

Report of	Assistant Director Policy & Corporate	Author	Andrew Tyrrell
Title	Updates on New Affordable Council Homes		☎ 282390
Wards affected	All Wards		

1. Executive Summary

- 1.1 The Council has an established and clear ambition to provide more new affordable homes for our community; especially as Colchester was one of over 50% of Councils in the UK that were restrained from building any properties in 2017/18 because of the effects of a Government-induced “debt cap” and “rent reduction” policy. That debt cap was abolished in late 2018, so that the Council can once again use prudential borrowing to undertake a new Council housebuilding programme. In swift response, in January 2019 the Council agreed to explore potential schemes that could deliver up to 350 new council homes over 5 years, borrowing up to £75m, that would be a first new wave of projects that can later be expanded.
- 1.2 As well as the “New Council Housebuilding Programme” that is delivering 100% affordable housing, whilst the debt cap was in existence the Council also formed a wholly-owned company (Colchester Amphora Homes Limited). This company is already delivering over 300 new homes of mixed-tenure including 30% affordable housing; whereby the private market sales cross-subsidise the provision of affordable homes.
- 1.3 The existence of the company, alongside the renewed ability to borrow, means that the Council is well-placed to choose the best options to deliver affordable homes in various ways, tailored to each individual site circumstance; and utilising collaborative partnership working with both Colchester Amphora Homes Ltd (CAHL) and the Council’s housing management organisation, Colchester Borough Homes (CBH). Consequently, the report herein sets out how the Council is progressing a collective “New Council Housebuilding Programme” and suggests that the site at Military Road should now be delivered as entirely affordable housing, utilising the prudential borrowing of the HRA that is already being used to deliver approximately 350 new affordable homes over the next five years. Affordable homes are defined as having a rent that is a maximum of 80% of the local market rent (including service charges, where applicable).

2. Recommended Decision

- 2.1 To agree that the Council should move Military Road into the “New Council Housebuilding Programme” to deliver this project as entirely affordable homes through the Housing Revenue Account (HRA).
- 2.2 To appoint Colchester Amphora Homes Ltd (CAHL) to manage the delivery of the development at Military Road on behalf of the Council.
- 2.3 To agree that the Housing Revenue Account (HRA) budget and Housing Investment Programme (HIP) for 2020/21, to be considered by Cabinet in January 2020, should be

prepared with the inclusion of financial provisions to actively progress Military Road in addition to the other previously approved projects.

- 2.4 To note the updated progress on the individual projects within the “New Council Housebuilding Programme” that were agreed by the Council in January 2019.

3. Reason for Recommended Decision

- 3.1 There is a national housing crisis and Colchester is no different to anywhere else in requiring more homes, especially with regard to affordable homes. The alternative development of Military Road, increasing the provision of affordable homes from 30% to 100% on this site, and using prudential borrowing rather than the commercial company delivery model, provides for a more viable development that suits the circumstances of this site.
- 3.2 Since the decision to develop Military Road as a mixed-tenure scheme was taken, a number of changes in circumstances have seen the financial return for the Council to reinvest diminish, whereas the benefits of affordable homes have remained. The balance is now considered to weigh in favour of moving away from cross-subsidy to prudential borrowing in order to maximise the benefit of the additional units being affordable units, without significant loss of “profit” that would be reinvested in Council services. This is specific to this scheme and site location; where the other mixed-tenure sites at Creffield Road, Mill Road and St Runwald Street only remain variable to develop through the company model, and would not be deliverable through prudential borrowing as now suggested for Military Road.
- 3.3 In addition, the Council continues to progress several other projects under the “New Council Housebuilding Programme” (NCHP). Whilst each of these is different, and bring their own considerations, all of them remain in progress and are being brought forwards as potential development opportunities. The NCHP still aims to deliver up to 350 homes over 5 years. The homes that the Council creates will be used to accommodate people from our housing needs register. This means that the new homes address local need. The demand for this new affordable housing is currently just over 3,000 people who are recorded on the housing needs register:

4. Alternative Options

- 4.1 At Military Road, the Council could decide not to take on the development of the land itself, continuing with the development as a mixed-tenure scheme delivered by CAHL. However, this would mean that 8 affordable homes would not be delivered at this site and the Council would be not make the optimum use of the options the Council has created for itself, in delivering homes through a number of different mechanisms. Using the flexibility of the new borrowing capacity that the Council has been given would provide extra affordable housing for those most in need (which is a key priority of the Council as set out in the Strategic Plan), whereas the company would not generate a significant commercial return from the private market homes here as property values are low in relation to build costs.
- 4.2 The Council could decide to sell the site on the open market; however, the value of the land would not generate a significant receipt for the HRA to reinvest in affordable housing, and the Council would also then require another site to do so. If the Council sold the site to a private developer, it would also fall under the threshold for providing any affordable homes through s106 planning gain (where only schemes over 10 dwellings

are required to include affordable homes), so new affordable homes would be provided unless it is by the Council.

