



Report of: Director of Resources and Housing

Report to: Executive Board

Date: 24th July 2019

Subject: Council Housing Growth - Property Acquisitions Programme

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes <input 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

1. Main issues

- The Council Housing Growth Programme has set itself a challenging target to deliver a minimum of 300 new council homes a year going forward on an ongoing basis as part of our direct contribution to an overall affordable housing target of 1,230 homes p.a. across the city from 2019.
- The council intends to deliver these new homes via a substantial new build programme, but will also complement its new build delivery with a smaller programme of direct property acquisitions – with an initial focus on repurchasing former council properties bought under the Right to Buy (RtB) regime, including those to which the statutory Right of First Refusal (ROFR) regime applies.
- Removal of the HRA borrowing cap in late 2018 means the council now has greater funding flexibility and an opportunity to consider re-acquiring some of these properties to provide urgently needed additional social housing stock without the lead times associated with new build.
- In 2012/13 there were 186 RtB sales. This has risen each year reaching 615 in 2018/19. In 2018/19 this generated receipts that could be retained by the council of £26.5m. £13.2m of this is explicitly to fund replacement housing. Based on current RtB rules, if this 'one-for-one' receipt is not spent within 3 years of being generated then it must be returned to central government. The council is at risk of having to return some retained RtB receipts in the financial year 2019/20.

- In addition to former council homes offered back to the council for repurchase, there may potentially also be an opportunity to work with the council's Private Sector Empty Homes Programme to source additional homes of certain types, sizes and in locations where Housing Leeds have confirmed unmet demand, with a view to also adding these to council stock.
- Full Council approved a capital injection of £22.5m to support this programme in February 2019. This report requests Authority to Spend to support a new 2-3 year programme of c150-200 property acquisitions and refurbishments.
- The council's Property Purchase Policy was last updated in August 2015. It has been refreshed to bring it up to date in relation to changes to the funding environment, officer / staff changes, and to ensure it accurately reflects the new programme's aspirations and approach. This reports requests Executive Board approval of the updated version of this policy which is included at Appendix A.

2. Best Council Plan Implications

- Housing is one of the Best City priorities as set out in the Best Council Plan, and this programme will directly support the following priorities by delivering additional social housing stock:
 - a. Housing of the right quality, type, tenure and affordability in the right places
 - b. Minimising homelessness through a greater focus on prevention
- The programme will also directly contribute to ensuring that "everyone in Leeds Live(s) in good quality, affordable homes, in clean and well cared for places" which is one of the target outcomes set out in the Best Council Plan.

3. Resource Implications

- The meeting of Full Council on the 27th February approved an injection of £90.9m into the Council Housing Growth Programme.
- £22.5m of this was set aside to support the new property acquisitions / buyback programme, which will deliver c150-200 properties over a 2-3 year period.
- The combined cost of the 15 acquisitions approved for offer to date (including refurbishment costs) is c£1.34m (giving an average acquisition cost of £89K per property), and enabling the council to utilise c£402K of RtB receipts that would otherwise be at risk of being returned to Government.

Recommendations

Executive Board is requested to:

- a) Note the progress made to date in terms of the property acquisitions set out in this report and in respect of the establishment of the project, supporting processes, resources and governance arrangements.
- b) Grant Authority to Spend of £22.5m to the Council Housing Growth Programme to support a new 2-3 year programme of c150-200 property acquisitions (and refurbishments), following injection of the capital required at February 2019 Full Council, and support any funding bids required to optimise the funding mix for these acquisitions.

- c) Note that the acquisitions (and refurbishments) will be funded via a combination of Housing Revenue Account (HRA) funding, blended with either retained RtB receipts or Homes England Grant and delegate approval of the final funding mix for the acquisition (and refurbishment costs) to the Director of Resources and Housing.
- d) Note the current budget cap of £145,000 per property, and delegate authority to amend this in line with future fluctuations in housing prices to the Director of Resources and Housing.
- e) Approve the updated Property Purchase Policy included at Appendix A and delegate implementation to the Director of Resources and Housing.

