

TELFORD & WREKIN COUNCIL

CABINET - 26th JANUARY 2010

PARTNERSHIP LOCAL INVESTMENT PLAN FOR HOUSING & HOUSING-LED REGENERATION 2010-2013

REPORT OF HEAD OF REGENERATION & HOUSING

1.0 PURPOSE

- 1.1. To seek Cabinet approval for the TWC/HCA Partnership Local Investment Plan '*Recover, Renewal & Growth*', addressing housing and housing-led regeneration, 2010-2013.

2.0 RECOMMENDATIONS

That Members:

- **Approve the Partnership Local Investment Plan 2010-2013 and its joint launch with HCA;**
- **Receive further reports in relation to the delivery of individual projects and programmes within the LIP as appropriate;**
- **Delegate authority to the Strategic Housing Manager to manage NGP capital and revenue expenditure in accordance with the priorities and programmes set out in the LIP;**
- **Delegate authority to the Head of Legal Services to enter into a Local Investment Agreement with HCA to underpin the LIP delivery;**
- **RECOMMEND TO COUNCIL that the funding approval for £1.5m in relation to NGP is slipped from 2010/11 to 2011-12.**
- **RECOMMEND TO COUNCIL that the pressures indicated in Table 3 at Paragraph 10 of £3.074m be included in the Budget Strategy. 2011/12 – 2013/14.**

PREVIOUS MINUTES None

3.0 SUMMARY

- 3.1 Following the establishment of the HCA and set up of the Housing & Regeneration Partnership Board a joint Local Investment Plan is now being brought forward for Cabinet and the HCA's approval. HCA will consider the Plan at their Regional Executive Board on 29th January.
- 3.2 The LIP establishes the commitment of TWC and HCA to a series of local strategic investment priorities for housing and housing-led regeneration for the next 3 years. It also sets a framework for HCA and

TWC with other partners to work together over the long term to use the investment of public and private sector funds, land and expertise to stimulate provision of new housing and support regeneration, meet local housing needs and improve existing stock.

- 3.3 The T&W Local Investment Plan is the first to be finalised in the West Midlands Region as part of the 'single conversation' with HCA. Once approved by both organisations it will be launched in a public format in February/March 2010.

4.0 INTRODUCTION

- 4.1 The Homes & Communities Agency was established in December 2008 as the national housing and regeneration agency for England. Nationally HCA's 2009/10 budget was in excess of £7 billion with expenditure in the West Midlands Region programmed at c.£270million for 2010/11. Much of this is being channelled through new housing programmes to support market and affordable housing provision, area based regeneration and improvements to stock. Locally HCA are also a major landowner.

- 4.2 The HCA wishes to move away from traditional grant funding of expenditure to establish a long term investment partnership and plan for local authority areas. The 'single conversation' process provides the context for HCA to agree with Local Authorities their housing and housing led regeneration priorities. These are then to be translated into a joint Local Investment Plan through which each organisation will channel their investment in housing and to act as a lever to other public and private sector investment.

- 4.3 Telford & Wrekin has moved quickly to establish a partnership with the HCA. A Memorandum of Understanding was signed with HCA in March 2009 and a Housing & Regeneration Partnership Board (HRPB) set up. Incorporating AWM, HCA and TWC this meets quarterly and has driven the development of the Investment Plan as well as stimulating considerable investment by HCA during 2009/10. This has included the commitment of more than £6M of HCA investment into regeneration in South Telford and the local delivery of several HCA national programmes e.g. Kickstart Round 1 ((£4M+ to Ironstone).

5.0 T&W LOCAL INVESTMENT PLAN - *RECOVERY, RENEWAL & GROWTH*

- 5.1 The LIP is titled '*Recover, Renewal and Growth*' reflecting its early years role supporting the recovery of a still fragile housing market but also focussing on meeting local housing needs, supporting regeneration through growth and improving existing housing stock. The Plan encompasses both people and places aspects of the housing agenda.

