

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Increasing Affordable Housing – Inspired Solutions
Meeting/Date:	Overview and Scrutiny Committee (Performance and Growth) – 8 July 2025 Cabinet – 15 July 2025
Executive Portfolio:	Executive Councillor for Jobs, Economy & Housing – Cllr Sam Wakeford
Report by:	Pam Scott – Head of Economy, Regeneration and Housing Delivery
Ward(s) affected:	All

1. SUMMARY

- 1.1 This report details the proposal to work alongside Inspired Solutions to deliver various development sites across Huntingdonshire to support housing delivery in particular affordable housing responding to housing need. In essence the sites will be delivered by Inspired Solutions on behalf of the Council.
- 1.2 The Council continues to face considerable pressure and demand for housing with circa 3000 applicants on the Council's Housing Register.
- 1.3 Inspired Solutions is an investment and development company looking to improve affordable housing supply across the UK. The Council would effectively form a partnership to deliver affordable housing, which would be provided by Inspired Solutions via long lease agreements for a period of 40 years. The properties would be underlet to a company associated with Inspired Solutions, who would then manage the homes, and the Council would be able to nominate individuals from our housing register to support our housing need and homelessness function. They are one of a number of new and innovative models of affordable housing delivery which the Government is seeking to encourage, their interest lie in developing on private or public land and then subsequently leasing to the Council at Local Housing Allowance (LHA) Levels. The objective of working with Inspired Solutions is to secure a sustainable supply of affordable homes, all priced at LHA rates and market rents. The Council would also have the option to acquire development for a nominal sum after the 40-year lease.

2. RECOMMENDATIONS

- 2.1** To agree in principle to establish a working partnership with Inspired Solutions to deliver affordable homes within the district on various sites – noting an initial aspiration for circa 200 homes.
- 2.2** To delegate authority to the Corporate Director of Finance and Resources (S151 Officer), in consultation with the Corporate Director of Place to negotiate and draft the following agreements:
 - i. Heads of Terms, Agreement for Leases and eventual Leases with Inspired Solutions
 - ii. Heads of Terms, Agreement for Underleases and eventual Underleases with a company associated with Inspired Solutions
 - iii. Nomination Agreements for 100% nomination rights for all residential units for the period of the underleases

3. BACKGROUND AND DETAILS

- 3.1** Huntingdonshire Council were initially approached by Inspired Solutions at the 2024 UKREiiF Conference where they demonstrated their capital and delivery expertise. Since this point, Officers have met to discuss the possibility of building a working partnership with Inspired Solutions.
- 3.2** Inspired Solutions are a developer/investor with an aim of increasing affordable housing supply. Inspired Solutions are the partner organisation to Inspired Community Homes who lead on the development. A completed company organisational structure and additional information has been provided in Appendix A. They are one of a number of new and innovative models of affordable housing delivery which the Government are looking to support – most notably this is due to their ability to secure alternative financing and a limited reliance on Government grant funding.
- 3.3** Although Inspired Solutions has not yet completed any developments, they are in contract with several other Local Authorities and have agreements in place to deliver 752 homes. Officers have undertaken necessary discussions to confirm the accuracy of this as part of due diligence. There is an initial aspiration for circa 200 homes in the District.
- 3.4** Once sites have been identified, schemes are expected to be made available to the Council within a period of 36 months from the date of agreement for lease. Inspired Solutions would be responsible for securing the land, necessary permissions, and development delivery.
- 3.5** It is likely that the Council would be looking at several sites across the district as it is not expected that there will be one site meeting the 200 home level. Prior to entering the final Leases for the properties, the Council would undertake due diligence to ensure that all Fire Safety standards are met to be in line with Council policy and requirements as well as Building Safety Standards.
- 3.6** The aim of building a working partnership with Inspired Solutions is to increase the availability of secure affordable homes in the district for residents and to improve housing provision. We anticipate that some homes will be able to support the Council's Homelessness duty, as well as presenting opportunities to deliver more specialised forms of accommodation to meet the needs of individuals with specific challenges.

