

Housing and Land Delivery Board

Date	18 October 2023
Report title	Affordable Homes Programme and Supply Strategy Update
Portfolio Lead	Councillor Ian Courts
Accountable Employee	<p>John Godfrey, Interim Executive Director of Housing Property & Regeneration, West Midlands Combined Authority Email: John.Godfrey@wmca.org.uk</p> <p>Rob Lamond, Head of Strategy & Analysis, West Midlands Combined Authority Email: Rob.Lamond@wmca.org.uk</p>

Recommendation(s) for action or decision:

The Housing and Land Delivery Board is recommended to:

- A) 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, and the emerging Affordable Homes Supply Strategy.
- B) Note** that ongoing engagement with local authorities and other partners is ongoing, and that DSG 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 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. This is the subject of another report on today's agenda.

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.
- 3.4 It is important to note that the current AHP programme application processes are unchanged, with Homes England processing and approving schemes through existing channels.
- 3.5 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.

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.

5.3 The key principles which will underpin our approach to developing this strategy are:

- WMCA working with Homes England, local authorities and other partners to ensure the supply of affordable homes meets local demand and need in terms of cost (property and running costs including fuel), tenure, quality, location, type and size
- Incorporate and align with WMCA and local authority strategies, policies, charters and frameworks including those related to net zero, brownfield first and digital connectivity
- Assessing the current challenges and barriers affecting affordable housing delivery, and exploring innovative options and solutions through a place based approach
- Working collaboratively across the affordable housing system to inform and influence the devolved Affordable Homes Programme post-2026
- WMCA acting in its capacity as a facilitator, enabler, co-investor, researcher and innovator to deliver more affordable homes for the region.

5.4 The success of the Strategy will depend on the WMCA continuing to prioritise close and effective partnership working with:

- Local authorities – who lead locally, and Arms Length Management Organisations (ALMOs)
- Homes England – national lead and key funder of Affordable Housing in England
- Housing Associations – delivery partners with strategic links through the West Midlands Housing Association Partnership and the National Housing Federation
- For-profit Registered Providers – including Strategic Partners
- Other providers/organisations – working with potential partners including the Almshouse Association, Community Land Trusts, housing co-operatives, Shelter, the WMCA Homelessness Taskforce and others where WMCA can add regional value
- Developers – including through WMCA funded schemes and Section 106 requirements
- HM Government – to influence policy and resource allocation

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.

6.3 From September work is being commissioned to develop the strategy, in order to:

- Take forward the work, with partners, to co-develop an Affordable Homes Supply Strategy for endorsement in draft and final form
- Form a dedicated officer working group with representatives from local authorities, Homes England and sector groups to inform the thinking and delivery of the strategy
- Engage key industry bodies and representatives, including the WMCA Homelessness Taskforce and others, to assess and grip the latest research and ideas across the sector to shape the strategy

- Continue to engage in discussions with WMCA strategic partners to secure commitments to and views on the emerging strategy
- Monitor and evaluate the effectiveness of the Strategy against delivery on the ground.
- Ensure strategic links and connections between organisations, departments and service areas are maximised through the lens of affordability in its widest sense

7.0 Financial Implications

- 7.1 It is noted that the purpose of this report is to update the 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 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.
- 7.5 There are no direct financial implications arising from the Affordable Homes Supply Strategy. As noted in the report, progress is underway on the development of the Strategy and this activity will be undertaken from within the existing resources. There may be, in future, financial implications arising from decisions to progress projects in delivering against the Strategy but any such decisions would be subject to WMCA's approved governance and assurance processes.
- 7.6 Any WMCA investment into affordable homes delivery would be governed and administered through the WMCA Single Assurance Framework and in line with the accounting and taxation policies of the WMCA and HMRC.

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.
- 8.5 It is noted that the purpose of this report is to update Delivery Steering Group on the emerging Affordable Homes Supply Strategy and that the indicative content is to be co-developed with various partners including Homes England and local authorities and housing associations. WMCA will also engage with key industry bodies and representatives, including the WMCA Homelessness Taskforce and strategic partners to shape the strategy.
- 8.6 Legal advice should be sought at appropriate stages in the development and implementation of the Affordable Homes Supply Strategy to ensure compliance with governance and legal requirements and the necessary assurance frameworks.

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.