

MEETING: CABINET MEMBER - REGENERATION
DATE: Wednesday 29 September 2010
TIME: 10.00 am
VENUE: Town Hall, Bootle (this meeting will be video conferenced to the Town Hall, Southport)

Councillor

DECISION MAKER: Maher
SUBSTITUTE: Fairclough

SPOKESPERSONS: Dorgan Hough

SUBSTITUTES: Pearson Sumner

COMMITTEE OFFICER: Olaf Hansen
Committee Clerk
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The Cabinet is responsible for making what are known as Key Decisions, which will be notified on the Forward Plan. Items marked with an * on the agenda involve Key Decisions

A key decision, as defined in the Council's Constitution, is: -

- any Executive decision that is not in the Annual Revenue Budget and Capital Programme approved by the Council and which requires a gross budget expenditure, saving or virement of more than £100,000 or more than 2% of a Departmental budget, whichever is the greater
- any Executive decision where the outcome will have a significant impact on a significant number of people living or working in two or more Wards

If you have any special needs that may require arrangements to facilitate your attendance at this meeting, please contact the Committee Officer named above, who will endeavour to assist.

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A G E N D A

Items marked with an * involve key decisions

<u>Item No.</u>	<u>Subject/Author(s)</u>	<u>Wards Affected</u>	
1.	Apologies for absence		
2.	Declarations of Interest Members and Officers are requested to give notice of any personal or prejudicial interest and the nature of that interest, relating to any item on the agenda in accordance with the relevant Code of Conduct.		
3.	Minutes of the meeting held on 1 September, 2010		(Pages 5 - 6)
* 4.	Informed Assessment of the Economic Viability of Affordable Housing in Sefton Joint Report of the Planning and Economic Development Director and the Neighbourhoods and Investment Programmes Director	All Wards;	(Pages 7 - 18)
5.	Plugged-in-Places Programme - An Update Joint report of the Planning and Economic Development Director and Environmental and Technical Services Director	All Wards;	(Pages 19 - 26)
6.	Further Fordham Research Advice about Housing Matters in Sefton Report of the Planning and Economic Development Director	All Wards;	(Pages 27 - 44)
7.	Proposed amendment to the Overarching Development Agreements with Bellway Homes Limited and Keepmoat Limited. Report of the Neighbourhoods and Investment Programmes Director	Derby; Linacre; Litherland;	(Pages 45 - 48)

- | | | | |
|----|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------|
| 8. | Reduction In Housing Market Renewal Funding By The Homes And Communities Agency In The Current Financial Year (2010-11) | Church; Derby;
Linacre;
Litherland;
Netherton and
Orrell; | (Pages 49 - 56) |
| | Report of the Neighbourhoods and Investment Programmes Director | | |
| 9. | Revenue Expenditure, Capital Programme and Performance - 2009/10 Portfolio Final Accounts | All Wards; | (Pages 57 - 66) |
| | Joint Report of the Planning and Economic Development Director and the Interim Head of Corporate Finance and ICT Strategy | | |

THE "CALL IN" PERIOD FOR THIS SET OF MINUTES ENDS AT 12 NOON ON TUESDAY 8 SEPTEMBER, 2010. MINUTE NO.40 IS NOT SUBJECT TO "CALL IN".

CABINET MEMBER - REGENERATION

MEETING HELD AT THE TOWN HALL, BOOTLE ON WEDNESDAY 1 SEPTEMBER 2010

PRESENT: Councillor Maher

ALSO PRESENT: Councillors Dorgan and Hough

36. APOLOGIES FOR ABSENCE

No apologies for absence were received.

37. DECLARATIONS OF INTEREST

No declarations of interest were received.

38. MINUTES OF THE MEETING HELD ON 4 AUGUST, 2010

RESOLVED:

That the Minutes of the meeting held on 4 August be confirmed as a correct record.

39. NEIGHBOURHOODS AND INVESTMENT PROGRAMMES DEPARTMENT - SERVICE PLAN 2010-2011

The Cabinet Member considered the report of the Neighbourhoods and Investment Programmes Director that sought approval of the Neighbourhoods and Investment Programmes Departmental Service Plan 2010-2011.

RESOLVED:

That the Neighbourhoods and Investment Programmes Departmental Service Plan for 2010-11 be approved.

40. INFORMED ASSESSMENT OF THE ECONOMIC VIABILITY OF AFFORDABLE HOUSING IN SEFTON

The Cabinet Member considered the joint report of the Planning and Economic Development Director and Neighbourhoods and Investment Programmes Director that provided an update on the comments received during consultation on the draft Informed Assessment of the Economic

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CABINET MEMBER - REGENERATION- WEDNESDAY 1 SEPTEMBER 2010

Viability of Affordable Housing; and sought approval for the final Informed Assessment of the Economic Viability of Affordable Housing as part of the evidence base for the Local Development Framework, which took into account consultation comments.

This was a key decision and was currently included on the Council's Forward Plan of Key Decisions.

RESOLVED: That

- (1) the comments received during the consultation process into the draft study and the responses to the comments be noted; and
- (2) the Cabinet be recommended to approve the Final Informed Assessment of the Economic Viability of Affordable Housing to inform the emerging Core Strategy for Sefton.

41. SHEFFIELD HALLAM UNIVERSITY REPORT ON TOURISM

Further to Minute No.28 of the meeting of Cabinet Member Leisure and Tourism held on 11 August 2010, the Cabinet Member considered the report of the Leisure and Tourism Director on the findings of a recently published report by Sheffield Hallam University on the seaside tourism industry in England and Wales. The University's report set out data on levels of employment, economic output and trends for seaside towns and provided a ranking that sought to create greater understanding of the importance and relevance of tourism within seaside towns.

RESOLVED:

That the Sheffield Hallam University Report on Tourism be noted.

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REPORT TO: Planning
Cabinet Member – Regeneration
Cabinet

DATE: 18 August 2010
1 September 2010
2 September 2010

SUBJECT: Informed Assessment of the Economic Viability of Affordable Housing In Sefton

WARDS AFFECTED: All

REPORT OF: Andy Wallis, Planning & Economic Development Director
Alan Lunt, Neighbourhoods & Investment Programmes Director

CONTACT OFFICER: Alan Young – Strategic Planning and Information Manager
Tel: 0151 934 3551

Jim Ohren – Principal Manager
Tel: 0151 934 3619

**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

To report the comments received during consultation on the draft Informed Assessment of the Economic Viability of Affordable Housing (available to view online at www.sefton.gov.uk/affordablehousing)

To seek approval of the final Informed Assessment of the Economic Viability of Affordable Housing (available to view online at www.sefton.gov.uk/affordablehousing) as part of the evidence base for the Local Development Framework, taking into account consultation comments.

REASON WHY DECISION REQUIRED:

To comply with national planning guidance on the need to provide a robust evidence base for Sefton's affordable housing policies in the Local Development Framework

RECOMMENDATION(S):

That:

- (i) Planning Committee and Cabinet Member - Regeneration note the comments received during consultation process into the draft study, the responses to those comments, endorse the final Informed Assessment of the Economic Viability of Affordable Housing and recommend that Cabinet approves them to inform the emerging Core Strategy for Sefton;
- (ii) Subject to (iii) below, Planning Committee adopts the key findings of the study to inform the emerging Core Strategy process for Sefton; and
- (iii) Cabinet notes the comments received during consultation process, the responses to those comments and approves the final Informed Assessment of the Economic Viability of Affordable Housing to inform the emerging Core Strategy process for Sefton.

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KEY DECISION: YES

FORWARD PLAN: YES

IMPLEMENTATION DATE: Following expiry of call in period after Cabinet meeting on 2nd September 2010

ALTERNATIVE OPTIONS:

None

IMPLICATIONS:

Budget/Policy Framework:

Financial:

The cost of the study (£25,000) has been covered by an existing agreed budget line in the Housing Capital Programme.

<u>CAPITAL EXPENDITURE</u>	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £	2013/ 2014 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: N/A

Risk Assessment: N/A

Asset Management: N/A

CONSULTATION UNDERTAKEN/VIEWS
N/A

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity	√		
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities	√		
7	Improving the Quality of Council Services and Strengthening local Democracy		√	
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Affordable Housing Viability Assessment Final Report, Three Dragons, July 2010

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INFORMED ASSESSMENT OF THE ECONOMIC VIABILITY OF AFFORDABLE HOUSING IN SEFTON

BACKGROUND:

- 1.1 Members may recall earlier this year (i.e. Planning Committee 10th March 2010, Cabinet Member – Regeneration 17th March 2010) that a draft Informed Assessment of the Economic Viability of Affordable Housing was reported before going out for public and stakeholder consultation. The need to carry out such an assessment is set out in Planning Policy Statement 3 and reinforced by the landmark Blyth Valley Legal Decision. This essentially concluded that a Core Strategy could be found unsound if its affordable housing policies were not supported by such an assessment. This line has subsequently been firmly supported by the Planning Inspectorate at Core Strategy public inquiries.
- 1.2 The assessment was produced on the Council's behalf by its retained specialist consultants Three Dragons (the commissioning of whom was reported to Planning Committee on 6th May 2009, Cabinet Member – Regeneration on 6th May 2009, and Cabinet on 14th May 2009). The assessment was informed by a range of evidence (such as data on past affordable housing projects, residential land values and house prices) and through information gathered from an initial workshop held with representatives from developers, registered social landlords, private sector landlords, neighbouring authorities and government housing and development agencies in August 2009.
- 1.3 In line with best practice the draft assessment was made available for wider public and stakeholder consultation, before being finalised.

CONSULTATION UNDERTAKEN:

- 2.1 The consultation period for comments to be made on the draft Assessment began on 25th March 2010. In line with our Statement of Community Involvement the draft Assessment was made available to view in a number of locations throughout Sefton, including the Planning offices in Bootle, at Bootle, Crosby, Formby, Maghull and Southport libraries and on the Sefton website. The availability of the draft Assessment was advertised in the local press, in the London Gazette and on the Sefton website. We also sent letters to over 200 organisations our Local Development Framework database.
- 2.2 Additionally we held a further workshop, hosted by our consultants Three Dragons during the consultation period. The workshop was held on 17th May 2010 in Bootle Cricket Club and was attended by representatives from developers, registered social landlords, private sector landlords and neighbouring authorities. At the workshop the discussions centred on the key findings of the draft assessment, including the level of affordable housing we should seek in different locations, the size of developments that we should apply affordable housing policies to and the potential use of commuted sum

payments in lieu of affordable homes that cannot be provided on site as part of a development.

- 2.3 Overall the consultation period ran for 9 weeks and concluded on Friday 28th May 2010. This was longer than our usual 6 week consultation but allowed the consultation to straddle the Easter holidays and for comments to be made following the second workshop to be taken into consideration. In total we received comments from 9 organisations. These comments are set out in a report of consultation available to view at www.sefton.gov.uk/affordablehousing along with our response and changes made to the assessment as a result.

