

TO: CULTURE AND SOCIAL POLICY COMMITTEE – 8 JUNE 2005
SUBJECT: MONITORING OF DEVELOPMENT PROGRAMME - 2005/6 TO 2007/8
FROM: HOUSING STRATEGY

1. **PURPOSE OF REPORT**

- 1.1 To present an updated Development programme and cashflow forecast to 2008 (attached at **Appendix 1**) and Development output forecast (attached as **Appendix 2**).
- 1.2 To consider appropriate arrangements for monitoring the programme in the light of the new Policy Committee arrangements.

2. **BACKGROUND**

- 2.1 The present method of monitoring was introduced in 2004 to enable officers to maximize delivery of affordable homes by committing resources to schemes as they come forward, working within a framework agreed by members, and subject to clear delegated authorities.

3. **POLICY AND BUDGET FRAMEWORK**

- 3.1 Meeting the housing need is one of the Council's corporate objectives. The Council's current target is to provide an average of 100 new affordable homes per year. The output forecast in **Appendix 2** indicates that this can be achieved, although there may be significant variances from target on a year-to-year basis.
- 3.2 The expenditure required over the period to March 2008 averages £2.5 million per annum. This cost is to be funded primarily by direct Council investment (62%). However, a high proportion of the schemes identified in **Appendix 1** will be delivered at no cost to the Council, through planning gain agreements under s106 of the Town & Country Planning Act 1990.
- 3.3 In addition, 31% of the direct cost will be funded from commuted sums (identified in **Appendix 2**) which are payable in lieu of on-site provision and will be secured by s106 agreements.
- 3.4 Recent changes in government policy, together with the impact of the Regional Housing Strategy (RHS) have directed Social Housing Grant (SHG) to priority areas elsewhere in the region, primarily in the Major Urban Areas. The District's allocation of SHG from the Housing Corporation has reduced from £1.38 million in 2004/5 to

£895,000 in the current year. Funding from this source will be increasingly difficult to achieve in future years, and the budget assumes only £500,000 of SHG (in Year 3).

- 3.5 The current forecast of expenditure set out in **Appendix 1** shows that the identified programme can be financed in Years 1 and 2 by utilizing the resources already budgeted for direct investment, together with identified commuted sums.
- 3.6 The costs of some of the uncommitted schemes in the programme have yet to be quantified, and indeed, some of these schemes may not proceed. However, it is likely that these or other schemes will require some additional funding; a contingency sum of £500,000 pa has been budgeted for this purpose in Years 2 and 3.
- 3.7 The combined effect of these contingencies and the reduced grant forecast is a forecast deficit in Year 3 of £435,402. It is possible that this could be funded from further commuted sums yet to be identified. Prior to committing the uncommitted schemes a review will need to be undertaken, and if necessary Executive approval sought for additional expenditure or risk of additional expenditure.
- 3.8 Forthcoming changes in planning policy may restrict the numbers of schemes which generate commuted sums in future years. Equally, the contingencies may prove insufficient, and/or the forecast grant may not materialize. Hence this programme needs to be kept under regular review.
- 3.9 The Committee may not consider it appropriate to continue to receive these reports half yearly, in which case it should recommend appropriate monitoring arrangements.

4. **OUTCOME(S) REQUIRED**

- 4.1 The Committee is recommended to note this report and to comment on the current programme.
- 4.2 The Committee is asked to decide on future monitoring arrangements.

Peter Newman
Development Officer

BACKGROUND PAPERS

Executive, 19 January 2004
Communities Plan (ODPM) 2003
West Midlands Regional Housing Strategy, "Putting our house in order"
http://www.wmlga.gov.uk/regional_housing_strategy_wmids_august_2003.htm

Areas in District Affected:

All

Executive Portfolio Area and Holder:

Housing, Councillor Alan Boad

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