

CHESHIRE EAST COUNCIL

Cabinet Member for Prosperity

Date of Meeting:	30 th April 2010
Report of:	Strategic Housing Service – Places Directorate
Subject/Title:	Commitment of Capital Funds Carried Forward from Former District Authorities for Housing Projects

1.0 Purpose of Report

- 1.1 This report provides information about ongoing capital projects from legacy authorities and seeks and describes why approval is now needed to spend those funds on various housing-related schemes.

2.0 Recommendations

That

- (1) the capital schemes approved and commitments made by the former District Councils, as detailed in paragraphs 11.1 and 11.2 of the report be endorsed and approved for completion; and
- (2) the remaining balances of approved housing capital resources be used for the schemes described in paragraph 11.3 of the report.

3.0 Reasons for Recommendations

- 3.1 The provision of affordable housing is a priority for Cheshire East Borough Council and the Strategic Housing service is committed to bringing forward schemes in order to meet the growing need. There is currently a capital allocation totalling £2,541,484 which has been brought forward from the capital allocations of the former district authorities, and there are a number of schemes which are already reliant upon previous decisions to allocate this funding in order to deliver the projects.
- 3.2 Regulations preserve decisions made by the former authorities, but given the age of some of the previous decisions, as a matter of good practice, the continuance of existing schemes should be considered again by Cheshire East Council, and confirmed. All these capital schemes identified in the background information section of this report were included in the Capital Programmes of previous authorities as part of their objectives for Housing. These schemes were priorities for the previous authorities and accordingly should continue to be identified as priorities for Cheshire East Council. Commitments for these funds, have been made to partner organisations who are helping to deliver

these schemes. These are outlined within the background information section of this report.

- 3.3 In addition to the approved schemes, there are a number of schemes which so far have no formal approval, but which are also detailed within the background information and for which approval to progress is now sought.

4.0 Wards Affected

- 4.1 All Wards

5.0 Local Ward Members

- 5.1 All.

6.0 Policy Implications including - Climate change - Health

- 6.1 Climate Change – The properties are being built to meet the Homes and Communities Code for Sustainable Homes – Level 3.
- 6.2 The provision of decent homes contributes towards better health as it is well documented that poor housing can have a detrimental impact on health.

7.0 Financial Implications for Transition Costs (Authorised by the Borough Treasurer)

- 7.1 N/A

8.0 Financial Implications 2009/10 and beyond (Authorised by the Borough Treasurer)

- 8.1 The report relates to the allocation of capital monies within the approved Capital Programme and within designated S106 reserves, as identified in paragraphs 3.1 and 12. No additional capital resources are required

9.0 Legal Implications (Authorised by the Borough Solicitor)

- 9.1 The existing commitments to external bodies which are described in the background information are legally binding, or likely to be capable of being legally binding, so that failure to honour those existing contractual commitments may result in the Council being sued for breach of contract.
- 9.2 Regulation 4 of the Local Government (Structural Changes) (Transitional Arrangements) (No 2) Regulations 2008 preserve the effect of decisions made by former authorities as if they had been made by Cheshire East Borough Council. Notwithstanding this, this report provides the opportunity to bring together for consideration all of the existing funding and existing schemes, and allows a confirmatory decision to be made in relation to existing projects. It

also enables a decision to be made to allocate funding which at the moment if more generally earmarked for housing to be allocated to specific projects.

10.0 Risk Management

- 10.1 As outlined in the background information, commitments for a number of schemes have been made and failure to honour these would be highly likely to result in a deterioration of working relationships and partnership arrangements with local registered social landlords.
- 10.2 Failure to honour commitments would also result in a loss of other public subsidy such as Homes and Communities Agency (HCA) and private borrowing from housing associations. Subsidy applications have been made on the basis of the commitments having been made, and Big Stone House and Bunbury have started on site following reassurance from the former boroughs that the funding is secure. Invoices for first stage payments have been received by Cheshire East.