Strategic Priorities & Commissioning 2010-2013

- 5.2 The LIP sets a framework for investment by TWC, HCA and other partners 2010-2013. The Plan draws from the Economy & Housing Priority Plan setting out priorities and actions around 3 objectives:
1. Securing Sustainable Housing Development
 - Deliver sufficient new housing to meet the housing needs of the Borough
 - Create quality places through high quality design
 2. Housing-Led Regeneration
 - Ensure that all Borough communities have a sustainable future
 - Ensure that Woodside, Sutton Hill & Brookside are good quality places to live
 3. Good Housing for All
 - Secure the provision of specialist housing to meet the needs of local people
 - Promote housing choice and prevent homelessness
- 5.3 On the basis of these objectives the Plan establishes a set of strategic priorities (**Appendix 1** below) which will underpin investment decisions by both partners. These also reflect the HCA's national and regional business priorities which address place making, the renewal of existing housing stock and the delivery of affordable housing.
- 5.4 The priorities are both geographic and 'need' based the later identifying types of accommodation or improvements needed to existing stock, to address issues such as homelessness, lack of affordability and the ageing and increasingly vulnerable profile of the local population. The priorities inter-relate with an expectation that where a geographic area is the focus for investment e.g. Lawley or South Telford, provision will address other priorities e.g. need for extracare or specialist provision.

Strategic Commissioning

- 5.5 The HCA wish to develop an area-based focus to investment moving away from bidding e.g. for affordable housing grant, to commissioning and partnering. A key outcome is also to maximise the leverage of other public and private sector investment into the borough. To support this TWC and HCA propose to work together as commissioning organisations establishing working relationships with local partners including Housing Associations and basing investment decisions on the local strategic priorities

Investment Programme

- 5.6 A number of housing projects and programmes have been identified meeting the Plan's priorities. **Appendix 2** maps a number of these projects which will be supported over the next 3 years. This includes investment both in the strategic housing sites and establishing an intervention fund using an element of new growth point funding, to support housebuilders including smaller companies, to 'unblock' housing sites affected by the recession. Investment will also support

delivery of additional extracare schemes particularly in North Telford and the Plan identifies the Rural Area as an affordable housing priority.

Evolving Plan

5.7 The Investment Plan represents an ongoing relationship between TWC and HCA and proposes activities to underpin the regeneration and growth of the Borough in the 3 years 2013-2016 and up to 2026. This includes:

- Maintaining delivery of key housing and regeneration commitments including South Telford and the Borough Towns
- Increasing engagement with other public and private sector partners to align investment decisions
- Implementing the anticipated new Decent Homes Programme
- Developing a borough-wide infrastructure strategy to underpin the early review of the Core Strategy
- Establishing with HCA how public sector land assets might be harnessed to draw in private sector investment and to increase and speed up housing delivery, particularly post 2016

5.8 This initial LIP is largely based on existing TWC/HCA projects and programmes. The partners recognise the need over the next 12 months to strengthen the Plan ensuring alignment with other corporate strategy, some emerging e.g. economic development and the revision to the Core LDF Strategy and BSF – and with external partners agendas e.g. PCT.

5.9 The LIP has a key role to play in relation to place making where housing investment can support and enable economic development, build communities and address inequalities. The LIP is also a move towards a total place approach seeking to align investment, maximise leverage of external funds and make most efficient use of limited resources.

6.0 Partner Engagement

6.1 While local consultation will take place in relation to individual projects within the LIP the priorities have been endorsed following engagement with key partners. Workshops have been held with developers and housing associations and presentations made to LSP and to Parish and Town Councils. The results of a Community Panel Survey on local housing issues are imminent and will inform finalising and rolling forward the document.

6.2 Developer and Housing Associations Local Fora will link into the HRPB and through task and finish groups and involvement in specific programmes, support its delivery and inform its development.

7.0 Delivery

- 7.1 The LIP will be monitored by the HRPB, via a set of outputs and outcomes based on TWC LAA and Priority Plan targets and HCA's Corporate Plan core outputs. These address issues including housing completions, land reclamation, and rural housing.
- 7.2 An existing joint Programme Management Team of Officers from TWC/HCA will manage the Plan's delivery and development on a day to day basis.

8.0 Launch

- 8.1 Once approved by TWC and HCA it is proposed to launch a 'public' version of the LIP in February/March. This will need to focus on addressing a range of audiences and functions including promoting the borough as an investment opportunity, establishing the role of the Partnership, guiding development partners seeking funding and to act as a bidding document.

