be put forward and agreed by full meeting of Council, prior to the completion of the deal;***
- ~~c. Make appointments from the Council to the management board;”~~

Second Green amendment:

That the following addition be made to the recommendations listed under point 2, section (iii), so that the document reads:

- iii) Note that the reserved matters (as detailed in 3.30) will come back to committee for approval including any business plans which are to be delivered through the Joint Venture, and the disposal of land/sites to the JV
- iv) That reserved matters for the Joint Venture should include:***
- (a) An option to veto any future rent increases that exceed increases in the National Living wage;***
- (b) An option to veto any future rents increases that raise combined rents and service charges above the Local Housing Allowance;***
- c) An option to increase allowances for maintenance of properties after year 10 in the model.”***

Third Green Amendment

“That the following addition be made to the recommendations listed under point 2, section (iii), so that the document reads:

- iii) Note that the reserved matters (as detailed in 3.30) will come back to committee for approval including any business plans which are to be delivered through the Joint Venture, and the disposal of land/sites to the JV.
- v) That should the business model exceed its projected rate of return, all surplus council monies be ring fenced exclusively to provide additional council owned emergency accommodation for homeless people and additional living wage rented housing”***

40.16 Councillor Druitt seconded the Green amendments as outlined above.

40.17 Councillor Hill stated that the Labour group had no objections to the Green amendments as described above. There was also no objection to the Conservative amendments as further amended above. Councillor Hill stressed the importance of the initiative which would make a great difference to people in the city.

40.18 Councillor Gibson raised the following issues:

- It was important to achieve cross party support for the initiative.
- Councillor Gibson shared concerns that HRA assets were being sold. He was attracted to the idea of a first refusal on general fund sites for HRA development.
- The initiative was an exciting and innovative proposal with a number of benefits.
- Concern was expressed about the affordability of the scheme, and most of the amendments the Green group were proposing were designed to address that aspect. The proposed rent was double the amount of council rents.
- He considered that the proposals would fail to deliver living waged rented housing. The amendment sought to make it more affordable for more people in the city.
- The amendment was saying that if the national living wage isn't progressed the council should have safeguards in place.
- Concern was expressed that the modelling for management and maintenance was considerably lower than the amount that the council spends on average. In the longer run it might not be sufficient to properly maintain the properties. The amendment was asking if the council could revisit this after 10 years.
- Should the business model make more money for the council then this should be put into council owned emergency accommodation and living wage rented housing.

40.19 Councillor Atkinson thanked all the officers for all the work they had put into the proposals which would provide a large amount of family housing. The issue of non-competitive procurement was well covered in Section 3.1.1 on page 64 of the report. Section 3.10 pointed out that Hyde was a nationally recognised organisation and a longstanding member of the affordable housing delivery partnership. Section 3.30, laid out in some detail the strategic control the council would exercise over the operation. It also suggested that that a senior councillor could sit on the board of the joint venture thereby giving even more democratic input. The joint venture fitted in with the proposed allocations policy. Hyde would not charge access fees when the partnership was buying goods or services using Hyde's frameworks. The proposed venture provided the unique opportunity to build a large number of new homes for local people.

40.20 Councillor Bell stated that the Conservative Group fully supported the concept of the proposals and thanked Hyde for bringing this to the officers and for the time spent on the proposal. The Living Wage Joint Venture was something the city really needed. Councillor Bell was concerned despite all the meetings that had been held over the months and all the questions asked and answers given, the papers in front of members did not bear a lot of resemblance to what councillors had at the last committee meeting.

