

REPORT TO: Cabinet Member - Regeneration
Cabinet

DATE: 9th June 2010
10th June 2010

SUBJECT: Housing Capital Programme 2010-2011

**WARDS
AFFECTED:** All

REPORT OF: Alan Lunt – Neighbourhoods and Investment Programmes
Director

**CONTACT
OFFICER:** Jim Ohren – Principal Manager, Housing Strategy
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**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:
To seek the approval of Members for the Housing Capital Programme 2010-2011

REASON WHY DECISION REQUIRED:
To enable schemes to be progressed in the current financial year.

RECOMMENDATION(S):
That the Cabinet Member notes and recommends to Cabinet:-

1. That the housing capital programme detailed at Annex A, which requires the utilisation of £2.225m One Vision Housing capital receipts as a funding resource, together with other capital funding, be approved.

KEY DECISION: Yes

FORWARD PLAN: Yes

IMPLEMENTATION DATE: Following the expiry of the call-in period for the minutes of the Cabinet meeting.

ALTERNATIVE OPTIONS:

Not to agree the Capital Programme would delay progress on individual schemes and would have an adverse affect on delivery of the HMRI Programme.

IMPLICATIONS:

Budget/Policy Framework: None

Financial: The proposed schemes can be funded from available resources and have no adverse affect on the Council's overall position.

<u>CAPITAL EXPENDITURE</u>	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £	2013/ 2014 £
Gross Increase in Capital Expenditure	6.595m			
Funded by:				
Sefton Capital Resources	5.259m			
Specific Capital Resources	1.336m			
<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? ¥/N	When?			
How will the service be funded post expiry?	Annual allocations			

Legal: None.

Risk Assessment: None.

Asset Management: None.

CONSULTATION UNDERTAKEN/VIEWS

FD No. 420 – The comments of the Interim Head of Corporate Finance and Information Services have been incorporated in the report.

Interim Head of Legal 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

North West: Local Authority Housing Capital Allocations – March 2010

1.0 Background

- 1.1 The mainstream housing capital funds from the Regional Housing Pot for 2010/11 were announced in early April 2010. This report contains details of the 2010/11 housing allocations and an updated housing capital programme.

2.0 Current Position

- 2.1. Sefton's Housing Allocation from the North West Regional Housing Pot for 2010/11 totals £2.188m, compared to the allocation of £4.063m received in 2009/10. This therefore represents a 46% reduction year on year. The reason for this reduced allocation is due in part to the change in the methodology for distribution of the Regional Housing Pot as agreed by 4NW (the Regional Leaders Forum) and relevant Government ministers, and also due to a reduction in the overall size of the Regional Housing Pot. This has reduced from £108.143m to £65.791m. The reduction is due to the (previous) Government's desire to support their pledges around increasing affordable housing. In essence, the budget of the Homes and Communities Agency (the agency which funds affordable housing) has increased at the expense of Regional Housing Pot funding for local government. Like Sefton, other authorities in the North West have suffered a reduction, including Wirral, Liverpool, St.Helens and Halton.

3.0 Capital Programme

- 3.1. Attached at Annex A is the proposed Housing Capital Programme. The programme can be financed by the available resources identified in paragraph 4.1 and has no adverse effect on the Council's overall position.
- 3.2. Particular attention is drawn to:
 - a) The provision for funding Disabled Facilities Grants (DFGs). The DFG is a statutory grant, which must be paid in respect of cases that meet the qualifying criteria to enable improved access for disabled applicants in and around their home. The Government helps to fund this through the provision of a direct grant. In Sefton's case this amounts to £1.336m for 2010/11, a 15% increase over the basic grant provided in 2009/10. Whilst the Government grant is distributed according to assumed need (as measured by numbers of disability benefit claimants within the Borough, for example) and taking into account the Council's annual bid, in practice it may not match actual demand, and hence it is expected that the local authority will supplement the government funding from local capital resources i.e. the local housing capital pot.

For various reasons – particularly the impact of improved grant administration processes resulting in grant approvals flowing through more quickly; rising demand due to demographics and the ageing population it is anticipated that there will be considerable pressure on this budget line. The DFG budget will be actively monitored during the year and, should there be a need to

increase further the resources to meet commitments, the issue will be flagged up via the Council's Strategic Asset Management Group. Any opportunities to bid for increased resources from central government will be maximised, as in previous years, although it is not anticipated that these opportunities will arise due to constrained public resources nationally. The demand for Disabled Facilities Grants will be monitored throughout the year and further reports brought before Members if it prove to be necessary

- b) Provision for Home Improvement Grants/Loans, such as Home Repairs Assistance loans. These are provided where there is an assessed need for housing repairs in urgent or dangerous situations, and applicants are in receipt of means tested benefits. However, they are non statutory and there is some evidence that take up has fallen due to the fact that in accordance with recently adopted policy, the Council no longer provides grants but provides loans, secured in the form of a legal charge against the property in question and recovered upon sale of the property.
- c) The provision in the programme for funding the procurement of a new ICT system for the 'Homesearch' Choice Based Lettings, run in partnership with One Vision Housing. This will add extra functionality and allow for efficiency savings in the medium to long term.