1. Purpose of this report

- 1.1. The purpose of this report is to seek Authority to Spend to support a new 2-3 year programme of c150-200 property acquisitions (and refurbishments), following injection of the capital required at February 2019 Full Council.
- 1.2. The report also seeks approval of the updated Property Purchase Policy included at Appendix A.

2. Background information

- 2.1. Every year the council loses 500-600 properties via RtB. Removal of the HRA borrowing cap in late 2018 means the council now has greater funding flexibility and an opportunity to consider re-acquiring some of these properties to provide additional and urgently needed social housing stock without the lead times associated with new build.
- 2.2. The Right of First Refusal (ROFR) Regulations, which are part of the RtB legislation, require that any home owner who is selling a property bought from the council under RtB within the previous ten years must offer it to the council before putting it on the open market.
- 2.3. In addition to homes offered to the council under the Right of First Refusal regulations, the council also receives voluntary offers to re-purchase former RtB properties, to which the ROFR regulations don't apply – for example where the property was bought from the council more than 10 years ago.
- 2.4. The Council Housing Growth Programme began mobilising a workstream to consider potential property buy backs in late 2018 and have since delivered a small pilot project which has considered approximately 90 properties and repurchased, or is in the process of repurchasing, 15 to date. Summary details of the acquisitions progressed to date are included for information below in section 3.13.
- 2.5. A previous buy back scheme linked to empty homes successfully acquired 129 long term empty properties over 2015 to 2018 and added them to Housing Leeds stock, with a capital value of £11.1m. The learning from the former programme and this initial tranche of acquisitions has informed the development and establishment of the supporting processes, resources and governance arrangements required to now commence the programme in earnest.
- 2.6. A capital injection of £90.9m was approved into the Council Housing Growth Programme by Full Council in February 2019. £22.5m of this was set aside to

support the new property acquisitions / buyback programme, which will deliver c150-200 properties over a 2-3 year period.

- 2.7. The total funding for the Council Housing Growth Programme currently stands at £203.6m of which £56.1m is spent to date. Acquisitions made as part of the initial pilot batch have been approved via Director DDN for funding from the unallocated element of the phase 1 programme (£6.2m).

3. Main issues

- 3.1. The council's Property Purchase Policy was last updated in August 2015, in readiness for the previous programme. It was approved by Executive Board in July 2015 and approved for implementation by The Director of Environment and Housing in September 2015. The Council Housing Growth Programme, in consultation with Housing Management and Property and Contracts, have refreshed this policy to bring it up to date in relation to changes to the funding environment, officer / staff changes, and to ensure it accurately reflects the new programme's ambitions and approach. This reports requests Executive Board approval of the updated version of this policy, and that implementation be delegated to the Director of Resources and Housing.

- 3.2. The revised policy is included at Appendix A, with key points summarised below:-

Property Purchase - Approach

- 3.3. All former council properties offered back to the council are individually assessed by the council on their own merits, against both Council Housing Growth Programme objectives and also in the context of wider strategic council needs, by housing investment planning.
- 3.4. Within the Council Housing Growth Programme the process for assessing and progressing the property acquisitions will vary slightly depending upon whether the property falls within the Right of First Refusal Regulations or not, and whether the property is offered to us, or (potentially in future) actively targeted by the private sector empties programme as a long term/ nuisance void. However the majority of the process will be common across all acquisition types.
- 3.5. The Council Housing Growth Programme will assess whether the property represents a viable investment and is one which Housing Leeds would wish to add to their housing stock, having consideration to the following factors:-

Housing Management priorities

- 3.6. Whether the property is located in an area of housing need- where council housing stock is low and demand for council housing is high.
- 3.7. Whether the property is of a type and size which is in demand and which will be easily let (including consideration of factors such as demand for specific property types including adapted properties in specific parts of the city).
- 3.8. The property will usually be a former council property and/or within an area of council housing, or within a regeneration area in the city.

Value for Money

3.9. The programme will consider whether the property represents a viable investment (in terms of how long it will take to repay the associated borrowing based on assumed income generation/savings) and value for money (VfM). The VfM assessment takes into account the market valuation, and any required repairs/improvements to bring the property up to a lettable standard. This part of the assessment also includes consideration of the likely rental income from the property – with rents to be based on other similar social housing stock in the area, and whether any RtB discount would be repayable.

