



West Midlands
Combined Authority

Overview & Scrutiny Committee

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Report title	Affordable Homes Programme
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Recommendation(s) for decision:

The Overview & Scrutiny Committee is recommended to:

- (1) Note the progress following the announcement of the Deeper Devolution Deal in March 2023, specifically on the joint working of the Homes England and WMCA teams relating to the Affordable Homes Programme.
- (2) Note that ongoing engagement with local authorities and other partners is ongoing, and the Overview & Scrutiny Committee members are encouraged to contribute to this and provide links where necessary into relevant stakeholders.

1.0 Purpose

- 1.1 The purpose of this report is to update the Overview & Scrutiny Committee on the trailblazer approach to delivering the Affordable Homes Programme in the West Midlands, as set out in the Deeper Devolution Deal agreed by WMCA and HM Government in March 2023.

2.0 Background

- 2.1 Within the Deeper Devolution Deal (DDD), government committed to piloting a new, two-phase trailblazer approach to the Affordable Homes Programme (AHP) in the West Midlands. The AHP is the government's flagship programme for delivering affordable housing in England, providing grant funding towards the supply of new social and affordable housing.
- 2.2 The first and current phase of the pilot relates to funding within the existing envelope of the AHP and will run to the end of the in-train programme (2021-26). The second phase will begin in any successor programme, to be agreed in the next Spending Review.
- 2.3 Over the two phases, WMCA and its local authority partners will be given increasing oversight, involvement, direction and, in the second phase, decision-making on affordable housing delivery in the region for the first time, whilst also ensuring the business case objectives and commitments of the in-train national programme are delivered and existing local authority arrangements are maintained.
- 2.4 Additionally, HM Government has committed to establishing a new wide-ranging Strategic Place Partnership, through Homes England, to support the region with ambitious plans on housing supply, investment, and urban regeneration. Homes England will work with WMCA and its constituent local authorities to agree a set of place-making outcomes, focused on delivering transformational change across the West Midlands. The Strategic Place Partnership will align expertise, funding and other relevant assets to support the delivery of these outcomes, and other strategic priorities at combined authority level.

3.0 Phase 1 – Current Affordable Homes Programme (2023-26)

- 3.1 In the first phase, WMCA will be “responsible for setting the strategic direction, leadership and strategy of the Affordable Homes Programme, priorities for investment and strategic oversight within the WMCA area”, working closely with Homes England, who will “lead on day-to-day management, monitoring, grant allocation and administration of the Affordable Homes Programme in the region”.
- 3.2 **To help WMCA meet its ambition of working with local authorities, HM Government, housing associations and industry to double the supply of affordable homes in the West Midlands**, Homes England will invest at least £200 million of Affordable Homes Programme funding within the WMCA area by March 2026 with a clear ambition for WMCA, local partners and Homes England to work together to invest up to £400 million to build more social and affordable homes by 2026. Overall funding decisions will need to be aligned and consistent with the national targets set for the current AHP, but more flexibility may be granted to take greater account of regional priorities in line with the trailblazer approach.

3.3 This will be dependent on appetite from providers, alongside the ongoing work to develop a joint pipeline and delivery plan, developed as part of the Strategic Place Partnership. To support this ambition, WMCA is working collaboratively with Homes England, local authorities and local delivery partners to identify opportunities to deploy both AHP and WMCA's existing devolved Housing and Land funding to maximise delivery of new affordable and other homes, mixed use development and estate regeneration opportunities.

4.0 Phase 2 – Successor Programme (2026 onwards)

4.1 Post 2026, WMCA, in partnership with its local authorities, will “make the key strategic decisions over local investment and spend” of Affordable Homes Programme in the WMCA area in line with its strategic framework. In this new ‘trailblazing’ model of delivery, WMCA will be responsible for adopting a strategic role on affordable housing, including some decisions currently taken by Homes England, such as agreeing sites and providers and identifying standards.

4.2 WMCA will be held accountable for delivery through a new accountability framework. Day to day administration of the Affordable Homes Programme in the West Midlands will continue to be undertaken by Homes England working to the strategy, objectives and framework set by WMCA, with Homes England reporting to WMCA on delivery of the agreed outcomes and outputs.

5.0 Implementation of the Trailblazer Approach

5.1 A joint West Midlands AHP team, comprising officers from WMCA's Housing, Property & Regeneration team and Homes England's Growth team, has been formed to establish the operational, administrative, legal, governance and other requirements of the programme. Together, the joint team are meeting with regional partners and stakeholders, including local authorities, affordable housing providers and other developers. This ongoing engagement programme is focusing initially on the objectives, requirements and implementation of the first phase of the trailblazer approach.

