**MUNICIPAL YEAR 2013/2014 REPORT NO.116**

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| **Agenda – Part: 1** | **Item: 10** |
| **Subject: Framework of Finance Models**<br><br>**Wards: All** | |
| **Cabinet Members consulted: Cllr Stafford & Cllr Oykener** | |

**MEETING TITLE AND DATE:**
Cabinet 13th November 2013

**REPORT OF:**
Director of Finance, Resources and Customer Services and Director of Health, Housing and Adult Social Care

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## 1. EXECUTIVE SUMMARY

1.1 The Council has a role as a strategic housing authority to effectively plan and coordinate resources to meet housing needs of all residents across tenures. The demand for housing in Enfield is continuing to increase with particular pressures for temporary accommodation and private sector leasing. At present Enfield has approximately 2000 households in temporary accommodation, which is the 7th highest in London. Alongside responding to these pressures, the Council is seeking to increase the supply of homes more generally as part of regeneration initiatives, for example plans are underway for up to 5000 new homes as part of the Meridian Water development.

1.2 In order to meet housing needs it is essential that existing resources are used in the most effective way and opportunities for attracting external investment and finance are explored, as the Council's budget comes under increasing pressure.

1.3 A framework of finance options has been produced, for consideration when determining the finance route for future projects and programmes involving the purchase of properties or the development of new homes. In addition to finance through Housing Associations and HRA borrowing, the framework essentially has four different purchase structures: Council owned; local authority company owned; a joint venture, either a company with both local authority and private interest or; private ownership. Six different finance streams have been identified and the advantages and disadvantages of each would need to be considered as part of the development process for individual projects and programmes.

1.4 It is proposed that this framework is used as the basis for financing the purchase of existing and new build properties in the borough. As new schemes develop, the different models and finance streams should be considered to select the most appropriate for the particular requirements of the scheme. The target population and thus the appropriate rent level will be an important determinant of the chosen option.

## 2. RECOMMENDATIONS

2.1 Approve the framework, which sets out the models and finance options for the purchase of properties.

2.2 Note that the most appropriate model and finance stream will vary depending on the individual requirements of particular projects and target population, and an assessment of risk and opportunities will need to be considered for all projects in selecting the most appropriate model.

2.3 Note that decisions about the most appropriate option from the framework will be made for individual projects in line with the Council's scheme of delegation, for example through a Cabinet or an appropriate Cabinet Member(s) decision.

## 3. BACKGROUND

3.1 The Council has a role as a strategic housing authority, which involves strategic decisions and effective planning to meet housing needs of all residents across tenures and prevent homelessness. One of the key aims of Enfield's Housing Strategy (2012 – 2027) is to increase the supply of quality accommodation for local vulnerable people.

3.2 The Housing Strategy outlines the commitment to make the best use of existing resources and attract inward investment, in order to increase supply of quality accommodation to enable the Council to fulfil its statutory duties.

3.3 The development of housing is an important contribution to regeneration of an area. It is widely accepted that good quality housing contributes to better health and wellbeing and increases access to employment and training opportunities.

3.4 There are increasing challenges regarding the provision of houses, brought about by government reforms and budget saving pressures. The reforms have included new statutory duties for Councils, changes in homeless legislation and the introduction of new tenancies.

3.5 Locally, the level of deprivation in Enfield is increasing. Enfield is now the 14$^{th}$ most deprived London borough and the 64$^{th}$ most deprived authority nationally. As there is a correlation between deprivation and the number of homeless acceptances, this is placing pressure on the housing stock in Enfield.

3.6 At present, Enfield has approximately 2000 households in temporary accommodation, which is the 7$^{th}$ highest in London. Local authorities are able to reduce the number of households living in temporary accommodation by moving temporary accommodation tenants to a

permanent social rented home (where available) and by not placing more homeless households in temporary accommodation. Enfield has a lower than expected proportion of social housing and therefore a lower number of available social rented lettings than other local authorities. This means that other local authorities have had a higher number of available social rented lettings and have been able to reduce the number of people in temporary accommodation more quickly. In addition Enfield is experiencing an increasing number of people moving into the borough from other areas, which is further increasing the pressure on the housing stock. Enfield therefore requires a greater number of properties in order to reduce the number of people in temporary accommodation.

