

Report of Directors of Environment and Housing and City Development

Report to Scrutiny Board (Housing and Regeneration)

Date: 4th February 2014

Subject: Financial Position Statement 2013/14 – City Development and Environment and Housing Directorates

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. At the request of the Scrutiny Board, the purpose of this report is to provide Members with a financial position statement of the City Development and Environment and Housing Directorate's in relation to this Board's responsibilities at period 8 of the financial year 2013/14.
2. The attached information has been provided by the relevant Head of Finance for the Board's consideration in relation to:-
 - Housing Revenue Account (section 3)
 - Housing Regeneration (section 4)
 - General Fund (section 5)
 - Capital programme (section 6)

3. Housing Revenue Account

3.1 From 1st October 2013 the management of the council's housing stock was integrated into the Directorate of Environment and Housing. In line with this, HRA financial reporting now reflects the total financial position in respect of Housing Leeds.

3.2 At the end of Period 8 the HRA is projecting a surplus of £(419)k. This is after absorbing an additional recharge of £1m from Adult Social Care in respect of supporting people to remain in their own homes. Savings are projected in relation

to employees, supplies and services (utilities, marketing and office consumables), legal recharges. Also additional income from capitalisation is anticipated due to the projected increase in RTB sales (316 more than budget).

3.3 Rent arrears

Rent arrears continue to be closely monitored. Overall, arrears for current tenants are £6.1m compared to £4m at the end of 2012/13, an increase of £2.1m. However £1.1m of this increase is simply due to in year timing differences between when the weekly rent is due and when the rent is actually received from tenants through monthly standing orders and direct debits. Of the rest of the increase £0.3m has arisen due to welfare change in connection with under occupancy.

Collection rates to the first week in November were 97.4% for dwelling rents, compared to 98% at the end of 2012/13. This compares favourably with collection performance in 2011/12 and 2010/11 which was 97.65% and 97.42% respectively.

3.4 Right To Buy (RTB) sales

To the end of November 2013 there were 322 completed sales. Current projections based on live applications are that 450 properties will be sold in 2013/14, generating sales receipts of £19.4m. In accordance with the Government's formula, LCC can retain the sum of £14.2m.

Of this, £5.9m is likely to be passported to Registered Social Landlords (RSLs) as a grant. This is to fund 30% of the cost of building new housing stock, and must be match-funded by a 70% contribution from the RSL. A further £6.3m can be retained for 'allowable debt' which can be used either to repay debt or to fund other capital expenditure; current proposals are that this income will be used to fund capital expenditure. The remaining sum of £2.0m will be retained corporately to fund the General Fund's Capital Programme.

4. Housing Regeneration

4.1. At Period 8 it is projected that Regeneration Services will have a small underspend of £14k against the net managed budget of £672k.

4.2. The Service is expected to underspend by £104k on staffing. The underspend includes savings against the Chief Officer post, savings from staff on maternity leave and a vacant post. Internal income is expected to be below budget partly reflecting the savings on staffing which result in reduced recharges for chargeable work. An Asset Management and Regeneration Services joint service restructure has recently been released for consultation.

4.3. The Service has secured some additional Heritage Lottery Funding which will fund an additional post until 2018.

5. General Fund

5.1. The latest projection for Statutory Housing is that it will come in on budget during 2013/14.

- 5.2. The restructure has been undertaken and as a result a number of posts were vacant for the early part of the year. A net underspend on staffing of £302k is anticipated, primarily due to staffing underspends in Housing Options (£188k), and Area Renewal (£84k). Whilst there will also be a staffing underspend of £91k on the Leeds Neighbourhood Approach team, there is an equivalent reduction in the amount of New Homes Bonus that can be reclaimed in 2013/14.
- 5.3. Actions to cover the specific targets for delivering restructure savings (£67k), staffing recharges on the Cross Green Facelift capital scheme (£73k), Temporary Accommodation 10% HB income shortfall (£25k) and the reduction in Homelessness Grant (£165k) all appear as though they will be delivered in 2013/14.
- 5.4. The staffing underspend will be necessary in 2013/14 to offset some of the more challenging budget action plans facing the service. In particular, the need to identify £200k of alternative income as a result of the Adaptations income from Housing Associations needing to be capital rather than revenue.
- 5.5. It is anticipated that the action plans will be delivered overall and that the service will come in on budget.

