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**Report of: Regional Housing Programme Board**

**Report to: Executive Board**

**Date: 9th December 2009**

**Subject: Regional Housing Board Programme 2008-11 – Update on schemes within the overall programme.**

**Capital Scheme No: 14850/000/000**

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**Electoral Wards Affected:**

Gipton and Harehills  
Beeston Hill and Holbeck  
Burmantofts and Richmond Hill  
Kirkstall  
Hyde Park and Woodhouse

**Specific Implications For:**

Equality and Diversity   
Community Cohesion   
Narrowing the Gap

Eligible for Call In

Not Eligible for Call In  
(Details contained in the report)

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**EXECUTIVE SUMMARY**

- Leeds City Council has operated a very successful programme of acquisition, demolition and investment in private sector housing; these have been targeted to contribute to major area based regeneration initiatives in East and South East Leeds (EASEL) and Beeston Hill and Holbeck.
- Leeds City Council was allocated £22.44m from the West Yorkshire Housing Partnership (WYHP) on behalf of Regional Housing Board to spend over the 3 years 2008-11. However we have been advised that there will be a reduction in the programme in 2010/11 as Government have prioritized investment in the development of new homes and intends to reduce the expenditure on this programme.
- The impact of this decision has been assessed and means savings of £4.07m have to be made. The result is that three schemes per 3.5 will be delayed until further funding is secured; these schemes remain a high priority for the Council.
- LCC has been granted an additional allocation of grant funding specifically for energy efficiency related schemes, Executive Board are requested to inject this additional funding of £307,367 into the 2009/10 capital programme.

## 1.0 PURPOSE OF THE REPORT

- 1.1 The aim of the report is to set out the changes to the funding position, and agree a revised resourced programme for 2008/11 within the reduced funding available.
- 1.2 The changes to the funding availability due to the national reductions in funding are recorded in appendices A and B, which set out the existing schemes already approved by Executive Board and adjustments needed to the individual projects on the 2008/11 programme.
- 1.3 This report requests that Executive Board :-
- Agree the revised investment programme due to the reduced funding position and the resource allocations and set out below
  - Inject additional energy efficiency grant funding of £307,367 announced in March 09 to be kept on the parent scheme until schemes are identified late autumn 09.
  - Inject additional private sector contributions and repaid loans into the programme and authorise expenditure of £151,000 per appendix B earmarked for Cross Green Phase 3 A&D scheme.
  - rescind authorities to spend on existing schemes as detailed within Appendix B.
  - Note that all remaining individual authority to spend requests will be brought forward to Executive Board or appropriate Director per financial procedure rules.

## 2.0 BACKGROUND INFORMATION

- 2.1 Leeds City Council has operated a successful programme of acquisition, demolition and investment in private sector housing; these have been targeted to contribute to major area based regeneration initiatives in East and South East Leeds (EASEL) and Beeston Hill and Holbeck. Leeds City Council delivered a two year programme of works in 2006-08 delivering acquisition/demolition schemes, group repair schemes and loans and grants schemes. The programme included acquisition and demolition schemes in the Beverleys, Cross Green, Harehills and Holbeck; phases of group repair in Beeston and Burley Lodge and a programme of loans and grants across the city.
- 2.2 For the 2008-11 programme LCC was successful in its bids for a rolling programme of works and grant payments. The bids for 2008-11 totaled £22.44m of which LCC has a full planned programme of works. Executive Board grant approvals to date total £21.4m of the £22.44m injected into the programme subject to savings. (See appendix A for approvals to date)
- 2.3 Due to the rolling nature of the programme £8m of schemes within the 2006-08 programme were carried forward to the 2008/11 programme for completion, among this figure were 2 group repair schemes which had to be brought forward from 2008/09 to enable the 2006/08 programme to maximise grant. Schemes within the 2008/11 programme remaining will be brought to Executive Board on an individual basis.

- 2.4 During September 09 officers were advised of the governments intention to transfer £75m nationally from the Private Sector Renewal (PSR) element of regional housing resources for 2010/11 (SRHP) to the 'Housing Pledge' element of 'Building Britain's Future' to assist recovery of the construction industry. This has resulted in a 20% cut in the 2010/11 SRHP allocation for all West Yorkshire authorities, a £4.07m reduction for Leeds.
- 2.5 The 2008/11 programme since the outset has committed to carry out schemes in some of the most deprived wards in the city and there is an expectation that this programme in its entirety will be delivered subject to available funding in future years. Careful consideration has been given by programme board to how the adjustments can be made to the cash flow of the individual projects to ensure that the programme is delivered despite the possible reduction in grant funding.

