

**Report of: Directors of Environment and Housing and City Development**

**Report to: Scrutiny Board (Housing and Regeneration)**

**Date: 24<sup>th</sup> March 2015**

**Subject: Financial Position Statement 2014/15 – City Development and Environment and Housing Directorates**

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

## **1. Summary of main issues**

- 1.1 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 10 of the financial year 2014/15.
- 1.2 The attached information has been provided by the relevant Head of Finance for the Board's consideration in relation to:-
  - Housing Revenue Account (section 2)
  - Housing Regeneration (section 3)
  - Housing General Fund (section 4)
  - Capital programme (section 5)

## **2. Housing Revenue Account**

### **2.1 Summary**

At the end of Period 10 the HRA is projecting a surplus of £(2.4)m which is a net movement of £(0.2)m from Period 9. Key movements are additional savings on repairs to dwellings £(0.2)m, savings of £(0.1)m in relation to the Tenant Mobility Scheme pilot and additional income from leaseholder contribution to capital works £(0.2)m. These positive movements are offset by an additional charge of £(0.3)m which reflects the cost of staff commissioning HRA Supporting People contracts.

## **2.2 Key Variances - Income**

Income from rents is projected to be £(1.0)m more than budget. This is primarily due to the actual level of voids being less than budgeted levels of 1.25%.

Additional income of £(0.2m) from leaseholder contributions to capital works is projected and £(0.4)m of unbudgeted income is anticipated due to be received in connection with contract-related performance payments and profit sharing. This is offset by a projected reduction of £0.4m in salaries which can be capitalised in accordance with council's principles.

## **2.3 Key Variances – Expenditure**

Savings of £(2.5)m over the £1.0m assumed in the budget are projected in relation to employees and transport. This is primarily due to vacancies being held whilst revised structures were being implemented as a result of the housing management function coming back in house. It should be noted however, that all these additional savings will not be recurring.

Savings of £(0.3)m are expected from Council Tax in relation to void properties. This is due to reducing void levels and is consistent with trends in 2013/14. Net savings of £(0.7)m are projected in relation to repairs which is primarily due to savings on void repairs and gas servicing offset by an overspend on planned maintenance and responsive repairs. There are savings in respect of the contribution to the Bad Debt Provision £(0.5)m, and against charges for capital £(0.5)m which is due to interest rates on debt being lower than budgeted.

These savings contribute towards offsetting the additional £1.7m of costs in relation to Disrepair claims against the Council. Additional resources have been provided to address this issue. Two surveyors and two legal officers have been engaged and processes put in place to manage the service to improve efficiency and create clearer accountabilities and responsibilities within the teams. The Disrepair service is being proactively managed with regular meetings with internal and external teams including surveyors, legal, asbestos and contractors, identifying blockages in the system and amending processes. In addition to this the team is engaging with both the repairs and housing management teams to introduce measures to stem the growth in caseload.

There is a net increase of £0.4m in relation to charges for internal services. Key variances include increased charges for additional grounds maintenance & forestry services (£0.4m) and an additional charge of £(0.3)m to reflect the cost of staff commissioning HRA Supporting People contracts offset by savings on the charges for Anti-Social Behaviour (£0.2m)

The Department for Communities and Local Government (CLG) has recently issued a direction allowing the Council to fund payments to the Council's own tenants under the Discretionary Housing Payments (DHP) scheme. A maximum of £0.25m has been earmarked to fund tenants with severe disabilities living in adapted properties.

