
Report of: Regional Housing Programme Board

Report to: Executive Board

Date: 25th August 2010

Subject: Regional Housing Board Programme 2008-11 – Acquisition and demolition schemes update.

Capital Scheme No: 14850/000/000

Electoral Wards Affected:

Beeston and Holbeck

Burmantofts and Richmond Hill

City and Hunslet

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)

EXECUTIVE SUMMARY

- Leeds City Council has operated a successful programme of acquisition, demolition and investment in private sector housing since 2005, this programme has been targeted to contribute to major area based regeneration initiatives in East and South East Leeds (EASEL) and Beeston Hill and Holbeck.
- The current funding ceases as of 31st March 2011, it is currently unclear how funding for private sector renewal will be distributed in future. The current options include a direct allocation to the local authority or allocation via the Homes and Communities agency. The level of funding allocated will be unknown until after the Comprehensive Spending Review in October 2010.
- Savings of £4.07m have already been implemented across the 2008/11 programme which resulted in schemes being slipped to future years. These schemes need future funding allocations in order to complete them.
- Executive Board are requested to adjust the cash flow to accelerate the demolitions by rescinding the remaining funding on Holbeck Phase 4 of £580,000.

1.0 PURPOSE OF THE REPORT

- 1.1 Executive Board are requested to rescind approvals on Holbeck Phase 4 acquisition and demolition scheme and move funding to the other acquisition and demolition schemes as set out in Appendix B to facilitate the remaining demolitions to be undertaken before March 2011.

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.
- 2.3 In 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 resulted in a 20% cut in the 2010/11 Single Regional Housing Pot allocation for all West Yorkshire authorities, a £4.07m reduction for Leeds.

3.0 PROGRAMME MANAGEMENT

- 3.1 The amended Leeds grant allocation for the 2008/11 programme is now £18.37m.
- 3.2 The rolling programme of group repair schemes in Beeston Hill has continued and all 6 phases have been delivered. 11 phases of group repair in Burley Lodge have been completed. On 19th May 2010 Executive Board approved a phase of group repair in Cross Green £1.8m and this should be on site at the end of August 2010.
- 3.3 Of the 8 acquisition and demolition schemes which have been undertaken there are 5 where acquisitions are complete or nearing completion and a phased programme of demolition has commenced.
- 3.4 Funding and additional authority to spend is required as set out in Appendix A in order that these schemes may be concluded.
- 3.5 There are a further 3 schemes where there are a number of acquisitions outstanding and where demolition has not yet commenced. In view of the shortfall in funding it is essential a review of these schemes takes place. Option appraisals will be undertaken on Cross Green Ph3 and the Garnets schemes. This exercise will aim to establish the most positive outcomes for local communities in the short and medium term.
- 3.6 Little progress has been made on acquisitions on the Holbeck phase 4 scheme since its approval by Executive Board in August 2009. At least 6 of the 11 owners in the target area are in negative equity of between 15-30% having purchased properties when values were at their highest. It is unlikely that these owners will be willing to sell unless market values increase dramatically in the near future.
- 3.7 It is, therefore, recommended that the decision to acquire and demolish properties within Holbeck phase 4 is suspended and funding rescinded in order that it may be utilised to ensure that commitments on other acquisition and demolition schemes

can be met. A full review of Holbeck Phase 4 will be undertaken in consultation with the local community and local members.

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 funding and additional authority to spend needed to complete the other acquisition and demolition schemes. **Appendix B** provides a summary of the movements needed within individual schemes and the additional authority to spend and ATS to be rescinded from Holbeck Ph4.

5.0 CONSULTATION

- 5.1 The Executive Board member for Neighbourhoods and Housing and ward members have been consulted on the programme and are aware that a further report will be brought to Executive board outlining the options for the remaining schemes. There is concern regarding the availability of future funding 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 Environment and Neighbourhoods, 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 A and B.
- 7.2 In addition to the contingency arrangements put in place in Decembers Board paper movements of funding are required within the overall programme to ensure delivery on the acquisition and demolition schemes.
- 7.3 There are no revenue implications within this scheme. All the necessary funding 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 LCC are awaiting confirmation of future years funding which will be announced in the governments comprehensive spending review in October. Funding needs to be secured in order to complete LCCs programme of works or alternative arrangements need to be put in place otherwise these schemes will be delayed indefinitely or remain unfinished.
- 8.2 The acquisition and demolition programme is reliant on the redistribution of funding as set out in Appendix B.

9.0 CONCLUSION

- 9.1 Confirmation of future funding is awaited but until then we will complete all acquisition and demolition schemes identified that can be finished and sites cleared by March 2011.
- 9.2 In order to assist the delivery and profiling of the 2008/11 programme the Executive Board are requested to rescind Holbeck Phase 4 and cash flow this funding over the remaining schemes and authorise the additional authorities as set out in appendix B.
- 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) Rescind £580,000 of Holbeck Ph4 acquisition and demolition scheme and agree the revised cash flow position.
- 2) Authorise scheme expenditure as set out in appendix B to complete the demolitions and clearance of the 5 sites in the Beverleys, Holbeck Ph1, 2 and 3 and Cross Green Phase 2.

Background Papers

Regional Housing Board Programme 2008-11 – Update
Single Regional Housing Pot Programme 2008-11

Exec Board 9th Dec 09
Exec Board 4th Sep 08.