9.0 CONCLUSION

- 9.1 Responding effectively to the challenges of the current recession requires the development of new and flexible business approaches and the prioritisation of limited public funds to address housing needs.
- 9.2 The first LIP is the start of a new co-ordinated investment planning approach to align HCA and TWC investment plans, maximise Telford & Wrekin's ability to attract investment and set a context for the partners to drive up housing delivery post the current recession. It is recognised that the LIP will need to evolve as the Partners respond to future challenges, which will include:
- how future Government investment will be targeted and managed;
 - how existing HCA appraisal processes may be streamlined to improve local delivery, and
 - how HCA land assets in Telford will be managed.

10. FINANCIAL COMMENT

- 10.1 The Council has been working in partnership with HCA, AWM and other funders for a number of years to deliver regeneration and housing projects. As indicated in the main body of this report, the LIP seeks to outline future investment aspirations and provide a framework and flexibility for future funding relationships between the Council and HCA with which to engage in the funding bidding process.
- 10.2 The Programme is broken down under 3 themes – Housing Led Regeneration, Securing Sustainable Housing Development and Good Housing for All. The following sections provide an investment summary by theme and should be read in conjunction with Tables 1 and 2, which

are attached in **Finance Appendix 3**, and summarised in Table 3 within the body of the text, below.

Housing Led Regeneration Projects

- 10.3 The Council has committed funding within the 2009/10 – 2012/13 Budget Strategy of £18.328m with match funding of £7.68m.
- 10.4 The projects included within this theme are either all subject to existing funding agreements with HCA, or in the case of North Woodside in the final stages of negotiation to be completed by the end of January 2010.
- 10.5 The funding agreements run to the end of 2011/12 and any investment shown, in the table above after this date, is indicative. These are ongoing projects and are included within the Council's priorities and it is therefore anticipated that there will be further phases, however, at this point in time HCA are unclear as to any resources they may have available from 2012/13.
- 10.6 A separate report will be presented to Cabinet in February 2010 recommending the preferred option for development of the Sutton Hill Local Centre. Indicative costs for this development have been included within the draft budget strategy and, once approved, will be included within the Service and Financial Planning report to Cabinet on the 23rd February 2010.

Securing Sustainable Housing

- 10.7 The Council has committed funding within the 2009/10 - 2011/12 Budget Strategy of £4.477m for this theme, which includes an allocation of £659k from the New Growth Point (NGP) Funding.
- 10.8 HCA has committed funding of £9.926m over the same period, with the investment being made direct to the development of the Lawley, Lightmoor and Ketley schemes and through the Kickstart Phase 1 scheme. (JH)
- 10.9. The indicative funding in Table 2 for the period 2010/11 – 2012/13, for all partners, relates to the Town Centre Project which is the subject of a separate report. Funding approval for this element of funding is not ,therefore, sought through this report.

NGP Funding

- 10.10 Earlier this year the Council received notification from DCLG that they would be withdrawing £1.5m from the NGP allocation in 2010/11. It has been agreed with Cabinet that a bid for Prudential Borrowing should be submitted within the Budget Strategy to replace this shortfall.
- 10.11 Following this a review of the NGP allocation has been undertaken with the proposed expenditure being rephased to 2011/12 to cover the LIP period. As a result the £1.5m prudential borrowing will be used to

cover the 2011/12 expenditure. This report recommends that the funding approval is slipped to 2011/12 and that Cabinet provide delegated authority to the Strategic Housing Manager to manage NGP capital and revenue expenditure in accordance with the priorities and programmes set out in the LIP.

- 10.12 At this time there has been no indication from CLG or HCA of further funding to support growth point delivery from 2012/13 onward.

Housing For All

BTW Funding

- 10.13 The regional grant allocation for Private Sector Renewal to Local Authorities for 2010/11 has been reduced following Ministerial direction to move funding nationally from Private Sector Renewal and Regeneration to fund affordable housing units. This switch of funding has led to a 20% reduction in TWC's Regional Housing grant allocation for 2010/11 which is now £1.494m, a reduction of £371K. In the 2008/9 to 2010/11 budget strategy, Council capital funding of £1m per annum has been allocated to augment the overall housing Programme. Without this additional funding in future years or a reappraisal of the LIP there will be insufficient resources to continue the existing programme at existing levels of performance. This reduction in funding is included as a pressure in Table 2 and summary Table 3.
- 10.14 We have been notified by Wrekin Housing Trust Ltd that they intend to reduce the threshold up to which they will fund adaptations for their tenants. In 2009/10 the forecast is for the programme of Mandatory grants to cost £1.4m. Within the current scheme, funding is provided by Wrekin Housing Trust (WHT) for their tenants on a formula basis agreed between the Council and the Trust. However, Regulations allow for RSL's to have adaptations for their tenants to be fully funded by the Local Authority, and WHT have proposed the reduced threshold leading to an overall reduced contribution from them to fund adaptations within their properties. This is expected over time to increase the level of Council funding required by around £250k to maintain the existing performance levels and to meet existing demand, and is reflected in Table 2 and summary Table 3 as a pressure.
- 10.15 It is important to identify within the strategy to fund the programme that the Housing and Communities Agency will benefit from the £10m of resources switched to the HCA for affordable housing units referred to earlier in this commentary. The LIP may be able to benefit from these additional resources through partnership working with HCA.