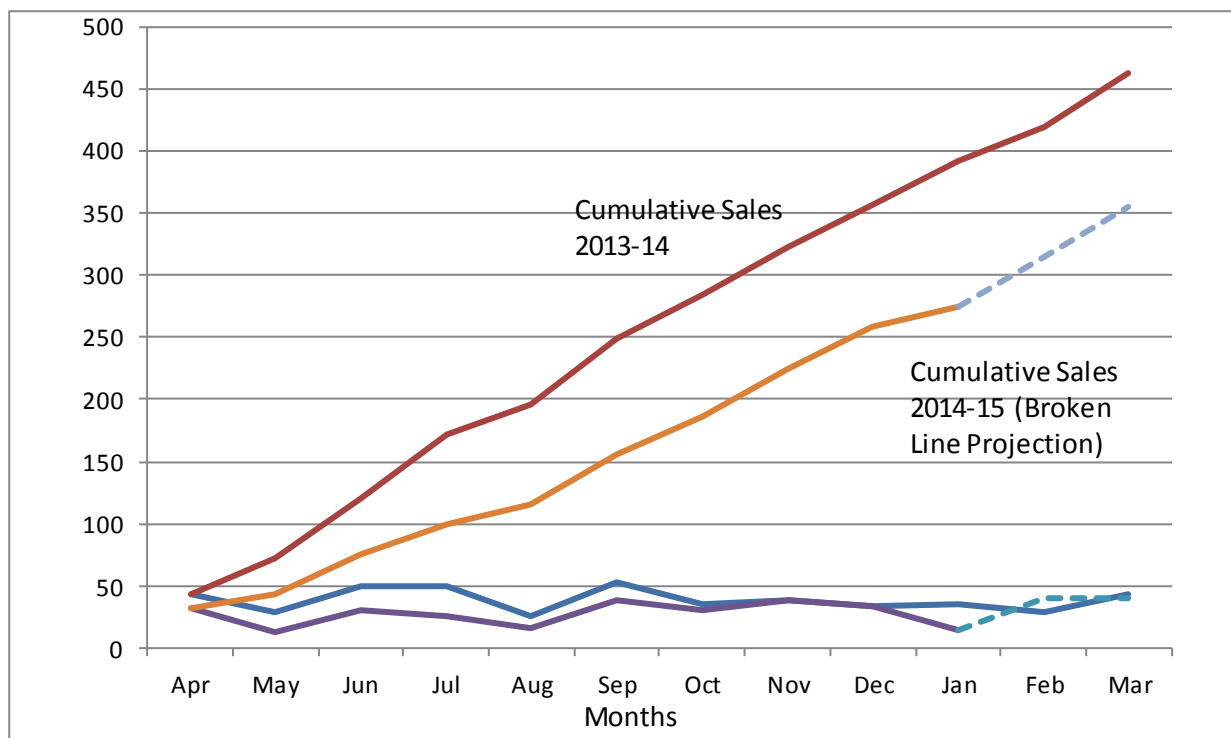
A revenue contribution to capital of £1.2m has been identified to fund a vehicle replacement programme for Construction Services.

## 2.4 Right to Buy (RTB) Sales

To the end of January there were 274 completed sales with total sales of 355 being projected at year end. This is 107 less than 2013/14. It is anticipated that the total year sales of 355 units will generate sales receipts of £16.8m. In accordance with the Government's formula, LCC can retain the sum of £11.2m.

Of this, £4.1m 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 £4.9m can be retained for 'allowable debt' which can be used either to repay debt or to fund other capital expenditure. The remaining sum of £2.2m will be retained corporately to fund the General Fund's Capital Programme.

