

BABERGH DISTRICT COUNCIL

From: Head of Economy	Report Number: N53
To: Strategy Committee	Date of meeting: 12 September 2013

APPLICATION TO BECOME AN INVESTMENT PARTNER WITH THE HOMES AND COMMUNITIES AGENCY

1. Purpose of Report

- 1.1 The Homes and Communities Agency (HCA) is the Government's main agency for affordable housing funding in England. Both Babergh and Mid Suffolk are stock retained Councils and as such are Registered Providers in their own right.
- 1.2 In order to be in receipt of direct funding from the HCA, the Babergh and Mid Suffolk Councils would have to be formal Investment Partners (IP's). Only organisations that have qualified for Investment Partner status can deliver development programmes through the Affordable Homes Programme.
- 1.3 In consideration of future funding options to provide additional housing supply in both District Council areas, it is proposed that an application be made to the HCA to become an Investment Partner.

2. Recommendations

- 2.1 That the application to apply to become an Investment Partner with the Homes and Communities Agency be approved.

The Committee is able to resolve this matter.

3. Financial Implications

- 3.1 Successful registration as an Investment Partner would enable the two Councils to potentially access Homes and Communities funding (subject to certain bidding criteria). The HCA has numerous funding packages; to bid for funding does not require the Councils to be an IP, but they could only receive grant funding if they were IP's.

4. Risk Management

- 4.1 There is nothing on the Council's risk register that directly relates to this report; however there are issues around the ability of the Councils to deliver new additional housing supply. Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Lack of HCA funding for new affordable housing would mean that the Council would have to raise investment capital to fund any new house building programme	Significant	Medium	Provision of HCA funding would reduce the investment capital required for a development programme.

5. Consultations

5.1 None.

6. Equality Analysis

6.1 An Equality Analysis has not been carried out. The report relates to an application to become an Investment Partner with the HCA. It does not impact upon any of the protected characteristics within the Equality Act 2010.

7. Shared Service / Partnership Implications

7.1 The HCA has advised that in the event of a joint application that either Babergh or Mid Suffolk can act as a lead IP with the other being a member of a joint consortium. Alternatively two separate applications could be made. On the advice of the Cambridge HCA office, at this stage it is probably prudent to make an application on behalf of both Councils, dependent on gaining approval of the recommendation from both Executive and Strategy Committees.

7.2 A joint application would be easier for officers to implement and monitor. It would not be a barrier to the two individual Councils developing separate development programmes in the future but would help to reduce development overheads.

8. Key Information.

8.1 After seeking advice from the HCA, speculative applications to become Investment Partners are not currently being processed. However, if the Council were to bid for any HCA funding the IP application would have to be processed prior to any funding allocation being approved. It is therefore felt to be prudent to do this work now in advance of any funding bid so that in the event of any successful funding application, it is not an additional administrative burden.

8.2 This report has been prepared as the HCA requires there to be a formal agreement by Members in order for the Council to apply for IP status.

8.3 In considering an application for IP status, the HCA will assess the technical ability of the applicant(s) to deliver a development programme in the event that a funding application is approved. This will cover an assessment of experience and expertise as a developing organisation. It is acknowledged that there are skills gaps across the two Councils due to the fact that neither Council has delivered a development programme for new housing for over 20 years; this expertise has been largely lost.

8.4 One option that both Councils have is to appoint another Registered Provider to act as a Development Agent on its behalf. In this scenario, the two Councils would not need to have formal IP status in their own right. There are several local housing association RP partners that could act as a development agent for the two Councils if this was a future consideration.

8.5 The option of applying for IP status will keep all investment options open at this moment in time. As work on all the possible investment models and sources of finance for a development programme are clarified, further reports will be put before Members for consideration

9. Appendices

None.

10. Background Documents

10.1 HCA Affordable Homes Programme 2011 – 15 Investment Partner Qualification Guidance and questionnaire.

10.2 The questionnaire consists of 4 sections:

- Section 1 and 2 – Organisational Information and Good Standing
- Section 3 – Financial Information
- Section 4 – Technical Capacity to meet the HCA's Design and Quality Standards.

10.3 Applications for IP status may be as a single entity or a consortium of organisations, a Special Purpose Vehicle (SPV), (including Local Authority-led SPV's) or a joint venture company (JV) constituted as a single entity. A 'consortium' means a group of companies or separate legal entities identifiable at the point of application formally acting together for the purpose of bidding for grant under the Affordable Homes Programme 2011 -15.

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