

Report of Mark Ireland, Service Manager, Housing Partnerships

Report to Director of Environment and Housing

Date: 25th September 2014

Subject: 16500 CGG 000 Cross Green Group Repair Phase 2 and 3

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Burmantofts and Richmond Hill	Yes
Are there implications for equality and diversity and cohesion and integration?	Yes
Is the decision eligible for Call-In?	No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	No

Summary of main issues

1. On the 15th February 2013, Executive Board agreed a programme of investment for the Sustainable Communities Investment Programme (SCIP). This investment will enable a programme of improvements to address housing conditions, energy efficiency, environmental conditions and highway improvements. In addition it will create a Community Fund in Cross Green and the Neville's' in the East of the city.
2. An element of the programme is to provide group repair and enhanced thermal efficiency works to approximately 180 properties within Cross Green. As part of the overall budget it had been anticipated that Green Deal/Energy Company Obligation (ECO) would contribute around £1m in addition to the Council's own capital programme.
3. Unfortunately over the period of time it has taken to procure a contractor and commence the contract the Government has introduced a number of policy and funding changes which have affected the initial budgetary assumption for the scheme.
4. A review of the funding regimes means that based on the anticipated numbers who will be involved in the scheme there will be a shortfall of at least approximately £300k in the funding available to provide the enhanced thermal efficiency works.
5. There is currently £500k available within the SCIP budget. It is proposed to increase the overall budget for group repair by this amount to allow the energy efficiency works to be undertaken as originally planned. Any underspend will be used to increase the

number of pre 1919 properties in Cross Green to maximise the impact of the Council's investment and benefit as many of the community as possible.

Recommendations

6. The Director of Environment and Housing is requested to :-

1) authorise the transfer of £525k from the Green Deal scheme 16698/KEE/000 approved on the 4th June 2014 as a contribution to Cross Green Group Repair Phases 2 & 3.

2) authorise additional spend of £500k from the overall SCIP budget to support the Green Deal/ECO element of the works following the change of rates and loss of funding due to recent changes in Government Policy.

1 Purpose of this report

1.1 The purpose of this report is to request the Director of Environment and Housing to transfer £525k from the green deal scheme 16698/KEE/000 and authorise additional expenditure of a further £500k from the SCIP programme into the Cross Green Group Repair Phase 2 and 3 scheme.

2 Background information

2.1 The Executive Board in February 2013 gave approval to create a SCIP to help to regenerate areas of housing need. The programme consists of improvements to the fabric of properties through retrofitting and facelifts, energy efficiency measures, environmental improvements, highway improvements and a Community Fund in the Cross Green area of the city.

2.2 As part of the overall budget for the group repair scheme in Cross Green, £1m was originally anticipated from the Green deal/ECO. However during the lifetime of the project the Government has introduced changes to the scheme which have resulted in a review of the funding available to the project. Initially the Green Deal/ECO works were intended to be provided free of charge to all involved in the scheme. However with the changes in policy, the funding available and the loss of the Green Deal Home Improvement Fund in July 2014, an alternative option to deliver these improvements is required if the scheme is to deliver its original outcomes.

3 Main issues

3.1 The change in Government Policy has meant that the funding mechanism originally anticipated is no longer available. However an alternative means of funding the works is still available but will require additional Council funding to allow its delivery.

3.2 Initially it was anticipated that there would be an average Green Deal/ECO contribution of £8k per property. This was based on the Government's funding rates prior to the Autumn Statement in 2013. Subsequent changes and loss of funding regimes has meant that an alternative mechanism is now being proposed.

- 3.3 Originally it was anticipated that that £1.2m would have been available to undertake works to approximately 150 properties. To achieve a similar level of works the following funding mechanism is proposed in Table one below

TABLE 1 - Green Deal/ECO Funding Proposals	
Funding source	Amount
Green Deal Community Fund It has been agreed that a minimum of £3.5k per property from the Green Deal Community fund. This fund is available until March 2015.	£0.525m
ECO funding Based on the Energy Performance Certificate calculations for the area it is estimated that it will be possible to claim £1800 in ECO funding per property. This funding can be claimed directly by the contractor Keepmoat and is equivalent to £30 per carbon ton saved. It is anticipated that Keepmoat will be able to secure this level of funding for the life of the scheme	£0.27m
Private sector Contributions Based on the previous model all landlords were to contribute to these works as part of their overall contribution. It is anticipated that they will still contribute to the cost of the scheme at an average of £1000 per property. This amount is based on the assumption that 113/150 properties will be rented (75%)	£0.113m
Shortfall Assuming the full cost of £1.2m these is a shortfall of £0.3m in the budget to deliver the original proposals	£0.3m

- 3.4 It is proposed to subsidise the shortfall using the £500k contingency fund. This will allow the original enhanced thermal efficiency works to be undertaken. Unfortunately until the works commence it is not possible to accurately determine the full extent of the shortfall in funding. However if there is an underspend in the overall budget, additional pre 1919 houses have been identified as a potential phase 4 which could be offered group repair to benefit the area and community. If this is the case then the timeframe for the completion may exceed the SCIP programme end date of March 2016.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Ward Members for Burmantofts and Richmond Hill have been consulted on and kept informed of the progress of the specific projects within their ward.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 A full Equality, Diversity, Cohesion and Integration Assessment for HIA: Group Repair has been completed and is attached as part of the appendices. It is an equality and diversity objective that every owner of property within the target area is given the opportunity to participate; The key players in achieving this are the Council staff within the group repair team, who will knock on the door of every property to speak to the occupants and who will either visit or telephone the owners to discuss the scheme with them. If, as occasionally happens, there is a problem with the property owner not understanding English, for example, then either arrangements will be made for a suitable friend or relative to assist, or an interpreter will be called in. The driver of this objective is that, to ensure that the scheme achieves maximum impact; as many owners as possible need to be signed up to take part and have their properties improved.