3.7 In addition, the population of Enfield is predicted to continue to increase, therefore demand for housing is expected to rise. Coupled with this, the welfare reforms, including changes to housing benefit rules, are expected to also lead to an increase in homelessness.

3.8 Legislative changes now allow local authorities to discharge into the private rented sector, so Enfield has the opportunity to discharge its statutory duties through innovative service delivery models and external funding streams. Additionally, the Council has an opportunity to intervene through the development of new homes to increase supply.

3.9 A framework has therefore been produced, to set out the different options for the structure and finance of housing initiatives for consideration based on the individual needs of a particular project or strategy. This will be applicable for the purchase and/or development of properties across tenures to respond to different needs and could include properties available to rent at market rent or at a proportion of market rent. This framework is in addition to HRA borrowing and utilisation of Housing Associations. It is noted that the government subsidy for Housing Associations has changed making them more reliant on market borrowing, cross subsidising their social housing business, due to additional challenges brought about by welfare reforms and bedroom caps. There have also been recent acknowledgements by the regulator that there are financial challenges within the sector, hence resulting in the development of a framework to set out alternative options.

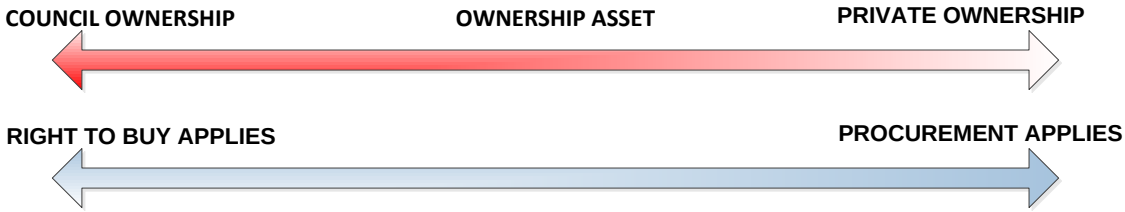
3.10 Essentially there are four key structures for the purchase of existing properties or for the development of new properties, with six possible funding sources.

3.11 In addition to HRA borrowing, Figure 1 sets out the four structures and options for financing a project for each structure. As the table shows, there are four models for the purchase/development of new homes: Council owned properties; properties purchased by a Council owned company; a joint venture company (or special purchase vehicle) and; a

through a private company. The different options have implications for the level of ownership and sphere of control for the Council but also for the Right to Buy and procurement implications, as shown by Figure 2.

3.12 The different structures also have different considerations in terms of sharing of potential financial risk and reward from different development schemes.

**Figure 1: Framework of Models and Finance Options**




| | Council | Local Authority Company | Joint Venture Company | Private Company |
|---|---|---|---|---|
| Council ownership | 100% | 100% | 99-1% | 0% |
| **General Funds** | √ | √ | √ | X |
| **Public Works Loan Board** | √ | √ | √ | X |
| **External Equity** | X | X | √ | √ |
| **External Debt** | X | √ | √ | √ |
| **Fixed Rate Annuity** | X | √ | √ | √ |
| **Inflation Linked Annuity** | X | √ | √ | √ |

*Joint Venture Company between Local Authority and Private Interest/Special Purpose Vehicle.