11.0 Background and Options

- 11.1 **Committed Capital Schemes:** The following schemes have been committed by the former district authorities.
- Following a competitive process, it was agreed that the use of section 106 Commuted sums from the former Borough of Macclesfield (Cabinet decision 24th Jan 2007 minute 124) stated “That approval be given to the use of Affordable Housing Section 106 monies to provide rural affordable housing in partnership with Moorlands Housing a Registered Social Landlord currently working in the borough” The capital sum was £1,007,164, of which £712,549 now remains
 - Following a competitive process from the former Borough of Congleton a sum of 468,000 has been carried forward. £225,000 is committed to the Big Stone Cottage project in Cranage which was funded from the Regional Housing Pot allocation. This housing is being provided by Equity Housing and also has received grant from the Homes and Communities Agency (HCA).
 - The following funds have been committed to the organisations by the former Crewe and Nantwich BC in accordance with reports submitted in May 2007, October 2008 and March 2009.
 - £195,000 towards new affordable housing in Bunbury. This housing is being provided by Equity Housing and also has received grant from the Homes and Communities Agency (HCA) This scheme is currently on site.
 - Board decision - £16,750 to Wulvern Housing for the joint funding of the construction of an extension to one of their properties. CNBC Board meeting 19th March 2009- “That

payment of a capital grant of £16,750 be made to Wulvern Housing to enable it to accommodate a large family and potentially prevent it from becoming homeless, in accordance with good practice recommended by Government”

- £30,915 - 9 Oakfield Ave Wrenbury to Wulvern Housing to enable them to buy the property from a family moving into their extra care scheme in Nantwich and for it to be subsequently provided as affordable housing
- £300,000 from Crewe and Nantwich to be spent on temporary accommodation for homeless households

All these funds have now been transferred to Cheshire East's Capital Programme

11.2 External processes that have taken place to commit these funds

- Contract, dated 19th February 2009, has been drawn up between former Macclesfield BC and Moorlands HA which agrees what the section 106 commuted sums should be spent on
- Written commitment to Equity HA that Congleton BC will fund £225,000 of the work needed to build 10 new affordable homes on the site of the Big Stone Cottage in Cranage
- Written commitment to Equity HA that Crewe and Nantwich BC will fund £195,000 of work needed to build 6 new affordable homes in Bunbury
- Written commitment to Wulvern HA that Crewe and Nantwich will fund a grant of £16,750 to enable them to accommodate a large family and potentially prevent them from becoming homeless
- Written commitment to Wulvern HA of £30,915 for 9 Oakfield Ave Wrenbury to allow them to buy the property from a family moving into their extra care scheme in Nantwich and for it to be subsequently provided as affordable housing

11.3 **Uncommitted Capital Schemes:** The following funds have not yet been committed but are available within the general capital allocation already earmarked for housing to meet housing objectives. They will also meet the objectives of the Council in relation to Sustainable Communities and affordable housing.

- Cheshire East currently have 6,000 empty properties across the authority. These are a wasted commodity in an area where affordable housing is in high demand. It is proposed that a pot of £500,000 be identified to enable the Private Sector Housing Team to utilise their powers under the Housing Act 2004. This will enable us to look at the options of Empty Dwelling Management Orders and Compulsory Purchase. The £500,000

would be funded from the remaining Crewe and Nantwich Regional Housing Pot allocation.

- Permission is sought to identify a potential site within the Holmes Chapel area to bring forward affordable housing provision, where the commuted sum of £243,000 from Holly Lodge should be spent. This is due to the restrictions in the section 106 agreement.
- Permission is sought to allocate £298,935 from Section 106 agreements from the former district of Crewe and Nantwich for the provision of affordable housing as indicated within the agreements.

12.0 Overview of Year One and Term One Issues

- 12.1 Below is an overview and breakdown of the resources which have contributed to the total capital allocation figure, the commitments which have already been made, and the as yet uncommitted funds, with details of where these are to be committed.

Former Districts	Level of fund	Source of funding
Congleton	£ 225,000	Regional Housing Pot
	£ 243,000	Section 106
Macclesfield	£ 712,549	Section 106
Crewe and Nantwich	£ 762,000	Regional Housing Pot
	£ 300,000	Capital funding
	£ 298,935	Section 106
Total	£2,541,484	
Commitments		
Moorlands Housing – Rural Properties	£ 712,549	
Equity Housing – Big Stone Cottage	£ 225,000	
Equity Housing – Bunbury	£ 195,000	
Wulvern. - Extension	£ 16,750	
Wulvern – Oakfield Ave	£ 30,915	
Temporary Accommodation	£ 300,000	
Uncommitted		
Empty Properties	£ 500,000	
Section 106 – Holmes Chapel	£ 243,000	
Section 106 – Former District of Crewe and Nantwich	£ 298,935	
Total	£2,522,149	
Uncommitted at this time	£ 19,335	

13.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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