3.3. Attention is also drawn to the £2.6m contribution to the Council's Housing Market Renewal Programme for 2010/11, which is vital to ensure the Programme continues with its core commitments around strategic acquisitions in identified priority areas in south Sefton. The £2.6m is essential in securing the £9.3m Housing Market Renewal Grant. Any reduction in the Council's contribution will result in the grant being reduced or potentially withdrawn.

4.0 Financial Implications

4.1 The basic Housing Allocation could be supplemented by other related capital resources, as exemplified overleaf, to give a total of £6.595m available to finance the Housing based Capital Programme shown at Annex A.

<u>Resources Available 2010/11</u>	<u>£m</u>
Capital Grant - 2010/11 Allocation	2.188
- 2009/10 B/Fwd	0.584
Disabled Facilities Grant	1.336
Prudential Borrowing	0.262
Capital Receipts (OVH) for HMR (business rates)	0.100
Capital Receipts (OVH - Right to Buy sales)	<u>2.125</u>
Total	<u>6.595</u>

- 4.2 The above table assumes the use of £2.225m One Vision Housing (OVH) Capital Receipts, received as a result of Right to Buy sales. As part of the housing stock transfer agreement, these receipts were to be reinvested in housing in the Borough.
- 4.3 The full year revenue costs of the prudential borrowing of £0.262m, which amount to approximately £23,600 in 2011/12, have been incorporated in the Council's Medium Term Financial Plan.

5.0 Conclusion

- 5.1 Growing demand for Disabled Facilities Grants and the requirement to contribute towards the Housing Market Renewal programme in order to secure additional grant, together with significantly reduced housing capital resources, place pressure on the Council's finite Capital resources. As in previous years, Officers will endeavour to secure additional resources for housing related purposes and will attempt to continue to perform well in securing resources for RSL partners to deliver affordable housing and for the remediation of contaminated land in order to ease pressure on the need for development of Greenfield sites.
- 5.2 The programme, if approved, will however, secure significant additional resources for Sefton in its own right, notably £9.3m Housing Market Renewal Grant and significant private sector investment, delivered by key RSL and developer partners.

ANNEX A

METROPOLITAN BOROUGH OF SEFTON
CAPITAL PROGRAMME 2010/11 - 2013/14

HOUSING - GENERAL FUND

1	2	3	4	5	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2010	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000		£'000	£'000
	<u>Health and Social Care</u>					
	<u>Disabled Facilities Grants</u>					
1	Previous Years' Approvals	70.52	0.00	70.52	0.00	0.00
2	2009/10 Approvals	3,264.30	1,717.03	1,477.27	70.00	0.00
3	2010/11 Approvals	2,500.00	0.00	1,352.00	1,098.00	50.00
	Total Disabled Facilities Grants	5,834.82	1,717.03	2,899.79	1,168.00	50.00
	<u>General</u>					
4	Piper Solo	150.00	97.67	52.33	0.00	0.00
5	Drug Rehabilitation / Boscoe Hostel	1,280.00	1,217.35	62.65	0.00	0.00
	Total General	1,430.00	1,315.02	114.98	0.00	0.00
	<u>Provn. for new starts - subj. to report</u>					
6	DFG (SCG)	168.00	0.00	0.00	168.00	0.00
	TOTAL HEALTH & SOCIAL CARE	7,432.82	3,032.05	3,014.77	1,336.00	50.00
	REGENERATION (HOUSING) SCHEMES					
	<u>Home Improvement Grants</u>					

7	Previous Years' Approvals	13.34	0.00	13.34	0.00	0.00
8	2009/10 Approvals	428.23	337.79	75.44	15.00	0.00
9	2010/11 Approvals	600.00	0.00	491.00	90.00	19.00
10	Grant Administration Fees	297.60	226.14	20.00	51.46	0.00
	Total Home Improvement Grants	1,339.17	563.93	599.78	156.46	19.00
	<u>General</u>					
11	Energy Efficiency Grants	337.53	324.34	13.19	0.00	0.00
12	Landlord Accreditation / HMO's	35.00	29.78	5.22	0.00	0.00
13	Green Business Project	302.89	266.60	36.29	0.00	0.00
14	Strategic Housing Market Assessment	61.15	51.15	10.00	0.00	0.00
15	Housing Act - Works in Default	35.00	15.57	19.43	0.00	0.00
16	Older Persons Hsg Strat.- extra care provn.	2,890.00	0.00	200.00	2,690.00	0.00
17	Contribution to HMRI 08/09 - 10/11	7,724.00	5,124.00	2,600.00	0.00	0.00
18	Affordable Housing Study	25.00	0.24	24.76	0.00	0.00
19	Gypsy and Traveller Accommodation Provision	12.00	0.00	12.00	0.00	0.00
20	Site Appraisal and Consultation Choice based lettings - ICT procurement	50.00	0.00	50.00	0.00	0.00
21	Old Schemes	10.24	0.84	9.40	0.00	0.00
	Total General	11,482.81	5,812.52	2,980.29	2,690.00	0.00
	TOTAL REGENERATION (HOUSING)	12,821.98	6,376.45	3,580.07	2,846.46	19.00
	TOTAL HOUSING GF SCHEMES	20,254.80	9,408.50	6,594.84	4,182.46	69.00