- 4.3 The Council could choose not to pursue some of the other individual projects updated in this report. However, at this time it is considered that all of the projects should be explored further and to reduce the programme for new council housebuilding at this time would be contrary to previous decisions and the core objectives of the Council.
- 4.4 The Council could pursue the “Airspace” rooftop development schemes (detailed in the main section of the report below) without using HRA borrowing; however, this would entail working with modular construction companies who would build the schemes for commercial returns that return only a smaller percentage of the units to the Council to use as affordable housing, whilst most of the properties would be retained by the partnering company (for them to sell or lease to recover their build costs). As this does not provide as many affordable homes for the Council, and brings other complexities around ownership, it is not recommended for the first few sites chosen. It would also be contrary to the legal advice the Council has received, which is also detailed below.

5. Background Information

- 5.1 The Council previously utilised HRA borrowing to undertake housebuilding by delivering 34 units on garage sites that were completed in 2015. These were the first Council built homes in a generation and the Council had always intended to continue to deliver more new homes (and refurbishment projects) until it was halted by the Government policy changes (in 2015) that saw rent reduced by 1% per annum for 4 years and a “debt cap” introduced. This national policy change removed around £140m of rental income from the 30-year HRA business plan when it was introduced. That meant that the Council could no longer build new affordable homes for local people, and would return, like most Councils, to a reliance on homes delivered via s106 planning agreements (that secure a percentage of affordable units on sites over 10 dwellings) from private housebuilders.
- 5.2 The significant change in Government policy with the abolition of the HRA debt cap, was accompanied by a clear message that Councils should undertake new housebuilding funded from within their HRA, when Chancellor Philip Hammond stated (during his Budget speech in late 2018) that the Government was “giving councils greater control over the money they raise...by removing the Housing Revenue Account cap so that councils can help to build the homes this country needs”.
- 5.3 The prudential borrowing code the Council now manages its Housing Revenue Account (HRA) to means that the Council’s borrowing must remain “affordable”. Simplistically, that means the amount borrowed to build will be affordable over the long-term, based on the new rents that are produced to re-pay the initial borrowing. The Council manages its budget in a number of ways, but modelling demonstrates that the additional borrowing is affordable over a 30-year plan. The January 2019 budget papers set out more detail on this.
- 5.4 There are numerous other benefits to the Council from building new affordable homes that include:
- preventing homeless and reducing housing need
 - making the most effective use of the Councils assets, and maximising their benefit to the community;
 - the potential to deliver sites that other developers would not be willing to deliver (e.g. small infill plots, garage sites) because they have social value as well as economic sustainability; and
 - helping to fulfil planning policies aimed at improving the quality of life for residents and assisting the supply of land for residential development that meets specialist demands.
- 5.5 Even before the abolition of the debt cap, the Council had found ways to deliver more affordable homes, by creating a company to cross-subsidise affordable homes alongside private market sales. The Council company, Colchester Amphora Homes Ltd (CAHL) identified 4 sites to be brought forward under their own “Phase 1 Developments” and has progressed these accordingly. However, as the scheme at Military Road has evolved through feasibility stages, pre-application planning discussions, and over time when a number of market considerations have been variable, it has become apparent that this particular site would be better developed by the Council, as entirely affordable housing, using its new-found borrowing capacity.
- 5.6 The site at Military Road is constrained, with a maximum of 8 units achievable at the site and advice on property values indicates a lower sales values in the current market. With the requirement to provide 30% affordable homes also affecting financial returns, it would be difficult to achieve commercial viability by cross-subsidy from 6 private market sales for 2 affordable homes. However, it is possible to build the same scheme using HRA

borrowing as a 100% affordable housing scheme and operate within the “cost per unit” parameters to demonstrate prudent borrowing and value for money to the HRA, which operates under different financial considerations.

