

WIRRAL COUNCIL

CABINET

23 SEPTEMBER 2010

REPORT OF THE DIRECTOR OF FINANCE

WIRRAL COUNCIL & WIRRAL PARTNERSHIP HOMES - COMMUNITY FUND

1. EXECUTIVE SUMMARY

- 1.1 This report updates Cabinet on the arrangements for the management of the Community Fund and the schemes approved by Wirral Partnership Homes as administrators of the Fund.
- 1.2 It also seeks approval to amend the Council representation on managing the Fund and endorsement of the representatives to authorise, on behalf of the Council, the release of money from the Fund.
- 1.3 The report recommends that any Council bids for use of the Fund be assessed after the completion of the consultation – ‘Wirral’s future. Be a part of it.’

2. BACKGROUND

- 2.1 The Community Fund was established as a consequence of the transfer of the bulk of the Council housing stock to Wirral Partnership Homes (WPH) in February 2005. As part of the transfer a Development Agreement was entered into which enabled WPH to reclaim the VAT payable on certain works carried out as part of the WPH improvement programme. This money is paid into the Fund which also contains the balance on the Housing Revenue Account at the time it was closed; VAT arising from a similar Development Agreement between the Council and Beechwood & Ballantyne Community Housing Association (BBCHA); and interest earned on Fund balances.
- 2.2 The Council in transferring the stock retained a number of risks in the form of warranties given to WPH and the banks which financed them. The Fund acts as a self-insurance against the risk of any claims being made under these warranties and was one of the main reasons for the Fund being established.
- 2.3 A report setting out the arrangements for operating the Fund (Community Fund Deed) was agreed by Cabinet on 21 September 2006. The Deed sets out the framework of the purposes for which the Fund can be used and states that the Fund would be overseen by a Joint Working Group consisting of equal membership from WPH and Wirral Council. The Fund is administered by WPH and any expenditure has to be agreed by both WPH and the Council.

- 2.4 Cabinet has been regularly updated on developments over the management arrangements for the Fund with the latest report being on 28 May 2009. This set out the agreed arrangements after advice had been sought, and received, from H.M. Revenue & Customs and the Audit Commission and it was also recognised that the final decision on approving the use of the Fund was by Wirral Partnership Homes based upon the advice of the Joint Working Group.

3. MANAGEMENT ARRANGEMENTS

- 3.1 The Fund is administered by WPH and overseen by the Joint Working Group comprising of equal membership from the Council and WPH. The Council representatives currently comprise Councillor Chris Blakeley as Cabinet Member for Housing & Community Safety, Jim Wilkie as Deputy Chief Executive / Director of Corporate Services and Bill Norman as Director of Law, HR and Asset Management. It is recommended that Kevin Adderley as the Interim Director of Corporate Services now replaces Jim Wilkie. The Group meets quarterly to consider the financial position, review the progress of schemes approved for assistance from the Fund and consider any new submissions for recommending to WPH for approval.
- 3.2 The Fund continues to receive income from the VAT recovered on the housing improvement works which is dependent upon both WPH and BBCHA progressing with the works. As reported in May 2009 there have been changes to the WPH business plan around the proposals for tower blocks that reduce spending on these properties and consequently future receipts to the Fund.
- 3.3 The risk in terms of warranties was reviewed to assess whether an annual insurance premium may be more beneficial than retaining the £2.5 million set aside for warranties. This would require a new environmental survey which would potentially result in the same conclusions as the previous survey when the preferred option was to use the Fund and so the existing arrangements have been retained. The situation will be reviewed again when the improvement programme is further progressed.
- 3.4 All proposals to commit spend are via a grant submission to the Joint Working Group. Proposals are assessed against the purposes of the Community Fund Deed and the charitable objects of WPH (see the Appendix) with WPH receiving advice from Anthony Collins their appointed legal advisors. A recommendation is then made to the WPH Board. Those proposals approved are the subject of a formal grant agreement with progress on schemes monitored by the Joint Working Group.
- 3.5 In order to comply with banking requirements the sums released from the Community Fund to WPH and the Council require a formal bank mandate. The authorised signatories are two (out of the three) Joint Working Group representatives from each organisation which for the Council are the named individuals in section 3.1 above.