**Figure 2: Key Considerations for Models**

| | Council | Local Authority Company | Joint Venture (with Local Authority and Private Interest) Company/Special Purpose Vehicle | Private Company |
|---|---|---|---|---|
| Council Control | HIGH | | | LOW |
| Procurement Applies | LOW | | | HIGH |
| Risk Sharing | LOW | | | HIGH |
| Rental Level | LOW | | | HIGH |

3.13 For schemes where the Council is seeking full ownership and to avoid lengthy procurement processes, properties purchased directly by the Council would be the most suitable option. However, for schemes where the Council does not require ownership or a large span of control, a company may be more suitable. If properties are let directly by the Council as landlord, then Right to Buy obligations would be fully applicable (subject to any statutory exemption), so this is a consideration for this type of structure. The Right to Buy would not apply in the company models.

3.14 When considering the rent levels likely to be applied, the Council is able to consider housing needs and wider social factors and choose a model where the rent that is set is at a level that is realistic for the target tenant groups. Where the Council is the landlord it is required under s24 of the Housing Act 1985 to set “reasonable” rents for its properties. It is also expected to comply with government guidance on rent – currently the rent convergence guidance, although the government has said that the rent convergence guidance will not continue beyond 2014/2015 but instead other controls on local authority rents are likely to apply.

3.15 If the target population is those in temporary accommodation or at risk of homelessness, sub-market rent comparable to Local Housing Allowance will need to be charged, to ensure rent can be paid by those on low incomes and/or benefits and thus meet the aim of reducing pressures on temporary accommodation. Under the Local Housing Allowance, tenants receive a standard allowance based on the number of bedrooms they or their family need. In Enfield the current Local

Housing Allowance rates are based on the 30th percentile of rents which range from £184.62 for a 1 bedroom property to £370 for a five bedroom property but the amount is subject to an annual review.

3.16 The current "controls" on Council rents do not apply to a local authority company and it has, in theory, greater flexibility in relation to rents. A private company is likely to be more commercial in nature seeking to maximise income from the properties and therefore opt for higher rental payments. If market rent is charged the properties will not be suitable for those in temporary accommodation or at risk of homelessness and would be likely to result in an increase in the number of voids, rent arrears and bad debts for the portfolio as the rent will be too high. Market rents would therefore only be appropriate for wider housing and regeneration initiatives that sought a range in tenure and target group, and would not be appropriate if properties were due to be purchased with the aim of reducing pressures on temporary accommodation.

3.17 If the rent is set too high for the target group, this may potentially lead to an increase in the number of homelessness or those at risk of homelessness, as evictions could increase due to an inability to pay higher rents. In addition, the number of people eligible for benefits may increase, which would in turn increase the number of households benefit dependent, instead of financially sustainable.

3.18 In the selection of the model to be used, consideration will therefore need to be given to the target population and thus whether the rent is intended to be sub-market rent (at varying percentages) suitable for those in temporary accommodation or at risk of homelessness, or market rent for a more commercial venture and a wider target group who are less vulnerable.

3.19 As Figure 1 shows there are six finance options for the four models. The key points of consideration for each are listed below.

**General Funds** – this is an effective mechanism of borrowing when there is sufficient 'non-core cash' available, for example the Council has cash flow which is not allocated to fund day to day expenditure during the year. Since 2008 the Council has used this form of borrowing to fund much of its capital programme. However, as a result the Council's non-core cash is more limited. This type of finance works well when there is a large difference between investment rates and borrowing rates.

**Public Works Loan Board (PWLB)** is a form of external borrowing. The PWLB provide three types of loan:

a) Maturity (interest only payments are made during the term of the loan, the principal is repaid in full on the maturity of the loan)
b) Equal Instalment Principal (EIP, the principal of the loan is repaid in equal instalments over the term of the loan, with declining interest payments as the outstanding loan balance declines through the life

of the loan. At the end of the term of the loan the principal has been repaid)

c) Annuity (equal total payments throughout the term of the loan comprising both interest and principal, at the end of the term of the loan the principal has been fully repaid).

