

Report of Head of Housing Partnerships

Report to Director of Environment and Housing

Date: 26th March 2015

Subject: Approval of a Grant Agreement with Social Business Brokers CIC for Leeds Empties.

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. Reducing the number of Empty homes within the City is part of the Housing Growth Break Through project, one of seven such priority projects for the Council. In September 2012 the Executive Board agreed to provide £1m additional annual funding for three years, as part of a wider Housing Investment package, to increase the work undertaken by the Council and partners to bring empty homes back into occupation.
2. Two new initiatives were implemented as a result of the new funding. The Leeds Neighbourhood Approach was introduced to target resources at neighbourhoods with high numbers of empty properties and large concentrations of poor quality private rented accommodation. In both 2013/4 and 2014/5 a payment of £100k was made to the Social Business Brokers CIC (SBB) for the project Leeds Empties, with a view to establishing new and innovative ways to address empty homes which would allow more homes to be brought back into use, using ideas which were beyond the remit and powers of the Council.
3. Leeds Empties used the funding to develop an Empty Homes Doctor service offering tailored support to property owners on a one to one basis. Leeds Empties also developed a website offering advice and support to owners of empty properties and established working arrangements with private sector organisations such as Magnet Kitchens and Manning Stainton's Auction House.

4. The Council has agreed to continue the funding for 2015/16. For the first 2 years of the funding £1m per annum had been made available. However for 2015/6 it has been reduced to £500k per annum, subject to successful delivery against targets. This is due to previous years having £500k per annum available for capital projects such as compulsory purchase and loans. By recycling this funding it has been possible to reduce the overall funding by half. It is, therefore, time to make a formal agreement with Leeds Empties for a continuation of the £100k funding.

Recommendations

5. It is recommended that the Director of Environment and Housing approves the Grant Agreement, attached at Appendix 1, to enable a continuation of the £100k to Leeds Empties to enable them to continue to work with the Council to bring empty homes back into occupation.

1 Purpose of this report

- 1.1 The purpose of this report is to request the Director of Environment and Housing
 - To approve the Grant Agreement, attached at Appendix 1, to facilitate a continuation of the £100k per annum funding to Leeds Empties which will enable them to continue to work with Council to bring empty homes back into occupation.

2 Background information

- 2.1 In 2012/13, following the television programme the Great British Property Scandal, the Leeds based Social Business Brokers held an empty property call to action day. The Council attended the event together with representatives from the private sector, the social housing sector and the voluntary sector. The concept of partnering with the Social Business Brokers came out of that event in the form of Leeds Empties.
- 2.2 Discussions took place during the latter part of 2012/13 and early 2013/14 to develop the Leeds Empties offer. It was agreed that Leeds Empties would provide a website, an Empty Homes Doctor Service, develop relationships with private sector organisations and together with the Council continue to publicise the problem of empty homes.
- 2.3 In 2013/4 Leeds Empties commenced working with the Council on this new innovative approach. During that year they have worked with 194 empty property owners and returned 40 homes back into use.
- 2.4 The agreement was renewed for 2014/5 and the target for returning empty homes was increased to 50. Until the end of quarter three, 35 had been returned and it is projected that the target will be met.
- 2.5 The working relationship continues to develop between the Council and Leeds Empties. In 2014/5 it was agreed that they would make initial contact with all owners in postcodes from Leeds 14 and above. This has provided Leeds Empties with their own workload and allows them to target those areas which previous

Deloitte research in 2013/4 showed they are likely to have the greatest impact. They will also work on other cases where they receive direct contact from owners or referrals from the Council where their services can make a difference. As part of the agreement for the continuation of the Grant Agreement Leeds empties will be expected to bring back a further 60 empty homes back into occupation in 2015/6.

3 Main issues

- 3.1 The partnership with Leeds Empties has been a success and is recognised as innovative outside of Leeds.
- 3.2 It is proposed to continue the partnership as a Grant Agreement which is attached at Appendix 1 and agreed last year as the way forward. The Agreement is the standard arrangement when offering finance through a grant to a partner organisation. The Agreement sets out the purpose of the grant, payment mechanisms, the use of the grant, monitoring and reporting of performance and deals with key governance and confidentiality arrangements.
- 3.3 The standard Agreement needs to be varied in two areas in order for it to work for Leeds Empties. Advice from the Council's Public Private Procurement Unit (PPPU) is that Departmental Directors can authorise changes. In this case there are two variations to make
 - i) Clause 3.1 of the standard Agreement states that payments are to be made on a 90%/10% basis linked to performance. This payment mechanism would make Leeds Empties financially unviable. It is therefore proposed to make payments in the middle of each quarter underpinned by a robust performance monitoring regime.
 - ii) Clause 4.3 (a) states that the recipient shall not use the Grant to make any payment to members of its governing body. Leeds Empties does have a governing body and no payments will be made to them. However, the Directors of the company will be taking a salary. The clause at 4.3 (a) is deemed to include Directors. Leeds Empties will not be able to operate unless the Directors draw a salary.

