

Somerset West and Taunton

Special Full Council – 25th August 2020

Hinkley Point C Housing Strategy (Phase 3)

**This matter is the responsibility of Executive Councillor Member for Housing:
Cllr Fran Smith**

Report Authors: Mark Leeman (Strategy Specialist) and Robert Downes (Project Manager – Hinkley Point C)

1 Executive Summary / Purpose of the Report

- 1.1 The construction of the Hinkley Point C nuclear reactor is one of the largest construction projects in Europe, employing (at peak – anticipated during Spring / Summer 2021) 5,600 workers on site. A significant proportion of the workers are not Somerset residents (currently 57%), and so there is an impact on the local housing market as workers seek accommodation, particularly in the private rented sector. These pressures have predicted effects such as limiting availability of accommodation for locals, exacerbating rentals, and in some instances, the displacement of current tenants.
- 1.2 Through Section 106 planning agreements, EDF have made available funding contributions to mitigate the impact of the HPC project. Funding was first released in 2012 and other monies have been made available since. Previously, West Somerset Council and Taunton Deane Borough Council agreed funding strategies (Phases 1 and 2), using EDF money to mitigate the impact of the HPC construction on the local housing market. This mitigation took the form of creating new bed spaces and providing services for those who were struggling and needed advice and support.
- 1.3 This report presents the latest HPC housing funding strategy (Phase 3), using the current evidence to identify projects to mitigate impacts on the housing market. This will include taking forward activities that have worked well and adding in new ones to meet new emerging trends. We have in excess of £1.4M to invest that includes unspent funds from the previous strategy.
- 1.4 The HPC Funding Strategy (Phase 3) has recently been considered by both Scrutiny and Executive

2 Recommendation

- 2.1 That Full Council adopts the Hinkley Point C Housing Fund Strategy (Phase 3) and supporting project activity
- 2.2 That Full Council provides comment in relation to the supporting project activity for consideration by the HPC Housing Delivery Officer (appointment to commence this

Summer)

3 Risk Assessment

3.1 This is a major initiative for which EDF have released (via Section 106 planning agreements) significant funding contributions over recent years. This is to help mitigate the impact of the HPC development on the local housing market, principally through the creation of additional new bed spaces and the provision of advice and support services. The initiative is operating in a complex environment, that is significantly impacted by central government funding and changing priorities, coupled with a local scene that is characterised by high house prices/rents and low wages. To this we now need to add the impact of Covid 19, which will create more volatility in the housing market as people lose their jobs, are unable to pay rents/mortgages, and seek help from support services. Also, more people are now predicted to move out of cities to rural counties as they realise that they can now easily work from home. This will create additional pressure on local house prices and rentals. The risk environment is therefore complex, challenging and changing. I have listed below some of the more significant risks:

- The changing nature of the HPC workforce (from manual to operational – this will impact on accommodation requirements e.g. potentially see a move from single units of accommodation to family accommodation) – we may fail to invest in the correct initiatives
- Delivery – individual project targets may not be met (e.g. creation of new bed spaces)
- Capacity within the VCS due to resourcing difficulties – can they complete contracts?
- Support services continue to be impacted by Universal Credit migration, Homeless Reduction Act roll out and Covid 19 – these will exacerbate poverty related issues, complicating factors for all those who are seeking to provide housing and stable support services for vulnerable individuals and families

3.2 One of the specific recommendations of the HPC Fund Strategy (Phase 3) is that we continue to fund a Delivery Officer, whose role it will be to oversee project delivery, manage contracts, monitoring, and risk management.

4 Background and Full details of the Report

4.1 The construction of Hinkley Point C nuclear reactor is one of the largest infrastructure projects in Europe.

4.2 At the 'peak construction' point (predicted Spring / Summer 2021) 5,600 workers are expected on site. The influx of these workers to the local area is impacting on the local housing market in terms of decrease in availability and increased cost of accommodation, particularly in the private rented sector. This has a direct effect on local residents, particularly those on lower incomes, and their ability to access accommodation appropriate to their needs. These issues are of particular concern across the former West Somerset where 50% of coastal business is within the visitor economy (8% in the former Taunton Deane). We are aware of instances where existing (and potentially new) visitor accommodation is being lost to HPC workers.

4.3 It is expected that the type of workers coming into the local area will change as the project progresses. The majority of workers on site are currently within the MEH

(Mechanical, Electrical, Heating and Ventilation) phase of the project who effectively fit out the buildings. The operational workforce (around 900) of which 500 are expected to be on site around the peak of construction, are more likely to make a permanent move.