40.21 Councillor Bell raised a number of issues which were answered by officers as follows:

- The scheme of delegation referred to the Estate Regeneration Board and the Strategic Delivery Board, both of which contained cross party membership.
- Modelling assumptions had been reviewed as detailed in part 2 of the report. Funding would be something that would come back to the Policy Resources & Growth Committee and it would be determined on how the LLP was structured. That matter had not been discussed with Hyde and Bevan Brittan.
- Section 106 financial implications were based on £6000 per property which was a standard assumption for this size of development.
- Greater Brighton references were referred to in the report to give contextual reference, as officers wanted to show members the body and the breadth of efforts they were making to improve housing. The references did not relate directly to the Joint Venture. Paragraph 3.34, clearly showed how JV allocation was cross reference with the council's allocation policy. There was no indication anywhere that the JV properties would be allocated to anybody other than those living and working in Brighton & Hove. Under the frequently asked question number 4, page 94, officers had outlined how they would make sure these homes go to local households.
- It was confirmed that officers were not talking about HRA land being transferred. Officers could amend the papers to reflect that for the Policy, Resources & Growth Committee. There was different legal advice on the sale of HRA land to the sale of general fund land, so Bevan Brittan had provided advice to both. This JV was not about HRA land.
- In regard to questions about the land terminology such as transfer and drawdown, it was confirmed that any land going from the council would be going in at value. Transfer was a legal term that would have to happen to effect that. The council would still be receiving market value for it. With regard to legal questions around the Board and conflicts there would be considerations around conflicts whether it the Board members were officers or councillors. With regard to costs incurred, the Heads of Terms stated that the services for which Hyde were providing development management services would be carried out on a cost incurred basis. They would be not be making a profit. If the council provided services to the vehicle then that would also be on a cost incurred basis.
- Hyde was proposing to enter into a contract directly with Hyde New Build. The council would have a contract with the parent company. There would therefore be no need for a parent company guarantee. Hyde New Build limited provided the design and build services to Hyde Housing Association. They were proposing that Hyde New Build could be used to provide design and build services and that could be cost efficient for the joint venture. Hyde New Build was set up over 5 years ago and had a trading history and accounts and details could be provided.
- Officers had sought to answer questions on the running of the company and the Board on frequently asked question number 14 on page 97. The suggestion that members should be members of the Board was one of the amendments that would be going forward to the Policy, Resources and Growth Committee. The governance structure was a reserved matter. Anything officers discussed with Hyde would be brought back to members for approval. With regard to options appraisal, officers had tried to demonstrate in the report that there were a range of options. Two of the

options were in front of members today. The Wholly Owned and the Joint Venture. Any other options would have to be agreed by Committee.

- The £3 figure for £1 of investment was a national collation. Details could be circulated to members after the meeting. Officers had not identified which sites would be transferred. They had to make sure that the JV would work. Some work had been carried out on the types of sites required but they had not been identified or agreed. There would be a full consultation process on any sites that did come forward. They would all need to come through committee for agreement.

40.22 Councillor Druitt wanted to put on record that the hours that councillors had spent having multiple meetings did not seem to be the right way to carry out democracy. He asked if everyone could reflect on that and explore other ways in the future. He shared a number of concerns expressed by the Conservative group but he was happy to trust Policy, Resources & Growth Committee on the legal and financial due diligence of the joint venture. Councillor Druitt wanted to see the Conservative amendments explored in full at the briefing and at PR&G Committee. He welcomed all the work that had gone into the joint venture, but considered that there needed to be more effort in ensuring that the rents were truly living wage rents.

40.23 Councillor Mears raised a number of concerns and questions which were answered as follows:

- Delegated authority was in consultation with the two cross party boards. Under 2.2 (iii) noted that reserved matters would come back to the Committee for approval. Paragraph 3.30 outlined a full range of reserve matters that would have to come back to members; this included the business plan for the JV, any funding and any issues to do with governance as well as any disposals.
- The affordable housing brief was a means by which the council try and maximise the number of affordable housing in the city. The reason for doing this was to seek a significant number of rented homes. Size standards did link to the previous Homes and Community Association size standards and this was one of a number of options that were being considered to deliver new homes.
- In terms of whether there were enough sites for a 1000 homes, the purpose of the list officers shared confidentially with members was to review the sorts of sites that might be used. There were HRA sites included in that list: however, it was confirmed in this joint venture officers were absolutely not talking about HRA sites coming into the joint venture.
- Members were reminded that all sites that come forward for disposal or transfer to the joint venture would need to go through Housing & New Homes Committee.
- With regard to comments about the report changing since the last meeting it was explained that Bevan Brittan had been engaged for 6 months or so supporting the council. Bevan Brittan always tried to update the advice as the project had evolved. The papers had been updated to remove issues that were no longer on the table or to add more detail where there was more clarity.
- Paragraphs 4.16 to 4.18 of the draft heads of terms were highlighted. At the last committee members wanted more detail and more focus about what might happen at the end of the venture. Bevan Brittan had sought to capture the key principle that the council would have a lock in period during which it would know there would be