- 3.7** The Council would not be liable for any upfront payments towards a development, nor would the Council be taking any planning or development risk. The Council would only need to fund its administration, legal and other advisory costs. The properties would be underlet as a back-to-back transaction to another private provider, associated with Inspired Solutions, that would then be responsible for management of the tenancies and repairs and maintenance of the buildings.
- 3.8** The developer or their associated entity would be responsible for all repairs and maintenance without charging the Council for this. Inspired Solutions have a mechanism to draw down from Department of Work and Pensions (DWP) to cover service charge costs and have identified three further sources of income generation associated with the energy generation from their developments. These approaches reduce risks associated with service charges being passed on to residents.
- 3.9** Inspired Solutions propose to generate income from the sale of discounted green energy to tenants (under their 'GREAT' scheme), carbon credits, sale of surplus energy to the grid, and eligible service provisions set out and paid by the DWP. These funding sources provide sufficient income to the underlessee to pay for all property related costs. The developer would also be responsible for all lifecycle and major works (including fire and building safety) related to the building for the term of the lease. The Council would only be responsible for void risk, arrears by tenants, although we would have the ability to cover this and recharge the residents and any damage, accidental or deliberate, by the tenant.
- 3.10** The rents for both the headlease and the underlease would be set at LHA rates provided in April for each financial year. The Council would need to set aside a budget for potential void risk, arrears and damage caused by tenants. Officers consider that this risk can be mitigated acceptably and built into future budget setting. The Councils Corporate Director of Finance and Resources (S151 Officer) has been involved in the due diligence of this proposal to date and has confirmed their agreement to the approach.
- 3.11** After the 40-year period the Council would have the option to acquire the units for a heavily discounted sum. This could enable the Council to work in partnership with a Registered Provider to enable the homes to continue to deliver low cost housing.

4. Operational Considerations

- 4.1** The Council would not be responsible for development delivery. Once complete, the aim is to underlet the units to another provider and the Council would hold nomination rights. The Council would not have any risk related to the property unless there is damage caused by the tenant. This has the benefit of not giving the Council any property management duties.
- 4.2** The Council would need to ensure that there are no void costs and that operations related to placing and assessing tenants is done efficiently. This is considered to be achievable given the levels of housing need across the District.
- 4.3** The proposal includes a 'Green Renewable Energy Affordable Tariff' (GREAT). Inspired Solutions are indicating that this technology will result in significantly reduced energy costs for residents.

- 4.4** The progress of this proposal is subject to contract and legal due diligence; the Council has appointed Devello as its legal advisors and an update is awaited. In the event that significant issues are identified, the Council would not move forward. .
- 4.5** The proposal by Inspired Solutions is for the Council to enter into an Agreement for Lease for each site brought forward, which will unlock funding for the developer and allow them to proceed towards planning and development. At the same time the Council will sign an Agreement for Underlease for each site with the underlease organisation.
- 4.6** Once the scheme has been completed a formal Lease Agreement will be signed with the developer for a period of 40 years and at the same time an Underlease Agreement will also be signed.
- 4.7** The Council will also, at completion of each development, enter into a Nomination agreement with the Underlessee allowing the Council to have 100% rights over the units.
- 4.8** The income from the Underlease, less deduction for voids and tenant damage will be used to pay for the Headlease payments. The Council is taking a long-term commitment and will be responsible for funding the leases for 40 years.