SUMMARY OF COMMENTS RECEIVED DURING CONSULTATION:

- 2.4 The comments received to the draft assessment were wide-ranging and detailed but some common themes were identified.

(i) Study Methodology

- 2.5 It was questioned whether there was too much reliance on findings that are based primarily on a model. Given the wealth of information that Sefton has from its recently completed Strategic Housing Land Availability Assessment (SHLAA) and Strategic Housing Market Assessment (SHMA) couldn't the assessment be based more on empirical evidence?
- 2.6 *Three Dragons Response – In their experience of undertaking these studies an approach that is based on actual sites will inevitably suffer from lack of detailed information. It is very difficult to draw policy conclusions in a systematic way based on a sample of sites. Rather a more generalised approach is needed to draw out the key policy lessons. Analysis of actual sites may also undersell policy where the sample is often, in their experience, weighted too heavily towards high abnormal development costs. Using a High Level testing approach allows policy to be assessed on the basis of normal costs and revenues across a range of sub markets. Nonetheless, those sites that have particular issues that would affect the viability of affordable housing would be subject to detailed discussions using the assessment as a starting point.*
- 2.7 The methodology assumes that higher levels of affordable housing do not affect market house prices. Anecdotal evidence shows that there is a correlation between higher levels of affordable housing and a decrease in market prices. The methodology should factor in this when determining viability.
- 2.8 *Three Dragons Response – We are unaware of any systematic body of evidence that suggest that prices change in line with the percentage of affordable homes and accordingly do not accept this point. This information was requested from the workshop but none was forthcoming. It is the consultants' view, in line with similar studies carried out elsewhere, that a 'stigma' effect should not be attached to the analysis, particularly where housing needs are pressing. If a developer can prove such an impact on a particular site, then this should be evidenced in the site specific data provided.*

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(ii) Impact of section 106 requirements

- 2.9 The assessment assumes a standard level of section 106 contributions of £5000 per unit. It isn't clear what this includes, for instance the requirement to build homes to meet the Code for Sustainable Homes Standard. In many cases the contributions can be significantly greater and this may be exacerbated by the future introduction of a tariff-based system such as Community Infrastructure Levy (CIL). The level of contributions and other associated costs are important factors in assessing viability of affordable homes.
- 2.10 *Three Dragons Response – We accept that in some cases costs are greater than £5000 per unit. A per unit levy was tested in the report and acts as a proxy for any form of CIL or tariff. In addition, the assessment commented on a level of £10,000 per unit. Notwithstanding this, the Council will have to be flexible in weaker market locations to ensure costs do not make affordable housing unviable.*

(iii) Financial assumptions and modelling

- 2.11 The assessment needs to establish the actual land values at which land will be brought forward for development. Judgement will need to be made about the uplift over and above existing land use values and how this 'planning gain' will affect the viability of affordable homes.
- 2.12 *Three Dragons Response – There is a difference between land value and residual value. The market process will settle the value of land. Where the market does not discount land for the policy then what is paid for land could be higher than what it is worth. Uplift will not necessarily be the whole basis of the process in setting policy. The consultants would not wish to prescribe this uplift too tightly as it will vary for different types of sites. The workshop did not provide any standard assumptions for uplifts although the consultants have taken into account the experience of other similar authorities when recommending the policy target options.*
- 2.13 The assessment does not differentiate between the financial assumptions of small sites (those below 15 homes) and larger sites. Small sites are self evidently unable to benefit from the economies of scale and fixed costs are likely to represent a larger share of the development budget.
- 2.14 *Three Dragons Response – Numerous workshops have been held in most parts of the country where small sites have not been seen as being systematically more expensive to develop than large ones. The consultants accept the argument about economies of scale and costs may be higher on smaller sites. However, evidence from the Valuation Office tends to support the argument that smaller sites, in general, tend to generate higher land values than larger ones. This is likely to suggest that although costs may be higher, values are also higher (and 'exclusivity' factor).*

- 2.15 The assessment does not assume any costs relating to the acquisition and holding of land. Land is an 'upfront' cost in the development process and the cost of holding land throughout the development process can be significant.
- 2.16 *Three Dragons Response – There is a land finance deduction of 10% off residual to take account of this. Inevitably this may not be enough in some instances but will be too much in others. Site by site testing for negotiations will discover the actual scale of this cost in any given location.*
- 2.17 The assessment assumes a reasonable developer profit as 15% but it should be noted the level of profit a developer would expect is reflective of the risk involved. Other well established residual land valuation models advise 17.5 – 20% developer profit with some other specialist types of accommodation expecting a profit of 20-25%.
- 2.18 *Three Dragons Response – A 15% margin has recently been held (at the Hinckley and Bosworth Core Strategy Development Plan Inquiry) as being a reasonable figure for plan making purposes. However the Council may possibly be prepared under very difficult market conditions to accept a higher margin subject to justification. It is always important in these situations to make a distinction between profit on (gross development) value and cost. In our experience a 15% margin on value will usually generate a 20% return on cost. In higher value areas this will be higher still. Recent developments in the Sefton area have gone ahead with a margin below 15%. The Council may be prepared, according to market circumstances, to accept a higher margin in site-specific cases.*

(iv) Site specific issues

- 2.19 Formby should not have higher affordable housing targets than elsewhere. There should be a single target for the whole of Sefton set at the indicative national standard of 15 homes.
- 2.20 *Three Dragons Response – The sites with the greatest potential for affordable housing are the higher value areas. The report underlines the difficulty in delivering affordable housing in lower value areas. A large amount of Sefton's available land for development is on small sites. By not lowering the threshold for affordable housing it would limit the amount that would be delivered.*
- 2.21 Is the absence of any mention of Melling due to the lack of sites in the area and therefore the affordable housing policy is not applicable?
- 2.22 *Three Dragons Response – The assessment refers to the main settlement areas only. Melling, for the purposes of this assessment, is included in the Maghull area. Although there may not be identified sites in Melling at present, such sites could become available in the future and affordable housing policies should therefore cover the whole of Sefton.*

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KEY FINDINGS AND POLICY RECOMMENDATIONS OF FINAL ASSESSMENT

3.1 Although changes have been made to the draft Assessment as a result of comments made, essentially the key findings remain unchanged in the final assessment (available to view at www.sefton.gov.uk/affordablehousing). The key findings set out in the assessment are:

(i) Identification of housing sub-markets in Sefton

3.2 It is apparent that the local variation in house prices has a significant impact on the viability of affordable housing in a particular scheme. A broad analysis of house prices in Sefton using HM Land Registry data was undertaken and identified seven viability sub markets -

- Prime Sefton (broadly Birkdale, Ainsdale and Blundellsands)
- Formby
- Crosby, Hightown and Rural Hinterland
- Maghull and Aintree
- Southport
- Litherland, Orrell and Netherton
- Bootle and Seaforth

3.3 These different sub-markets have significant differences in the residual value able to cross-subsidise affordable housing. For example, a housing scheme in Prime Sefton with 30% affordable housing, at 40 dwellings per hectare (dph), will generate nearly £3 million residual value per hectare. The same scheme in Bootle will have costs of almost £0.5 million per hectare greater than its revenue (i.e. will have a negative residual value). On this basis, the study advises that a single affordable housing target for the Borough would be a very difficult policy position to defend.

(ii) Testing the viability of a range of housing developments to deliver affordable housing

3.4 A number of development models were tested, using a range of size, house types and densities. These examples were chosen to reflect the range of sites that have been and are currently or likely to be available for development in Sefton. This testing showed that higher density development (over 80dph) looks marginal even without an affordable housing element in locations such as Bootle, Seaforth, Litherland and Orrell. However, in higher value areas, affordable housing contributions on higher density schemes should be viable.

3.5 The introduction of external grant makes a significant difference in the mid to lower sub markets, although in the weakest sub-market areas grants may not be enough to 'rescue' schemes seeking an affordable housing element.

3.6 The analysis also shows that residual values are very sensitive to changes in house prices, both in the short and long term, and that additional costs, such as remediation works or the Code for Sustainable Homes can have significant

impacts on scheme viability, most clearly in the lower value sub-markets. Viability is also highly sensitive to the relationship between existing (or, where relevant, alternative) use value. In this regard, affordable housing will often be viable on sites, for example, in back or garden use. However, small-scale redevelopment and conversion schemes (typically under 5 units) 'will be significantly challenging on viability grounds'.

- 3.7 The analysis of Sefton's supply of sites (based on extant unimplemented planning consents and the five-year land supply) suggests that smaller sites (less than 15 units) make a significant contribution (i.e. about 30%) to housing supply. Given this, Sefton's current policy approach (i.e. applying affordable housing requirements to sites 15 dwellings or more) is likely to 'miss' a significant opportunity to provide affordable housing in some parts of the Borough. From a housing management perspective the study did not find any, in principle, objections to the on-site provision of affordable housing on small sites, although a financial payment for off-site approach could be considered in certain circumstances.

(iii) Conclusions and Policy Recommendations

- 3.8 The report recommends that Sefton adopt the following key affordable housing policy positions through its Local Development Framework:

- Based on strict viability approach apply a dual target broadly splitting the main urban area of Sefton, including Bootle and Seaforth and Litherland, Orrell and Urban Sefton (called 'lower value Sefton' in the report) versus the remaining higher value sub-markets. On this basis, Three Dragons propose a 30% target for the higher value areas and a 15% target for the lower value areas. Alternatively, the report suggests that the Council could consider a more location specific based approach, including a three-way policy target, to the level of affordable homes required in housing schemes. This would set a target of 30% for Prime Sefton (Ainsdale, Birkdale and Blundellsands) and Formby; 25% for Crosby, Maghull and Southport; and, 10% for Litherland, Orrell, Bootle and Seaforth.
- That the Council should adopt a dual threshold approach for when the affordable housing target is implement, with a size threshold of 15 dwellings in the Pathfinder area and a size threshold of 5 dwellings elsewhere. Three Dragons think a size threshold below 5 dwellings would be difficult to justify in viability terms anywhere in the Borough.
- Importantly if there is any doubt about viability on a particular site, Three Dragons note that it will be the responsibility of the developer to make a case that applying the Council's affordable housing requirement for their scheme makes the scheme not viable. (Members may be aware that this is currently the approach that Sefton applies where the viability of a proposal to deliver affordable housing is in question).

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- In cases where it may not be feasible or appropriate to provide affordable housing on-site, Three Dragons consider that a commuted sum payment (based on the equivalent amount which would be contributed by the developer/landowner were the affordable housing provided on site) could be sought. This would require the Council to have a clear strategy to ensure the money is spent effectively on delivering affordable housing elsewhere and in a timely manner.