- 4.4 EDF have provided 'mitigation' monies to fund various housing projects in recognition of the anticipated pressures on the local housing market. The aim being to build capacity in the local housing market. So far, the funding has been made available in two tranches. In 2012, £4m was made available to deliver additional housing capacity in West Somerset and Sedgemoor, of which West Somerset received approx. £1.3M. This was under section 106 arrangements and relates to the site preparation works (SPW). A Housing Funding Strategy (Phase 1) was agreed with a specific programme of works
- 4.5 In June 2016 a further £3.5m became available when EDF Energy transitioned from the SPW planning permission to the Development Consent Order (DCO). West Somerset and Taunton Deane were awarded ring fenced amounts to be spent on delivering additional housing capacity in their respective areas.
- West Somerset - £500,000
 - Taunton Deane £660,824
- 4.6 In 2017, revised Housing Funding Strategies (Phase 2) were agreed for WSC and TDBC. Again, a specific programme of works were agreed, with a range of providers. The summary detail of this is provided within Appendix A – Evidence of Need and Demand (please refer to section G). From this, you will see that bed space (and other) targets have been exceeded. However, you will also note that some specific projects have not delivered. Each specific project is different and there are a variety of reasons for both success and failure (please refer to Appendix A for details). Needless to say, project performance is an important consideration when considering a future programme of works.
- 4.7 It is important here to make a specific mention of Stogursey. Stogursey has seen a high concentration of HPC workers. The number of workers in the Stogursey cluster is now above the threshold set within the s106 agreement which has led to additional payments being made. We have received an additional £25k to invest within Stogursey. Appendix A provides more detail of the current situation in Stogursey, including rental levels, Homefinder statistics and the result of a recent Housing Needs Survey.
- 4.8 Table 1 below provides a summary of the money that we have been allocated (split according to each funding tranche), the amount of spend, and a remaining balance. You will see that we have approximately £1.1M of remaining money (this assumes an element of uplift). More detail is provided at Appendix B, which shows that the majority of this money comes from a combination of projects that have failed to move towards implementation, and an amount of allocated money that we have yet to draw down from EDF.
- 4.9 In addition to the £1.1M (approx.) there is an unallocated amount of money that was made available via the DCO s106 agreement. This amounts to approx. £650k to be split between SWT, Sedgemoor District Council and North Somerset Council. As three councils, we have reached agreement on an appropriate split. SWT is to receive £290k. EDF have confirmed that we can draw down this money when required. This is factored in to Table 1 below and Appendix B, giving us an anticipated total spend of £1,426,000 (approx.).

Table 1: Allocations, Spend and Balance

	Allocation	Current Spend	Balance
WS SPW Fund	1,285,362	1,127,874.24	157,487.76
WS SPW Stogursey Fund	25,000	315.81	24,684.19
WS DCO Fund	500,000	102,888.69	397,111.31
TD DCO Fund	660,000	186,798.61	473,201.39
Sub Total	2,470,362	1,417,877.35	1,052,484.65
Plus uplift*	83,570.56		83,570.56
Total			1,136,055.32
Extra Allocation	290,000		290,000
Grand Total	2,843,932	1,417,877.35	1,426,055.32

* Estimated uplift on monies yet to be drawn down from WS (£66,839.77) and TD DCO (£16,730.79) funds

- 4.10 The purpose of the HPC Housing Funding Strategy – Phase 3, is to decide on an appropriate allocation of this resource, to be split in to various projects. The questions that arise are –
- What is the current impact of the HPC scheme on the local housing market?
 - What interventions have previously worked, and which have failed?
 - What would we consider to be appropriate interventions (mitigation) given available resources?
 - Who is best placed to deliver the interventions?
- 4.11 Appendix A seeks to provide the evidence to inform the first two questions above. We have gathered a range of information as follows:
- HPC workforce surveys
 - Stogursey (Quantock Vale) Housing Needs Survey
 - Homefinder Somerset / Housing Options
 - Rentals data
 - West Somerset Advice – data and insight
 - Houses in Multiple Occupation
 - Hinkley Housing Fund Phase 2 - Project Performance
- 4.12 Appendix A should be read in conjunction with the Equalities Impact Assessment (Appendix C), where there is additional evidence drawn from the following sources
- The Somerset Homelessness and Rough Sleeper Strategy
 - YMCA
 - Magna
- 4.13 Taken with wider strategic housing priorities, the above information has been used to develop the Hinkley Housing Fund Strategy and Action Plan – Phase 3. This is presented at Appendix D.
- 4.14 The Strategy is supported by a range of projects. When considering projects, we have to be mindful of an agreed set of principles within the Section 106 planning agreement. This informs the nature of the projects. The legal agreement states (note, NNB GenCo is a subsidiary of EDF):