4.3 Council policies and City Priorities

- 4.3.1 The project meets the Housing and Regeneration City Priority Plan priorities. It will improve the housing conditions within the area as well as improving the energy efficiency of the existing housing stock.
- 4.3.2 Whilst the project mainly contributes to the Housing and Regeneration Plan it will also play a part in helping to improve the health and well-being of individuals by improving their homes and making them warmer and more secure. It will also help to create training and employment opportunities within the local community.

4.4 Resources and value for money

- 4.4.1 Keepmoat the contractors awarded the contract have been through a procurement process to ensure both quality and price are good value for money. They will ensure wherever possible local labour and supply chains are used and that training opportunities are provided for local individuals. This will be monitored over the life of the scheme as part of the management of the project.
- 4.4.2 The principles of “Delivering Successful Change” will be employed to ensure tight project and financial management. As with previous group repair schemes an administration fee will be charged to owners. This will help to cover the full cost of delivery to the Council.
- 4.4.3 The knowledge, experience and resources to deliver the group repair scheme are available within Housing Partnerships, with the assistance from colleagues in Housing Leeds.

4.4.4 Capital Funding and Cashflow

Previous total Authority to Spend on this scheme	TOTAL £000's	O M A R C 2014 £000's	FORECAST			
			2014/15 £000's	2015/16 £000's	2016/17 £000's	2017 onwards £000's
LAND (1)	0.0					
CONSTRUCTION (3)	4175.0		2125.0	1850.0	200.0	
FURN & EQPT (5)	0.0					
DESIGN FEES (6)	400.0		200.0	200.0		
OTHER COSTS (7)	0.0					
TOTALS	4575.0	0.0	2325.0	2050.0	200.0	0.0
Authority to Spend required for this Approval	TOTAL £000's	O M A R C 2014 £000's	FORECAST			
			2014/15 £000's	2015/16 £000's	2016/17 £000's	2017 onwards £000's
LAND (1)	0.0					
CONSTRUCTION (3)	500.0		250.0	250.0		
FURN & EQPT (5)	0.0		0.0	0.0		
DESIGN FEES (6)	0.0		0.0	0.0		
OTHER COSTS (7)	0.0					
TOTALS	500.0	0.0	250.0	250.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	O M A R C 2014 £000's	FORECAST			
			2014/15 £000's	2015/16 £000's	2016/17 £000's	2017 onwards £000's
LCC Supported Borrowing	4250.0		2175.0	2075.0		
Government Grant	525.0		400.0	125.0		
Private Sector Income	300.0		0.0	100.0	200.0	
Total Funding	5075.0	0.0	2575.0	2300.0	200.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0

4.5 Legal Implications, Access to Information and Call In

4.5.1 The report is eligible for call in.

4.5.2 The Private Sector Housing Assistance Policy 2009 allows the Council to offer financial assistance to private sector owners. This policy has been adopted by the Council as its response to the Government's Regulatory Reform Order (Housing Assistance 2002 – Private Sector Housing Policy).

4.5.3 The SCIP is supported by the general power of competence provided for in Sections 1 to 8 of the Localism Act 2011. This gives the Council "the power to do anything that individuals generally do" subject to acting within the law. Therefore the power of general competence supports the programme as a whole, of which this project forms part.

4.6 Risk Management

- 4.6.1 Officers are experienced in the delivery of group repair and the risks associated with the process as a whole. The project is managed using the Council's Delivering Successful Change methodology. A Risk Log for the project has been developed and is reviewed at project meetings. The risks associated with the project will be managed along with the overall SCIP via a Programme Board, chaired by the Director of Environment and Neighbourhoods.

5 Conclusions

- 5.1 On the 15th February 2013 the Executive Board agreed to the creation of the SCIP for Cross Green and The Nevilles. This programme covers a number of projects to continue the previous work in the area to ensure its long term sustainability.
- 5.2 The programme included an element of thermal improvements to properties which were to be funded via the Government's Green Deal/ECO funding regime. Unfortunately since the inception of the SCIP the Government has amended its policy and funding mechanism. To deliver the original outcomes it is now necessary to adopt an alternative funding mechanism.
- 5.3 Unfortunately due to the new Government policy and funding mechanisms there is a shortfall in the money available. To meet this shortfall it is proposed to use the £500k contingency fund for the SCIP to cover this shortfall.
- 5.4 Any underspend on the overall budget will be used to target the remaining pre 1919 properties not within phase 2 and 3.

6 Recommendations

- 6.1 The Director of Environment and Housing is requested to :-
- 6.2 Authorise the transfer of £525k from the Green Deal scheme 16698/KEE/000 approved on the 4th June 2014 as a contribution to Cross Green Group Repair Phases 2 & 3.
- 6.3 Authorise additional spend of £500k from the overall SCIP budget to support the Green Deal/ECO element of the works following the change of rates and loss of funding due to the recent changes in Government Policy.

7 Background documents¹

None

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.