

**Committee:** COMMUNITY & HOUSING COMMITTEE

**Agenda Item**

**Date:** November 12, 2009

**6**

**Title:** HOUSING OPTIONS APPRAISAL

**Author:** Roz Millership, Head of Housing Services  
(01799 510516)

Item for decision

---

### Summary

- 1 This report provides members with information on the newly completed Options Appraisal with regard to the future management and maintenance of the Council's housing stock.

### Recommendations

- 2 That the Committee notes the content of the report

### Background Papers

- 3 The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.
  1. Stock Condition survey – 2009
  2. Stock Options Appraisal Report - 2009
  3. HRA Business Plan - 2009

### Impact

4

Communication/Consultation	None
Community Safety	None
Equalities	Equality and diversity is a key issue for the Council with regards to housing provision
Finance	Officers will need to work with the tenant forum to construct an action plan to tackle the required savings or to identify other alternative means of financing the identified capital shortfalls
Human Rights	None
Legal implications	None
Sustainability	None

Ward-specific impacts	None
Workforce/Workplace	None

## Situation

- 5 In January 2008 members recommended that a further stock options appraisal was undertaken to advise them on the most appropriate future option for the management of the Council's housing stock. This work has taken longer than originally programmed due to the ongoing national review of the Housing Revenue Account and a delay in the release of the new subsidy determination relating to the decrease in rents.
- 6 Cascade Consulting were commissioned to revise the annual HRA business plan and undertake a housing options appraisal. Findings from the recent stock condition survey were used to inform the business model. The results were presented to tenants, members and officers on 23 October.
- 7 The initial picture is that there will be a large difference between the funding available, based upon current levels and the finance required to maintain the stock over the next 30 years. The revised business plan indicates that the Housing Revenue Account will fall into deficit in year 5, unless action is taken to reduce costs to sustain a balanced position for the medium term. This is due to the provision for capital expenditure being increased in line with the results of the new stock condition survey.
- 8 Requirements in terms of expenditure for the first five years have been compared with the likely available funding for the same period. The requirement for spend in the first five years is £26m compared with the estimated available funding of almost £19m, which leaves a shortfall of £7m.
- 9 The funding estimate of £19m assumes that the funding for the next five years is similar to this year and is the amount available after the deduction of central establishment charges and funding for disabled facilities, with no allowance for a reduction in the number of properties or annual inflation increases.
- 10 It should be noted that another pressure on the HRA that has not been accounted for in the business plan is the increase in requests for disabled adaptation works. This year's combined annual budget from the Major Repairs Allowance and the Housing Revenue Account for disabled facilities on Council owned properties is £212,000 against an estimated annual demand of £250,000 based upon current requirements.
- 11 The key areas of concern in respect of the projections are:
  - Volatility surrounding the HRA Subsidy system, specifically the consultation document issues
  - The expected levels of Capital works far exceed the level of HRA funding at present

- Management and Maintenance costs are both forecast to increase by RPI only and may not reflect future trends

## Conclusions

- 12 In terms of the Council's ability to meet its housing investment requirement, based on new stock data provided and resources available, it is projected that a balanced position can be achieved until 2013/14 and that there is no immediate need to look at different options to manage the stock. It would also be prudent to await the conclusion of the Government's consultation on housing finance as this may bring about a change in the way the HRA balances look in the future and may give some answers to the capital shortfall.
- 13 The increased demand in disabled adaptations including the provision of level access showers, stair lifts and grab rails will need to be considered when anticipating the financial requirements over the next 30 years and, if necessary, the business plan adjusted accordingly.
- 14 In the meantime, as the HRA cannot be allowed to fall into deficit, officers will need to work with the tenant forum to construct an action plan to tackle the required savings or to identify other alternative means of financing the identified capital shortfalls.

## Risk Analysis

15

Risk	Likelihood	Impact	Mitigating actions
Financial risks identified in the report are ignored	1	4	Develop an action plan to tackle the required savings or to identify other alternative means of financing the identified capital shortfalls

- 1 = Little or no risk or impact  
 2 = Some risk or impact – action may be necessary.  
 3 = Significant risk or impact – action required  
 4 = Near certainty of risk occurring, catastrophic effect or failure of project.