5.2 As part of this engagement, the team are working with local authorities and affordable housing providers to identify local priority sites and early wins for the joint pipeline and delivery plan. To further augment this pipeline, opportunities to drive additional affordable housing are also being explored. These include identification of schemes not currently meeting Local Plan affordable targets, engaging wider providers/landholders of affordable housing (for example, the Almshouse Association and Church of England) and engaging providers with a significant footprint in the sector who are not yet active or delivering at scale in the region.

5.2 In June 2023, new flexibilities were announced for the AHP, allowing for AHP grant to also be used to fund replacement homes alongside new affordable homes as part of wider estate regeneration plans. This represents a significant opportunity for the West Midlands trailblazer approach to unlock long-standing estate renewal schemes and the joint team is working with local authorities and affordable housing providers to develop a pipeline of estate regeneration projects which could be unlocked or accelerated through a joined-up funding approach.

6.0 Next steps

- 6.1 The ongoing, comprehensive joint engagement programme with local partners and wider sector stakeholders will continue. The joint West Midlands AHP team will continue working closely to identify priority sites throughout this engagement and in their respective existing pipelines to establish the joint delivery plan and priority delivery.
- 6.2 Concurrently, officers will work to develop robust monitoring and reporting processes and systems which can provide the necessary oversight and assurance of performance for WMCA Boards for the trailblazer AHP programme. This will also align with the emerging Affordable Housing Supply Strategy as detailed in another item on the agenda.

7.0 Financial Implications

- 7.1 It is noted that the purpose of this report is to update the Overview & Scrutiny Committee on the approach to delivering the Affordable Homes Programme, following on from the Deeper Devolution Deal.
- 7.2 It is understood that, in the first phase of the Programme, the WMCA will be responsible for the Strategy, as noted in a separate paper, and Homes England will be responsible for the day-to-day management, monitoring, administration and grant allocation. In the second phase, WMCA's role in this will expand and will include accountability for delivery, while day-to-day administration will remain with Homes England.
- 7.3 It is understood there is no further revenue funding allocated for WMCA to carry out these activities and this work will be undertaken from within the existing resources.
- 7.4 As the role of WMCA in this develops, there is likely to be a need for revenue funding, and this will be considered at the appropriate time. Therefore, there may be, in future, financial implications arising and any such decisions would be subject to WMCA's approved governance and assurance processes.

8.0 Legal Implications

- 8.1 Under section 113A of the Local Democracy, Economic Development and Construction Act 2009 WMCA has the power to do anything which it considers appropriate for the carrying out of its functions and anything it considers to be appropriate for purposes incidental to its functions.
- 8.2 Article 10 of the West Midlands Combined Authority Order 2016 confers the functions of the constituent councils set out in Schedule 3 on the WMCA in relation to its area and these include the functions of the constituent councils under section 1 of the Localism Act 2011 to the extent that those functions are exercisable for the purpose of economic development and regeneration. This means that WMCA may do anything which it considers appropriate for the purposes of economic development or regeneration of the combined authority area.
- 8.3 Article 10 of the West Midlands Combined Authority (Functions and Amendment) Order 2017 WMCA confers Homes England's land and infrastructure function upon WMCA in relation to WMCA's area. WMCA can exercise these functions for the purposes of or incidental to the following objects:

10 (1) (a) to improve the supply and quality of housing in the combined area
10 (1) (b) to secure the regeneration or development of land or infrastructure in the combined area
10(1) (c) to support in other ways the creation, regeneration or development of communities in the combined area or their continued well-being and
10(1) (d) to contribute to the achievement of sustainable development and good design in the combined area

8.4 WMCA will need to consider the legal and governance requirements of each phase of the Affordable Homes Programme and put into place the necessary processes and systems to provide the necessary assurances for the work undertaken. Legal advice to be sought as and when required.

9.0 Equalities Implications

9.1 There are no immediate equalities implications in relation to this report. However, the delivery plan and individual delivery schemes will need to take into account local area needs and local stakeholder needs to ensure identified opportunities benefit local residents, including harder to reach groups. To that effect equality impact assessments will need to be conducted to understand demographics, key inequality issues and how investment can help address key inequality gaps. Engagement and consultation with key equality stakeholders is also crucial.

10.0 Inclusive Growth Implications

10.1 The trailblazer approach provides WMCA with greater strategic oversight and influence on delivery of the AHP in the region. Alignment with WMCA policy and strategy focused on maximising economic benefits, housing quality, zero carbon and advanced manufacture, and creation of new job/skills opportunities across the region's communities will be central to the joint delivery plan.

11.0 Geographical Area of Report's Implications

11.1 The recommendations of this report apply to the whole of WMCA's geographical area.

12.0 Other implications

12.1 None.

13.0. Schedule of Background Papers

13.1 None.