Implications of Assessment and Key Conclusions

- 4.1 The final assessment will be a key piece of evidence for the Core Strategy and when taken together with the already completed Strategic Housing Market Assessment (and any updates to it that may be produced) will underpin our affordable housing policies. In short, the findings of the assessment will be evaluated in combination with evidence on housing need and will enable future policies to seek affordable housing in the areas where it is most needed and most viable.
- 4.2 At this point in time and ahead of the potential development of any new affordable housing policies through the emerging Core Strategy process, it is **not** proposed to make any immediate changes to the Council's current negotiating position with regard to affordable housing, as set out on the website at www.sefton.gov.uk/planningstudies
- 4.3 In this regard, Members will be aware that where there is a disagreement about the economic viability of a scheme, with regard to affordable housing, consistent with PP3 advice, Three Dragons, are normally instructed to undertake a site specific viability assessment (e.g. the former Leaf site at Virginia Street, Southport, is a case in point). This is in full recognition of the key point that the Council can only seek an affordable housing contribution (either in terms of on site provision or an off-site commuted sum in lieu) where it is economically viable to do so.
- 4.4 To conclude, this very important further study reaffirms the importance and prudence of the transparent viability approach we are currently adopting with regard to negotiating affordable housing in Sefton. Whilst providing a thorough overview of the viability of affordable housing at the Borough and sub-Borough level as a basis for affordable housing policy development, the study recognises that individual sites may vary from the norm. Accordingly, it further anticipates, notwithstanding any new affordable housing policy framework that may emerge through the Core Strategy process, that the current 'bespoke' viability approach will need to continue in the future on a site specific basis where economic viability is in question. This will ensure that the Council's position is protected at potential planning appeal and will also ensure that development viability is not prejudiced by unrealistic affordable housing requirements. In this regard, what we are doing closely accords with PPS3 advice on affordable housing.

Recommendations

That:

- (i) Planning Committee and Cabinet Member - Regeneration note the comments received during consultation process into the draft study, the responses to those comments, endorse the final Informed Assessment of the Economic Viability of Affordable Housing and recommend that Cabinet approves them to inform the emerging Core Strategy for Sefton;
- (ii) Subject to (iii) below, Planning Committee adopts the key findings of the study to inform the emerging Core Strategy process for Sefton; and
- (iii) Cabinet notes the comments received during consultation process, the responses to those comments and approves the final Informed Assessment of the Economic Viability of Affordable Housing to inform the emerging Core Strategy process for Sefton.

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Agenda Item 5

REPORT TO: Cabinet Member – Technical Services
Cabinet Member – Environmental
Cabinet Member – Regeneration
Cabinet

DATE: 22nd September 2010
22nd September 2010
29th September 2010
30th September 2010

SUBJECT: Plugged-in-Places Programme – An Update

WARDS AFFECTED: All Wards

REPORT OF: Andy Wallis– Planning and Economic Development Director
Peter Moore – Environmental and Technical Services Director

CONTACT OFFICER: Mo Kundi - 3447
Gary Mahoney – 4300

**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

To provide Members with an update on the Plugged in Places Programme, and to seek Members consent for Sefton Council to be the Accountable Body for the sub-regional bid.

REASON WHY DECISION REQUIRED:

To comply with reporting procedures

RECOMMENDATION(S):

It is recommended that:-

Cabinet:-

1. Agree in principle to Sefton Council being the accountable body for the sub-regional project to facilitate the submission of the bid in October 2010, and note that
2. A further report be presented detailing all financial, legal, and operational implications prior to accepting the Offer letter should the bid be successful.

Cabinet Member for Regeneration, Environment, and Technical Services:-

3. Note the content of this report

KEY DECISION: No

FORWARD PLAN: No

IMPLEMENTATION DATE: Immediately after the call in period

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ALTERNATIVE OPTIONS: Sefton Council has agreed to progress the Low Carbon Economy and CO2 emissions reduction agenda, and has taken a number pro-active and positive steps towards this goal, including the development of projects such as CLASP, and REECH, for which the Council has agreed to be the accountable body, and is currently exploring the opportunities available from the Feed In Tariff concept. The Plugged in Places Project will add to the critical mass being created and would help to explore future funding opportunities. Not to agree to being an accountable body risks the bid not progressing beyond the current stage.

IMPLICATIONS:

Budget/Policy Framework:

Financial:

It should be noted that Sefton Council has the option not to accept the Offer letter should the bid be successful. Members at their previous meeting have already agreed to cap Sefton's cash contribution towards this project to £15,000 spread over three years, and which it is proposed could be met out of future Local Transport Plan Capital Programme allocations. There may also be some small revenue implications relating to a possible loss of car parking income as a result of the placing of electric charging points in some car parks. However, all cost implications would be brought back to Members once the bid has been fully developed.

<u>CAPITAL EXPENDITURE</u>	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £	2014/ 2015 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: No

Risk Assessment: No

Asset Management: No

CONSULTATION UNDERTAKEN/VIEWS

FINANCE FD 494 - The Interim Head of Corporate Finance & Information Services has been consulted and his comments have been incorporated into this report

LEGAL

ENVIRONMENTAL AND TECHNICAL SERVICES

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		/	
2	Creating Safe Communities		/	
3	Jobs and Prosperity	/		
4	Improving Health and Well-Being	/		
5	Environmental Sustainability	/		
6	Creating Inclusive Communities		/	
7	Improving the Quality of Council Services and Strengthening local Democracy		/	
8	Children and Young People		/	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Plugged-in-Places Programme – A sub-regional bid to introduce Electric Car Charging Points report to CMs for Environment and Technical Services (30th June 2010), and CM Regeneration (7th July 2010).

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1.0 BACKGROUND:

1.1 Members at their meetings on 30th June 2010, and 7th July 2010 consider the report on 'Plugged-in-Places Project – A sub-regional bid to introduce Electric Car Charging Points', which provided background information on the Plugged-in-Places national Programme to support the installation of an electric vehicle charging infrastructure (EVCI). The report made reference to the fact that the Programme pulls together £30 million from the Department for Transport (DfT), Department for Business Innovation & Skills (BIS) and the Department for Environment & Climate Change (DECC), and that interests were invited from sub-regions for projects that would deliver the aims and objectives of the Programme.

1.2 Members considered the information provided in the report on the proposals being developed for the Merseyside sub-regional bid, and endorsed the:-

1. Submission of Expression of Interest by The Merseyside Transport Partnership for the sub-regional Plugged in Places project, and
2. Requested that further consideration to be given to the capital and revenue implications should a full bid be progressed.

2.0 Current Position

2.1 The sub-region's Expression of Interest was formally submitted in July 2010, and officers were invited to attend an informal meeting with senior officials from the Office for Low Emission Vehicles (OLEV) in the Department for Transport to receive feed-back on the submission.

2.2 In total there were 15 applications for funding in the second round of Plugged in Places Programme requesting some £20 million from an allocation of only £10 million. OLEV officials indicated that they are looking to take forward between 3 to 6 projects in this round, and that Merseyside's bid is likely to be one of them, subjecting to addressing the following key issues:-

1. Whilst the bid had a lot of strategic fit, it lacked clear principle driver. The bid needs to be clear as to whether the key driver is economic development, the link with Vauxhall, low carbon economy, transport etc. OLEV is looking for a key driver for the bid from sub-region's point of view.
2. A clear evidence of a market for electric vehicles. A letter from say public sector fleet operators, community services and/or private business fleet operators would be acceptable.
3. A clear understanding of why the suggested charging point sites were selected, and how the development of charging infrastructure will be taken forward post Plugged in Places Programme funding.

4. Need to reconcile the aims of the Plugged in Places Programme, which is concerned with stimulating the market for electric vehicles, where as the sub-regions agenda includes addressing air quality, climate change, low carbon economy, equity, economic development etc.
5. To strengthen the region's bid further, OLEV officials suggested the two separate bids submitted from Merseyside sub-region, and Halton, Chester West and Cheshire should be amalgamated.

2.3 Sefton officers are of the view that the issues raised by OLEV officials can be satisfactorily addressed, and that a full bid submitted by the 29th October 2010 deadline.

3.0 Accountable Body Status

3.1 Members may recall that all work associated with the development and submission of the Plugged In Places bid is being undertaken by the Merseyside Transport Partnership, which is a partnership between Knowsley, Liverpool, Sefton, St. Helens, and Wirral Councils, and Merseytravel.

3.1 Initially the Mersey Transport Partnership was of the view that Merseytravel should be the Accountable Body for this project, should the funding be approved. Merseytravel have now indicated that as this project covers a wide range of non public transport related activities it would not be possible for them to assume the Accountable Body status. Without a public body taking up the Accountable Body status it would not be possible to submit the final bid.

3.2 Given that Sefton Council has agreed to become the accountable body for the sub-regional REECH Project, and the fact that associated activities are all related to addressing CO2 emissions reduction, helping local SMEs, creating local employment opportunities, and the development of the low carbon economy, Members are requested to agree to Sefton Council becoming the Accountable Body for the Plugged In Places project, subject to the bid being successful.

3.3 This would fit well and would also complement with the work being done by Sefton on the Low Carbon Emissions Strategy Regional Group Initiative (LES RGI) whereby polices are being developed to support the take up electric vehicles and the provision of charging points infrastructure. In addition Low Emissions Partnership has provided £2,900 to commission consultants Mott McDonalds to undertake research on the most effective location to provide charging infrastructure. The study is expected to be completed in late September 2010, and would be used to support the Plugged in Places bid.

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4.0 Project Costs

4.1 Members at their previous meeting have already agreed to cap Sefton's cash contribution towards this project to £15,000 spread over three years, and which it is proposed could be met out of future Local Transport Plan Capital Programme allocations. There may also be some small revenue implications relating to a possible loss of car parking income as a result of the placing of electric charging points in some car parks.

4.2 Similar contributions are also being sought from the five sub-regional local authorities, with Mersytravel agreeing in principle to contributing £50,000. With the amalgamation of the bids contributions from Halton, and Cheshire West & Chester have also been agreed in principle.

4.3 In addition non cash contributions are also being promised from:-

1. Mersey Transport Partnership – behaviour change programmes including promotion of electric vehicles, supporting web pages, promotional events etc.
2. Scottish Power – cost of research on impacts on grid
3. General Motors – support to households wishing to purchase electric vehicles
4. Energy Saving Trust – fleet advice, driver training and vehicle choice information

4.4 It is anticipated that the total cost of the bid is likely to be in the region of £1 million spread over two years. The balance of the money will come from the private sector, planning process and OLEV grant.

4.5 Whilst a significant amount of work will be undertaken by the Mersey Transport Partnership in delivering the successful bid, however there will be a need to engage a Project Manager by Sefton Council as the Accountable Body to ensure that the project is being delivered successfully and that all legal and financial obligations are being met. The full cost of this will be met from the bid. In addition it may be possible to recover costs associated with work that would need to be undertaken by Council's Finance and Legal Departments. A full breakdown of costs will be presented once the bid is fully developed.

5.0 Project Risks

5.1 There are a number of risks associated with this project, ranging from lack of funding support from other organisation, particularly the private sector, the scale and size of the final bid, to the delivery of the bid, if successful and the implication to Sefton Council as the accountable body. At this stage it is too early to assess these risks in any detail as the project is currently being developed and discussions are taking place with a number of interested private sector

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organisation, which would influence the outcome of the final bid. Clearly if there is not sufficient private sector support the bid will not be submitted.