### Council House Sales to end of January 2015 and Projected Sales to Year End

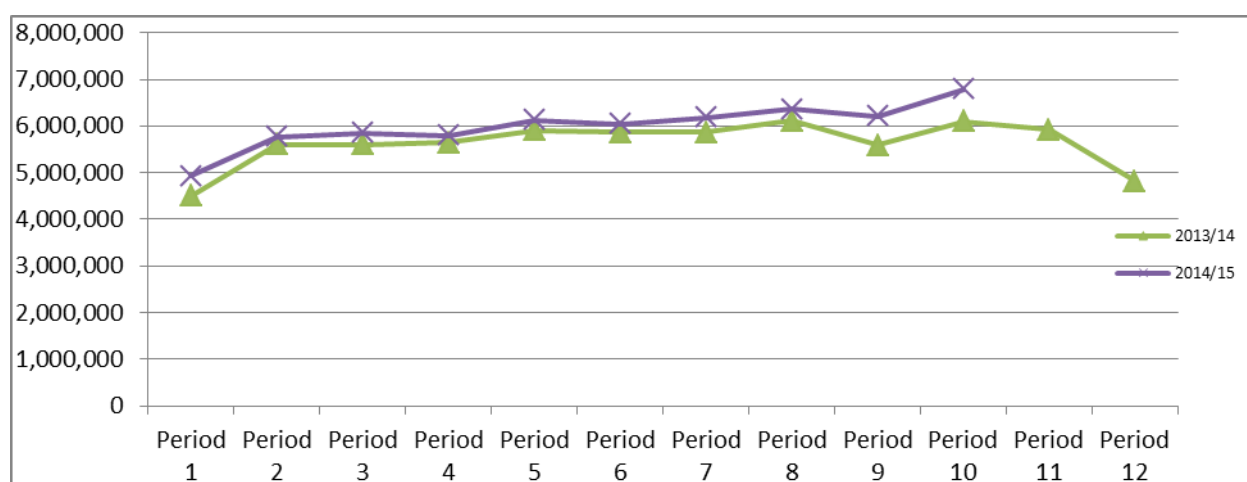


## 2.5 Arrears

Excluding technical arrears, arrears for current tenants are £5.9m compared to £4.6m at the end of 2013/14, an increase of £1.3m. Collection rates to the end of December were 97.24% for dwelling rents, compared to the target of 98.06%.

There are currently circa 5,310 tenants classified as under-occupied. At the end of 2013/14 approximately 41% of under-occupiers were in arrears, this rose to 55% as at the end of December 2014. The value of dwelling rent arrears for under-occupiers has increased from £0.7m to £0.8m.

### Comparison of Current Tenant Arrears 2013/14 and 2014/15



## 3 Housing Regeneration

- 3.1** Regeneration Services is now included as part of the Asset Management and Regeneration Services budget in City Development. The Service has now completed the restructure which brings staff across both the former services into a single structure.
- 3.2** At Period 10 it is projected that Regeneration Services will have an underspend of £17k against the net managed budget of £576k. Staffing is expected to overspend by £62k although this is offset by savings in staffing in Asset Management. The staffing budgets have been realigned for 2015/16 to reflect the new structure.
- 3.3** Income is forecast to be £53k above budget. This is mainly as a result of additional external income that was not budgeted for.
- 3.4** Other expenditure is forecasted to be £26k underspent against the available resources of £204k a reduction in supplies & services spend has contributed to this favourable movement.

## 4. Housing General Fund

- 4.1** The latest projection for Strategic Housing is that it will achieve an underspend of £260k during 2014/15.
- 4.2** The 2014/15 budget for Supporting People contained an efficiency target of £742k as well as a £542k reduction for the TEAs and Resettlement Service. At period 10 it is projected that the overall efficiency target will be achieved and with a further efficiency of £178k delivered. This is primarily due to the confirmation of full year funding from the Office of the Police and Crime Commissioner that can be applied to a number of alcohol related contracts.
- 4.3** An underspend of £96k has been projected on staffing, mainly due to vacant posts in Leeds Housing Options, Leeds Neighbourhood Approach and Area Renewal, after factoring in the income effect of the post vacancies. The net effect of all other variances is a pressure of £14k.