Progress to Date (Pilot Project)

3.10. Since the pilot project began in November 2018, around 90 notifications have been received from home owners in relation to potentially repurchasing their homes. Having applied the above principles, 18 offers have been made and the majority of these have been accepted. The remaining properties were mainly discounted either as a result of not being considered suitable for repurchase by Housing Leeds or due to being over budget. There are 17 properties in various stages of the pipeline at the time of writing.

3.11. Approval to progress each of these acquisitions has been sought via parallel Director DDNs- with the Director of Resources and Housing approving the funding for these acquisitions (and refurbishment costs) from existing approved unallocated budget from phase 1 of the Council Housing Growth Programme, and the Director of City Development approving the acquisitions of the properties for Resources and Housing.

3.12. Below is a summary of the properties that have been, or are in the process of, being re-purchased at the time of writing.

Table 1 – Repurchases Property Summary

Ward	Property Type	Beds	Purchase Valuation	Repayable RtB Discount	Refurb/ Repairs Estimate	Net cost to LCC (after any repayable discount)
Little London & Woodhouse	Flat	1	£60,000	0	£5,000	£65,000
Gipton & Harehills	Bungalow (semi)	1	£90,000	0	£1,500	£91,500
Burmantofts & Richmond Hill	Terrace	3	£95,000	0	£250.00	£95,250
Burmantofts & Richmond Hill	Terrace	3	£120,000	£35,520	£0	£84,480
Alwoodley	Flat	1	£90,000	0	£1,500	£91,500
Pudsey	Flat	1	£70,000	0	£0	£70,000
Roundhay	Flat	2	£75,000	0	£14,500	£89,500
Otley & Yeadon	Flat	1	£62,500	0	£16,000	£78,500
Morley North	house	2	£110,000	£30,800	£2,500	£81,700
Alwoodley	Flat LR	1	£85,000	£9,520	£0	£75,480
Gipton & Harehills	House	3	£110,000	£0	£6,200	£116,200
Beeston & Holbeck	House	2	£84,000	£0	£20,000	£104,000
Temple Newsam	House	3	£100,000	£0	£10,000	£110,000
Temple Newsam	House	3	£95,000	£0	£9,000	£104,000
Beeston & Holbeck	Flat	3	£70,000	£0	£13,000	£83,000
					total spend to date	£1,340,110
					average cost per unit to date	£89,341

Costs

- 3.13. Market valuations are carried out in respect of all potential repurchases by surveyors in the Land & Property team in City Development. In parallel with the market valuation, an assessment of likely refurbishment and repairs costs is also undertaken by Property & Contracts. The two estimates are viewed in conjunction with each other to establish total acquisition costs.
- 3.14. In circumstances where a former tenant who exercised their RtB subsequently sells their property within 5 years of the RtB sale completion date, they are liable to repay a proportion of the RtB discount they received as determined under the Housing Act 1985 (this applies whether or not they sell it back to the authority). This amount is deducted from the purchase price and reduces the net cost of the acquisition to the authority.
- 3.15. Of the homes the pilot project has considered for potential repurchase, some have fallen within and others outside of the Right of First Refusal obligations. One of the notable differences between the two is that properties to which the Right of First Refusal Regulations apply must be acquired at market value (i.e. the price is fixed based on market valuation with no negotiation of price). Another notable difference is that acquisitions which fall within the regulations must be completed with strict regulatory timescales, and failure by the council to meet these would result in the authority losing its right of first refusal – i.e. the owner would then be able to sell privately (in the next 12 months) instead if they choose.
- 3.16. The programme will operate within a budget cap of £145,000 per unit. This cap applies to the net cost to the council of buying and refurbishing the property, and is net of any repayable RtB discount.
- 3.17. The combined cost of the 15 acquisitions approved to date (including refurbishment costs) is set out in Table 1 above. The total net cost to the council is c£1.34m (giving an average acquisition cost of £89K per property).