2.3 NNB GenCo shall within 30 days of receipt by NNB GenCo of a request from the relevant local authority make a payment from the Housing Fund to the Councils, Taunton Deane Borough Council and/or North Somerset Council (as the case may be) if in NNB GenCo's reasonable opinion (taking reasonable account of the representations or views of the relevant local authority) the relevant initiative:

2.3.1 gives priority to localities within the Administrative Areas where the impacts of the Project are being experienced;

2.3.2 would deliver bed-spaces in advance of the peak Workforce being reached;

2.3.3 addresses both direct and indirect accommodation demands;

2.3.4 is responsive to changes in the housing market;

2.3.5 offers the potential for recycling the Housing Fund so that it can be reinvested in other housing initiatives, as far as reasonably practicable and provided that any recycled monies are not considered as unspent parts of the Housing Fund; and

2.3.6 is an effective means to mitigate the potential effects of the Project.

4.15 In total, we are proposing 11 'projects' (listed A to K within the Strategy) together with money for a Delivery Officer (item L) and funding for marketing, promotion, analysis and consultation (item M) and also a recognition that there are a number of projects from Phase 2 that still ongoing (item N).

4.16 We have shared our draft proposals with EDF and they are supportive (in principle) of the emerging strategy and associated projects

4.17 This report was considered by Scrutiny Committee on 1st July 2020. Scrutiny Committee made three recommendations

1. A clear desire to have the climate change and social value requirements strengthened to ensure they were compatible with SWT's Climate Change plans.
2. Requested continued dialogue with EDF encouraging an ongoing economic partnership in relation to temporary and affordable housing in the District.
3. A Member Briefing for All Councillors be arranged in the future to keep Councillors updated on this important piece of work.

4.18 Recommendation 1 has been addressed through the provision of additional advice at sections 8 and 11 below. Recommendation 2 will be considered and discussed as part of Recommendation 3 (date to be arranged)

4.19 This report was then considered by the Executive on 15th July 2020. The Executive agreed the following recommendation:

The Executive recommends to Full Council the adoption of the Hinkley Point C Housing Fund Strategy and supporting project activity

5 Links to Corporate Strategy

5.1 These proposals relate directly to the Housing and Communities priority, and will help enable the delivery of a number of the supporting objectives:

Homes and Communities

A district which offers a choice of good quality homes for our residents, whatever their
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age and income, in communities where support is available for those who need it	
1	Increase the number of affordable and social homes in our urban towns, rural and coastal communities; including those built by the Council.
3	Reduce anti-social behaviour through working with residents and our partners as well as tackle economic, social and health inequalities within the groups and communities that need extra support.
4	Work to end homelessness and rough sleeping in the District.
5	Engage with the voluntary sector in their mission to help support our communities

6 Finance / Resource Implications

This Housing Strategy will have no financial impact on the council's general fund. The project in this strategy will be entirely funded by the Development Consent Order s106 funding from EDF.

Under the Development Consent Order agreement, West Somerset Council were allocated £500k and Taunton Deane Borough Council £661k. Both figures excludes index uplift. Both figures include the £60k that each council can allocate to fund a Housing Officer.

Funding for this agreement is paid when the project is agreed and approved by the Council and the funding claimed from EDF. To date, we received £0.159m plus uplift for West Somerset and £0.576m for Taunton Deane

Including uplift that we received already and funding that we due to receive (based on current inflation index), we estimate that the council will receive a total of £0.502m for West Somerset and £0.740m for Taunton Deane.

Although the two authorities have now been replaced with Somerset West and Taunton Council, the area restriction in the agreement still applies.