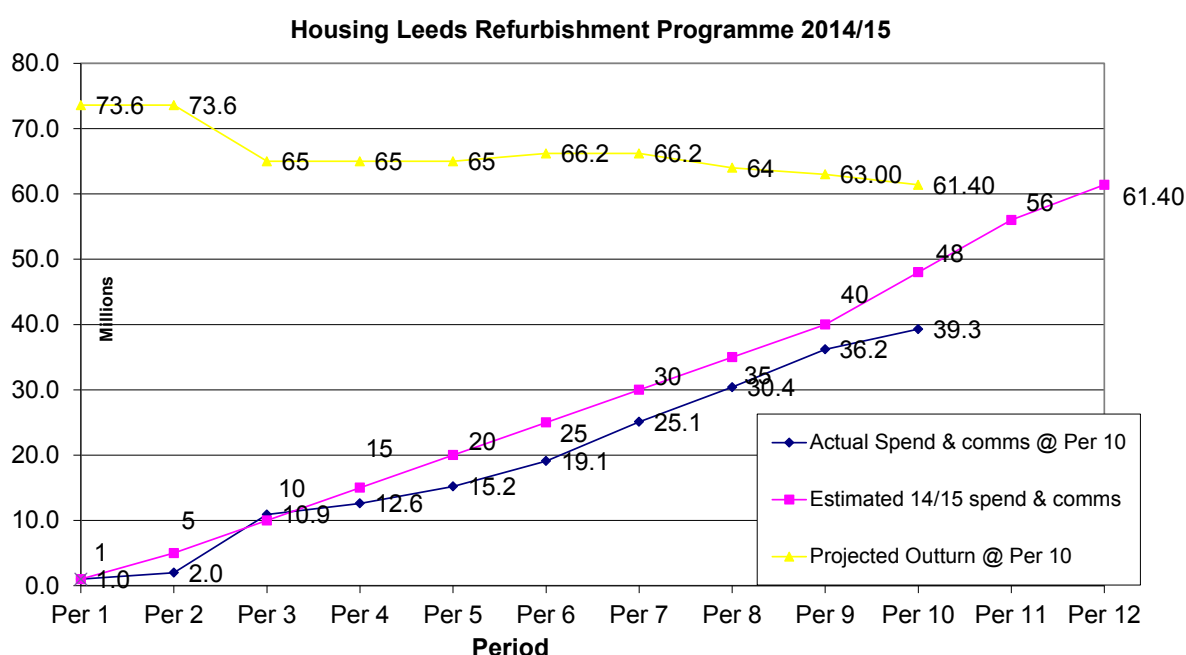
## 5. Capital Programme

### Housing Leeds & BITMO

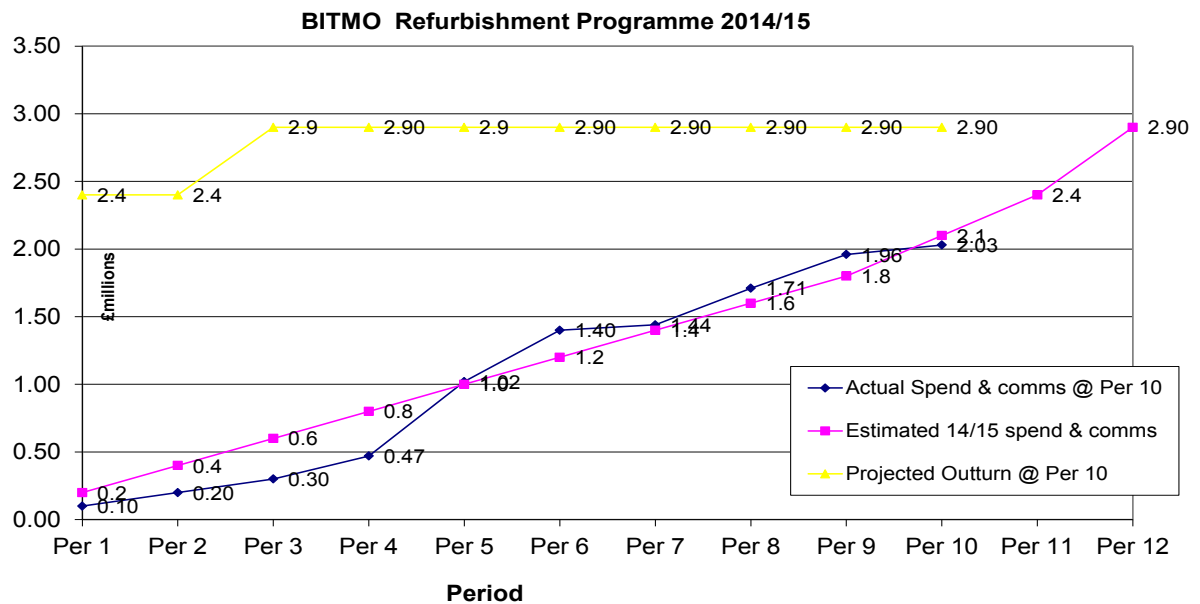
Housing Leeds actual spend and commitments to period 10 is £39.3m equating to 64% of revised available resources an increase of 8% from period 9. The projection to outturn at period 10 has been revised downward to £61.4m. The actual spend to date figure at period 10 remains low but Housing Leeds remain confident they can deliver to the projected figure of £61.4m.