6. Capital Programme

6.1. Capital Programme – Housing Leeds Services

- From October Housing Leeds Services will deliver the refurbishment programme for the remainder of 2013/14 and are reporting spend and commitments to date of £31.1m. Of the £6.1m accruals made in 12/13 at period 8, £1.5m still remain unmatched. Projected outturn at period 8 is expected to be delivered within revised available resources of £55.2m. In November a further £2.2m was slipped to the 2014/15 programme.
- Planned works are running to target across the city in most areas. In the Aire Valley area £3.8m has been slipped to 2014/15, £2.8m on the Malverns and Waverleys refurb and £1m on Manor Park enveloping. In East North East works to Multi Storey Flats £830k, Moorhaven Court conversion £450k and some demolitions work £270k have all slipped to 2013/14.
- Responsive works - low levels of spend on voids programmes could equate to an underspend across the city in 2013/14 but we are awaiting more robust projections and will report back at period 9.
- Adaptations no issues of concern and we're planning to spend on budget.

6.2. Capital Programme - Strategic Landlord (HRA)

- At period 8 Strategic Landlord actual spend is £201k. Resources available in 2013/14 have been revised to £1.53m this now allows for £0.5m additional boiler replacement works and £150k works to communal aerials

in multi storey flats. A programme of works will be put in place and this will determine if there is any more slippage to come in 2013/14.. .

- The Council Housing Growth programme is underway and has a number of strands within it: new build properties; purchase of new properties from developers and the acquisition and refurbishment of long term empty properties to bring them back into use as council housing. The first phase of delivery has commenced - a planning application has been submitted for the first new build site at East End Park which will deliver 30 properties and anticipated to start on site in January and design work has started for a second site at The Garnets in Beeston; the opportunity to acquire new properties “off plan” from a developer is currently being appraised and will deliver 25 new properties at Thorn Walk Gipton which it is anticipated will be ready for occupation in December 2014. Further phases will include the delivery of a purpose built Extra Care scheme providing specialist housing for older residents which also has the benefit of additional grant funding from the Homes and Communities Agency.

6.3. Capital Programme - Housing General Fund

- At period 8 Housing Services General Fund spend is £4.5m against an annual programme of £8.9m. The recycling empties £1m of the stimulating housing growth fund has been transferred to Housing General Fund.
- The Regional Housing Board programme is coming to a close and any unspent funding on residual schemes will be spent in 2013/14. Spend to date is £268k against a budget £398k.
- At period 8 the DFG Adaptations scheme has spend to date of £3.9m against a budgeted £6.68m. Within the Adaptations budget there is a provision to fund Leeds Care and Repair’s Home Improvement Agency and Handypersons Service at a value of £307k in 2013/14. At period 8 the projected outturn is expected to be on budget within available resources of £6.68m.
- The equity loan scheme to vulnerable households has paid out £59k to period 8 of the £418k in 2013/14. Slip £170k to 2014/15 for period 9.
- New phases 2 and 3 of group repair in Cross Green were approved at September EB and will spend £4m across the next three years. Currently signing up home owners and this is part of the Sustainable Communities Investment programme.
- The free home insulation scheme to date has resulted in 10,007 cavity wall insulation and loft insulation jobs taking place in over 8,000 private homes, all at zero cost to the householder. £250k of this funding has been used to set up a discretionary Fuel Poverty Fund where we will also look to match fund and utilise £50k pa loan repayments provided from the green Deal Demonstrator project. This will allow us to top up ECO (Energy Companies Obligation) contributions helping vulnerable households to receive measures which will alleviate fuel poverty. Slipped £500k from the parent across next two years.

- The Green Deal Demonstrator project is now complete. The council has now formed a partnership with 3 major Green Deal Providers and expects to improve at least 2,000 homes over the next year, at a value of c£10m, for an investment of under £1m from the council (predominantly from existing ALMO capital budgets).

6.4. Capital Programme - Regeneration Services

- At period 8 Regeneration Services actual spend is £400k against available resources of £2.2m. In anticipation of the 2014/15 programme a further £800k will be slipped to 2014/15 at period 9.
- The Town & District Regeneration 2 programme has funding in place of £700k. Three district centres have been identified for support to increase their vitality and viability for the benefit of local traders and shoppers. These schemes, namely Harehills Lane, Kirkstall and Dewsbury Road did not benefit from Round 1 of T&DC funding. The first projects will reach design freeze in Spring 2014.
- Investment in Armley and Chapeltown Townscape Heritage Initiative programme continues to underpin private investment in sensitive building repair and restoration and at period 8 spend to date on the two schemes is £1.6m in total £336k in 2013/14.
- The EASEL private properties acquisition and demolition scheme has now fully slipped into 2014/15 programme. Of the 7 properties remaining 4 remain to be acquired two can be built round and one owner refuses to move.

7. The Head of Finance from each of the Directorates have been invited to today's meeting to present the attached information and address any further questions from the Board.

8. Recommendation

8.1. Members are asked to note the projected financial position of the Directorates City Development and Environment and Housing in relation to the areas listed in paragraph 2 above at period 5 of the financial year 2013/14.

9. Background documents¹

9.1. No documents referred to.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.