Funding

- 3.18. The costs associated with this programme will be met from the council's capital funding allocated to the Council Housing Growth Programme. Refurbishment works to bring the properties to lettable standard will also be funded from this programme budget.
- 3.19. The initial pilot tranche of properties detailed in Table 1 above, are being funded from existing unallocated budget within Phase 1 of the Council Housing Growth Programme.
- 3.20. In terms of funding for the new programme, a capital injection of £90.9m was approved into the Council Housing Growth Programme by Full Council in February 2019, £22.5m of this was set aside to support the property acquisitions / buyback (and refurbishment) programme.
- 3.21. Based on current planning assumptions the programme expects to be able to deliver c150-200 properties over the next 2-3 year period from this budget. The final number of properties delivered will depend upon a number of factors which will influence the acquisition costs of specific properties- including their size and location, but also whether any repayable RtB discount applies.

- 3.22. In 2012 the government increased the discount allowable to tenants exercising their RtB. S119 (A1) of the Housing Act 1985, as inserted by The Deregulation Act 2015, reduced the qualifying tenancy period for the RtB from five to three years. The impact of these two policy changes has seen a marked year on year increase in RtB sales in Leeds.
- 3.23. In 2012/13 there were 186 RtB sales. This has risen each year reaching 615 in 2018/19. In 2018/19 this generated receipts that could be retained by the council of £26.5m. £13.2m of this ('one-for-one receipts') is explicitly to fund replacement housing. The balance contributes to the funding of the Housing capital programme. Based on current RtB rules, if the 'one-for-one' receipt is not spent within 3 years of being generated then it must be returned to central government.
- 3.24. A government consultation paper was issued in 2018 which set out some proposals for reform to the RtB rules but as yet, the outcome of that consultation or any changes to the regime have not been announced.
- 3.25. The council, along with other authorities, continues to lobby on the rules round RTB but as things stand presently, the council is at risk of having to return some retained RtB receipts in the financial year 2019/20 and so it is proposed to apply RtB monies to these acquisitions (and refurbishment costs) to help mitigate this risk. RtB receipts can be used to fund up to 30% of the total costs (acquisition and refurbishment). The 15 acquisitions set out in Table 1 above will enable the council to utilise c£402K of RtB receipts that would otherwise be at risk of being returned to Government.
- 3.26. Homes England have also indicated that the council can apply for Affordable Homes Grant to support the acquisitions programme. The ultimate decision about whether to apply RtB receipts, which can be used to fund up to 30% of the total cost, or Homes England Grant, which would be fixed per unit will be dependent on a case by case assessment of which would be most beneficial for the council. Therefore the funding for the overall programme is likely to be a combination of HRA borrowing, RtB Receipts, and also Homes England Grant.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Executive Member for Communities has been consulted and is supportive of the Programme.
- 4.1.2 As part of the established process for this programme The Council Housing Growth Programme has engaged housing management, housing finance, land and property, property & contracts, and other relevant internal stakeholders in relation to these potential acquisitions.
- 4.1.3 Regular updates on progress across the whole programme are being provided to the Council Housing Growth Programme Board.
- 4.1.4 Local Ward Members are updated on any acquisitions in their ward areas, as they progress.

4.2 Equality and diversity / cohesion and integration

4.2.1 Having conducted an initial Equality and Diversity screening, the programme have concluded that a full assessment is not required. The screening form is attached at Appendix B to this report.

4.3 Council policies and the Best Council Plan

4.3.1 Housing is one of the Best City priorities as set out in the Best Council Plan, and this programme will directly support the following priorities by delivering additional social housing stock:

- a. Housing of the right quality, type, tenure and affordability in the right places
- b. Minimising homelessness through a greater focus on prevention

4.3.2 The programme will also directly contribute to ensuring that “everyone in Leeds Live(s) in good quality, affordable homes, in clean and well cared for places” which is one of the target outcomes set out in the Best Council Plan.

4.4 Climate Emergency

4.4.1 An energy performance assessment will be undertaken as part of the technical inspection of each potential acquisition. This assessment will be used to determine whether, as part of refurbishing the property, additional measures can and should be implemented (above lettable standard) to improve the energy performance (SAP rating) of the properties. This would be with a view to making them more energy efficient and less expensive to heat, positively contributing to fuel poverty and reducing carbon output.