5.2 In relation to risks to Sefton Council as the accountable body, these will be identified, assessed and quantified in more detail once the bid is fully developed, and will form part of the report to Members before any offer letter is accepted.

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REPORT TO: Planning
Cabinet Member – Regeneration
Cabinet

DATE: 15 September 2010
29 September 2010
30 September 2010

SUBJECT: Further Fordham Research Advice about Housing Matters in Sefton

WARDS AFFECTED: All

REPORT OF: Andy Wallis, Planning & Economic Development Director

CONTACT OFFICER: Alan Young – Strategic Planning and Information Manager
Tel: 0151 934 3551

Jim Ohren – Principal Manager (Housing Strategy)
Tel: 0151 934 3619

**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

To report the findings of further studies undertaken by Fordham Research to:

- (i) clarify and expand on the affordable housing statistics contained in previously completed Sefton Strategic Housing Market Assessment 2008 and published in 2009; and
- (ii) provide an analysis of housing search and expectations in Sefton.

To recommend that the key findings of both of these studies are noted and agreed. In addition, arising from the first of these reports, seek agreement to a change in the current approved negotiating position with regard to affordable housing provided through the S106 process in Bootle.

REASON WHY DECISION REQUIRED:

To indicate Council support for the key findings of (i) the Strategic Housing Market Assessment Technical Note and (ii) the Housing Search and Expectations Study and changes to the Council's S106 affordable housing negotiating position with regard to Bootle.

RECOMMENDATION(S):

That:

In terms of the two studies:

(i) Planning Committee and Cabinet Member – Regeneration note the key findings of the Strategic Housing Market Assessment Technical Note and the Housing Search and Expectations Study and recommend that Cabinet endorses them to inform the emerging Core Strategy process;

(ii) Subject to (iii) below, Planning Committee adopts the key findings of the Strategic Housing Market Assessment Technical Note and the Housing Search and Expectations Study and uses them to inform the emerging Core Strategy Process; and

(iii) Cabinet approves the key findings of the Strategic Housing Market Assessment Technical Note and the Housing Search and Expectations Study to inform the emerging Core Strategy Process.

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In terms of amending the Council's current affordable housing negotiating position:

(i) Planning Committee and Cabinet Member – Regeneration, following the advice in Strategic Housing Market Assessment Technical Note, recommend that Cabinet endorses the relaxation of any S106 affordable housing requirement for Bootle with immediate effect.

(ii) Cabinet agrees the relaxation of any S106 affordable housing requirement for Bootle with immediate effect.

KEY DECISION: Yes

FORWARD PLAN: Yes

IMPLEMENTATION DATE: Following expiry of call in period after Cabinet meeting on 30th September 2010.

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ALTERNATIVE OPTIONS:

None.

IMPLICATIONS: None

Budget/Policy Framework: None

Financial:

The total cost of this Strategic Housing Market Assessment Technical Note is £1,000 which has been met from a small balance of residual unused fees paid to Fordham Research in 2007/08 under a previous and now extinguished retainer relationship.

The total cost of the Housing Research and Expectations Study at £7,000 has been met from the 2010/11 Housing Capital Programme.

<u>CAPITAL EXPENDITURE</u>	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: No comments

Risk Assessment: N/A

Asset Management: N/A

CONSULTATION UNDERTAKEN/VIEWS

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FD 502 - The Interim Head of Corporate Finance & Information Services has been consulted and has no comments on this report.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity	√		
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities	√		
7	Improving the Quality of Council Services and Strengthening local Democracy		√	
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Sefton Strategic Housing Market Assessment 2008, July 2009
 Housing Needs in Sefton - further details on the figures in the SHMA, a technical note, July 2010
 Housing Search and Expectations Study, July 2010
 Informed Economic Assessment of Affordable Homes, September 2010

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Further Fordham Research Advice about Housing Matters in Sefton

1. Background

1.1 In order to inform the emerging Core Strategy process with regard to a number of key housing and affordable matters Fordham Research, as a follow on to the work that they have undertaken for the Council in relation to the Strategic Housing Market Assessment 2008 (SHMA 2008), have been commissioned to undertake two limited additional items of research, namely:

(i) a further analysis of affordable housing need in Sefton expanding and clarifying some of the results of the Strategic Housing Market Assessment 2008; and

(ii) an analysis of housing search and expectations in Sefton

1.2 The purpose of this report is to summarise some of the key findings of the further research undertaken by Fordham Research in respect of these matters and to make some policy recommendations arising from them.

2. Further Analysis of Affordable Housing Need in Sefton – Technical Note

2.1 Members may recall receiving and agreeing a report on the results of the Strategic Housing Market Assessment 2008 in the August/September 2009 cycle (i.e. Planning Committee on 18th August 2009, Cabinet Member on 2nd September 2009 and Cabinet on 3rd September 2009).

2.2 The SHMA 2008, inter alia, identified a net affordable housing need of 2,398 dwellings per year in Sefton, equivalent to a total of 11,990 dwellings (i.e. 2,398 multiplied by 5 years) over the five-year period. The net need for affordable housing varied across the Borough and was broken down by the six sub-areas of the Borough as follows (derived from Table 27.5 of the SHMA 2008) and reproduced in the Technical Note as Table 1.3 below:

Table 1.3 Net housing need and sub-area (Practice Guidance model)

Sub-area	Housing need						Total need over the 5-year period
	Gross annual need	Gross annual supply	Net annual housing need	% of net shortfall	Supply as % of need	Net need per 1,000 households	
Southport	1,610	374	1,236	51.6%	23.2%	32.1	6,180
Formby	169	16	153	6.4%	9.3%	16.9	765
Maghull / Aintree	267	96	171	7.1%	35.8%	11.4	855
Crosby	634	233	401	16.7%	36.8%	19.7	2,005
Bootle	798	521	277	11.6%	65.2%	15.7	1,385
Netherton	584	424	160	6.6%	72.7%	10.2	800
Total	4,062	1,664	2,398	100.0%	41.0%	20.6	11,990

Source: Sefton SHMA 2008 (combination of data sources)

2.3 Notwithstanding the above, at page 329, para 36.11 of the SHMA 2008 it is stated:

‘that the actual amount of affordable housing required in Sefton is not the same as the amount of affordable housing need according to the Practice Guidance needs assessment model. The Practice Guidance needs assessment model is geared to an ideal state of affairs, not the current reality’

2.4 Specifically the SHMA 2008 figure does not imply that all households in need of affordable housing in Sefton necessarily require a new dwelling. In this regard, the total affordable housing need figure includes a need for two groups of households who currently have housing accommodation but, in respect of which, the CLG ‘Practice Guidance’ states that they are still in technical affordable housing need. This includes:

- (i) households who live in the private rented sector on Housing Benefit because they are unable to afford entry level market accommodation; and
- (ii) households who purchase market accommodation but pay more than the recommended proportion of 25% of their gross household income in housing costs

2.5 In respect of (i), Fordham Research acknowledged that whilst it may be very desirable to reduce the numbers of households dependent on Housing Benefit in the private rented sector, this is something which should only be attempted as long term goal and in a carefully phased manner, otherwise it would risk destabilising the wider private rented sector. In respect of (ii) Fordham Research acknowledged that to some extent this must be regarded as a ‘life choice’ that people make and, in any event, cannot be a high priority for local authorities to address. Notwithstanding these factors, Fordham Research

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concluded that it could be an aspiration of the Council to address both of them by increasing the stock of affordable housing over the longer term.

- 2.6 Consistent with this overall stance, Fordham Research's assessment indicates that a significant proportion of those defined in affordable housing need have no pressing need for a new dwelling. Accordingly, on the basis of their analysis (see para 36.10 of the SHMA 2008) Fordham Research have calculated that there is a pressing or critical need for 1,230 new affordable housing dwellings (i.e. 246 per annum over 5 years) in Sefton from the notional study base date in mid 2008.
- 2.7 Notwithstanding this it was acknowledged at officer level that the Fordham Research's analysis, as set out in the SHMA 2008, could benefit from further work with regard to: (i) providing greater clarity and explanation about what the 'true' or critical level of affordable housing need was in Sefton was and (ii) where in the Borough (i.e. which sub-areas) the 'true' or critical need arose. Accordingly, Fordham Research was commissioned earlier this year to prepare a short Technical Note to assist with a clearer understanding of these matters. This note is available to view online at www.sefton.gov.uk/planningstudies.

(i) Key Findings of the Housing Needs in Sefton Technical Note

(a) Adjusted housing need in Sefton

- 2.8 In order to answer the questions raised at para 2.7 above, Fordham Research have adjusted some of the assumptions used within the Practice Guidance model to produce a more realistic estimate of the annual need for affordable housing in Sefton. Firstly, the number of lettings in the private rented sector to households on Housing Benefit are added to the supply of affordable housing. In Sefton this equates to 1,383 homes per year. Secondly, households moving to market housing, that are technically in need of affordable housing but have not indicated that this is a problem, have been excluded from the gross affordable housing need total. This group approximates to 769 households a year.
- 2.9 Table 1.2 below (as taken from the Technical Note) shows how these changing assumptions affect the figures in the Fordham model. The gross annual affordable housing need becomes 3,293 and the gross affordable housing supply becomes 3,047. Given this the need for Sefton is adjusted to 246 units per year (i.e. 3,293 minus 3,047), which equates to 1,230 affordable housing units (i.e. 246 multiplied by 5) over the next five years from the study base date.

Table 1.2 Adjusted housing need assessment in Sefton			
Element	Need according to the model	Change due to altered assumptions	Resultant adjusted figures
Total gross annual need	4,062	-769	3,293
Total gross annual supply	1,664	+1,383	3,047
Total net annual need	2,398	-	246

Source: Sefton SHMA 2008 (combination of data sources)

- 2.10 Importantly, Fordham Research emphasise that the lower figure of 246 dwellings per annum or 1,230 units over a five year period is not necessarily the total affordable housing need, because some (an unspecified number) households purchasing homes and on Housing Benefit in rented accommodation may be in genuine affordable housing need. In this regard, Fordham Research estimate that allowance for these factors could take the total affordable housing need to 'a figure of 350 dwellings per year' equivalent to a five year figure of 1,750 (i.e. 350 multiplied by 5) affordable housing units.
- 2.11 Critically, Fordham Research point out that the ability to regard market housing provision supported by Housing Benefit as affordable housing will diminish once the changes in the Housing Benefit system announced by the Coalition Government come into effect. This will have the effect of pushing up the total affordable housing need in Sefton by an unspecified amount and, in this regard, the total affordable housing need figure of 350 per annum could prove to be an understatement of the real need for affordable housing in Sefton.

(b) Location of housing need by sub area

- 2.12 Using the approach adopted above, it is necessary to disaggregate the 'change due to altered assumptions' identified at column 2 of table 1.2 above. This is presented in Table 1.4 from the Technical Report which is reproduced as below.

