
Meeting: Executive
Date: 15 July 2014
Subject: Agreement to Homes and Communities Agency Grant Funding Conditions
Report of: Cllr Carole Hegley, Executive Member for Social Care, Health & Housing
Summary: The report proposes the Executive agrees to accept the funding conditions for the receipt of capital grant in respect of the development of Priory View, Dunstable and the Empty Homes Leasing scheme.

Advising Officer: Julie Ogley, Director of Social Care, Health and Housing
Contact Officer: Tim Hoyle, Head of Service Meeting the Accommodation Needs of Older People (MANOP)
Public/Exempt: Public
Wards Affected: None specifically
Function of: Executive
Key Decision No
Reason for urgency/ exemption from call-in (if appropriate) Not Applicable

CORPORATE IMPLICATIONS

Council Priorities:

The actions support the Council priorities:

- Enhancing the local community.
- Promoting health and wellbeing and protect the vulnerable.
- Value for money.

Financial:

1. The development of Priory View, Dunstable (formerly referred to as the Dukeminster Extra Care Scheme) is identified in the Housing Revenue Account (HRA) Capital Programme. The Council has secured grant funding of £1.703M from the Homes and Communities Agency (HCA) towards the cost of the scheme, the balance being funded from the HRA. If the HCA funding is not secured then the Council will need to make up the shortfall.

2. In 2012, the Council also secured HCA funding of up to £0.2M to help bring long term empty homes back into occupation. A grant contribution of between £8k and £15k can be claimed from HCA for each home brought back into use under the scheme.

Legal:

3. The Council is required to provide an undertaking to comply with HCA's funding terms and conditions to ensure that the funding stream is secure for this and future projects.

Risk Management:

4. The main risk identified with the recommendation is the financial risk associated with the HCA having the right to reclaim grant paid if the funding conditions are not met. This risk is evaluated as being low and is being actively managed through the MANOP Programme and Capital Monitoring. Actions include regular reporting to HCA and quarterly progress meetings with them.
5. There is a very significant financial risk associated with not accepting the recommendations inasmuch as this would result in the grant not being paid and the loss of this sum to the Council. Thus the risk of not proceeding far outweighs the risk of proceeding.

Staffing (including Trades Unions):

6. Not applicable.

Equalities/Human Rights:

7. There are no specific equalities or human rights implications of this proposal.

Public Health

8. Not applicable.

Community Safety:

9. Not applicable.

Sustainability:

10. Not applicable.

Procurement:

11. Not applicable.

Overview and Scrutiny:

12. This matter has not been considered by Overview and Scrutiny.

RECOMMENDATIONS:

The Executive is asked to:

- 1. approve the acceptance of the Homes and Communities Agency's conditions in respect of grant towards the costs of the development of Priory View, as set out in Appendix A to this report; and**
- 2. approve the acceptance of the Homes and Communities Agency's conditions in respect of grant towards the Empty Homes Leasing scheme, as set out in Appendix A to this report.**

Reason for Recommendations: To comply with the conditions required to receive the £1.703M funding contribution towards the cost of the Priory View development and up to £0.2M of Empty Homes leasing funding.

Executive Summary

13. The Council was awarded a grant from the Homes and Communities Agency of £1.703M towards the cost of the development of Priory View.
14. The Council was awarded a grant from the Homes and Communities Agency of up to £0.2M towards an empty homes leasing scheme.
15. In order to receive these grants the Council must make an explicit undertaking to abide by the funding conditions. The same conditions apply to both grants.
16. If the Council fails to abide by the funding conditions then HCA can withhold payment and demand repayment of some or all of grant previously paid.

Background

17. In 2013 Central Bedfordshire Council applied for grant from the Homes and Communities Agency (HCA) for funding contribution to the development cost of Priory View (formerly referred to as the Dukeminster Extra Care Scheme). In 2012 the Council made an application for up to £0.2M funding to tackle long term empty homes.
18. These applications were successful and the Council was advised that a grant of £1.703M had been awarded for Priory View and £0.2M for Empty Homes.
19. The grant for Priory View is payable in two tranches: 50% at the commencement of the development (the 'start on site' date) and 50% when the development is completed (the 'practical completion' date).
20. As Priory View development has commenced the first tranche of funding can now be claimed but before this can be transferred the HCA requires that the Council formally accepts the conditions that are attached to it.

21. Under the Empty Homes scheme a grant contribution of between £8k and £15k can be claimed from HCA for each home brought back into use under the scheme. Again, the HCA requires that the Council formally accepts the conditions that are attached to the grant before payment will be made.
22. The first two empty homes brought back into use under the leasing scheme have now been completed and grant can be claimed.

Funding Conditions

23. The funding conditions are set out in full in Appendix A. The same set of conditions applies to both grants. Some of these conditions are of a technical nature or not relevant to either the Priory View development or empty homes scheme and are not referred to in this report.
24. It should be noted that the conditions refer to 'Registered Providers' (RP's) and in this context the Council is the Registered Provider.
25. The most significant conditions are set out in the sections below.
 - (a) Grant must be used in accordance with the HCA's criteria, procedures and audit arrangements. This includes a requirement to conduct an independent compliance audit once the scheme is completed.
 - (b) Grant must be applied to the provision of affordable housing within the designated scheme.
 - (c) Dwellings must meet the HCA's Design & Quality Standards.
 - (d) The RP must possess a legal interest in the property.
 - (e) No member, employee or agent of the RP should have an interest in the vendor, contractor or the land to be acquired.
 - (f) Rents and regulated charges must comply with those agreed at confirmation of the grant.
 - (g) Procurement of contracts in relation to the scheme must follow the EU Procurement regime.
 - (h) The RP must participate in and comply with the HCA's programme management and other management systems.
 - (i) The RP must explicitly agree to the funding conditions at 'Committee' level and retain a copy of the minute for Audit/Regulatory purposes.
26. As far as is possible, the Council is compliant with these and the remaining grant conditions. Where compliance has not yet been achieved (for example, rents have not yet been set at Priory View) it intends to achieve and maintain compliance as the scheme is brought to fruition.

Sanctions

27. Under the requirements of the funding agreement the HCA retains the right to withdraw and/or recover grant paid should a recipient fail to comply with the conditions. In some circumstances the Council would also be liable for interest on grant received. These are set out in detail in the HCA's 'Grant Recovery Principles'.

Appendices:

Appendix A: The Homes and Communities Agency Grant Funding Conditions under the Affordable Homes Programme

Background Papers: (open to public inspection)

None