4.5 Resources, procurement and value for money

4.5.1 As set out above, the programme will consider whether the property represents a viable investment (in terms of how long it will take to repay the associated borrowing based on assumed income generation/savings) and value for money (VfM). The VfM assessment takes into account the market valuation, and any required repairs/improvements to bring the property up to a lettable standard. This part of the assessment also includes consideration of the likely rental income from the property – with rents to be based on other similar social housing stock in the area, and whether any RtB discount would be repayable.

4.5.2 The meeting of Full Council on the 27th February approved an injection of £90.9m into the Council Housing Growth Programme.

4.5.3 The table below sets out the current programme Approval to Spend and the additional amount being sought for approval via this report.

Previous Authority to spend as at June 2019	TOTAL £000's	TO MARCH 2019 £000's	FORECAST		
			2019/20 £000's	2020/21 £000's	2021 & on £000's
NEWBUILD & ACQUISITION	36978.1	36768.6	209.5		
RECYCLING EMPTY HOMES PROGRAMME	11168.8	11116.6	52.2		
REGISTER PROVIDER GRANTS PROGRAMME	7022.9	6912.6	110.3		
REPURCHASE POLICY	534.8	229.8	305.0		
EXTRA CARE PROVISION	606.0	606.0	0.0		
TOTALS	56310.6	55633.6	677.0	0.0	0.0
Total Authority to spend required as part of this report 24th July 2019	TOTAL £000's	TO MARCH 2019 £000's	FORECAST		
			2019/20 £000's	2020/21 £000's	2021 & on £000's
NEWBUILD & ACQUISITION	0.0				
RECYCLING EMPTY HOMES PROGRAMME	0.0				
REGISTER PROVIDER GRANTS PROGRAMME	0.0				
REPURCHASE POLICY	22500.0		7500.0	7500.0	7500.0
EXTRA CARE PROVISION	0.0				
TOTALS	22500.0	0.0	7500.0	7500.0	7500.0
Total overall Funding CHGP Programme (As at 24th July 2019)	TOTAL £000's	TO MARCH 2019 £000's	FORECAST		
			2019/20 £000's	2020/21 £000's	2021 & on £000's
HRA resources	32,370.0	30393.4	1,668.8	307.8	0.00
HRA revenue contributions	1,001.5	1001.5	0.0	0.0	0.00
Section 106	6,793.9	2864.3	3,767.1	162.5	0
Government Grant HCA	12,555.3	4294.7	29.7	5,230.9	3,000.00
RTB receipts	58,354.9	15749.5	11,014.0	10,423.2	21,168.20
Departmental Borrowing	110,009.6	1329.8	23,635.1	32,585.9	52,458.80
Total Confirmed Funding	221085.2	55633.2	40114.7	48710.3	76627.0
Total Funding Balance	142,275	(0)	31,938	41,210	76627.0

4.5.4 The properties to be purchased via this programme will all be assessed using an annuity model to confirm they are financially viable. A property is deemed a viable investment if the repayment period for the interest and capital is 30 years or less. A 30 years repayment period allows the authority to meet its obligation Under Section 24(1) of the 1985 Act which states that: "In the context of setting rents, an important consideration will be to set rents at a level which will enable the council to meet its 30-year HRA business plan requirements". The model highlights the financial loss the council could incur if the property is sold under RtB after the 15 year period when the cost floor protection ends but ensures that the capital receipt is sufficient to repay any outstanding debt.

4.5.5 In terms of Revenue Effects, the cost of servicing the debt incurred purchasing a property may be higher than the initial rental return so the properties could initially be a net cost to the service. However as rental incomes increase year on year they will start to exceed the annual borrowing cost and produce a positive return. The initial refurbishment and repairs costs will also be capitalised.

4.6 Legal implications, access to information, and call-in

4.6.1 This is a Key Decision and as such is eligible for call in.

4.6.2 A local housing authority has the power to acquire properties for housing purposes under S117 of the Housing Act 1985.

4.7 Risk management

4.7.1 The overarching Council Housing Growth Programme is being delivered using the council's agreed project management methodology and a programme risk log will

be maintained and risks managed, monitored and escalated through the governance process as necessary.

