

Meeting: Housing Board

Agenda Item

Date: 10 September 2012

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Title: Business plan priorities – projects

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and Environmental Services

Item for decision

Summary

1. This report identifies additional expenditure needed to maintain the housing stock and recommends using uncommitted funds in the HRA business plan
2. The report also identifies further projects using HRA uncommitted funds

Recommendations

3. That the Housing Board agree that a sum of £500k is taken from the major repairs reserve to fund additional electrical work identified on the housing stock
4. That any remaining uncommitted funds be kept in a reserve fund for the re-development/refurbishment of sheltered schemes

Financial Implications

5. As detailed in the background of this report

Background Papers

6. The following papers were referred to by the author in the preparation of report and are available for inspection from the author of the report

Housing Revenue Account Business Plan 2012

Impact

Communication/Consultation	Consultation has started with the tenants through the Tenants Forum
Community Safety	None
Equalities	A provisional Equalities Impact Assessment will be drafted
Health and Safety	None
Human Rights/Legal Implications	Standard procurement and contract process will be followed
Sustainability	None
Ward-specific impacts	District wide
Workforce/Workplace	None

Situation

- 7 As members are aware there are significant funds available as a result of the release from the Subsidy mechanism. The business plan identifies funds required to repay borrowing, invest in the current stock and fund further developments. A further sum of money was also set aside in each of the first five years of the business plan for potential projects. In the current financial year this amounts to £1,432,000. Although there is a certain amount of flexibility and choice in what projects are prioritised it was agreed that this money would in the first instance be used to replace any stock lost through RTB sales.
- 8 In August members approved a scheme of external wall cladding to selected council properties and agreed to draw £244k from the uncommitted funds of £1.808m. This was subject to confirmation that the HRA business plan can meet the RTB match funding, and subject also to confirmation that by drawing on uncommitted funds of £1.808m the Council's obligation to undertake new build would not be compromised.
- 10 It was agreed that regular financial and performance reports on progress in delivering the HRA business plan will be submitted to Housing Board throughout the year, including availability of these uncommitted funds and RTB completions. An appendix with performance progress to date is attached.

Housing Revenue Account

- 11 1As at the end of July 2012 the HRA budget forecasted a net in-year surplus of £150,000. The impact is a favourable improvement on the original HRA's year end forecast surplus (£14,098) of £135,902
- 12 The favourable variance is attributable primarily to a favourable reduction in the utilities budget
- 13 In February 2012 the approved Housing Business Plan contained a financial headroom of £2.7million. As at the end of July £1.808m in headroom remains to deliver the requirements of the Business Plan.
- 14 The table detailed below summarises current and committed spend against the self-financing headroom created in the HRA budget:

£000	Actuals April to July 2012	Current Budget	Forecast Outturn	Forecast to Budget Variance
HRA - Use of Reserves/Funding				
Tfr to Major Repairs Reserve	0	500	0	(500)
Tfr to Change Mgt Reserve	0	200	200	0
Tfr to Potential Proj Reserve	0	732	732	0
Tfr from Potential Proj Reserve	0	0	(392)	(392)
Action Plan Revenue Items 12/13	0	248	248	0
Action Plan Capital Items 12/13	0	1,020	420	(600)
Tfr to Capital Slippage Res 12/13	0	0	600	600
Total HRA	0	2,700	1,808	(892)

Of the element of financial headroom proposed to be transferred to reserves £892,000 has now been applied as follows:

- £244,000 to finance the energy efficiency/cladding scheme (within the capital programme)
- £148,000 to finance the additional costs of demolition for Holloway Crescent. As detailed in the HRA capital programme below. A separate report will be considered at Housing Board on 10 September in relation to the project
- £500,000 to finance a programme of Electrical Rewiring. A separate report will be considered at Housing Board on 10 September in relation to the project

Housing Capital

The table detailed below summarises current and committed spend against HRA Capital budgets:

£'000	Actuals April to July 2012	Current Budget	Forecast Outturn	Forecast to Budget Variance
HRA Capital				
HRA Repairs	609	2,669	2,680	11
Mead Court Development	0	80	80	0
Energy Efficiency Schemes	0	752	750	(2)
Holloway Crescent	48	802	950	148
Electrical Re-wiring	0	0	500	500
Cash Incentive Scheme Grants	3	20	18	(2)
Supervision	0	250	250	0
<u>Business Plan Items</u>				
Sheltered Hsg Alarms Equipment	0	100	100	0
New Build Garden Sites	0	600	0	(600)
Internet Café's in Sheltered Hsg	16	20	20	0
Total HRA	676	5,293	5,348	55

One RTB completion has taken place to date resulting in a capital receipt of £95,00

- 14 Despite the increase of the RTB discount it is not currently felt that the amount of RTB sales in the year will exceed the number of new dwellings being built in the year (e.g. the 8 new properties at Holloway Crescent). Separate financial provision to replace any net reduction in the HRA stock number is therefore not currently being forecast.
- 15 Officers have identified further projects that will draw on the uncommitted funds as follows

Property Re-wires

- 17 An additional number of properties, over and above those in the current work programme, have been identified that will require full re-wires in the current financial year. There are also some communal areas in sheltered schemes and general needs flats that will need to be re-wired. It is therefore proposed that a further £500,000 is drawn from the major repairs reserve fund to carry out these essential works.

Sheltered Schemes

- 18 Following recent decisions to re-develop Holloway Crescent and Mead Court the council will have just two remaining schemes that do not meet current modern sheltered housing standards as they have a high proportion of bedsits.

- 19 A number of the council's other schemes also do not meet current modern sheltered housing standards, in particular due to poor presentation of common parts and the need for substantial refurbishment. These factors have an impact on marketability and demand and therefore the time that it takes to let a vacant flat which leads to a loss of rental income.
- 20 Officers will be undertaking an asset review of the poorly performing schemes to see if they have potential for other forms of housing/internal refurbishment. The review will also include whether the council can deliver the re-development/refurbishment of these schemes through the money set aside for potential projects.
- 21 The asset review will be based on the following principles:
- Understanding the needs and aspirations of existing tenants
 - Minimising disruption for tenants
 - Providing good quality homes fit for the future
 - Understanding and improving the demand for sheltered housing
 - Homes that financially contribute to the HRA
- 22 The schemes will be reviewed on the following basis:
- 23 Consider alternative uses, de-commissioning, or reduction in the number of bedsits in the schemes that do not meet current modern sheltered housing standards
- 24 Consider the necessary works required to address weak areas of performance in the remaining schemes
- a. A report with the findings of the asset review will be brought to the housing board with recommendations in November.
 - b. In the meantime it would be prudent for any remaining uncommitted funds to be placed into a reserve fund for the re-development/refurbishment of sheltered schemes

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Identified re-wires not carried out	1 – electrical work has H&S implications and needs to be prioritised	3 – properties may become unsafe	Progress work on homes identified as needing re-wires

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.