Also within the agreement is a further £0.641m which is to be shared between Somerset West and Taunton Council, Sedgemoor District Council and North Somerset Council. Out of this further funding, the strategy document assumes that the Council will receive a further £0.243m (excluding uplift). This will be subject to EDF approving how this funding will be spent. *(note; we have now received this approval from EDF)*

7 Legal Implications

- 7.1 The funds have been paid by or are due from the developer (EDF) due to the signing of a Section 106 legal agreement for planning permission to carry out the site preparation works at Hinkley Point C (West Somerset Council Planning Application No: 3/32/10/037) and the Hinkley Point C Deed of Development Consent (21/08/2012).
- 7.2 The Council needs to act in accordance with the s106 and other planning principles and obligations and take into account the objectives for the funds and decision-making criteria as set out in the legal agreements when approving expenditure. If there is an

intention to enter into service agreements, partnerships or property development etc there will be procurement and governance regulations to comply with. Housing initiatives will need to comply with current housing regulations and policy (including Homefinder).”

8 Climate and Sustainability Implications

- 8.1 The environmental impacts associated with the wider proposed development of HPC were considered within the Environmental Statement submitted by NNB Genco with the application to carry out Site Preparation Works at HPC, and mitigation measures were secured.
- 8.2 The Council is currently preparing a Carbon Neutrality and Climate Resilience Action Plan (CNCR - to sit beneath the Somerset Climate Change Strategy) and this will be considered by members shortly. Within the emerging CNCR there are emerging themes relating to new build and the retrofit of existing property. These are highly relevant to the HPC Housing Strategy.
- 8.3 The HPC Housing Strategy proposes a range of projects, of which 5 relate to climate change and can have a positive impact:
- Minor Improvement Grant: Excess cold can be tackled through making homes more fuel efficient. This project needs to link with available advice and related funding streams
 - Empty Homes: As above
 - Stogursey Community Action: The preparation of any community / neighbourhood plan should be encouraged to consider climate resilience / carbon reduction
 - Seaward Way – 50 units of affordable housing: These will be built by SWT. The Council is an active developer, building new council homes. Ensuring that what we build is of the highest standards can not only benefit our own carbon footprint, but also reduce fuel bills and improve health outcomes for our tenants. It also enables us to lead by example and show the local development industry what is possible, show the public what they can demand from private developers, and to build the local skills base and supply chain that will be necessary to see zero carbon building standards delivered across the board.
 - Money and Debt Advice: Fuel poverty can be contributing factor to debt related problems. We need to ensure that this project links to other relevant advice and funding, such as the Warm Homes Initiative that is being delivered by the Somerset West Private Sector Housing Partnership
- 8.4 Ultimately these are matters that need to be negotiated within the commissioning arrangements for specific projects. This will be a role for the HPC Housing Delivery Officer, and will be written in to the job specification

9 Safeguarding and/or Community Safety Implications

- 9.1 Delivery partners are encouraged to consider the promotion of community safety and community cohesion as part of their project.
- 9.2 Delivery partners that provide facilities or services to families, young people or

vulnerable adults (of which there are a number here, please see the details at Appendix D) are required to provide evidence of their policies and procedures relating to safeguarding, and in particular the requirement for their staff to be appropriately trained and DBS checked.

- 9.3 The requirement for delivery partners to adhere to Safeguarding legislation and to ensure necessary checks are carried out to ensure the suitability of staff or volunteers involved in the project are included in Service Level Agreements for each initiative.

10 Equality and Diversity Implications

- 10.1 Please see the attached EIA at Appendix C – the content of this has been used to inform the development of the Strategy and Action Plan, and so therefore mitigate potential negative impacts on certain protected characteristics. In addition:

- Delivery Partners are required to ensure their initiative will promote equal opportunities and will be accessible to all people in the community regardless of background, ability or personal circumstances
- Housing Initiatives that restrict access on the grounds of age, disability, gender, race, sexual orientation, beliefs, background, ability or personal circumstances are unlikely to be funded. Unless the reasons for doing so can be 'objectively justified'
- Delivery partners are required to provide a copy of their Equal Opportunity Policy to demonstrate awareness of their responsibility to deliver accessible services that advance equality

- 10.2 The initiatives within the HPC Housing Fund Strategy (Phase 3) are designed to promote equality of opportunity when accessing housing and accommodation

11 Social Value Implications

- 11.1 Social and community benefits will be realised as an intrinsic part of project delivery. For example, the various projects will provide/enable the following: identify routes for tenants into training and employment; signposting tenants to a range of services such as debt advice and mental health support; supporting tenants with multiple/complex needs; offering training in money management and opportunities for volunteering; and stabilising and sustaining tenancies, and so reducing churn in the private sector housing market. All the above examples will reduce pressure and costs on other services