4. POSITION AS AT SEPTEMBER 2010

- 4.1 Since the report to Cabinet on 28 May 2009 both WPH, through their legal advisors, and the Council have sought a resolution to ensure the bids previously submitted by the Council to meet the desired criteria and are compliant with the charitable objectives of WPH. This latter point has become more of a concern since the initial decisions by Cabinet were taken in 2007. The application for the Community Asset Transfer was approved by the WPH Board on 2 March 2010. After extensive work, the Board confirmed approval of the Regeneration / Investment and Housing Support submissions on 8 June 2010 which are for spend to 31 March 2011.
- 4.2 The balance in the Community Fund at 31 March 2010 was £19.5 million. After setting aside the £2.5 million to cover any potential warranties and the Your Wirral Scheme around £17 million was available to support schemes of which £8.5 million was available for Council schemes. Further receipts will arise as the improvement programme continues and VAT is reclaimed. However, future amounts are dependent upon the progression of the WPH works programmes which are presently under review. In overall terms the total is likely to be between £25-30 million over a ten year period with £19.5 million of this having been received by 31 March 2010.
- 4.3 Based upon the submissions the following have now been approved by the WPH Board. Any unspent sums at the end of each financial year are returned to the Community Fund for re-distribution in accordance with the management arrangements:-

Description of activity	Time period	Total (£)
Community Asset Transfer	2009/12	4,500,000
Regeneration / Investment Team	2008/11	2,561,000
Housing Support Services	2008/11	1,000,000
Total		8,061,000

- 4.4 In respect of Your Wirral £250,000 was allocated for 2010/11 to support community based projects with a further £30,000 agreed for costs incurred in supporting and managing the scheme.

5. FUTURE SUBMISSIONS TO THE COMMUNITY FUND

- 5.1 Whilst funding has been secured for the Community Asset transfer project that for the Regeneration / Investment Team and Housing Support Services is only for the period to March 2011. With future resources to the Fund declining there will ultimately be a need to meet the costs from Council budgets taking into account the outcomes from these areas of activity against Council priorities.

5.2 The Council is currently undertaking a consultation exercise which will determine future priorities and the outcome of this will be known by early December. Informed by the outcome of the consultation, the Council members of the Joint Working Group will then be able to discuss priorities for the Community Fund when the next meeting of the Group is scheduled. Whilst the outcome of the consultation is awaited those areas which would be compliant areas for the use of the Fund include:-

Regeneration / Investment Team	continuation submission.
Housing Support Services	continuation submission.
Anti-Social Behaviour Team	new submission.
Community Safety	new submission.

5.3 The Your Wirral Fund is a jointly agreed initiative which in 2010/11 has £250,000 'top-sliced' from the Fund to provide small community grants to local organisations. It is recommended that the Council continues to support this initiative.

5.4 On 7 September 2010 the Joint Working Group reviewed the progress made to date, discussed the current position of both organisations and agreed that the December meeting would consider proposals for future support from the Community Fund. With the resources at 31 March 2010 essentially committed the future income to the Fund is being assessed by WPH as part of their review of the improvement programme. An update should be available in the near future but a rough estimate of the Council share is around £1 million per year at best over the next four years.

6. FINANCIAL IMPLICATIONS

6.1 The Community Fund represents a finite and time-limited resource to support schemes in line with the Community Fund Deed and the charitable objects of WPH. Income is dependent upon the improvement works undertaken by WPH and BBCHA, and WPH are re-assessing future business plans given the current economic situation. At this stage the total is projected to be in the region of £25-30 million but this could be over a longer time period than by 2012 as initially envisaged.

6.2 The Council has been allocated grants to date, which effectively use the Council share of the Community Fund balance at 31 March 2010, for:-

Description	Time Period	Grant £000
Community Asset Transfer	2009/12	4,500
Regeneration Investment	2008/11	2,561
Housing Support	2008/11	1,000

6.3 The future income to the Fund is declining and is based upon the progression of the WPH improvement programme. This programme is presently under review and whilst confirmation is awaited an estimate of the Council share is around £1 million per year at best over the next four years. Future Council bids for the use of the Community Fund will be considered following the completion of the 'Wirral's future. Be a part of it' consultation.