Table 1.4 Location of components of adjusted assumptions		
Sub-area	Households in need where not a problem (annual)	Housing Benefit lettings (annual)
Southport	476	628
Formby	19	69
Maghull / Aintree	34	123
Crosby	98	286
Bootle	76	236
Netherton	66	41
Total	769	1,383

Source: Sefton SHMA 2008 (Combined data sources)

- 2.13 The figures for households in need where affordability is technically not a problem are then deducted from the gross annual need figures presented in column 1 of Table 1.4 above. The figures for Housing Benefit lettings in column 2 of Table 1.4 are added to the gross annual supply figures presented in column 2 of Table 1.3. These adjustments provide information on the location of gross need, gross supply and net need for sub areas as presented below in Table 1.5.

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Table 1.5 Net housing need and sub-area (adjusted assumptions)							
Sub-area	Housing need						
	Gross annual need	Gross annual supply	Net annual housing need	% of net shortfall	Supply as % of need	Net need per 1,000 households	Total need over the 5-year period
Southport	1,134	1,002	132	46.9%	88.4%	3	658
Formby	150	85	65	23.2%	56.6%	7	326
Maghull/Aintree	233	219	14	4.9%	94.1%	1	69
Crosby	536	519	17	6.0%	96.9%	1	84
Bootle	722	757	-35	0.0%	104.8%	-2	-174
Netherton	518	465	53	18.9%	89.7%	3	266
Total	3,293	3,047	246	100.0%	92.5%	2	1,230

Source: Sefton SHMA 2008 (combination of data sources)

2.14 The table above disaggregates the Borough's net affordable housing need of 1,230 dwellings over five years by the various sub areas (although if it were assumed that any notional overprovision of affordable housing in Bootle could not meet needs in other sub areas of Sefton, then the total net affordable need for the remainder of the Borough would increase from 1,230 to 1,404 dwellings over a five year period). Interestingly, on this revised basis, the largest quantitative affordable housing need is in Southport (658 units), followed by Formby (326 units) and Netherton (266 units), whilst the highest affordable housing need per 1,000 households is in Formby at 326 units, which is equivalent to 7% of all households in the local area, more than twice the rate of the next most pressing locations in Southport and Netherton at 3% each. Bootle, in contrast, has a negative affordable housing need over five years of 174 dwellings, reflecting the position that affordable housing supply exceeds need in this area.

2.15 Importantly, Fordham Research note that whilst the Technical Note reports on the affordable housing situation in Sefton in the summer of 2008, the economic downturn that has subsequently occurred has not altered the affordable situation in Sefton 'and the figures remain a valid assessment of affordable housing need in the Borough'.

3. Key Findings of the Housing Search and Expectations Study

(i) Study Context

3.1 In order to get a better understanding of how the Borough's resident population views the local housing market and how households move through it, the Council also recently commissioned Fordham Research, as an enhancement of the previous SHMA 2008, to undertake a limited focused study on how the local housing markets operate in Sefton and how they are perceived by local residents, including whether households would consider living outside Sefton.

The Housing Search and Expectations Study is available to view online at www.sefton.gov.uk/planningstudies.

3.2 In particular, the study has comprised three key components:

- (i) a review of the existing relevant literature including:
 - Liverpool City Region Housing Strategy Annual Monitoring Report 2010
 - Sefton Movers Survey Additional Analysis
 - New Heartlands HMRI: Aspirations of Emerging Households
- (ii) a re-analysis of the existing Strategic Housing Market Assessment 2008 dataset; and
- (iii) a Search Patterns Survey: 'Housing Search and Expectations Study'

(ii) Key Findings of this Work

(a) review of the existing relevant literature

3.3 Some key findings of this literature review are as follows:

Liverpool City Region Housing Strategy Annual Monitoring Report

3.4 Drawing on the Movers' Survey analysis for various local authorities for the previous year, this report suggests that Sefton is the most self contained local authority within the Liverpool City Region with 81% of housing moves being internal, whilst at the opposite extreme only 49% of Liverpool's housing moves are internal. The report also suggests that Sefton has its strongest links with Liverpool and West Lancashire, with less strong links to Knowsley and St Helens. Interestingly, in terms of neighbouring authorities, the pattern of net movement is from Liverpool and Knowsley to Sefton and from Sefton to West Lancashire.

Sefton Movers Additional Analysis

3.5 This research, which was completed in February 2010, records some more detailed findings from the Movers' Survey for the various local authorities involved and specifically for Sefton over a two and a half year period. This report finds that most moves occur within the local authority and in Sefton it is estimated that 78.8% of moves are internal. Of those external moves which have taken place, 5% are to Liverpool and 4% to West Lancashire. In reverse, over 8% of Liverpool moves and over 10% of West Lancashire moves are to Sefton. Significantly, the analysis finds that when people move between authorities it is often to the local to postal districts that adjoin the local authority of origin.

New Heartlands HMRI: Aspirations of Emerging Households

3.6 This report, which was completed in May 2009, examined the housing aspirations of seven groups of 'emerging' households living in the New Heartlands area which covers part of three local authority areas including South Sefton (also Liverpool and Wirral). The report showed that:

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“a significant number of individuals classified as emerging households currently live in private-rented sector accommodation. Though certain groups, particularly young professionals and students, are satisfied with this arrangement, for many it is an inevitable outcome of a limited supply of social housing and the inability to pursue home ownership. In addition, for some groups, private or social rented accommodation solutions are the preferred choice due to the perceived poor quality of private housing available within the area they wished to reside.”

(b) re-analysis of the existing Strategic Housing Market Assessment 2008 dataset

- 3.7 This work took the dataset produced for the SHMA 2008 and re-analysed it to answer new questions relating to the housing preferences and expectations of Sefton residents and, in particular, the relationship of the housing markets in Sefton to the surrounding area. The SHMA 2008 survey gained responses from 2,288 households. The survey data was weighted to represent the estimated 116,328 households living in the Borough at that time.
- 3.8 The survey results suggested that 17,966 households in Sefton intended to move within the next two years at the time of the survey. The re-analysis of these household responses found, inter alia, that:
- households in Sefton that intend to move in the following two years mostly prefer to remain in Sefton. A total of 82% of movers (about 14,744) would prefer to remain in the Borough. Only 3% (about 502 households) stated that they would prefer to move to Liverpool, with a larger proportion of households (4%, or about 782) seeking to move to West Lancashire.
 - those able to afford market housing without assistance tend to be less likely to want to live in Bootle or Liverpool than average, and more likely to prefer West Lancashire or other parts of the UK. Those unable to afford market housing show the reverse pattern.
 - those most able to afford housing in Sefton, and therefore with the widest range of choices open to them, tend to be more likely to want to move further from the central core of the wider Merseyside urban area. The implication is that those most likely to want to move from south Sefton to Liverpool are those in need of affordable housing and, in particular, social housing,
 - the survey compares the preferred destination of moving households with their expected destination. This ratio of preferences to expectations gives a crude measure of the popularity of an area which households in Sefton which are planning to move. If more people would like to move to an area than expect to be able to, an area will have a strongly positive ratio of preferences to expectations. If, on the other hand, people expect to move to an area despite few preferring it, this area will have a negative ratio of preferences to expectations. Given this, West Lancashire is by far the most

popular area among respondents. Preferences also exceed expectations for Southport and for other parts of Sefton. However, for Liverpool and Bootle expectations exceed preferences, indicating that a significant proportion of the people expecting to move there would ideally prefer to live elsewhere.

- regarding the housing preferences of households expected to move from (or within) Sefton in the next two years, for most parts of Sefton, a small majority of those seeking to move are looking to buy a home and expecting to owner-occupy. The exception is in Bootle where 89% of those seeking to move to (or within) Bootle expect to secure social rented accommodation. In other areas, between 20-40% of movers are seeking social rented housing. Among those seeking to move out of Sefton to other areas of the North West, almost all expect to owner-occupy.
- those commuting to Liverpool were most likely to prefer to live in the 'Sefton other' area, which includes places such as Formby, Crosby and Maghull, and least likely to prefer Bootle.
- the 'Sefton other' area tends to appeal to households with relatively high incomes and savings, while Bootle appeals mostly to low income households.

(c) Search Patterns Survey

- 3.9 The information gained from the household survey carried out for the SHMA 2008 provides a broad overview of housing preferences and expectations of the household population. However, in order to gain more detailed information about how local people move within the area and why, a smaller additional household survey has been carried out by Fordham Research earlier this year.
- 3.10 This survey was targeted at households that had recently moved or are looking to move to try and establish further information on their search patterns. The sample for the survey was drawn from the SHMA 2008 dataset, among households (or same addresses if households have moved) with households that indicated that they would be willing to take part in further research and also stated that they had moved home within the last five years (at the time of the SHMA) or that they intended to move home in the next five years (at the time of the SHMA) selected. This provided a total sample of 565 households.
- 3.11 Each of these 565 households were contacted about the possibility of taking part in this research and were invited to complete an online questionnaire covering some basic details on their current home and household composition, information on their previous home, how they have looked for their current home and what their future moving. In total 92 valid responses were obtained, which although a little disappointing, nevertheless provides a sufficient sample to report on general trends and allows some disaggregation of the results. Due to the sampling method used and the lack of secondary data on the size of the total population currently (in 2010) it is not possible to weight the dataset. The analysis therefore records the findings of the respondent households rather

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than the household population they represent which the SHMA 2008 is able to do.

3.12 In summary of the key findings of the Search Patterns Survey were:

(i) General impressions of Sefton and surrounding local authorities

- households that indicated an intention to move in the next five-years were asked their general opinion of Sefton and other neighbouring local authorities. The responses suggest that West Lancashire is viewed as the 'nicest' area in the local region, followed by Sefton itself. More households in Sefton view the areas of Knowsley and Liverpool as 'poor' than 'good'. Further analysis of this information shows that owner-occupiers with no mortgage had a better impression of Sefton than those with a mortgage, but a worse impression of all other areas, with the largest difference recorded for Liverpool.
- households were also asked to indicate whether there were particular reasons that they described an authority as being 'poor' or 'very poor'. Too much crime was cited as a reason for describing Knowsley as 'poor' by eight households, with three households citing this as the reason that Liverpool is 'poor' and three households using this reason to find Sefton 'poor'. Four households described Liverpool as 'poor' because of a poor choice of housing, with Knowsley (two households), Wirral (one household) and West Lancashire (one household) also being described as poor for this reason. Two households described Sefton as 'poor' because housing is too expensive with this also a reason Wirral is 'poor' for one household. Three households described Knowsley 'poor' because of poor quality of education/schools, with Liverpool (one household) also being described as poor for this reason.
- households were then asked to indicate to which areas they would consider moving to and why. Almost four-fifths of households would consider moving within Sefton and less than 10% definitely would not. The main reasons for moving out of the Borough are particular to the household, but include the cost of housing being too great and friends and family having moved away.
- the overall further survey results suggest that Sefton is a fairly distinct housing market with few households considering moving to a neighbouring authority. Even West Lancashire, which Sefton residents have a good impression of, would only be considered by just over a third of moving households. The number of moving households that will consider moving to Wirral and Liverpool is very small and Knowsley will not be considered outright by any moving households in the sample.