- 11.2 The proposals also offer significant opportunities for social value. For example, a number of the projects will be delivered by the voluntary and community sector (VCS). The VCS plays a leading role in helping us to deliver project outcomes, and can often achieve greater value for each £1 invested, compared to the local authority. A key benefit of the VCS is that they are able to access social capital through volunteering, and this includes people who find it difficult to access employment/training/housing

- 11.3 Examples of where we shall be commissioning the VCS include the following: Empty Homes; Tenant Ready, Money and Debt Advice; purchase of additional Temporary Accommodation; and Complex Needs

- 11.4 The purchase of additional Temporary Accommodation provides an example of how

we could deliver social value. This scheme will provide ten units of accommodation for single people and families who are at risk of homelessness. This is social benefit. Social value can be achieved by the provider enabling vulnerable clients (within other stock) to help refit and decorate the property. This will deliver useful skills for those who are furthest from the employment market. In addition the provider could provide apprenticeships / direct employment to those with lived experience of homelessness, in the running of the TA facility. Again, this would provide skills / training / employment for those who may otherwise really struggle to find meaningful work. Certainly, across the range of projects, there is significant potential for the delivery of social value.

- 11.5 Ultimately these are matters that need to be negotiated within the commissioning arrangements for the specific projects. This will be a role for the HPC Housing Delivery Officer, and will be written in to the job specification.

12 Partnership Implications

- 12.1 Somerset West and Taunton Council will work together with a wide range of local partner organisations to ensure the successful delivery of the initiatives within this strategy. Where necessary, partnership agreements and service level agreements will be put in place to ensure that roles and responsibilities are clear, targets are agreed and regular monitoring takes place to reduce risk to delivery.
- 12.2 Activity to address housing issues (including those proposed within the attached Strategy) are regularly discussed at the West Somerset Housing Forum, the Somerset West Private Sector Housing Partnership, and (where relevant) between SWT and the providers / commissioners of housing support services

13 Health and Wellbeing Implications

- 13.1 The initiatives within the Strategy are designed to assist local people (often the most vulnerable) to access decent standard, affordable and sustainable accommodation and therefore help to improve health and social and emotional wellbeing. Two projects will enable individuals / families with multiple and / or complex health problems to access supported accommodation. Another project will seek to regularise/licence Homes in Multiple Occupation, for the benefit of tenants

14 Asset Management Implications

- 14.1 The Complex Needs Project (depending on its final design) may require the use of one of our HRA properties to facilitate implementation. Seaward Way is being developed by SWT and will become Council stock. Dialogue is ongoing.

15 Data Protection Implications

- 15.1 Delivery partners will be required to ensure that Data Protection issues are considered where data is involved and ensure that a Data Protection Assessment (DPIA) has been completed where necessary to assess any privacy risks. This will be a requirement of all contractual arrangements between SWT (as commissioner) and delivery partners.

16 Consultation Implications

- 16.1 There has been a long process of consultation and iteration with a variety of partners over the course of the development of the HPC Housing Fund Strategy (phases 1 to 3). Partners involved have included the following:

- West Somerset Housing Forum (Magna, Livewest, YMCA, Wessex Resolutions, West Somerset Citizen Advice, HomeFirst Plus etc)
- Feedback from customers and providers involved with Phases 1 and 2 of the HPC Housing Fund Strategy
- SWT and SDC Housing Options
- Somerset West Private Sector Housing Partnership (SWPSHP) and Somerset West Landlord and Tenant Services (SWeLT)
- EDFenergy
- Stogursey – local members / parish council

16.2 The majority of projects (within Phase 3) are a continuation of existing projects (i.e. approved within Phases 1 or 2). There are two new projects where consultation continues: Acquisition of Lambrook House (Minehead) for a continuation of an existing use as supported accommodation, and a proposal for Stogursey to develop a community plan for the local community (consultation with local councillor recently undertaken). In these, and in some other instances, the process of dialogue with communities and providers will continue.

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – Yes**
- **Cabinet/Executive – Yes**
- **Full Council – Yes**

Reporting Frequency: ☐ **Once only**

List of Appendices (delete if not applicable)

Appendix A	Workforce, Impact and Current Conditions within the Local Housing Market
Appendix B	HPC Table of income, spend and balance
Appendix C	Equalities Impact Assessment
Appendix D	HPC Housing Fund Strategy

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