certainty regarding the partners. In any event the council would have first right of refusal in the event that Hyde at some point in the future had an intention to walk away. The restriction on the use of the housing would always continue.

- The capital budget of £151,000 referred to in paragraph 8.3 was presented to committee last march. This was funding for legal and financial advice and was made up of strategic investment fund money and DCLG money carried forward.
- Officers had provided summaries of the models in the report. If an additional level of briefing was required that would be arranged.

40.24 Councillor Moonan echoed thanks to the officers for the work that had gone into the report. She welcomed the opposition's agreement in principal. The project was a sound and exciting proposal. Detail was important and Councillor Moonan welcomed the questions being raised and the examination of the detail. It was necessary to ensure all of those concerns were answered. Meanwhile, the proposals would boost the local economy by providing many local jobs as well as homes. The scheme was aimed at low income families and key workers who were struggling to pay private rents in a private rented sector. Through the scheme they would be provided with homes with a 40% discount which will make them much more affordable.

40.25 The Chair commented that this joint venture with Hyde Housing would allow the council to build up to 1000 affordable homes, as they would be based on the national living wage (by the time these homes are built) not the Brighton & Hove Living wage which was higher. This made the homes much more affordable. These homes would be more environmentally friendly, cheaper to heat, and more efficient on water consumption. That would save people another 40% on their fuel bills. On average each house could save up to £108 a week which would be life changing for many people.

40.26 The Executive Lead Officer for Strategy, Governance and Law stated that Councillor Bell had raised the issue of officers making appointments to outside bodies. He confirmed that under the council's constitution the appointment to outside bodies is reserved to full council.

40.27 The Committee voted on the Conservative amendments as amended so that they would be referred to PR & G Committee with an officer's report addressing the issues raised. Meanwhile officers would arrange a briefing before Policy, Resources & Growth Committee to which Housing & New Homes Committee members would be invited. The amendment to the amendment was unanimously agreed.

40.28 The Committee voted on the Green amendments and these were unanimously agreed.

40.29 The Committee voted on the main recommendations which became the substantive recommendation as amended and these were agreed by five votes in favour and four abstentions.

40.30 **RESOLVED:-**

- (1) That the Housing & New Homes Committee recommends the report to the Policy, Resources and Growth Committee as set out in paragraph 2.2, as amended.

- (2) That officers be instructed to take a report to Policy, Resources & Growth Committee addressing the issues raised in the Conservative draft amendment.
- (3) That officers arrange a briefing before Policy Resources & Growth Committee to which Housing & New Homes Committee members are invited to ensure members are fully briefed on the answers to the Conservative draft amendment.
- (4) That the following amendments be made to the recommendations listed under point 2, so that the document reads as follows:

2.2 That the Policy, Resources and Growth Committee:

- i) Support in principle the living wage joint venture proposal; and
- ii) Give delegated authority to the Executive Director of Economy, Environment and Culture following consultation with the Executive Lead Officer for Strategy, Governance & Law, the Executive Director of Finance & Resources, the Estate Regeneration Board and the Strategic Delivery Board to:
 - a) Develop and negotiate the deal with Hyde; in which the following are sought:
 - 1) 100% of nominations for Living Wage Rented Housing are provided only for households from the BHCC waiting list, for whom specifically, the market rent for housing in the private sector exceeds 50% of their income. This is estimated at an annual gross income of:- £36,000 for a three-bed- £31,000 for a 2 bed,-£22,500 for a one bed-£16,000 for a studio
 - 2) That 100% of nominations for shared ownership properties are achieved for residents with a local connection to Brighton and Hove, as defined in the Housing Allocations Policy
 - 3) That a 'first refusal' option is agreed in the event Hyde become bankrupt; and/or that in the event that Hyde should separately dispose of their stake in the partnership, that their stake be sold to the council or to a charitable housing association, with charitable objectives;
 - 4) That the rent levels set are reduced to the levels modelled in the 30% of living wage rent sensitivity test, (made possible by lowering the rate of return in the base model)
 - (b) the final terms of the agreement be put forward and agreed by full meeting of Council, prior to the completion of the deal;
- iii) Note that the reserved matters (as detailed in 3.30) will come back to committee for approval including any business plans which are to be

delivered through the Joint Venture, and the disposal of land/sites to the JV:

- iv) That reserved matters for the Joint Venture should include:
 - a) An option to veto any future rent increases that exceed increases in the National Living wage
 - b) An option to veto any future rents increases that raise combined rents and service charges above the Local Housing Allowance;
 - c) An option to increase allowances for maintenance of properties after year 10 in the model
- v) That should the business model exceed its projected rate of return, all surplus council monies be ring fenced exclusively to provide additional council owned emergency accommodation for homeless people and additional living wage rented housing.

PART TWO SUMMARY

46 LIVING WAGE JOINT VENTURE - EXEMPT CATEGORY 3

- 46.1 The Principal Accountant presented the financial summary of the Living Wage Joint Venture proposal as detailed in appendix 4 to the report discussed at Item 40 in Part One of the agenda.

47 PART TWO PROCEEDINGS

- 47.1 **RESOLVED** - That the appendix attached at Item 46 remains exempt from disclosure to the press and public.

Subject: Housing Delivery Options – Wholly Owned Housing Company – Extract from the Proceedings of the Housing & New Homes Committee meeting held on 16 November 2016

Date of Meeting: 8 December 2016

Report of: Executive Lead Officer for Strategy, Governance & Law

Contact Officer: Name: **Caroline De Marco** Tel: **01273 291063**

E-mail: Caroline.demarco@brighton-hove.gov.uk

Wards Affected: All

FOR GENERAL RELEASE

Action Required of the Committee:

To receive the item referred from the Housing & New Homes Committee for approval:

Recommendation: That the Committee note the resolutions from Housing & New Homes Committees and agree the revised recommendations as set out below:

- (1) That Housing & New Homes Committee
 - (i) recommends the report to Policy, Resources & Growth Committee as out at paragraph 2.2 subject to the below details at (2) .first coming back to a future meeting of the Housing & New Homes Committee to be approved.
 - (ii) Recommends the below details are provided to all members, and a final decision to proceed with a wholly owned council housing company be approved by a meeting of Full Council.
- (2) That Policy, Resources and Growth Committee:
 - (i) Give delegated authority to the Executive Director of Economy, Environment & Culture in consultation with the Executive Lead Officer for Strategy Governance & Law and Executive Director of Finance & Resources to:
 - a) progress a wholly owned Special Purpose Vehicle or Housing Company to support the provision of additional homes in the city;
 - b) agree and authorise the preparation of documentation required to implement the model;

- c) make the appointments to the management board; which will include the Chair, Opposition Spokesperson and Minority Group Spokesperson of the Housing and New Homes Committee.
- (ii) Note that future projects will come back to committee for approval including any business plans and the disposal of land/sites.

BRIGHTON & HOVE CITY COUNCIL
HOUSING & NEW HOMES COMMITTEE
16 NOVEMBER 2016
COUNCIL CHAMBER, HOVE TOWN HALL

Present: Councillor Meadows (Chair) Councillor Hill (Deputy Chair), Councillor Mears (Opposition Spokesperson), Councillor Gibson (Group Spokesperson), Councillors Atkinson, Barnett, Bell, Druitt, Lewry and Moonan.