The interest rate on PWLB loans is based on government gilt rates. Loans can be taken for between 1-50 years. PWLB loans can be borrowed very easily and without delay or legal cost. They also offer different types of loans and can be re-scheduled and restructured which offers flexibility. There is also the option of fixed or variable rate loans. Funds borrowed from the PWLB or a commercial loan can be on-lent by the Council to a local authority company, joint venture/Special Purpose Vehicle (SPV) or indeed even a private company. However, such on-lending will be regarded as capital expenditure and will increase the Council's Capital Financing Requirement (CFR) and hence add to the Minimum Revenue Provision (MRP), which provides for the cost of repaying the capital over the life of the asset.

The following relate to external funding, which has the advantage of keeping the borrowing off the local authority balance sheet and is not classified as capital expenditure.

**External Equity –** the investor provides equity, which is not guaranteed either dividends or repayment. Expected return to equity is likely to be highest among types of investment, commensurate with the higher risk of an equity investor is taking.

**External Debt** – Debt can come in forms similar to PWLB borrowing. The cost of debt (in the form of interest rate charged by the lender) will depend on the terms of the loan and the level of security, and may not automatically be cheaper than PWLB. One method by which the Council can lower the cost of the loan is by providing a guarantee (using its strong covenant) to cover any shortfalls in payments (interest and principal) on behalf of the borrower. This guarantee will have to be shown on the Council's balance sheet as a liability, based on the probability of the loan not being repaid and the expected size of that payment.

**Fixed Rate Annuity** – this is a form of external borrowing, typically from a pension fund and is similar to a PWLB annuity. This is a traditional forward funding deal whereby an investor, such as a pension fund, in conjunction with another party delivers a property project. The Council would be required to commit to taking on a long lease for usually between 30-45 years on a non-assignable basis. Under a fixed rate annuity, payments are fixed throughout the life of the annuity. At the end of the term of the annuity, the properties would return to the Council for a nominal figure (£1). A fixed rate annuity potentially could offer lower funding costs than an equity PWLB annuity but is likely to have higher set up costs. An annuity provider would also be looking for a strong covenant to guarantee payments.

**Inflation linked annuity** – the payment to the provider of the annuity is linked to inflation, typically CPI or RPI, over a 30-45 year term. This in effect means that the payment to the annuity provider is maintained in real terms throughout the life of the loan. Increases are often subject to a cap and collar, typically 0% and 5%. At the expiry of the lease term, the Council has an option to acquire the asset for £1. Payments typically started lower in the initial years (lower than fixed rate annuity) and then increase over time. Consequently there would be a benefit initially to the Council as the payments start off relatively low. The contractual link to RPI would need to be explored in detail if this finance option was going to be taken forward, as it may be unsuitable for certain social housing projects where rents cannot be increased in line with RPI, leading to a risk of divergence between the assets income and the payments to the annuity provider. The set up costs, including due diligence and legal costs, can be expensive for this type of finance option.

3.20 It is proposed that this framework forms the basis for all future decisions on how to finance the purchase of existing properties or the development of new homes in the borough. A decision about the most appropriate investment model and finance stream would need to be taken for individual schemes in line with the Council's usual scheme of delegation, for example through a Cabinet or an appropriate Cabinet Member(s) decision.

## 4. ALTERNATIVE OPTIONS CONSIDERED

4.1 Consideration was also given to other forms of commercial loans, which are more complex than PWLB but can offer a number of different options. Typically loans are very long term, for example up to 60 years and the interest rate is fixed. The lender is also able to call on the facilities at pre-determined future dates, such as every five years, and propose or impose a new fixed rate for the remaining term, so the borrower either needs to pay this increase rate or repay the loan at that junction. Enfield has not used this form of borrowing to date as this is considered to favour the lender too much and can expose local authorities to significant finance risk. Since 2008 these types of loans have become very rare.

4.2 Enfield's Housing Strategy (2012-2027) sets out a number of other options and interventions the Council is planning to respond to challenges around housing. This investment framework will complement the wider preventative initiatives already planned.

## 5. REASONS FOR RECOMMENDATIONS

5.1 There is a shortage of high quality housing in the borough with secure longer term leases and demand for accommodation across all tenures is continuing to grow.