### **3.0 PROGRAMME MANAGEMENT**

- 3.1 The Leeds allocation for 2008/11 was originally set at £22.44m with additional funding of approximately £1.75m being provided by private sector contributions from the programmes group repair schemes which gives an estimated total of £24.19m over the 3 year programme.
- 3.2 The approved programme for 2008/11 will continue the work commenced by the 2006/8 programme building upon this and adding value and sustainability to existing projects.
- 3.3 During 2008/09 the programme spent a total of £9.37m delivering acquisition and demolition, group repair and loans and grants schemes. RHB grant of £8.12m was utilised together with £1.26m of LCC funding. During 2009/10 £5.1m of RHB grant and £0.34m of LCC funding will be utilized together with an additional £0.307m being made available for energy efficiency schemes which will be injected via this report. This allocation will fund ongoing projects.
- 3.4 The rolling programme of group repair schemes in Beeston Hill has continued and currently phase 6 is being delivered. The Burley Lodge group repair phases are now completed. As a contingency arrangement some group repair schemes have been delayed until the autumn of 2010.
- 3.5 Proposals for the remaining year and 5 months of the programme include :-
- Further phases of demolition in Beeston Hill and Holbeck, Cross Green and a phase of acquisition within the Garnets area of the city.
  - The commencement of Group Repair in Cross Green due to start in autumn 2010 subject to available funding.
  - The continuation of a programme of assistance to vulnerable households in the form of loans, grants and home maintenance.

Contingency arrangements in place for savings to be realised:-

- £1.77m of the £4.3m Garnets acquisition will slip into 2011/12.
- £0.7m of the £1.8m Group Repair scheme in Cross Green will slip into 2011/12.

- £1.6m facelift scheme for Shepherds Lane, Harehills will be taken out of the 2008/11 programme and slipped to future years.

3.6 All of the contingency arrangements are subject to securing additional funding in future years if savings are announced within the 2008/11 programme. The three schemes will become a priority for delivery of further private sector renewal funding opportunities as they arise for the period post 2011.

3.7 In addition to this programme Leeds will have access to sub regional allocations of funding for

- Energy efficiency - £307,367 already secured.
- The regional “Recycling Empties” scheme has a potential £1.5m available over the 2008/11 programme, £500k of which has already been secured to be shared amongst the five local authorities within the West Yorkshire Housing Partnership. LCC are acting as bankers for this programme of work. The project is an innovative approach to the long term private sector empty properties strategy, with the funding available to purchase properties via compulsory purchase or negotiated sales, sell them on and recycle the money back into the regional pot for further use.
- Regional Loans Fund - £8.6m over the 3 year programme subject to confirmation of a £2m injection for the final year of the programme
- Golden Triangle £5m over the 3 year programme. This funding will be used not only to help households onto the property ladder, but in an aid to combat the credit crunch, an innovative scheme will be developed to help owners at risk of losing their homes. The funding over the three years will be used to develop innovative pilot schemes which will respond to local authority priorities and changing market conditions.

3.8 It is important to note that the Sub Regional Allocation of £87.2m includes over programming of £9.2m over the 3 years. In addition there is the risk that the regional allocations for the final 2 years of the programme may well be subject to cuts. The programme management framework established by the WYHP will be utilised to redistribute funds from authorities who fail to deliver on performance targets to those who do. Delivery targets for LCC in 2008/9 were exceeded. Total % spend of grant for the year stood at 123% of the profile.

## 4 FINANCIAL MANAGEMENT

4.1 **Appendix A** provides a summary of the total injections and authority to spend on schemes where Executive Board and /or other approvals have been granted to date. It also outlines the contingency arrangements and potential funding needed to complete the programme in future years. **Appendix B** provides a summary of the movements needed within individual schemes showing additional injections, additional authority to spend and ATS to be rescinded within the programme.

4.2 The programme is divided in to those schemes which are being developed and implemented by Environmental Health Services (e.g. group repair, loans and grants) and those where the Regeneration Special Projects Team (formerly Low Demand Housing Delivery Team) are taking the lead role (e.g. schemes involving the

acquisition and demolition of obsolete properties primarily housing) within a defined geographical area in order to provide cleared sites which are then available for development and have been ring fenced to our Strategic Affordable Housing Partnership per the Exec Board report of March 2007.

- 4.3 In addition to the existing schemes rolled over from the 2006-08 programme and the continuing group repair phases in Beeston and Burley Lodge, three new schemes have been included in the programme, one is an acquisition and demolition scheme for £4.3m within the Garnets area, and the other two schemes yet to receive Exec Board approval are group repair type schemes totaling £3.4m.
- 4.4 The WYHP are allowing LCC to reprofile schemes where there may be a need for additional funding and reduce those schemes where there are savings allowing LCC to keep within the overall funding levels of the 2008/11 programme. The RHB programme board at its meeting in November supported the movements in appendix B and contingency arrangements needed to deal with savings as detailed at 3.5 within this report.

