

Central Bedfordshire Council

EXECUTIVE

6 October 2015

Agreement to Homes and Communities Agency Grant Funding Conditions

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This report relates to a non-Key Decision

Purpose of this report

1. The report proposes the Executive accept the funding conditions for the receipt of capital grant in respect of the development of Priory View, Dunstable to meet Homes and Communities Agency grant conditions.

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.**

Overview and Scrutiny Comments/Recommendations

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

Issues

3. 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 Independent Living scheme. The application was successful and the Council was allocated grant of £1.703M.

4. Grant is payable in two tranches: 50% at the commencement of the development and 50% when the development is completed. Priory View is heading towards completion and the first tranche of funding has been claimed. Before the final tranche can be claimed, the HCA specifically requires that the Council Executive formally accepts the conditions that are attached to it.
5. A report was presented to Executive on 15 July 2014 recommending approval to accept the funding conditions. Executive approved the acceptance of the funding conditions and the minutes of the Executive meeting were provided to the HCA as required. This is, however, an annual requirement and the HCA require Executive to formally approve the grant conditions before the final payment can be made for Priory View (£0.85M). This requirement only applies to existing projects and will not apply to funding obtained in future HCA programmes.
6. The funding conditions are set out in full in Appendix A. Some of these conditions are of a technical nature or not relevant to the Priory View development and are not referred to in this report.
7. It should be noted that the conditions refer to 'Registered Providers' (RP's) and in this context the Council is the Registered Provider.
8. 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.
9. As far as is possible, the Council is compliant with these and the remaining grant conditions with information and updates provided to the HCA at regular quarterly review meetings.

Options for Consideration

10. 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 including Executive's approval to accept grant funding conditions.

Reason for Decision

11. To comply with the conditions required to receive the remaining £0.85M grant and to avoid repaying the grant already received. Total grant allocation is £1.703M

Council Priorities

12. The actions support the Council priorities:
 - Enhancing the local community
 - Promoting health and well being and protecting the vulnerable
 - Value for money.

Corporate Implications

Risk Management

13. 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 Housing Service Development Programme and Capital Monitoring. Actions include regular reporting to HCA and quarterly progress meetings with them.
14. 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.

Legal Implications

15. 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 project. This requirement only applies to existing projects, not to funding allocated under the 2015 – 18 affordable homes programme.

Financial Implications

16. The development of Priory View, Dunstable 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.
17. The HCA require Executive's acceptance of the funding conditions associated with the grant on an annual basis. This is required in order to draw down the remaining grant funding of approximately £0.8M upon completion of the works, anticipated before end December 2015.

Equalities Implications

18. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
19. The Grant must be applied to the provision of affordable housing within the designated scheme and dwellings must meet the HCA's Design & Quality Standards. These provisions will support the promotion of equality of opportunity.

Conclusion and next Steps

20. 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, including repayment of grant already received. Thus the risk of not proceeding far outweighs the risk of proceeding.
21. Minutes of the Executive meeting will be sent to HCA as required to meet funding conditions.

Appendix

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

Background Papers

None