5.2 This provides a framework of funding options to be considered against the requirements of particular projects and programmes.

5.3 The framework sets the strategic framework for development and/or acquisition of properties.

5.4 The merits and limitations of each model will be considered in the context of individual projects and its aims.

## 6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

### 6.1 Financial Implications

The various merits and weaknesses of each of the financial streams are set out in Section 3 of this report. Timing is a key issue for each investment decision as, for example, prevailing interest rates may change and therefore affect decision making between the available models.

There will be a business case set out for each decision taken. The business case will include a full financial appraisal over the lifetime of each project to confirm financial viability. These investments however will require initial outlay which is then recovered over the duration of the project. There will be associated costs such as repairs and maintenance following acquisition or building of properties. These costs will need to be fully set out in the business case and affordability model.

### 6.2 Legal Implications

#### 6.2.1 <u>Homeless Duty</u>

In accordance with Section 8 of the Housing Act 1985, and Part 7 of the Housing Act 1996 (as reformed by the Localism Act 2011), the Council is required to consider housing conditions/needs within its area, including the needs of homeless households, to whom local authorities have a statutory duty to provide assistance. In addition, the Homelessness Act 2002 places a duty on local housing authorities to have a strategy for preventing homelessness in their district.

The legislation also provides the Council with powers to meet these requirements via joint working between housing authorities, social services and other statutory, voluntary and private sector partners in tackling homelessness more effectively. The Council can provide accommodation in their own stock or arrange for it to be provided by another landlord, for example, a housing association or a landlord in the private rented sector, which equally could be via a trading company set up by the Council.

The outline framework set out in this report will not impact on the Council discharging the statutory duties, however as individual

projects/schemes develop the Council will continue to monitor such schemes to ensure continued compliance with the statutory duties as set out above.

### 6.2.2 Local Authority Companies

Should the Council proceed with any scheme which involves the setting up of a company, then such must be in accordance with either section 95 of the Local Government Act 2003 (if it is a trading company) or Section 1 of the Localism Act 2011 – the general power of competence. Section 4 of the Localism Act 2011 extends the existing commercial purposes scheme under the LGA 2003 in relation to acts that are undertaken in exercise of the general power (provides the Council power to do anything that individuals generally may do provided it is not prohibited by legislation or Public Law principles) so that if the general power permits a local authority to carry out a particular activity, then section 4 empowers the authority to do that activity for a commercial purpose.

Any such company will need to be set up in accordance with the Companies Act 2006, including the appointment to the Board of the company and will be subject to approval of a business case by the Council. The Memorandum and Articles of Association and any other relevant document for the setting up of such a company will need to be in a form approved by the Assistant Director of Legal Services.

### 6.2.3 Procurement

If any of the schemes involve the use of goods/works/services of a third party such will need to be procured in accordance with the Councils Constitution, in particular Contract Procedure Rules. If the Council sets up a wholly owned and local authority controlled company which has a principle purpose of providing services to the Council then the Council can benefit from Teckal, which enables the Council to procure the services of the local authority controlled company directly without the need for carrying out a procurement process. If the trading company is to have any private interest, then to set up that joint venture the Council will be required to carry out a procurement for the services in accordance with the Contract Procedure Rules and in particular the Public Contract Regulations 2006 (and amendments thereto) which would need to include a long term joint venture contract for the provision of the services required by the Council, which will need to be in a form approved by the Assistant Director of Legal Services.

### 6.2.4 Property

Any purchase of properties by the Council, and then subsequent disposal (or disposal of existing stock) to a company must be carried out in accordance with the Council's Property Procedure Rules, ensuring Best Consideration. Properties purchased by any other entity

will need to follow the governance arrangements of the acquiring organisation. Properties in the ownership of the Council occupied by individuals will be offered to the tenants in accordance with the Council's tenancy agreements and overarching legislation. Such tenancy arrangements over time would attract right to buy. If the properties are owned by a third party such as a local authority company, that company is able to offer tenancies such as Assured Shorthold Tenancy Agreements or full Assured Tenancies which would not attract right to buy. Any leaseback of properties to the Council from a third party such as a local authority company will need to be in accordance with the Council's Property Procedure Rules (as amended) and the arrangements will need to be in a form agreed by the Assistant Director of Legal Services.