7. STAFFING IMPLICATIONS

7.1 These are none arising directly from this report but there could be implications as funding from the Community Fund decreases.

8. EQUAL OPPORTUNITIES IMPLICATIONS

8.1 There are none arising directly from this report.

9. COMMUNITY SAFETY IMPLICATIONS

9.1 There are none arising directly from this report.

10. LOCAL AGENDA 21 IMPLICATIONS

10.1 There are none arising directly from this report. However, projects funded through the Community Fund may have beneficial impacts for the environment and the well being of people in Wirral.

11. PLANNING IMPLICATIONS

11.1 There are none arising directly from this report.

12. ANTI-POVERTY IMPLICATIONS

12.1 The use of the Fund to develop and enhance the Investment Strategy and homelessness and housing advice will have benefits for this area.

13. SOCIAL INCLUSION IMPLICATIONS

13.1 The use of the Fund to develop and enhance the Investment Strategy and homelessness and housing advice will have benefits for this area.

14. LOCAL MEMBER SUPPORT IMPLICATIONS

14.1 This report could have implications for all Members and Wards as funding from the Community Fund decreases.

15. BACKGROUND PAPERS

15.1 Community Fund Deed and Wirral Partnership Homes (extract from the Memorandum and Articles of Association on the Objects) - see Appendix.

16. **RECOMMENDATIONS**

- 16.1 That the arrangements for the management of the Community Fund be noted.
- 16.2 That Council be requested to approve that Kevin Adderley, as the Interim Director of Corporate Services, replaces Jim Wilkie on the Joint Working Group.
- 16.3 That the Council representatives on the Joint Working Group be the Council authorised signatories for the bank mandate needed to release money from the Fund.
- 16.4 That the grants awarded to the Council for the period 2008/11 be noted.
- 16.5 That submissions for use of the Community Fund be considered by the Joint Working Group following completion of the Council consultation exercise.
- 16.6 That the Council continue the Your Wirral initiative for 2011/12 at a cost of £250,000.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/171/10

COMMUNITY FUND DEED

Schedule 1 states the defined purposes for the use of the Fund.

'The following purposes to the extent only that they are within the charitable objects of the Company from time to time:

- a) The development of additional units of social housing to meet established need and/or the acquisition of owner occupied property in areas of redevelopment together with the cost of demolition to create sites for redevelopment.
- b) Securing that land is brought into effective use.
- c) Creating an attractive and safe environment.
- d) Contributing to and encouraging economic regeneration and development.
- e) Preventing crime, or the fear of crime, by secure-by-design principles.
- f) Providing employment and training for local people.
- g) Benefiting local people who have special needs due to disability or discrimination.
- h) Provision of training opportunities in the borough of Wirral including the purchase of training workshops and other suitable premises.
- i) Any other purpose as agreed by the working group that is within the charitable objects of the Company from time to time'.

WIRRAL PARTNERSHIP HOMES

Extract from the Memorandum and Articles of Association on the Objects

'The objects of the Company shall be:

- 1 to provide houses or hostels and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means;
- 2 to provide for aged, disabled or chronically sick persons in need thereof houses or hostels and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;
- 3 to provide services, advice or assistance upon terms appropriate to their means to aged, disabled, or chronically sick persons in need thereof and provide any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;
- 4 to provide recreation or other leisure facilities in the interest of social welfare with the object of improving the conditions of life for the residents of the local authority areas in which the Company owns or manages housing stock;
- 5 to relieve poverty amongst residents of the local authority areas in which the Company owns or manages housing stock;
- 6 the advancement of education, training or retraining, particularly among unemployed people and providing unemployed people with work experience;
- 7 to maintain, improve or provide public amenities for the public benefit in the interests of regeneration in areas of social and economic deprivation in which the Company owns or manages housing stock.'