(ii) More detail on how sub-markets operate locally

- the survey examines the areas that respondents considered moving to before moving to a property in Sefton, by considering the locations of properties they visited before purchasing or renting their current home. This

gives some impression of the level of mobility of households surveyed, and therefore the extent to which their housing requirements could potentially be met outside the Borough. Responses indicate a notable divide between the north and south of the Borough. Those living in Southport and Formby are particularly unlikely to have considered properties in other parts of the Borough, or indeed in areas outside the Borough to the south such as Liverpool. This also applies to Crosby located in the northern part of south Sefton. In contrast, those living in Bootle and Netherton are more likely to have considered properties in Liverpool. Maghull/Aintree appears to be an area of overlap where movers were more likely to have considered a wider range of areas.

- properties in Southport and Crosby were considered by all household types, with Bootle popular only among single non-pensioners. Pensioner households were the most likely to consider Formby when moving, with more than half of those surveyed viewing a property in this area. In contrast, Formby was not popular among single non-pensioners, who tended to prefer Crosby. Relatively few respondents of all household types had considered properties in other Boroughs to the south, although a significant number of families and multi-adult households had considered properties in West Lancashire.
- it is notable that all respondents who viewed properties in the south of the Borough (Netherton and Bootle) had a household income of less than £30,000. Formby and West Lancashire tended to be favoured by higher income respondents. In the north of the Borough, lower income respondents tended to be more likely to view properties in Southport than Formby or Crosby.

(iii) Reasons for moves

- comparing the results for different parts of the Borough, relatively little difference is visible in the reasons for moving. Almost all respondents considered property size, affordability and the reputation of the area to be either important or very important in their choice of home. Educational issues, such as school catchment areas, were a concern for only a minority of movers, as might be expected given that not all movers have children.
- the proportion for whom care needs were a factor in choice of home did show a geographical pattern, increasing from 12% in the north of the Borough to 40% in the south. Proximity to work also increased in importance toward the south. While only 35% were concerned with this issue in the north of Sefton, this increased to 60% in Bootle and Netherton.
- proximity to family and/or friends was highest in the central part of Sefton (Crosby, Maghull and Aintree).

(d) Key Conclusions of the Housing Search and Expectations Study

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3.13 Taking account of all the evidence gathered the key conclusions of the Housing Search and Expectations Study undertaken by Fordham Research may be summarised as below:

- the study confirms what the SHMA 2008 previously concluded, namely that Sefton is a distinct housing market area in its own right with a high degree of containment in terms of past householder moves and preferred householder moves. Further, the study confirms that, whilst Sefton is a distinct housing market area, there are two separate housing markets within Sefton, the first in the north and centre of the Borough (including Southport, Formby and Crosby), with the second in the south of the Borough (including Bootle and Netherton).
- although cross boundary moves are small scale relative to moves within the Borough, the north and central market is closely linked to West Lancashire whilst the south housing market show greater links with Liverpool, albeit net moves seem to be from Liverpool to south Sefton rather than in the other direction.
- Additionally the report notes that the direction of moves does seem to be affected by the financial capacity of households. Those most likely to be able to afford housing in Sefton tend to be more likely to move to the north and central market within Sefton and also West Lancashire, and those requiring affordable housing are more likely to move to south Sefton or Liverpool. The implication of this is that Liverpool may be a suitable to meet some of the affordable housing needs arising in south Sefton if suitable sites were available), although the majority would ideally prefer to remain within Sefton.

3.14 To conclude, drawing on all the evidence available, Fordham Research have recommended to Sefton that:

'Whilst some housing moves do take place beyond the [Sefton] Borough boundary to and from neighbouring local authorities, they are relatively minor in number. Accordingly, the presumption must be that the new housing required (both market and affordable) for the population of Sefton should be provided within the Borough unless housing markets are to change radically. Notwithstanding this, in a situation where Sefton were to consider some of the housing needs that would otherwise be unmet could be addressed in neighbouring local authorities, it would need to satisfy itself that suitable housing sites, of the right type and tenure mix and in the right location, were available to meet this need.'

4. Director's Comments

4.1 The further research undertaken by Fordham Research for the Council is timely and firmly supports the key findings of the SHMA 2008. It will assist with the development of key housing and affordable housing policies through the Core Strategy process.

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- 4.2 In this regard, the Housing Needs in Sefton Technical Note provides a clear understanding of the scale and distribution of critical affordable housing needs in Sefton and its constituent sub-areas expanding on the findings of the SHMA 2008. It clearly shows that critical affordable housing needs amount to 246 units per annum equivalent to 1,230 units over a five-year period. Additional to this there are potentially an approximate further 100 units per annum unspecified less critical affordable housing needs which equate to a total affordable housing need of 350 per annum or 1,750 units over a five year period, albeit this figure cannot be disaggregated.
- 4.3 As pointed out in para 2.14 above, it is significant to note that that of the 1,230 units of critical affordable housing need identified over a five year period, the largest quantitative affordable housing need is in Southport (658 units) whilst the highest affordable housing need as a proportion of households is in Formby at 326 units, which is equivalent to 7% of all households, more than twice the rate of the next most pressing locations in Southport and Netherton at 3% each.
- 4.4 Equally importantly, the analysis shows that Bootle has a negative affordable housing need 174 units over a five-year period. Critically this does not mean that there is no need for new affordable housing in Bootle, which may be required through, for example, the HMRI process re-housing requirements or to replace outdated social rented stock, but rather that it is not currently possible to justify any new affordable housing being provided through the S106 process. This, points to the clear need to consider an immediate relaxation of affordable housing requirements through the S106 process in Bootle. For the avoidance of doubt, Bootle in this instance is defined as embracing the three wards of Derby, Linacre and Litherland.
- 4.5 Interestingly, and perhaps not totally coincidentally, the results of the Informed Assessment of the Economic Viability of Affordable Housing (the findings of which were reported to Members in the last cycle), suggested that only 10% affordable housing could be expected on viability grounds in Bootle, in any event.
- 4.6 With regard to the key findings of the Housing Search and Expectations Study this study draws together evidence from a number of sources and independently confirms much that which we already anecdotally know about Sefton's housing market and how it operates, both internally and with neighbouring local authorities. In this regard, it will be interesting to see what the ongoing separate Greater Merseyside Overview Study (the findings of which will be reported to Members when completed later in the year), will say about Sefton's housing market and how it links to neighbouring local authority areas. It follows that the key findings from both these studies will need to be taken careful account of as we take forward the housing elements of our Core Strategy.
- 4.7 To conclude, the findings of this further research adds to the portfolio of robust evidence that we have assembled on housing matters in Sefton (including the Strategic Housing Land Availability Assessment, Strategic Housing Market Assessment and the Informed Assessment of the Economic Viability of

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Affordable Housing). All this evidence will be vital to taking forward key housing and affordable housing policies through the Core Strategy process.

RECOMMENDATION(S):

That:

In terms of the two further studies:

(i) Planning Committee and Cabinet Member – Regeneration note the key findings of the Strategic Housing Market Assessment Technical Note and the Housing Search and Expectations Study and recommend that Cabinet endorses them to inform the emerging Core Strategy process;

(ii) Subject to (iii) below, Planning Committee adopts the key findings of the Strategic Housing Market Assessment Technical Note and the Housing Search and Expectations Study and uses them to inform the emerging Core Strategy Process; and

(iii) Cabinet approves the key findings of the Strategic Housing Market Assessment Technical Note and the Housing Search and Expectations Study to inform the emerging Core Strategy Process.

In terms of amending the Council's current affordable housing negotiating position:

(i) Planning Committee and Cabinet Member – Regeneration, following the advice in Strategic Housing Market Assessment Technical Note, recommend that Cabinet endorses the relaxation of any S106 affordable housing requirement for Bootle with immediate effect.

(ii) Cabinet agrees the relaxation of any S106 affordable housing requirement for Bootle with immediate effect.

Agenda Item 7

REPORT TO: Cabinet Member Regeneration
Cabinet

DATE: 29th September 2010
30th September 2010

SUBJECT: Proposed amendment to the Overarching Development Agreements with Bellway Homes Limited and Keepmoat Limited.

WARDS AFFECTED: Linacre, Derby, Litherland.

REPORT OF: Alan Lunt - Neighbourhoods and Investment Programmes Director

CONTACT OFFICER: Tom Clay, HMR Programme Manager
0151-934 4849

EXEMPT/ CONFIDENTIAL: No

PURPOSE/SUMMARY:

To request approval to make a minor amendment to the Overarching Development Agreements with Bellway Homes Limited and Keepmoat Limited.

REASON WHY DECISION REQUIRED:

The Neighbourhoods and Investment Programmes Director does not have delegated authority to make decisions relating to such matters.

RECOMMENDATION(S):

That the proposed amendment to Paragraph 6.3 of Schedule 2 to the Overarching Development Agreements between the Council and Bellway Homes Limited and between the Council Keepmoat Limited as set out in paragraph 4 of this report be approved.

KEY DECISION: No

FORWARD PLAN: N/A

IMPLEMENTATION DATE: Upon the expiry of the call in period for the minutes of the meeting

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ALTERNATIVE OPTIONS: If left as they are, the agreements would be out with legal advice and the Council would risk further High Court challenges at a later date.

IMPLICATIONS:

Budget/Policy Framework: None

Financial:

There are no financial implications.

<u>CAPITAL EXPENDITURE</u>	2009 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: These changes are necessary as a consequence of legal advice.

Risk Assessment: This change will reduce the risks associated with legal challenges to vesting property pursuant to Compulsory purchase Orders to which the above overarching development agreements are material.

Asset Management: N/A

CONSULTATION UNDERTAKEN/VIEWS

Head of Legal Services has been consulted in the preparation of this report.
 FD 499 – The Interim Head of The Finance & IS has been consulted and has no comments on this report

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		x	
2	Creating Safe Communities		x	
3	Jobs and Prosperity		x	
4	Improving Health and Well-Being		x	
5	Environmental Sustainability		x	
6	Creating Inclusive Communities		x	
7	Improving the Quality of Council Services and Strengthening local Democracy	x		
8	Children and Young People		x	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

May 12th 2005: Adoption of Overarching Development Agreement with Bellway Homes.

October 6th 2005: Confirmation of Adoption of Overarching Development Agreement with Bellway Homes.