4.7.2 Risk of failure to meet affordable housing targets

Delivery of the proposals set out in this report will contribute to mitigating one of the council's corporate risks around failure to meet additional housing supply targets and the consequent lack of homes for people in Leeds. There remain pressures in respect of delivering new affordable housing within the city despite the relative success in the overall delivery of new homes in Leeds which remains a corporate risk for the council.

4.7.3 Loss/payback of RtB receipts to MCHLG

As set out above, based on current RtB rules, if the 'one-for-one' element of the receipt generated by a RTB purchase is not spent within 3 years then it must be returned to central government. This programme will contribute to mitigating this risk by utilising some of the receipts which would otherwise be at risk of being handed back.

4.7.4 Financial Viability Risk

The financial viability assessments undertaken in relation to these acquisitions (and associated refurbishment costs) have included consideration of the potential financial risk to the council should there be a further RtB exercised in relation to the property in future, factoring in applicable cost floor (the lower of the market value and the purchase/ build costs of the property). The cost floor would be the acquisition price net of any RtB discount that was repayable at the time. There is a risk that in the initial 15 years following acquisition the council could still make a loss if there was a downturn in the market and the tenant exercised their RtB at a point where the market value was lower than the amount the council paid for the property.

However rents will be set at such a level as to help mitigate this risk as far as possible within the constraints of the legislation, and to help ensure the council will achieve an acceptable payback period. The viability modelling is also based on certain assumptions about the housing market and future movements in house prices/ rents, which may not prove to be accurate. Should rents or housing prices fall, or not rise in line with our assumptions, the payback period could be longer than predicted.

4.7.5 Property Suitability Risk

The Council Housing Growth Programme will consult with Housing Leeds and Property & Contracts officers prior to offering on any property to ensure they are suitable for acquisition and will be easily let, based on local supply and demand information, and of a type that can be managed and maintained in line with existing council asset management strategies.

5 Conclusions

5.5.1 Following a successful pilot project over the last 6 months, and building upon learning from the council's 2015-2018 buyback programme, the Council Housing Growth Programme has established, in consultation and conjunction with key

stakeholders from Housing Leeds, City Development, finance, legal services, and property & contracts, the supporting processes, resources and governance arrangements it needs to now commence the acquisitions programme in earnest.

- 5.5.2 The programme will enable the council to introduce c150-200 homes back into council stock over the next 2-3 years, without the lead times associated with new build delivery.
- 5.5.3 The programme will enable us to target areas where there is high demand and low supply, and also areas where we lack land supply for new build.
- 5.5.4 Spend on this programme in 2019/20 will contribute towards alleviating some of the immediate pressure on retained RtB receipts.
- 5.5.5 Table 1 in section 3.13 sets out a summary of acquisitions to date- either completed or in progress. These are properties which have been individually assessed and confirmed as being of a type, size and in such locations that repurchasing them would contribute to meeting locally defined social housing needs and which Housing Needs have confirmed would be easily let. The associated costs have been assessed by finance and the programme have secured confirmation that they represent viable investments, and value for money.

6 Recommendations

6.1 Executive Board is requested to:

- a) Note the progress made to date in terms of the property acquisitions set out in this report and in respect of the establishment of the project, supporting processes resources and governance arrangements.
- b) Grant Authority to Spend of £22.5m to the Council Housing Growth Programme to support a new 2-3 year programme of c150-200 property acquisitions (and refurbishments), following injection of the capital required at February 2019 Full Council, and support any funding bids required to optimise the funding mix for these acquisitions.
- c) Note that the acquisitions (and refurbishments) will be funded via a combination of Housing Revenue Account (HRA) funding, blended with either retained RtB receipts or Homes England Grant and delegate approval of the final funding mix for the acquisition (and refurbishment costs) to the Director of Resources and Housing.
- d) Note the current budget cap of £145,000 per property, and delegate authority to amend this in line with future fluctuations in housing prices to the Director of Resources and Housing.
- e) Approve the updated Property Purchase Policy included at Appendix A and delegate implementation to the Director of Resources and Housing.

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.

Appendix A – Property Purchase Policy 2019

Appendix B – Equality, Diversity, Cohesion and Integration Screening