- 5.7 As a result, considering the Council has flexibility through the options at its disposal, and in balancing commercial value with the Councils wider public sector ethos, it is proposed to now deliver this scheme through the “New Council Housebuilding Programme” rather than through CAHLs financial model. Using HRA borrowing ring-fenced for affordable housing results in more affordable units being delivered, with value for money from the build costs, whereas a mixed-tenure scheme would not generate significant commercial return due to the comparatively low sales values in this locality at present (whilst also delivering less affordable homes).
- 5.8 However, it is critical to highlight that this site remains incomparable to all of the other sites being developed by the Company, which only remain viable for delivery by the Councils company (and would not be delivered using HRA borrowing). It is purely the specifics of this site, and the specific details of the finalised scheme and market conditions at this time; and this demonstrates why it is important that the Council has created various affordable housing delivery models and now enjoys the benefits of the flexibility in delivery mechanisms that the Council now has the ability to call upon.
- 5.9 In addition to altering the Military Road site to 100% affordable housing, the Council is also using the HRA borrowing capacity, and utilising Right-To-Buy Receipt reserves, for a number of other projects under the New Council Housebuilding Programme. The Council still intends to acquire all of the affordable housing units delivered from the other 3 forthcoming development sites being built by CAHL. The Legal Agreements for the transfer of land, and the financial arrangements, and the purchase of properties completed in later June and planning applications are under consideration for these developments. The CAHL developments will generate over 100 affordable homes, as each site will deliver 30% affordable homes alongside the private market units.
- 5.10 Furthermore, in November 2018 the Council agreed to enter into a partnership with a Registered Provider, Heylo Housing, to purchase 20 former council properties previously sold under the statutory right to buy. These properties will be let at affordable rents to applicants on the Housing Register, with a property mix of one bed flats, two bed flats and three bed houses purchased using a shared-ownership model which will see Heylo Housing contribute 70% of the purchase costs and the Council contributing 30% to become a shared-owner of the property. The Council can then let the properties to tenants, with the Council being the landlord.
- 5.11 The Council’s investment in this project will be up to £1.2m from the “Right-To-Buy Receipt” reserves and up to £200,000 from the HRA for other costs. This is in line with the agreement the Council entered into with the Government, wherein retained right to buy receipts can only be spent on providing additional affordable housing and unspent right to buy receipts have to be paid back to the Government with interest. These purchases will prevent the repayment of the right to buy receipts along with interest as the legal agreement with Heylo has been negotiated and it is anticipated that the legal works will be concluded in July, so that purchases of properties can commence in August.
- 5.12 The Council has also agreed to pursue purchasing properties on its own, in order to increase the supply of affordable housing in Colchester. As part of the “Action to tackle homelessness” initiative, the Council agreed to purchase up to 10 properties using the “Right to Buy Back” (RTBB) in 2018/2019, and in January 2019 it agreed to continue that programme for a further 5 years. The “Right to Buy” is a government scheme that

enables council tenants to buy their home but, since 2005, any tenant who has bought their council home has to give the Council first refusal to buy it back (the Council's "Right To Buy Back - RTBB") if they wish to sell that property within the first 10 years (in typical property covenants).

