

PLYMOUTH CITY COUNCIL

Subject: Capital Programme approvals
Committee: City Council
Date: 25 November 2013
Cabinet Member: Councillor Lowry
CMT Member: Malcolm Coe, Assistant Director for Finance
Author: Simon Arthurs, Group Accountant – Capital & Major Projects
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Ref:
Key Decision: No
Part: I

Purpose of the report:

This report sets out the proposals recommended by Cabinet on 12 November 2013 on capital budget expenditure, for Council to approve an increase to the Transformation Capital budget 2013/14 of £0.627m, to enable the Civic Centre decant.

It also sets out the proposals from the Plan for Homes report also on the Cabinet agenda 12 November 2013, that Council agree to include within the Capital Programme a significant Affordable Housing Loan Facility and to release further city-council-owned sites in support of The Plan for Homes and the delivery of more affordable homes.

Following approval of the recommendations in this report this will bring the revised medium term programme 2013/14-2016/17 to £212.484m, subject to the due diligence of the Plans for Homes initiative.

The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:

This report is linked to delivering the priorities set out in the Council's corporate plan. Targeting the Council's resources in a planned manner in order to align expenditure with key priorities will maximise the benefits to residents and businesses in Plymouth.

On 22nd July 2013 the Corporate Plan was agreed with a specific commitment to create more decent homes to support the population. This included reference to The Plan for Homes being developed alongside the Plymouth Housing Development Partnership in support of "Growing Plymouth".

The Plan for Homes will also support other aspects of the Corporate Plan, for example supporting the provision of accommodation for older people and specialist accessible and wheelchair housing as part of delivering a range and mix of new, greener homes.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

With the further capital scheme increase recommended for the Civic Centre decant, the projected capital spend now includes an additional £0.627m. This additional 2013/14 funding is proposed to be funded from unsupported borrowing, the cost of which will be met from the ongoing revenue budget for corporate accommodation costs. Revenue costs associated with the capital project delivery will be met from the revenue provision identified to support the transformation programme.

The establishment of a significant loan facility for The Plan For Homes of up to a potential £50 million, subject to due diligence, to support affordable housing delivery over the next 5 years will need to be included within the capital programme and give regard to the overall borrowing cap for the city council's capital resources. The release of council owned sites for housing development will need to give appropriate consideration to obtaining value for money from the sites taking account of the housing outcomes sought.

In addition, the Plan for Homes is consistent with the recently agreed Transformation Programme: in particular the concept of a Plymouth Growth Dividend within the Growth and Municipal Enterprise theme.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

The public sector is facing reduced revenue and capital resources which has been identified as a key risk within the Council's Strategic Risk register.

The provision of greener homes will address issues of child poverty and, alongside better designed homes, support higher educational attainment. The central risk to the Plan for Homes remains the general economic climate which can be addressed through the suite of initiatives the City Council is pursuing to support Plymouth's economy. The continued resistance to new housing also remains one of the highest risks, which can be addressed by the City Council supporting the "Yes to Homes" campaign. There are risks associated with the capacity and capability of the development industry to build at higher levels. There are also risks in connection with the operational details of the Affordable Housing Loan Facility in relation to state aid, the establishment of clear and transparent loan criteria, including the approach to defaults, and the management and administration of the loans. These risks can be mitigated by developing the governance arrangements of the existing Plymouth Housing Development Partnership and having clear loan protocols before any funding is released.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? No

Recommendations and Reasons for recommended action:

1. The City Council is recommended to approve an increase to the Council's Capital Transformation budget 2013/14 of £0.627m to enable the Civic Centre decant.

Reason: The future locations of staff and services decanting from the Civic Centre will directly support the Pioneering and Caring priorities of the council by providing the essential customer services in the city.

2. The City Council is recommended to approve including the Plan for Homes within the Capital Programme from 2014/2015 until 2019/2020 with an allocation of up to £50 million (subject to

due diligence) in support of the affordable housing loan facility to the Plymouth Housing Partnership.

Reason: To provide sufficient funding to support the acceleration of affordable housing delivery.

Alternative options considered and rejected:

The proposed increase to the Capital Transformation budget to enable the Civic Centre decant, will not proceed without Council approval.

Plan For Homes Option 1: Continue with the Get Plymouth Building Programme – this 2-3 year initiative is aimed at maintaining the momentum of housing delivery in the city through 8 proactive planning and housing initiatives and in and of itself would be insufficient to address the full housing needs of the city as set out in the Corporate Plan.

Plan For Homes Option 2: Leave the private sector to deliver more homes – past experience of delivery rates indicates that this would be insufficient to meet the city’s needs and so therefore a more transformational approach is required.

Published work / information:

12 November 2013 Cabinet Report The Plan for Homes

<http://www.plymouth.gov.uk/mgInternet/documents/s50564/The%20Plan%20for%20Homes.pdf>

12 November 2013 Cabinet Corporate Monitoring Report as at 30 September 2013 (including capital schemes and programme approvals)

<http://www.plymouth.gov.uk/mgInternet/documents/s50572/Corporate%20Monitoring%20Report%20as%20at%2030%20September%202013%20including%20capital%20schemes%20programme%20approvals.pdf>

Cabinet Minutes 62 and 64 of 12 November 2013

Background papers:

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	
	Part I									
	Part I									
	Part I									

Sign off:

Fin	djn13 14.22	Leg	1891 0/DV S	Mon Off	TH 013 5	HR	n/a	Assets	CJT/1 21/14 1113	IT	n/a	Strat Proc	n/a
Originating SMT Member: Malcolm Coe Assistant Director for Finance													
Has the Cabinet Member(s) agreed the contents of the report? Yes Councillor Mark Lowry													

1.0 Capital Schemes referred from Cabinet on 12th November 2013 – New Approvals

1.1 Cabinet agreed that the City Council is recommended to approve an increase to the capital Transformation budget which will increase the budget by £0.627m to £4.063m to allow for the Civic Centre decant.

2.0 Capital Schemes referred from Cabinet on 12th November 2013 – The Plan For Homes

2.1 The Director for Place submitted a report on proposals to establish a programme of initiatives to help achieve a step change in the delivery of homes within Plymouth. The Plan for Homes aimed to bring forward 1,000 homes per annum over the next five years to address the severe housing needs within the city and to support the growth agenda.

2.2 The report also sought agreement to include within the Capital Programme a significant Affordable Housing Loan Facility and to the release of further City Council-owned sites in support of the Plan for Homes and the delivery of more affordable homes.

2.3 Councillor Lowry (Cabinet Member for Finance) introduced the proposals and indicated that the loan facility would be available only to registered social landlords and co-operative associations, not to private developers.

2.4 The City Council, at the meeting on 25 November 2013, would be asked to sign up to the 'Say Yes to Homes' Campaign.

2.5 Members' attention was also drawn to the Plan for Homes and Get Plymouth Building brochures which were available to members at the meeting.

2.6 Paul Barnard (Assistant Director for Planning Services) reported that the draft plan had been considered by the Working Plymouth Scrutiny Panel on 25 September 2013, and their suggestions had been incorporated into the document. A progress report would be submitted to the panel after a year, as requested.

2.7 Cabinet also recommended that the Plan for Homes is included within the Capital Programme from 2014/2015 until 2019/2020 with an allocation of up to £50 million (subject to due diligence) in support of the affordable housing loan facility to the Plymouth Housing Partnership.

3.0 Following approval of these recommendations this brings the revised medium term programme 2013/14-2016/17 to £212.484m, subject to the due diligence of the Plans for Homes initiative.