### 6.2.5 State Aid

Advice will be sought on each individual scheme with regards the applicability of State Aid (in particular where the Council benefits from public borrowing rates, that are passed on to the trading company realising a commercial advantage, as such rates are not available to private bodies). If State Aid applies, the Council will consider the exemptions to State Aid and if the scheme is not covered by one of the exemptions then any aid provided will need to be given on market terms (Market Investor Principles) or an application might need to be made to the EU Commission to exempt the scheme.

### 6.2.6 Fiduciary duties

The Council has a fiduciary duty to look after the funds entrusted to it and to ensure that the taxpayer's money is spent appropriately. For that reason the Council must carefully consider any scheme that it embarks on, and to take account, for example of best value principles in accordance with the Local Government Act 1999, and when borrowing to consider the capital expenditure controls under Part 1 of the Local Government Act 2003.

### 6.2.7 Rents

The Council is required by Section 24 of the Housing Act 1985 to set rent for its properties at a "reasonable" level. The level of rent is practically constrained by the Rent Rebate Limit Level which, if exceeded impacts on the housing benefit subsidy payment to the Council. This does not apply to a local authority company so there is greater flexibility to set rents (subject to any State Aid implications).

### 6.2.8 Investment Powers

In the event that the Council chose to treat the acquisition of dwelling as an investment then the Council would need to comply with its

investment powers. Section 12 of the Local Government Act 2003 (2003 Act) provides as follows:

*12 Power to Invest*

A local authority may invest:

a) For any purpose relevant to its functions under any enactment; or
b) For the purposes of the prudent management of its financial affairs.

Under Section 15 of the 2003 Act, before exercising the power to invest, the Council must have regard to Guidance issued by the Secretary of State. This is set out in the Department for Communities and Local Government "Guidance on Local Government Investments" published 11 March 2010 (CLG Guidance). The Council should also consider related Guidance published by CPIFA under 'Treasury Management in the Public Services: Code of Practice and Cross Sectorial Guidance Notes" and "The Prudential Code for Capital Finance in Local Authorities".

The CLG Guidance requires the Council to consider security, liquidity and yield (in that order).

### 6.3 Property Implications

Properties might be purchased from the open market, or developed by the Council.

Where properties are purchased by the Council:

- Properties are most likely to be purchased by private treaty, by finding suitable properties being marketed by local estate agents.
- Properties may need expenditure to bring them up to habitable standard. Any such works should be identified prior to purchase and scheduled to be undertaken immediately on purchase and prior to occupation.
- Following this they should be regularly inspected to ensure they comply with all relevant legislation.
- Consideration should be given to any Housing Act considerations or any other legislative issues.
- Properties should preferably be located in different parts of the Borough, to achieve diversification and to avoid inflating prices.
- Corporate Landlord issues and risks should be identified at purchase and planned into maintenance regime or management plan.

Where the Council facilitates development of new properties:

- Development sites might come from the existing property holdings or be purchased by private treaty.

- However, in respect of sites purchased, the Council will be in competition with developers who frequently inflate end sale values to justify development – which may mean the Council is not as competitive.
- Developers also take other risks during the course of development, as a result of their experience of dealing with similar situations – whereas the Council is more likely to take a cautious and therefore potentially more expensive approach to development.

In all cases:

- Need to consider an investment policy and strategy for the properties.
- Care will be needed to ensure we are not seen as a special purchaser, resulting in paying more than market value. This can be best achieved by appointing several agents to handle acquisitions to handle a small number each.
- Corporate landlord matters need careful planning from the outset.

