

## **CABINET – 30 JUNE 2005**

### **Report of the Head of Housing Services**

#### **ITEM 8 REGISTERED SOCIAL LANDLORDS PREFERRED PARTNERS - REVIEW**

##### Purpose of the Report

To seek Cabinet approval to move towards the creation of a Development Group from the existing RSL Preferred Partners.

##### Recommendations

1. That Cabinet agrees in principle the need to create a Development Group of RSLs following a recent review of the existing RSL Preferred Partners arrangement.
2. That Cabinet also agree to explore the merits and potential of a sub-regional consensus on a preferred partner “consortium” approach through the recently-established Leicestershire & Rutland Development and Strategy Officers’ Group.
3. That Cabinet delegates authority to the Head of Housing Services, in conjunction with the Lead Member for Housing, to progress the detail of this process after discussions with our sub-regional partners.

##### Reasons

1. To create a more meaningful group of preferred partner RSLs for the purpose of developing new affordable homes in the Borough.
2. To demonstrate a strategic approach to a significant housing issue.
3. To enable the selection process to proceed as quickly as possible.

##### Policy Context

Decent Homes, Sustainable Communities.

##### Background

At its meeting on 28 November 2002 Cabinet accepted a recommendation that a group of 12 RSLs should become the Council’s “preferred partners” for new social housing development activity of a high standard within the Borough. In order to join the group RSLs were invited to explain how they would meet certain criteria in terms of corporate standards, new social housing development standards and housing management standards. After selection all the partners signed agreements with the Council about the process of Council nominations to their properties.

The resulting group of 12 was larger than originally anticipated for a preferred partner group and this was acknowledged at the time. The nomination agreements have been useful in clarifying procedures and expectations from both parties, but the Preferred Partner arrangement has been less successful as a means of promoting new development in the Borough. In practical terms the arrangement spread any benefits for the partner RSLs too thinly, and some of the 12 RSLs have shown little or no interest in developing in Charnwood since signing up to the Preferred Partner arrangement.

Since November 2002 several factors have pointed to the need to review the preferred partner arrangement for the benefit and clarity of the Borough Council, RSLs and developers, including:

- The new Housing Corporation Partnership arrangements with RSLs.
- Current consultation on the draft Affordable Housing SPD for Charnwood.

In 2003 the Housing Corporation announced that in future most of its funding for new affordable housing would be directed to a limited number of mainly medium and large-sized developing Partnering RSLs, which had the financial stability and track record to deliver volume housing quickly to a high standard. The Corporation also announced that private developers would be allowed to bid for a proportion of future funding in competition with the Partner RSLs.

The key criteria for Partnering are the Housing Corporation's regulatory assessment of an RSL's development capacity and competence, financial capacity and competence and management capacity and competence and the RSL's ability to meet the Decent Homes Standard, Rent Restructuring and the annual Housing Corporation Assessment (HCA).

At present only three of our twelve RSL preferred partners from November 2002 have Housing Corporation Partnership status: Metropolitan, Riverside and Nottingham Community HA.

One of the results nationally of this reduction in the number of developing RSLs has been a move towards mergers of RSLs in an attempt to combine resources and make a stronger bid for Partnership status with the Housing Corporation. This is also resulting in the loss of some smaller locally-based RSLs unless they are willing and able to continue as managing associations only or as agents for some of the larger RSLs, or can continue to develop as specialist providers.

In a news release on 8 June 2005 the Housing Corporation announced the launch of its 2006-08 bid round, now named the 2006-08 National Affordable Housing Programme (NAHP) providing "*investment to tackle the under-supply of affordable housing in England.....with investment targeted through a limited number of lead providers*". For the first time this bid round will be open to private developers and others as well as housing associations. Up to 20% of the programme "*will be reserved for non-Partner associations through a specialist programme route*".

The effect of this for Charnwood and all local authorities is that future development partners for local authorities will be increasingly self-selecting, depending on whether the RSLs have Partnership status with the Housing Corporation or have their own significant reserves and borrowing ability.

The Affordable Housing SPD, which is currently out for consultation, confirms the key role of RSLs by stating that the Council “*will ensure that affordable housing provision remains affordable and is occupied by local people in housing need in perpetuity by the involvement of an approved RSL in the ownership and management of affordable housing*”. The SPD also urges developers to use the RSL, which the Council “*will nominate from its Preferred Partner Development Group*”. Clearly the Council cannot prescribe an RSL but may seek to persuade a developer that the Council will only endorse a nominated RSL for Housing Corporation funds or access to its own Enabling Grant.

### Proposals

Given the changes outlined above since the original agreement it is proposed to select an RSL Development Group for the future, probably comprising no more than six partners. Ongoing nomination agreements with the full range of RSLs managing stock in Charnwood would continue unaffected on a day-to-day basis, but the significance of the new partnership would be increasingly focussed on maximising the delivery of new affordable housing.

It is also proposed that we first of all explore with our sub-regional local authority partners the merits of a sub-regional preferred partner consortium approach to the development of new affordable housing. We would still need to ensure through this approach a commitment to developing in Charnwood, and if it was felt that this was not achievable or if the other partners were not fully committed to a cross-boundary approach the position would have to be reviewed.

From the RSL perspective benefits of a smaller developing group might include the opportunity to access the Council’s Enabling Grant and the opportunity to be referred to developers with obligations under s.106 agreements. The inducements, which Charnwood alone could offer, would be limited compared to those of some of our larger neighbours, but this reinforces the argument for reducing the size of any meaningful partnering group.

In terms of selection the aim would be to limit membership to those RSLs with a genuine interest in working in Charnwood and the emphasis should therefore be more on the RSL’s track record within Charnwood than on its future aspirations. We would also need to evaluate the likelihood of the RSL being able to access development funding opportunities independently. Detailed selection criteria would be finalised at a later date, but at this stage Cabinet is asked to endorse the need to revise the concept of the Preferred Partner arrangement within Charnwood and reduce the number of future RSL developing partners.

Key Decision: No

Background Papers: Minute 211 – Cabinet 28 November 2002

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