## **5.0 CONSULTATION**

- 5.1 The affected ward members have been consulted on the contingency arrangements proposed for the potential cut in funding as set out at paragraph 3.5. There have been no objections, however there is concern regarding the availability of the funding necessary to ensure that these projects are completed.

## **6.0 GOVERNANCE**

- 6.1 A Programme Board was set up in December 2006 within Environment and Neighbourhoods to ensure the delivery of this programme. This includes representation from the relevant areas of Environment and Neighbourhoods including the Chief Officers of Housing Services and Regeneration together with other officers within E&N, representatives of Development, Legal Services and Corporate Services. The board is chaired by Environment and Neighbourhoods and has regular monthly meetings.

## **7.0 Capital Funding & Cash Flow**

- 7.1 See attached appendix B
- 7.2 In addition to the contingency arrangements movements of funding are required within the overall programme to ensure delivery in the acquisition and demolition schemes and in the group repair schemes.
- 7.3 The group repair schemes are dependant on the number of owner occupier willing to participate in the scheme. The approvals to date presented to Executive board have been based on the maximum number of properties within the defined area, however some owners have declined the opportunity to take part in schemes and savings have been achieved which have been recycled into the overall programme.
- 7.4 Similarly the values of properties for acquisition can only be determined by a chartered surveyor following a full inspection of those properties once Executive Board approval has been secured. Over recent years with fluctuations in the property

market and the escalation in property prices, it has become increasingly difficult to accurately estimate the value of a group of properties prior to full valuation surveys.

7.5 As the Council aims to acquire properties with the agreement of their owners this can take some considerable time and if a compulsory purchase order is ultimately required the timescale is further lengthened. During the period of acquisition, demolition costs have increased and unforeseen costs associated with demolition incurred. For example the charge now made by the utilities companies for disconnection of their services. Negotiations have taken place with demolition contractors in order to reduce costs wherever possible.

7.6 There are no revenue implications within this scheme. All the funding needed will come from external sources either RHB grant or private sector contributions. A further report will be presented if there are any changes to the current funding arrangements.

## **8 RISKS**

8.1 Contingency arrangements agreed at programme board in October are now in place which deals with savings confirmed by WYHP on November 13th which will slip 3 schemes out of the 2008/11 programme. These savings detailed at 3.5 total approximately £4.07m and are proposed to be delivered in future years.

8.2 LCC are awaiting confirmation of future funding in order to complete the schemes which have been slipped out of the current 3 year programme. If this funding is not forthcoming other funding arrangements will have to be put in place to deliver and complete those schemes already started and decisions will have to be taken as to whether the two schemes which are yet to start remain in the programme.

8.3 The acquisition and demolition programme is reliant on the redistribution of funding within the programme. Two schemes Beverleys and Holbeck Phase 1 had additional ATS approved by the Director of Resources in November in order to carry out urgent demolitions as part of the site clearance on these schemes both of which have been identified for the Affordable Housing Strategic Partnership programme. The 2009/10 grant may have been at risk if approvals had not been in place.

## **9.0 CONCLUSION**

9.1 The Council has been allocated £22.4m of Regional Housing Board funding from the WYHP subject to savings. Of this funding £13.159m has been approved together with an additional £0.307m of energy efficiency grant funding. Confirmation of funding for 2010/11 is awaited from the WYHP with contingencies put in place if savings are to be realized.

9.2 In order to assist the delivery and profiling of the 2008/11 programme the Executive Board are requested to inject energy efficiency funding together with additional private sector contributions and authorise the additional authorities as set out in appendix B and rescind those schemes as set out in appendix B within the available funds secured within the 2008-11 programme.

9.3 All authority to spend not yet given on those individual schemes not yet presented will be sought in accordance with the Capital Approvals rules set down in the Financial Procedures.

## 10 RECOMMENDATIONS

Executive Board is requested to:-

- 1) Agree the revised investment programme due to the reduced funding position and the resource allocations as set out below
- 2) inject additional £307,367 energy efficiency grant funding.
- 3) inject additional private sector contributions of £151,100 and authorise expenditure as detailed in appendix B earmarked for Cross Green Phase 3 A&D scheme.
- 4) rescind authority to spend on the schemes as detailed in appendix B
- 4) note that all remaining individual authority to spend requests will be brought forward to Executive Board or appropriate Director per financial procedure rules.

### **Background Papers**

Single Regional Housing Pot Programme 2008-11    Exec Board    4<sup>th</sup> Sep 08.