Property implications specific to each project will be provided, for consideration when agreeing the detail of each model.

## 7. KEY RISKS

- **Projects/programmes do not break even/make a return due to rent arrears, voids and also a depreciation in capital value.** The financial case for each project/programme will be considered in detail against the advantages and disadvantages of the different options outlined in this framework.

- **Finance is secured but properties are not fit for purpose.** This will be mitigated by ensuring that there is a clear strategy for the identification of properties against pre-agreed criteria for the individual projects which access funding in line with this framework.

- **Reputational risk for the Council if the finance schemes are unsuccessful.** The merits of individual projects and programmes will be considered as part of the development of the business case and the decision to proceed.

- **Housing needs change in the future and the assets can no longer be utilised in the way that they are intended.** This will need to be mitigated by building flexibility of use into the leases and agreements with investors.

- **There is a high rate of voids and rent arrears if rents are set too high. This may in turn lead to an increase in homelessness and those eligible for benefits, thus increasing pressures on the Council's budget.** This will be mitigated by giving consideration to the

target population of each project/programme, so an appropriate model and finance stream can be selected that provides the required flexibility with rental levels, ranging from sub-market at varying percentages for initiatives aiming to reduce pressures on the temporary accommodation budget, to market rent, for projects based on regeneration principles or those of a more commercial venture.

## 8. IMPACT ON COUNCIL PRIORITIES

### 8.1 Fairness for All

This framework provides different options to enable the Council to access finance to increase the supply of good quality, value for money housing in the borough, to meet the objectives set out in Enfield's Housing Strategy (2012-2017). By increasing the supply of quality accommodation this will enable the Council to discharge its statutory duties and increase access to accommodation for some of the most vulnerable residents in the borough. The finance schemes may also be used to increase the supply of market rented properties too, which will respond to the predicted population increases and ensure better access to accommodation in the borough.

### 8.2 Growth and Sustainability

Access to good quality, stable housing is a key aspect of a person's health and wellbeing. By using investment models set out in this framework the Council will be able to increase the supply of quality accommodation and in turn improve health and wellbeing and prospects of securing employment. This framework also provides opportunities for stimulating the regeneration of parts of Enfield through the provision of finance models to enable the Council to build new homes and attract people to Enfield and thus stimulate the local economy.

### 8.3 Strong Communities

The use of this investment framework to purchase existing properties or finance new build properties in the borough will increase the supply of houses of different tenures in the borough. In particular, by increasing the supply of quality homes that the Council can access, this will provide security to local residents and increase their opportunities to access employment and training and thus reduce the likelihood of them requiring additional services from the Council.

## 9. EQUALITIES IMPACT IMPLICATIONS

The equalities impact implications of any projects or programmes financed via one of the options in this framework will be assessed as part of the development phase of individual projects/programmes.

## 10. PERFORMANCE MANAGEMENT IMPLICATIONS

This investment framework sets out options for accessing investment to increase the supply of accommodation of all tenures, to respond to local housing needs. Through these investment models the Council has the opportunity to reduce the number of households in temporary accommodation, bring empty properties back into use and increase the supply of housing in the borough to meet the increasing demand. Specific and measurable performance targets will be set for individual projects/programmes.

## 11. PUBLIC HEALTH IMPLICATIONS

By increasing the supply of good quality housing in the borough across tenures, the health and wellbeing of individuals will be improved. All properties purchased will be fit for purpose or refurbished so that they fall in line with the Council's decent homes standard. Where investment is used to provide quality housing to enable the Council to discharge its statutory homelessness duties, residents selected for these properties will be most at need and therefore most affected by the Government's housing benefit cap.

Through the other support mechanisms in place around the Council (e.g. the Welfare Reform Task Force), people will be actively encouraged and enabled to return to work, with all the positive outcomes associated with being economically active i.e. improved general well-being, self-esteem and longer term employability.

**Background Papers**

None