- 5.13 Similarly, in order to increase the supply of temporary affordable housing in Colchester as part of the "Action to tackle homelessness" initiative, the Council successfully purchased former Council homes sold under the right to buy that were not subject to the right of first refusal clause (RTBB), as this had expired. In January 2019 it was agreed that the Council would now continue to purchase up to 20 former Council properties a year for 5 years, via the open market to be used as permanent homes.
- 5.14 The purchase of the combined 30 properties a year through the RTBB and open market began without delay as the project was running as a pilot already and needed no lead-in time. As a result, already, the Council had acquired 2 dwellings by the end of May 2019 and spent £273,000 of the budget allocated this year in the first 2 months. However, at least 5 other properties have completed at the time of writing, and these come from a further 17 acquisitions in the pipeline (e.g. 19 in total underway so far), with an anticipated total spend of approximately £3m committed for acquisitions. It is anticipated that other costs will add approximately £100,000 for works costs and legal fees for the 19 known purchases underway, bringing the anticipated total spend of £3.3m for 19 properties; and leaving a remaining budget of £2.7m for the further 11 properties the Council is hoping to identify this financial year.
- 5.15 In terms of the "New Council Housebuilding Programme" projects, the Council continues to explore the second phase of garage site developments. The Council already demonstrated the success of bringing under-used garage sites into beneficial use for affordable housing through the development of 34 units on 4 sites in 2014. These garage site developments proved how such housing makes more efficient and effective use of assets that the HRA already owns, and make a valuable contribution to communities, improving neighbourhoods, reducing anti-social behaviour and providing much needed affordable housing.
- 5.16 For Phase 2, the Council agreed (in January 2019) to explore sites at:
- Buffett Way, Greenstead;
 - Cross Cottages, Boxted;
 - Hardings Close, Aldham;
 - Holly Road, Stanway; and
 - Scarfe Way, Greenstead.
- 5.17 Since that decision desk-top exploration work was undertaken, followed by some more detailed work to progress the schemes so far. Feasibility work such as land searches, survey work and contamination studies have been completed in order to check the development potential of sites as part of the due diligence work. A briefing session was held for Ward Councillors in June before consultation with garage tenants and residents that live near to the sites commenced (also in June).
- 5.18 Planning drawings (to RIBA stage 3) are now being prepared for 4 of the locations and it is currently anticipated that the garage sites should deliver approximately 30 new affordable homes. Significantly, as Council developments they are being designed to proactively provide some Part M compliant "adaptable properties", as well as a mix of 1, 2, 3 and 4-bed properties that provides for different supply demands from our local affordable housing needs. The adaptable properties and larger family homes have been particularly hard to secure through traditional affordable housing delivery methods (S106)

and will benefit people who have waited longer for such properties because of the lack of supply.

- 5.19 The schemes are being led by CAHL on behalf of the Council, working in collaboration with CBH. At present, the CBH-designed planning drawings are expected to be ready for submission on most sites in September, with planning permission then being expected in November. Working drawings would then need to be completed ready for construction but at the same time the contract to develop the sites can then be procured. Depending on the exact timing of the planning permission the tender exercise may occur just before or just after the festive period (but not over). It is then anticipated that the first sites will commence in the Spring of 2020. One of the sites will follow after that timescale as it currently requires more work than the others due to some constraints and issues that have been uncovered during the feasibility work to date; however, the site is still being progressed and remains a development option. The additional work being undertaken now will ensure that the best available development opportunity is explored before design work is advanced, meaning that this site will more likely have a timetable that would see work commence on site later in 2020.
- 5.20 Following progress on the second phase of garage sites, the Council has also allocated budget provisions within this financial year to explore a third phase of garage developments. This work has now commenced, with a list of potential Council-owned sites having been compiled. These sites are now being reviewed internally by Officers in order to identify any constraints and issues that can be identified through early desk top analysis, before sites are visited and explored in more detail.
- 5.21 Council-owned sites are also being utilised in order to progress the “Airspace” rooftop developments that were also agreed in January. This follows on from some recent, and emerging, examples of modular construction that has created an additional storey in unused “airspace”, on the roofs of existing occupied buildings, to add additional homes. This has been used to good effect in London, first in private housing and then in social housing by housing associations, although it has not yet been built by Councils (there are some schemes with permission that are not yet commenced). “Airspace” consequently received specific reference in the Government’s 2018 revisions to the National Planning Policy Framework, in paragraph 118(e), that states that Local Planning Authorities should:
- “support opportunities to use the airspace above existing residential and commercial premises for new homes. In particular, they should allow upward extensions where the development would be consistent with the prevailing height and form of neighbouring properties and the overall street scene, is well-designed (including complying with any local design policies and standards) and can maintain safe access and egress for occupiers.”*
- 5.22 Specialist legal advice was sought on this project as it is innovative and there is no past experience from which to follow the steps set by another Council. The usual business operating model for modular construction companies that undertake such projects is for such companies to purchase “airspace rights” from a Council to develop (at their own risk) rooftop apartments. The majority of the units created are then normally retained by the company to generate their financial returns for the works, but as the owners of the host property the partnering Council is given some of the completed units as affordable housing. However, in Colchester this Council is seeking to retain all of the homes built, so has decided to structure the delivery model through a more traditional “Design and Build” contract, where the contractor is employed to build the units for the Council.