5. RISKS

- 5.1** This proposal has several risks that need to be considered as part of the wider decision making and could have an impact on the delivery and financial outcomes for the Council.
- 5.2** Inspired Solutions have not completed delivery of any schemes but have indicated they have the financial means and experience to deliver the schemes and are already in contract with several other Local Authorities.
- 5.3** Nonetheless, it is a risk in the event they fail to complete the delivery of the schemes, the council will have lost the opportunity to acquire other schemes that can be delivered. However, Inspired Solutions is part of an organisation called Trebbie, which have the experience and resources to construct residential schemes. Further group company and related parties' structure has been provided in Appendix A. However, if schemes are not delivered the Council would not be under any obligation to take Leases of those schemes and so would not incur any financial costs apart from costs associated with entering into agreements which are typically minimal.
- 5.4** The developer will include technology and building design that will enhance the provision of energy through self-generation methods. The incorporation and building approach to make this viable requires specific technology. At the end of the 40 years the Council would need to discuss this with Inspired Solutions to see how this could be transferred as part of the purchase of the homes, as the Council does not currently manage housing, this activity could be passed on to another organisation.
- 5.5** A decrease in future demand may result in these units being underutilised while the Council remains responsible for lease payments. Whilst we do not believe that the demand for housing at affordable rents will decrease in Huntingdonshire, if this is the case the Council will have the option to request that the properties be turned into private rent units.

- 5.6** With Local Government Reorganisation in 2028, it is anticipated that any contracts signed in relation to this proposal and entered into by the Council will be transferred to the responsibility of the new authority. To further mitigate the risk of insufficient occupancy in the units, future demand is expected to be supported across the broader area encompassed by the new strategic authority, thereby providing a wider area of housing demand.

6. Financial

- 6.1** The aim of building a working partnership with Inspired Solutions is to reduce reliance within the private rented sector for provision of housing.
- 6.2** The proposals presented to the Council do not require any capital investment by the Council and protects the Council against operational repairs and maintenance costs, although as stated in 3.10 the Council would be expected to cover void risk and vandalism. The Council would have 100% nomination rights on the units under lease.
- 6.3** A follow-up report will be made available with a detailed breakdown of costs and savings once specific sites are identified.
- 6.4** The Corporate Director of Finance and Resources (S151 Officer) has been involved with this project from the beginning, there will be a need to create a fund as a reserve to cover the risks associated with damage, arrears or long term voids.

7 LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES, AND/OR CORPORATE OBJECTIVES

- 7.1** The delivery of housing is aligned with the principles and key objectives of HDC's Corporate Plan, specifically it links to Priority 2: Creating a better Huntingdonshire for future generations, through Improving Housing, this project would enable additional high quality homes to be provided across the District.

8 LEGAL IMPLICATIONS

- 8.1** The progress of this proposal is subject to contract and legal due diligence; the Council has appointed Devello as its legal advisors and an update is awaited. In the event that significant issues are identified, the Council would not move forward.

9 EQUALITIES

The Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. The delivery of good quality affordable housing aligns with the Council's existing housing procedures.

10 ENVIRONMENTAL

The Council has a duty to ensure we continue to promote an environmentally positive recovery in Huntingdonshire following the impacts of COVID 19. We also have a duty to deliver sustainable place making. In December 2021, the Council adopted a core set of environmental principles. In October 2022, the

Council passed a Cost of Living and Climate Change motion that recognises that the current cost of living, and climate crises require joint attention to support the wellbeing of residents and businesses. In February 2023 Council formally recognised the Climate Crisis and Ecological Emergency, adopted the Council's Climate Strategy underlining the organisations commitment to:

- setting a positive example through its actions to be a net carbon zero Council by 2040
- an enabler supporting action within our communities and across our partners.
- an encourager to those that live, work, and visit Huntingdonshire to take climate action and reduce carbon emissions.

The Council has direct control of only a tiny proportion of all the carbon emissions within Huntingdonshire, but we can adopt a key role to influence the district, demonstrating good practice whilst setting policies and strategies to influence businesses and communities to tackle climate change whilst enabling sustainable living and growth.

11 LIST OF APPENDICES INCLUDED

1. Inspired Solutions 2024
2. Home Angel
3. GREAT
4. Letter of Intent