DRAFT MINUTE

PART ONE

- 41.1 The Committee considered a report of the Executive Director Economy Environment & Culture which set out a proposal to establish a wholly owned Special Purpose Vehicle or Housing Company. Following the September Committee meeting further work had been undertaken seeking to address key concerns of councillors through additional briefings offered to Housing Spokespersons and their lead members/political groups. Details of the briefings were outlined in the report.
- 41.2 The proposal was informed by outcome of the Housing Market Intervention options study presented to Housing & New Homes Committee in March 2016 who approved the report and agreed to the procurement of legal and other specialist advisers to pursue this work. The report was presented by the Head of Housing Strategy, Property and Investment, and the Programme Manager, Regeneration.
- 41.3 Councillor Mears proposed the following amendment which was seconded by Councillor Bell.

“That the recommendations on page 108 of the agenda be amended as follows:

2. RECOMMENDATIONS:

2.1 That Housing & New Homes Committee:

i) Recommends the report to Policy, Resources & Growth Committee as set out at paragraph 2.2 subject to the below details at 2.2 first coming back to a future meeting of this committee to be approved.

ii) Recommends the below details are provided to all members, and a final decision to proceed with a wholly owned council housing company be approved by a meeting of Full Council.

2.2 That Policy, Resources & Growth Committee:

ii) Give **delegated** authority to the Executive Director of Economy, Environment & Culture in consultation with the Executive Lead Officer for Strategy Governance & Law and Executive Director of Finance & Resources to:

a. progress a wholly owned Special Purpose Vehicle or Housing Company to support the provision of additional homes in the city;

b. agree and authorise ~~execution~~ **the preparation** of documentation required to implement the model;

c. make the appointments to the management board; **which will include the Chair, Opposition Spokesperson and Minority Group Spokesperson of the Housing and New Homes Committee.**

iii) Note that future projects will come back to committee for approval including any business plans and the disposal of land/sites.”

41.4 Councillor Gibson asked officers if they could give some indication of timescales. When would the Housing Company be in a position to build some houses?

41.5 Head of Housing Strategy, Property and Investment replied that the intention was to progress as soon as possible. All project proposals would be considered by the Committee and the Cross Party Estate Regeneration Board.

41.6 The Executive Director, Economy, Environment & Culture informed Members that officers would move as quickly as possible but each of the projects took time.

41.7 Councillor Mears referred to the financial comments on page 113, paragraph 8.2. She asked if there was enough money to obtain legal advice. The Principal Accountant replied that there was enough money available at the moment. The cost might increase as the project progressed. All increases had to be approved and funds identified. At the moment the cost of appointed legal consultants was within budget.

41.8 At this point the Committee voted on the Conservative amendment outlined in paragraph 41.3 above. The amendment was unanimously agreed.

41.9 **RESOLVED:-**

(3) That Housing & New Homes Committee

(iii) recommends the report to Policy, Resources & Growth Committee as out at paragraph 2.2 subject to the below details at (2) .first coming back to a future meeting of the Housing & New Homes Committee to be approved.

(iv) Recommends the below details are provided to all members, and a final decision to proceed with a wholly owned council housing company be approved by a meeting of Full Council.

(4) That Policy, Resources and Growth Committee:

- (i) Give delegated authority to the Executive Director of Economy, Environment & Culture in consultation with the Executive Lead Officer for Strategy Governance & Law and Executive Director of Finance & Resources to:
 - a) progress a wholly owned Special Purpose Vehicle or Housing Company to support the provision of additional homes in the city;
 - b) agree and authorise the preparation of documentation required to implement the model;
 - c) make the appointments to the management board; which will include the Chair, Opposition Spokesperson and Minority Group Spokesperson of the Housing and New Homes Committee.
- (ii) Note that future projects will come back to committee for approval including any business plans and the disposal of land/sites.

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