Planned works in 2014/15 at period 10 are now estimated to be £46.4m with total spend and commitments to period 10 of £27.5m equating to 59% of the programme an increase of 6% on the period 9 spend. At period 10 we continue to look at the delivery issues in light of the low spend.

Responsive works in 2014/15 are estimated at £15m with spend and commitments to date of £11.7m equating to 78% of the revised programme an increase of 7% on the period 9 spend. Adaptations as part of the responsive programme at period 10 have spend and commitments of £3.3m against an annual budget of £5.7m.

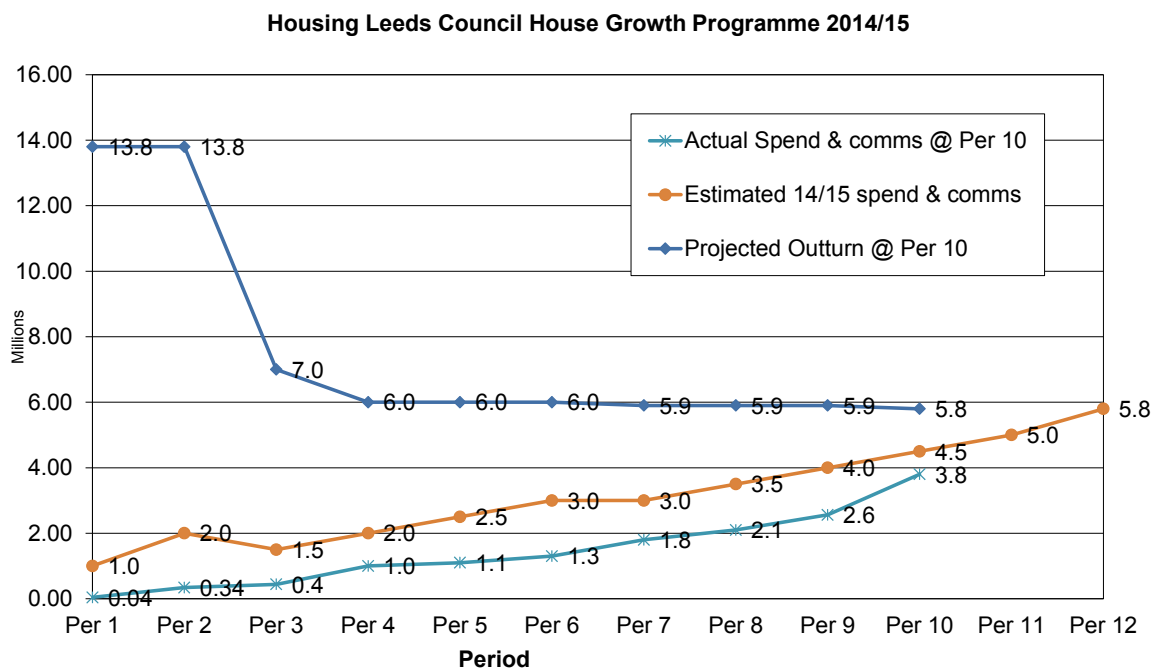


Actual BITMO programme spend and commitments at period 10 is £2.03m which equates to 70% of revised available resources of £2.9m a 1% increase on the period 9 spend. At period 10 BITMO are projecting to spend on budget.



## Housing Leeds Council House Growth Programme

At period 10 the spend on the Council Housing Growth and new build programme is £3.8m in 2014/15 totalling £4.2m since inception. The current cash flow projection at period 10 for 2014/15 is £5.8m. The programme will deliver 406 new build properties and an empty homes programme which will return 122 properties back into use.



The Newbuild workstream of the programme is now utilising £54.2m of available funding, with the Recycling Empties programme bringing 122 properties back into use utilising £11.3m. The one for one right to buy stream of the programme currently has £7m available funding from the 2013/14 RTB receipts. LCC will inject a further £14m up to 2017/18 as part of the Capital programme setting in Feb 2015.