October 6th 2005: Adoption of Overarching Development Agreement with Keepmoat PLC in respect of the Bedford / Queens and Worcester Housing Market Renewal Neighbourhood

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Background

1. Members will recall that, following the confirmation of the making of the Compulsory Purchase Order for part of the Klondyke and Hawthorne Road area (the Sefton Metropolitan Borough Council (Klondyke and Hawthorne Road, Bootle) Compulsory Purchase Order 2005), there was a series of lengthy and costly legal challenges to the Secretary of State's decision, and at a later date, an estoppel case and subsequently a judicial review case brought against the Council in relation to the Vesting of certain property within the Order Lands.
2. At these latter proceedings, the claimants alleged that the wording of the Overarching Development Agreement (ODA) at paragraph 6.3 of schedule 2 might fetter the ability of the Council to use its discretion in making a General Vesting Declaration. Although not mentioned in the written judgement, it was suggested by the judge in his verbal summing up that the wording was, in effect, inappropriate and might be reconsidered.
3. It was therefore considered prudent to review this wording to ensure that the agreements are explicit in not fettering the Council's ability to exercise its discretion in relation to the making of General Vesting Declarations pursuant to a confirmed Compulsory Purchase Order. This review has been undertaken by the lawyers dealing with the agreements with Bellway and Keepmoat for the Council, FDR Law, and their recommended revised wording given below.
4. The relevant clause, which is identical in both the agreements with Bellway Homes Limited and Keepmoat Limited, is set out below, with the recommended amendment shown in bold italics. Approval is sought to the amended Paragraph 6.3 below:

“Following the confirmation of the CPO and the same becoming operative the Council shall (subject to paragraph 6.4 and having regard to the overall timetable for the Development) ***where it would be reasonable for the Council to do so in the exercise of its statutory powers*** use all reasonable endeavours to secure the vesting of all Outstanding Interests in the Council by means of the GVD procedure or (in respect of any Outstanding Interest not capable of being vested) the notice to treat/notice of entry procedure.”
5. The amendment will limit any opportunity for a challenge similar to that faced at the High Court in respect of the first phase CPO and therefore approval is recommended.

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REPORT TO: Cabinet Member Regeneration
Cabinet

DATE: 29th September 2010
30th September 2010

SUBJECT: Reduction in Housing Market Renewal funding by the
Homes and Communities Agency in the current financial
year (2010-11)

**WARDS
AFFECTED:** Linacre, Derby, Litherland, Church, Netherton & Orrell

REPORT OF: Alan Lunt - Neighbourhoods and Investment Programmes
Director

**CONTACT
OFFICER:** Tom Clay, HMR Programme Manager
0151-934 4849

**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

To set out the reductions and other changes made in Housing Market Renewal funding from the Home and Communities Agency (HCA) for Sefton in the current financial year, and to propose changes to the South Sefton HMR programme and budget to account for these reductions.

REASON WHY DECISION REQUIRED:

The Neighbourhoods and Investment Programmes Director does not have delegated authority to make decisions relating to such matters.

RECOMMENDATION(S):

That Cabinet Member recommends to Cabinet that;

1. Approval is given to the proposed reductions in expenditure and revised budget and programme for the South Sefton Housing Market Renewal Programme as described in the report and set out in Table 1.

KEY DECISION: N/A

FORWARD PLAN: N/A

IMPLEMENTATION DATE: Upon the expiry of the call in period for the minutes of the meeting

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ALTERNATIVE OPTIONS:

Alternative options have been considered and rejected. The alternatives might place the Council in breach of contractual obligations or involve cutting current 'mission critical' expenditure such as that in relation to current Compulsory Purchase Orders.

IMPLICATIONS:

Budget/Policy Framework: The effect of these measures is to alter both the external funding income and the expenditure items in the current budget and to defer this expenditure into future years.

Financial: The effect of these measures is to alter both the external funding income and the expenditure items in the current budget and to defer this expenditure into future years.

<u>CAPITAL EXPENDITURE</u>	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £	2013/ 2014 £
Gross REDUCTION in Capital Expenditure	-1,626,665			
Funded by:				
Sefton Capital Resources				
Specific Capital Resources (HMRI –HCA)	-1,626,665			
<u>REVENUE</u>				
<u>IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				

Does the external funding have an expiry date?

31/3/2011

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How will the service be funded post expiry?	Funding source to be identified following comprehensive spending review 2010
---------------------------------------------	------------------------------------------------------------------------------

Legal: There are no legal impediments to the implementation of the recommendations.

Risk Assessment: The relative risks of different expenditure reductions have been considered in arriving at the recommendations

Asset Management: N/A

CONSULTATION UNDERTAKEN/VIEWS

FD512 - The Head of Corporate Finance & Information Services has been consulted and his comments have been incorporated into this report

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		x	
2	Creating Safe Communities			x
3	Jobs and Prosperity			x
4	Improving Health and Well-Being			x
5	Environmental Sustainability			x
6	Creating Inclusive Communities			x
7	Improving the Quality of Council Services and Strengthening local Democracy		x	
8	Children and Young People		x	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Cabinet Report 15th April 2010: South Sefton Housing Market Renewal – Programme Outturn 2009-2010 and Forward Programme 2010-2011

Background

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1. The Coalition Government's emergency budget of June 2010 set out a range of cuts in Government expenditure it intended in 2010/2011. This included a proposal to reduce the budget across all Housing Market Renewal Pathfinders by £50m for 2010-11.
2. Following a consultation process Ministers have decided to implement these reductions pro-rata to the originally proposed expenditure. This means each Pathfinder will each receive a cut of 17.482%.
3. In turn, the Board of NewHeartlands, the Merseyside Pathfinder, has decided to allocate these cuts across the three affected Local Authorities on a pro-rata basis.
4. Nationally, the fund is also being 'top sliced' to pay for work being done by the Audit Commission on the Pathfinder programme. The HCA is negotiating a revised fee for 2010/11 and it is anticipated that this reduction will be well in excess of the percentage reduction to Pathfinders budgets (17.482%). Any reduction in the 'top slice' will be returned to Pathfinders.
5. For Sefton, the revised allocation of HMR grant is £7,668,335, a reduction of £1,626,665.
6. The proposed expenditure on HMR work approved by Cabinet on the 15th April 2010 has been reviewed, and a list of proposed savings prepared. This review took into account:
 - Any changes in circumstances and costs since the expenditure was approved eg slippage etc.
 - Projects which were legally and / or contractually committed, and where the Council might find itself in breach of its legal or contractual obligations.
 - Works and projects which were 'mission critical' ie any delay or cancellation would lead to a serious risk to the HMR programme in the immediate term and to such matters as achieving a successful outcome at CPO Public Inquiries, two of which are due to be held in November.
 - Protection of residents – in particular continuing to acquire properties and arrange rehousing of residents in locations where there were already extensive vacant and purchased properties.
 - Identifying work and projects that could be deferred or delayed where the impact would not be so serious as to jeopardise the overall HMR objectives.
7. The list of potential cuts to be made was identified as soon as the national cuts in Government expenditure were announced on the assumption that the national cuts would be made pro-rata, and those items placed 'on hold' pending the details that have now emerged. There has also been consultation over these

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items, so that, in particular, external recipients of support had time to consider the implications and to make representations if they wished.

8. It is intended that the majority of reductions will be reinstated in later years. (The exception to this is some of the 'Living Through Change' projects, which tend to be of an annual nature.). The extent to which they can be reinstated cannot be determined until after the outcome of the Government's Comprehensive Spending Review in the autumn.

9. Table 1 below sets out the proposed adjustments.

10. In addition, the Government has announced the following key changes:

- HMR Funding is to be 'unringfenced'.
- There are 2 requirements arising from this change:
 - All expenditure has to comply with Section 11 of the Local Government Act 2003. i.e. that capital funding is spent on capital projects.
 - A declaration is to be made by the Chief Executive & Chief Internal Auditor in due course that the expenditure has complied with (1) above.
- Although the expenditure is to be 'unringfenced', there is an expectation that funds will be spent on "housing market renewal activities".
- The Council will not be required to sign a further Deed of Variation for 2010/11.
- Unspent HMR money can now be carried forward across years.
- HMR funding can be used to pay for redundancy costs should this be necessary (An additional expenditure amount of £90,000 has been included in the revised expenditure to take account of Sefton HMRI's estimated contribution to these costs, if they are necessary, and is also shown in Table 1.)
- The Audit Commission's approach will now change from pure inspection to collaborative working.

11. In addition, the chairs of all the Pathfinders have recently received a letter about funding post April 2011 from the new head of Housing Market Renewal and Planning at the Department of Communities and Local Government, David Waterhouse. It requires some clarification. Fortunately, he is visiting

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NewHeartlands on the 16th of September, so a verbal update will be given at the meeting.

**TABLE 1: SOUTH SEFTON HMRI
BUDGET VARIATIONS TO MEET EXPENDITURE
REDUCTIONS**

ITEM	CURRENT AMOUNT IN YEAR £000	PROPOSED AMOUNT IN YEAR £000	SAVING £000	Observations
Reduction in staff costs, office costs, and marketing costs.	750	714	36	Non-filling of vacant post. In part compensated by additional 1 day per week admin staff. Saving likely to increase by a further vacant post.
Defer expenditure on land remediation, community facilities, and infrastructure - St. John & St. James Church.	400	0	400	
Bedford Road Community Centre	644	100	544	Proposal is to delay start on site to end of Financial Year
Kings Centre	170	0	170	Gap' funding. First half deferred into 2011/12. Listed Building - deferral will incur additional security costs and risk that refurbishment may become much more expensive due to vandalism etc if left.
Klondyke 1A remediation	150	0	150	Unable to proceed currently because of delays in being able to complete demolitions.

ITEM	CURRENT AMOUNT IN YEAR £000	PROPOSED AMOUNT IN YEAR £000	SAVING £000	Observations
Bedford Queens Phase 1b/2 (1st Phase -69 units)	761	657	104	Gap funding. Part of Phase 1 CPO. Figure adjusted to account of delay in approval of Kickstart funding, now confirmed.
Demolitions	1,308	1170	138	There have been delays in demolitions due to delays in the removal of services prior to demolition by statutory undertakers.
Tannery - capping layer	300	225	75	Refined cost estimate result in saving on budget for this element.
Living Through Change Projects	340	240	100	These have been reduced to the minimum possible in the two key priority areas, Bedford Queens and Klondyke.
SUB-TOTAL Addition of topsliced contribution to redundancy costs (if required)	0	90	1717 -90	Pro-rata contribution to redundancy costs of central support team (if required)
TOTAL SAVING			1,627	

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REPORT TO: Cabinet Member – Regeneration Services

DATE: 29 September 2010

SUBJECT: **Revenue Expenditure, Capital Programme and Performance – 2009/10 Portfolio Final Accounts**

WARDS AFFECTED: None directly

REPORT OF: Planning & Economic Regeneration Director – Andy Wallis
Interim Head of Corporate Finance and ICT Strategy – John Farrell

CONTACT OFFICER: D. Gant – 0151 934 2378
Kevin McBlain – 0151 934 4049

EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To notify the Cabinet Member of the final 2009/10 outturn position for the Regeneration Portfolio.

REASON WHY DECISION REQUIRED:

To allow the Cabinet Member to consider whether there are any issues arising from the 2009/10 accounts for the portfolio which should be referred to the Scrutiny and Review Committee (Regeneration & Environmental Services).