- 5.23 Whilst the Council would hope to draw upon the specialist expertise of an “Airspace” company, this contract will be procured in the normal manner, complying with the Public Procurement Regulations 2015. This approach follows legal advice that the Council sought from Anthony Collins Solicitors, who also recommended that this was the route of least complexity and risk of challenge. Consequently, the procurement phase of the scheme will now take longer than first envisaged, as this is an innovative project, and the Council’s Procurement Business Partner has established that approximately 8 months is required to allow sufficient time for selection of a suitably qualified contractor; including visits to similar schemes. As a result, the budget allocation spent during this financial year will be limited, as it is anticipated that a contract to commence work would not be awarded until Quarter 2 of 2020/21.
- 5.24 In parallel with the procurement exercise, consultation has commenced with Ward Councillors, existing residents of the 3 blocks proposed for the project, and neighbouring residents. Consultation remains ongoing between June and August. The “Airspace” rooftop development sites are located at:
- Berefield Way, Berechurch
 - Christopher Jolly Court, Berechurch
 - Gardenia Walk, Greenstead
- 5.25 As with the garage site development, Officers prepared for the consultation with “Frequently Asked Questions” in liaison with the communications team. Residents of the buildings where the rooftop development would take place have been offered personal appointments with representatives from the Council and Colchester Borough Homes in attendance. Subject to successful consultation and procurement, it is then anticipated that the scheme would achieve approximately 30 new affordable homes that will be completed in 2021.
- 5.26 As outlined in January, the Council is continuing with its programme to make our sheltered housing stock “fit for the future”, with examples at Enoch House, Worsnop House and Harrison Court demonstrating the modernisation and improvements that have been achieved for tenants.
- 5.27 Finally, the Council is also considering how it can best use HRA funds to secure affordable housing as part of Phase 2 CAHL developments. This would continue to see development of larger mixed-tenure schemes that continue to encourage social cohesion with 30% affordable homes provided alongside private market homes. That will need to be reviewed in due course and will be subject to further papers at more appropriate times.

6. Equality, Diversity and Human Rights implications

- 6.1 The proposals are considered to have an overall positive impact on protected groups and they will have a positive impact on the availability of housing in Colchester, especially the availability of affordable housing. Maximising the supply of new homes is part of the Council’s commitment to improving communities and our town as a place to live. In implementing the recommendations, the Council will have due regard to its Public Sector Duty and will continue to work to tackle discrimination and inequality and help to create a fairer society, improve housing choice and social mobility (including for protected groups). The proposals will help to improve the housing conditions and life chances of people with protected characteristics, including low-income households, people with disabilities and families on the housing needs register. They will therefore have a positive impact on Equality and Diversity.

6.2 Further Equality Impact Assessment information can be found [here](#)

7. Strategic Plan References

7.1 The following Strategic Plan References are relevant:

Growth: Ensuring all residents benefit from the growth of the borough

- Help make sure Colchester is a welcoming place for all residents and visitors

Responsibility: Encouraging everyone to do their bit to making our borough even better

- Promote responsible citizenship by encouraging residents to get involved in their communities and to identify solutions to local issues

Wellbeing: Making Colchester an even better place to live and supporting those who need most help

- Encourage belonging, involvement and responsibility in all the borough's communities
- Create new social housing by building Council homes and supporting Registered Providers
- Target support to the most disadvantaged residents and communities

8. Consultation

8.1 Consultation has taken place, and continues to take place, on the projects at garage sites, "Airspace" rooftop development, and the Sheltered Housing redevelopment. The required planning applications for all of these projects will also be subject to public consultation with residents at, adjacent or nearby to any individual sites involved. All legal duties to consult are being met.

9. Publicity Considerations

9.1 None specific to this report. Individual schemes will require different publicity requirements under the planning application process, with the sites delivering 10 homes or more being advertised in a local newspaper and via a notice erected at the site, as well as letters to neighbours. Others will see letters sent to anyone living adjacent to the sites at the time of an application.

10. Financial implications

10.1 The proposals in this report have a combination of capital and revenue implications which were set out in the January report, with the exception of the proposal to add Military Road to the HRA borrowing programme. Any capital expenditure in 2019/20 on Military Road is expected to be within existing budget provision. Therefore, the main capital considerations (of the proposals as a whole) revolved around capital expenditure and funding. These can be summarised as:

- Capital expenditure on purchasing/building dwellings (for example Phase 2 garage sites, purchase of Buybacks)
- Capital expenditure on converting dwellings/remodelling
- Undertaking prudential borrowing to fund capital expenditure

- Use of 1-4-1 retained Right to Buy reserve to partially fund expenditure
- On-going capital improvements to additional properties (for example kitchens/bathrooms etc)

10.2 The main revenue considerations of the proposals revolve around the day to day running of the dwellings, and servicing of any additional borrowing undertaken. These can be summarised as:

- Additional rental income from properties built or purchased.
- Additional management and maintenance costs
- Interest cost resulting from any additional borrowing undertaken

10.3 The previously agreed approach was to seek approval from Cabinet for the indicative proposals, and then include detailed financial implications in the Housing Revenue Account (HRA) estimates and Housing Investment Programme (HIP) reports agreed by Cabinet in January each year. This approach has the benefit of being able to see the impact of the proposals on the overall financial position of the 30-year HRA model, determine affordability and ensure the long-term sustainability of the HRA.