Council House Growth Programme as at Period 10	Total	Committed	Uncommitted	Total Spend to date	Residual Budget	Total No of Properties to deliver	No of Properties delivered to date
	£000s	£000s	£000s	£000s	£000s		
Newbuild LCC & HCA funded	52822	11218	41604	2658	50164	406	12
Newbuild allowable use of RTBs	1659	1659			1659		
<b>Total Newbuild &amp; Acquisitions 15 Projctcs</b>	<b>54481</b>	<b>12877</b>	<b>41604</b>	<b>2658</b>	<b>51823</b>	<b>406</b>	<b>12</b>
Empty Homes Ph1	2253	2157	96	1539	714	22	18
Empty Homes Ph2	9000	9000	-	0	9000	100	0
<b>Total Empty Homes PH1&amp;2</b>	<b>11253</b>	<b>11157</b>	<b>96</b>	<b>1539</b>	<b>9714</b>	<b>122</b>	<b>18</b>
RTB 1 for 1 receipts residual 13/14	5345	-	5345	0	5345		
<b>* RTB 1 for 1 receipts to 14/15-17/18</b>	<b>14000</b>	<b>-</b>	<b>14000</b>	<b>0</b>	<b>14000</b>		
<b>Total RTBs uncommitted ar period 10</b>	<b>19345</b>	<b>0</b>	<b>19345</b>	<b>0</b>	<b>19345</b>	<b>0</b>	<b>0</b>
<b>Other uncommitted available</b>	<b>10291</b>		<b>10291</b>	<b>0</b>	<b>10291</b>		
<b>Total CHGP as at Period 10</b>	<b>95370</b>	<b>24035</b>	<b>71336</b>	<b>4197</b>	<b>91173</b>	<b>528</b>	<b>30</b>

**\* These additional receipts will be injected at Full Council February 15 and revised in year as subject to change !!**

## Housing General Fund

At period 10 Housing Services General Fund spend is £6.1m against a revised annual programme of £10.5m.

At period 10 the DFG Adaptations scheme has spend to date of £5.4m equating to 79% of available resources £6.86m. Within the Adaptations budget there is a provision to fund Leeds Care and Repair's Home Improvement Agency and Handypersons. At period 10 the projected outturn is on course to spend to projected outturn.

The general fund Housing Investment Programme which includes bringing back empty properties into use, providing equity loans and compulsory purchases spend to period 10 is £137.9k. The Leeds neighbourhood Approach brought back 60 properties into use Apr-Nov 2014. Leeds Empties brought back 79 into use to Dec 2104.

New phases 2 and 3 of group repair in Cross Green were approved at September EB and will spend £5m across the next two years, £1m transferred into the scheme from current available resource and Green Deal Community Fund. Spend to date is £423k with a further £300k expected before year end.

The scheme for the expansion of the new site at Cottingley Springs was presented to March 14 Executive Board. It was resolved that subject to the outcome of the

local inquiry to be held by the secretary of state a further report will be submitted to Executive Board. Current estimates for the twelve new pitches are £1.7m. This will be funded from £1.074m of secured government grant and an estimated 700k of commuted S106 funds yet to be approved. The inquiry was completed on 7th August and we are still awaiting the outcome from the secretary of state.

### **Regeneration Services**

At period 10 Regeneration Services actual spend is £245k equating to 31% of revised available resources of £0.8m.

The Town & District Regeneration 2 programme has funding in place of £700k and the 3 schemes are progressing in Kirkstall Lane, Dewsbury Road and Harehills Lane.

Investment in Armley and Chapeltown Townscape Heritage Initiative programme continues to underpin private investment in sensitive building repair and restoration and at period 10 spend to date on the two schemes is £1.8m in total £128k in 2014/15. On Armley THI we continue to have problems with the owner, private contractual disputes have resulted in contracts being terminated. and there is a possibility that we may lose the £500k grant if this project does not go ahead at 2 Branch Road. As these matters have not been resolved the contractor has commenced the process of dismantling the scaffolding infrastructure. This is despite the council encouraging all parties to try and get the project back on site.

The Townscape Heritage Initiative (THI) scheme in Lower Kirkgate supports bringing vacant properties into use and increasing the viability of existing businesses within the historic Lower Kirkgate area. A Council contribution of £668k is also included in the programme alongside the £1.5m of lottery grant and £250k of English Heritage grant.

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.

## **6. Recommendation**

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 10 of the financial year 2014/15.

### **Background documents<sup>1</sup>**

1.2.5. No documents referred to.

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<sup>1</sup> 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.