RECOMMENDATIONS:

The Cabinet Member is asked to:

- a) Note the Portfolio's revenue expenditure outturn for 2009/10;
- b) Note the impact of the Portfolio's capital expenditure outturn for 2009/10;
- c) Note the comments made on performance in 2009/10; and
- d) Consider whether any issues should be referred to the Overview & Scrutiny Committee (Regeneration & Environmental Services) for consideration.

KEY DECISION: No

FORWARD PLAN: Not appropriate

IMPLEMENTATION DATE:

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ALTERNATIVE OPTIONS:

None

IMPLICATIONS:

Budget/Policy Framework:

Financial:

This report identifies a revenue budget under spend of £0.048m for 2009/10 for this Portfolio which has been added to the general balances of the Council. Actual capital expenditure against the Capital Programme has resulted in a re-phasing of expenditure of £1.077m into 2010/11.

	2009/10 £	2010/11 £	2011/12 £	2012/13 £
CAPITAL EXPENDITURE				
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
REVENUE IMPLICATIONS				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: Not appropriate

Risk Assessment: Not appropriate

Asset Management: Not appropriate

CONSULTATION UNDERTAKEN/VIEWS

FD NUMBER 515 – The Interim Head of Corporate Finance and ICT Strategy has been consulted and his comments have been incorporated into this report. The Planning & Economic Regeneration Department were involved in the closure of the 2009/10 accounts.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being		√	
5	Environmental Sustainability		√	
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

None

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Revenue Expenditure, Capital Programme and Performance – 2009/10 Portfolio Final Accounts

1 Introduction

- 1.1 The Audit and Governance Committee considered, and approved for audit, the Council's full Statement of Accounts on 30th June 2010. This report outlines the 2009/10 revenue and capital outturn for the Regeneration Portfolio and identifies the major variations. The report also contains details of the Portfolio's operational performance in 2009/10 against its relevant indicators, together with comments by the Planning & Economic Regeneration Director, highlighting any issues that have ongoing implications for future years.
- 1.2 A separate report will be presented to the appropriate Overview and Scrutiny Committee to allow an independent review of all Portfolios' outturn positions.

2 Revenue Expenditure 2009/10

- 2.1 The closure of the 2009/10 Revenue Accounts has now been completed, however the detail is still subject to examination by the Auditors PricewaterhouseCoopers. The outturn for the Council indicates that General Fund Balances will decrease (when compared to the budgeted position) to £3.661m owing to an overall net under spending of £0.021m.
- 2.2 The final outturn position for this portfolio, when compared to the 2009/10 Revenue Budget indicates a net underspend of £0.048m.
- 2.3 **Annex A** summarises the divisions of service provided by this Portfolio and compares the 2009/10 estimates with provisional outturn figures. The main variations within the net under spend are analysed below:

	£m	£m
<u>Budget Variations</u>		
a) Under-achievement of departmental Savings	0.025	
b) Net overall Staff underspend	-0.061	
c) Atlantic Gateway net underspend	-0.031	
d) Miscellaneous net variations	<u>0.019</u>	-0.048
Net portfolio underspend		<u>-0.048</u>

The above net under spend of £0.048m represents 0.4% of the Portfolio's 2009/10 revenue budget.

- 2.4 The Planning & Economic Regeneration Director comments as follows:

The Out-turn was as forecasted and included anticipated safeguarded match for future committed investments.

3 Capital Expenditure 2009/10

- 3.1 The capital monitoring statement is shown in Annex B.
- 3.2 The Planning & Economic Regeneration Director has no comments.

4 Performance in 2009/10

- 4.1 The table shown at Annex C shows this committee's new national performance indicators which came into effect from 1st April 2009. These exclude any item's which had no data against them for 2009/10 and draw a comparison, where available, of actual performance against regional and national averages.
- 4.2 Sefton continues to perform well against regional standards but in line with Merseyside and the North West performance it does less well against national averages reflecting the long term challenges which face the regeneration of our economy.

5 On-going issues for later financial years

In terms of revenue there is a reliance on essential time limited funding (eg ESF, ERDF and Local Enterprise Fund) which will reduce or cease on or after 2012.

6 Recommendations

The Cabinet Member is asked to:

- a) Note the Portfolio's revenue expenditure outturn for 2009/10;
- b) Note the impact of the Portfolio's capital expenditure outturn for 2009/10;
- c) Note the comments made on performance in 2009/10; and
- d) Consider whether, in the light of the comments made by the Planning & Economic Regeneration Director, any issues should be referred to the Scrutiny and Review Committee (Regeneration & Environmental Services) for consideration

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REGENERATION PORTFOLIO

Annex A

Final Accounts 2009/10 – Revenue Expenditure Summary

Ref. No.	DETAILS	ACTUAL 2008/2009	REVISED 2009/2010	ACTUAL 2009/2010
		£	£	£
	<u>SUMMARY</u>			
	<u>PLANNING & DEVELOPMENT</u>			
	Economic Development			
16	Projects Co-Ordination, Community Regeneration & Research & Business Support	1,518,877	1,615,350	1,578,085
37	Projects	6,299,110	8,063,150	5,813,473
40	Area Improvement Initiatives	775,630	3,098,900	3,098,900
	Service Management & Support Services			
51	Economic Development	0	0	0
52	Vacancy Management/Turnover Savings	0	-19,300	0
53	Provision for Pay Awards	0	0	0
54	Provision for Price Inflation	0	0	0
55	Sickness Savings	0	-1,200	0
56	Improved Procurement	0	0	0
57	General Efficiency	0	0	0
58	Project underspends transferred to Earmarked Reserves	0	0	2,218,663
59	Total Net Expenditure	8,593,617	12,756,900	12,709,121
	<u>EMPLOYEE SUMMARY</u>			
	Number of Employees	65.5	83.5	78.5

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METROPOLITAN BOROUGH OF SEFTON

ANNEX B

CAPITAL PROGRAMME 2009/10 - 2011/12

REGENERATION

1	2	3	4	5	6
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	REVISED ESTIMATE 2009/10	OUTTURN 2009/10	REPHASING TO 2010/11
		£'000	£'000	£'000	£'000
<u>General</u>					
1	Development Fund	90.00	74.21	54.65	19.56
2	Leeds/Liverpool Canal	1,020.31	16.63	16.63	0.00
3	Lord Street Phase 2	4,244.00	163.31	144.96	18.35
4	Netherton Park Neighbourhood Centre	2,063.92	1.23	7.75	-6.52
5	South Sefton Investment Centre	6,934.65	101.03	0.00	101.03
6	Crosby Lakeside Adventure Centre	8,941.00	339.67	321.83	17.84
7	Crosby Lakeside Adventure Centre- Fit-out costs	700.00	700.00	700.00	0.00
8	Crosby Marine Lake - Water Quality Imprvmnt.	1,139.00	792.13	761.02	31.11
9	Southport Commerce Pk. - 3rd phase Devel.	884.00	0.00	0.00	0.00
10	Southport Commerce Pk. - Primary Sub Station	101.46	70.70	38.04	32.66
11	Stepclever Property Project	2,108.38	260.06	89.49	170.57
12	Sefton Narrow Boat	50.00	50.00	50.00	0.00
13	CPO 1 - 6 Pacific Road Bootle	75.64	0.00	75.64	-75.64
14	Old Schemes	0.82	0.82	0.53	0.29
Total General Regeneration Schemes		28,353.18	2,569.79	2,260.54	309.25

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METROPOLITAN BOROUGH OF SEFTON

ANNEX B

CAPITAL PROGRAMME 2009/10 - 2011/12

REGENERATION

1	2	3	4	5	6
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	REVISED ESTIMATE 2009/10	OUTTURN 2009/10	REPHASING TO 2010/11
		£'000	£'000	£'000	£'000
<u>Housing Regeneration Schemes</u>					
<u>Home Improvement Grants</u>					
15	Previous Years' Approvals	4,809.95	16.62	1.85	14.77
16	2007/08 Approvals	735.54	29.36	27.60	1.76
17	2008/09 Approvals	583.96	226.42	224.46	1.96
18	2009/10 Approvals	491.00	291.00	337.79	-46.79
19	Grant Administration Fees	297.60	91.11	19.66	71.45
	Total Home Improvement Grants	6,918.05	654.51	611.36	43.15
<u>General</u>					
20	Energy Efficiency Grants	387.53	65.86	14.67	51.19
21	Landlord Accreditation / HMO's	35.00	0.00	0.00	0.00
22	Green Business Project	302.89	60.20	23.91	36.29
23	Empty Homes Strategy	290.00	7.78	8.15	-0.37
24	Strategic Housing Market Assessment	51.15	3.50	3.50	0.00
25	Housing Act - Works in Default	35.00	28.60	9.17	19.43
26	Older Persons Hsg Strat.- extra care provn.	3,000.00	300.00	0.00	300.00
27	Contribution to HMRI 2008/09	7,778.00	2,624.00	2,339.50	284.50

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REGENERATION

1	2	3	4	5	6
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	REVISED ESTIMATE 2009/10	OUTTURN 2009/10	REPHASING TO 2010/11
		£'000	£'000	£'000	£'000
	<u>General</u>				
28	Affordable Housing Study	25.00	25.00	0.24	24.76
29	Gypsy and Traveller Accommodation Provision	12.00	0.00	0.00	0.00
30	Old Schemes	10.24	9.40	0.00	9.40
	Total General	11,926.81	3,124.34	2,399.14	725.20
	Total Regeneration Housing Schemes	18,844.86	3,778.85	3,010.50	768.35
	GRAND TOTAL REGENERATION SCHEMES	47,198.04	6,348.64	5,271.04	1,077.60

FINAL ACCOUNTS 2009/10 - REGENERATION PORTFOLIO

ANNEX C

Data taken from the PAT Places Analysis Tool

<u>Code</u>	<u>Name</u>	<u>Polarity</u>		<u>PAT Latest Value</u>	<u>PAT Regional Average</u>		<u>10% Variance</u>	<u>PAT National Average</u>		<u>10% Variance</u>
NI 151	Overall Employment rate (working-age)	Higher	%	72.3E	70.3	😊	4.41%	73	😞	0.55%
NI 152	Working age people on out of work benefits	Lower	%	16.9	16.2	😞	3.09%	12.7	😞	31.50%
NI 153	Working age people claiming out of work benefits in the worst performing neighbourhoods	Lower	%	34	33.6	😞	0.30%	31.2	😞	8.01%
NI 171	New business registration rate	Higher	Number	40E	49.6	😞	-19.76%	57.2	😞	-30.42%
NI 172	Percentage of small businesses in an area showing employment growth	Higher	%	14.3	14.5	😞	-1.38%	14.2	😊	0.70%
NI 173	Flows on to incapacity benefits from employment	Lower	%	0.7	0.7	😊	0.00%	0.5	😞	40.00%
NI 176	Working age people with access to employment by public transport (and other specified modes)	Higher	%	82	82	😊	0.00%	82	😊	0.00%

Note : The above list of National Indicators may not include all Indicators relevant to this department, as items with 'Nil' actual values for 2009-10 have been excluded.