10.4 The addition of Military Road has some implications on this financial year's budget, however these can be absorbed within the existing budget provisions. Budget provision was made to purchase 2 affordable homes at this site in 2019/20 (as part of the mixed tenure scheme by CAHL) although the changes indicated in the main report now mean that the whole development would be funded from the HRA. The 2019/20 allocation is sufficient to meet the whole site development costs that would now occur in 2019/20, with the balance of the scheme costs being incurred in 2020/21 and therefore will be included in the 2020/21 HRA budget to be considered by Cabinet in January 2020.

10.5 It should also be noted that given the scale of some of the projects set out in this report, it is likely that we will fully utilise our retained 1-4-1 RTB receipts reserve, which means it would be unlikely that we would continue repaying receipts plus interest to the Government in the future. Indeed, there is the potential that we could need to borrow up to 100% of scheme costs in future years (receipts would currently cover 7% of the estimated/assumed costs). As previously indicated, this would be considered annually as part of Cabinet's approval of the Housing Revenue Account (HRA) estimates and Housing Investment Programme (HIP).

11. Health, Wellbeing and Community Safety Implications

11.1 There are no specific implications but generally the proposal aims to promote positive health and well-being for our residents.

12. Health and Safety Implications

12.1 There are no specific concerns related to proposals outlined herein. Each site and development would be managed in terms of health and safety, as usual.

13. Risk Management Implications

13.1 As set out in January, there are two broad categories of risks; local and national. Local risks offer some degree of control and influence, revolving around prioritising HRA

spending in a period of change. National risks relate to Government policies the Council cannot control, but that can have a major impact.

- 13.2 Locally, prioritising new council housebuilding should not be at the cost of current stock modernisation and repair. HRA finances and resources are used for maintaining and improving the existing stock, as a priority, and therefore new council housebuilding needs to be achieved without harm to current or future maintenance programmes. This risk is being managed by a coordinated and collaborative approach between key stakeholders, considering the budget implications over short, medium and long-term periods.
- 13.3 Another locally managed risk will be development process issues. For example, skills, land supply, site development, funding, planning, commissioning and construction costs. There are some obstacles to overcome in undertaking housebuilding, but the Council is mitigating these risks by working with CAHL and CBH as we evolve and develop an expanding housebuilding programme and will procure external advice where necessary.
- 13.4 Although some work has already been undertaken, some sites are constrained and may still encounter issues that affect the viability of development (for example clearance and decontamination costs, size and shape, surroundings) that affects the achievable numbers and design of new units. For reasons related to this, obtaining planning permission can be challenging, especially if there are objections from the local community. This is being mitigated as far as possible by early engagement with our Planning Services, and consultation with affected residents. The January decision allowed this to be progressed.
- 13.5 Similarly, commissioning and procuring construction can be difficult. Some sites may not be attractive to builders and, in addition, construction costs have been rising over recent years. It may not be possible to receive satisfactory prices to build the schemes once approved. However, the proposals herein will seek to attract interest by evolving attractive and exciting schemes.
- 13.6 Nationally, the Government is known to be rethinking the right-to-buy policy, and contemplating other ideas, so the future is uncertain. The cumulative effect of numerous welfare changes in policies that affect the HRA are still becoming apparent too. Recent years have shown how much things can change with the 'bedroom tax', the benefits cap, direct payment of benefits to claimants, the roll-out of universal credit and the freezing of benefit rates for 4 years from 2016/17 before the more recent positive changes through the debt cap abolition and move away from further rent reduction. There is a recent rhetoric that changes would not seek to obstruct Council housebuilding, but this reality is that this remains uncontrollable, and increasingly unpredictable the further ahead you try to look. This is even more true with the additional "Brexit" considerations. In addition, it is clear that building costs have inflated significantly in recent years and may continue to do so.

14. Background Papers

- 14.1 None