Extracare

- 10.16 HCA has indicated that they can provide match funding every other year from 2010/11 towards Extracare, subject to match funding from the Council. On this basis an indicative £1m has been included for

2012/13 based on historic funding levels. This growth is included in Table 2 and summary Table 3.

HCA Funding

- 10.17 This is to be funded from the National Affordable Housing Programme (NAHP) investment, which during the current funding round (2009/10 and 2010/11) is currently committed to existing affordable housing schemes in the Borough. However should the RSL's fail to deliver in accordance with the programme funding may be withdrawn.
- 10.18 Whether any additional schemes are funded from 2011/12 onwards (ie indicative funding) will be dependant on the availability of NAHP finance from Central government and the satisfaction of existing NAHP criteria.

Other Indicative Projects

- 10.19 There a number of schemes in the pipeline, Kickstart Phase 2 and Private Land Initiatives, which have not been included within the LIP as at this stage as they are expressions of interest. However they will be included within any future LIP updates as they come forward.
- 10.20 Additionally the LIP does not take account of any land value investments for any of the partners.

Funding Approvals

- 10.21 The LIP identifies both historic, committed and proposed funding from both partners, TWC and HCA over the period 2009/10 to 2011/12.
- 10.22 The funding identified in Table 1 in **Finance Appendix 3** has been included within the existing Budget Strategy for 2009/10 – 2011/12 and additional TWC funding is not required.
- 10.23 The funding identified in Table 2 in **Finance Appendix 3** has not yet been secured and Cabinet are asked to recommend that Council prioritises this funding within future budget strategies.
- 10.24 For clarity, additional TWC funding requested over the period 2011/12 to 2013/14 is summarised in Table 3 below. It should be noted that this table includes an additional year (2013/14) in order to comply with the Council's Service and Financial Planning framework.

Table 3. Additional TWC funding requirement 2011/12 to 2013/14

	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000
Growth due to reduced RHA grant & WHT subsidy	619	715	740	2,074
Extracare		1,000		1,000
Total	619	1,715	740	3,074

10.25 This additional funding, once approved, will be included within the overall Service and Financial Planning report to be presented to Cabinet on the 23rd February 2010.

11. LEGAL COMMENT

11.1 The Local Investment Plan will be underpinned by a Local Investment Agreement between HCA and TWC. This will not be legally binding and is likely to take the form of a memorandum of understanding. It will identify a framework for investment between the parties for the achievement of an agreed hierarchy of strategic objectives, outcomes and priorities. It will identify any critical or non negotiable issues such as legislative requirements including procurement rules, establish monitoring, review and governance arrangements and set out how any development in the overall programme might be accommodated.

11.2 The memorandum of understanding should provide a structure substantially able to deal with the eventualities that the parties would seek to manage.

11.3 Legal arrangements required to be put in place for specific projects within the LIP will be the subject of separate reports.

11.4 An initial meeting has taken place between TWC/HCA legal advisors and a draft of the Agreement is to be prepared in early January for signature once the LIP is approved by both organisations, in February.

12. WARD IMPLICATIONS

12.1 The Investment Plan has a Borough-wide context. Ward and Parish/Town Council Members will be further engaged on a project by project basis.

13. ENVIRONMENTAL IMPLICATIONS

13.1 A range of design and environmental standards relate to new housing development. These include Buildings for Life and the Code for Sustainable Homes. Housing Associations also need to comply with Decent Homes in relation to the management of stock. This seeks to ensure minimum standards in relation to thermal efficiency contributing to affordable warmth and reduction in climate change impact from stock.