The Grant Agreement attached at Appendix 1 has been amended to reflect (i) and (ii) above.

- 3.4 A robust monitoring regime is in place to safeguard the investment being made by the Council in Leeds Empties. The regime enables the Council to have comfort that the changes being made to the standard Grant Agreement are being monitored. Leeds Empties are required to submit formal progress reports to the Council on a quarterly basis up to the half year and monthly thereafter.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The proposal to partner with Leeds Empties has been agreed as part of the Leeds Neighbourhood Approach and as part of the Empty Homes Strategy. Consultation

has taken place with PPPU and Legal Services about the terms of the Grant Agreement.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The project forms part of the Empty Homes Strategy 2012/5 and will continue to be part of the 206/8 strategy which is currently being developed. An Equality, Diversity Cohesion and Integration Report has been produced for the overall Empty Homes Strategy.

4.3 Council policies and City Priorities

- 4.3.1 Reducing the number of empty homes in the city is one of the seven priority break through projects for the Council, contributing to the Housing Growth agenda. The Agreement with Leeds Empties will see increased numbers of empty homes brought back into use.

4.3.2 Resources and value for money

- 4.3.1 The £100k funding will be paid from the £550k invested by the Council in 2015/6 to fund the Leeds Neighbourhood Approach. The Council has approved a funding of the Leeds Neighbourhood Approach for a further two years subject to an annual performance review. A target of 138 empty homes returned to occupation has been set to ensure that the income derived from the 138 homes achieves a break-even point with the cost of funding.
- 4.3.2 The reduction in long term empty properties contributes to the Council's New Homes Bonus allocation (NHB). In 2013/14, the reduction brought in £434k per annum over the seven years NHB is paid to the Council. In undertaking the partnership with Leeds Empties it is anticipated that more empty homes will be brought back into occupation more quickly. This will allow the Council to better use its own resources to target those that will not be brought back into use without formal action, including compulsory purchase, whilst at the same time increasing the contribution to NHB.
- 4.3.3 The Private Sector Housing Team will manage the relationship with Leeds Empties, which includes a robust performance monitoring regime.

4.4 Legal Implications, Access to Information and Call In

- 4.4.1 The Grant Agreement is a standard Agreement used by the Council that, subject to the Directors approval, has been varied under guidance from PPPU. The report is not eligible for call in.

4.5 Risk Management

- 4.5.1 Risk will be managed through the performance monitoring regime. Quarterly performance reports will be prepared by Leeds Empties up to the half year; thereafter there will be monthly performance reports. Reports will be considered at

performance meetings. In addition Officers will hold regular meetings with Leeds Empties to ensure that the relationship operates effectively.

- 4.5.2 In addition the Grant Agreement contains a range of provisions which allows the Council to withhold, suspend or request repayment of the Grant and terminate the Agreement should Leeds Empties not fulfil the terms of the Agreement.

5 Conclusions

- 5.1 In September 2012 the Executive Board agreed additional funding to address the issue of empty homes. This has allowed the Council to develop a number of initiatives to bring homes back into use, one of which has been a partnership with Leeds Empties.
- 5.2 The partnership has had many benefits to date. The work undertaken in Leeds has now gained recognition outside of Leeds with the approach in Leeds being cited as best practice. Leeds Empties have introduced a number of new initiatives such as the Empty Homes Doctor Service, relationships with Manning Stainton's Auction House and Magnet Kitchens. Leeds Empties are on target to bring back the 50 empty homes required as part of the agreement in 2014/15.
- 5.3 The proposed Grant Agreement will enable this partnership to continue to bring empty homes back into use. The partnership will be underpinned by a robust performance monitoring regime supported by regular partnership meetings. The certainty offered by the Agreement will allow Leeds Empties to develop and deliver the Empty Homes Doctor Service, develop and maintain a Leeds Empties Web Site and to look at new funding streams to support the renovation and reoccupation of empty homes.
- 5.4 Discussions with Finance have agreed a model using the income from New Homes Bonus to make the overall approach self-financing. This involves returning 138 empty homes back into occupation per annum. Leeds Empties will contribute 60 to this target in 2015/16.

6 Recommendations

- 6.1 It is recommended that the Director of Environment and Housing approves the Grant Agreement, attached at Appendix 1, to enable a continuation of the £100k per annum funding to Leeds Empties to enable them to continue to work with the Council to bring empty homes back into occupation

7 Background documents¹

- 7.1 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.