14. RISK MANAGEMENT

14.1 The risk of not delivering against regional housing targets and also the implications of failing to deliver on individual programmes e.g. Town Centre regeneration, are included in the Corporate Risk Log. Individual projects e.g Woodside, Sutton Hill, also have their own risk plans.

14.2 An overarching Programme risk management plan is to be established by the TWC/HCA Programme Management Team in early 2010. Part of the HRPB's role will be to monitor and review the risk management plan.

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Appendix One – LIP Priorities 2010-2013

The LIP is being developed in the context of the Council's **“Priority Plan: Securing Sustainable Housing, Regeneration and Development”**, and cross cutting themes within the **“Priority Plan: Maintaining a High Quality, Attractive, and Sustainable Environment”**, and **“Priority Plan: Strengthening the Local Economy and Skills”**.

The structure of the consultation draft LIP itself accords with the three key sub priorities identified within the Housing Priority Plan.

- **Securing Sustainable Housing Development;**
- **Housing Led Regeneration;**
- **Good Housing for All.**

A series of strategic priorities have been established which will underpin investment decisions and set a context for commissioning of partners e.g. housing associations:-

Commissioning Priority	Strategic Need
Securing Sustainable Housing Development	
<ul style="list-style-type: none"> • Strategic housing sites (Lawley, Lightmoor, Telford Millennium Community) 	Significant public investment has already been committed to these sites and it is important that they are completed successfully.
<ul style="list-style-type: none"> • Supporting delivery of other 'stalled sites' across the Borough 	The recession has meant that building work on some sites being halted or delayed. In some cases this has led to delays in other schemes, some of which have already been allocated NAHP funding by HCA. A number of creative approaches are being developed to help unlock some of these schemes. This priority recognises the need to support both volume and smaller, local housebuilders
Housing-Led Regeneration	
<ul style="list-style-type: none"> • Regeneration of the South Telford Estates 	The physical regeneration of former New Town Development Corporation housing is needed urgently. Current priorities focus on Woodside and Sutton Hill.
<ul style="list-style-type: none"> • Regeneration of the Borough Towns 	Elsewhere in the Borough the Council is seeking to regenerate the Borough Towns. Dawley is prioritised within this Plan given its housing led focus
Good Housing for All	
<ul style="list-style-type: none"> • Affordable provision – including Newport and the rural area 	The most recent Strategic Housing Market Assessment (SHMA) for the borough shows that there is an annual shortfall of some 1,240 affordable homes each year. While the majority of this should be for social rent, there is also a

	<p>need for other forms of affordable homes and opportunity should be taken wherever appropriate to support individuals who wish become homeowners, through a range of mechanisms.</p> <p>Affordability and lack of supply are particular issues in the market town of Newport and the rural part of the borough.</p>
<ul style="list-style-type: none"> Supported and specialist housing including extra care housing 	<p>The population of the borough is ageing rapidly and there is need for a greater range of extra care housing, particularly in the north of the borough and Newport.</p> <p>The Council has agreed a target of providing an additional 500 units of extra care housing in the 15 years to 2021. There is a continuing need for a wider range of housing options for a number of vulnerable groups in order to help them to live independently.</p> <p>There is a need for homes that are suitable for wheelchair users and, more generally, for future homes to be built to the 'Lifetime Homes Standard'</p> <p>There is also a need to provide a greater number of larger (3+ bedrooms) properties to meet the needs of larger families.</p> <p>The most recent Sub Regional Gypsy & Traveller Accommodation Assessment (GTAA) for the borough indicates a need for both fixed and transit provision. The Council is in the process of considering local needs.</p>
<ul style="list-style-type: none"> Existing Housing Stock 	<p>The most recent cross tenure Stock Condition Survey for the borough (2008) shows that around 21% of homes do not meet the national 'Decent Homes Standard'. Investment in improving the existing housing stock of the borough will need to be made by the appropriate bodies.</p> <p>New housing development in any one year represents only a small proportion of the existing housing stock of the borough. It will be important to make the best use of this existing housing, e.g., by the conversion or adaptation of existing</p>

	homes where appropriate and addressing any long term empty properties. ,
<ul style="list-style-type: none"> • Other schemes of strategic importance or benefit to the Borough 	<p>Telford & Wrekin has a range of housing needs and commissioners will support schemes that can be clearly shown to contribute to one or more strategic priority e.g. the prevention of homelessness, enabling vulnerable people to live independently</p> <p>The partners will also prioritise schemes that lever in other public and private sector investment.</p>