



F. McArdle
Chief Executive

Civic Offices, Civic Way,
Swadlincote, Derbyshire DE11 0AH

www.south-derbys.gov.uk

Please ask for: Debra Townsend
Phone: (01283) 595848
Minicom: (01283) 595849
DX 23912 Swadlincote

Our ref: DT/CL
Your ref:

Date: 29 January 2014

Dear Councillor,

Housing and Community Services Committee

A Meeting of the **Housing and Community Services Committee** will be held in the **Council Chamber**, on **Thursday, 06 February 2014 at 18:00**. You are requested to attend.

Yours faithfully,

Chief Executive

To:- **Conservative Group**

Councillor Lemmon (Chairman), Councillor Hewlett (Vice-Chairman) and Councillors Ford, Harrison, Mrs. Hood, Murray and Smith.

Labour Group

Councillors Frost, Mrs. Heath, Mulgrew, Rhind, Richards and Shepherd.



AGENDA

Open to Public and Press

- 1** Apologies and to note any substitutes appointed for the Meeting.
- 2** To received the Open Minuts of the Meeting held on 28th November 2013.
- 3** To note any declarations of interest arising from any items on the Agenda
- 4** PRESENTATION OF SPORTS AWARDS.
- 5** To receive any questions by members of the public pursuant to Council Procedure Rule No.10.
- 6** To receive any questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 7** Reports of Overview and Scrutiny Committee - ENVIRONMENTAL VOLUNTEERING PROJECT
Environmental Volunteering Project **5 - 9**
- 8** Public Health Locality Plan for South Derbyshire **10 - 12**
- 9** Housing Revenue Account budget 2014 / 15 **13 - 29**
- 10** Progress Report: Five Year Improvement Programmes for Council Housing (April 2012 - March 2017) **30 - 37**
- 11** Work Programme **38 - 40**

Exclusion of the Public and Press:

- 12** The Chairman may therefore move:-
That in accordance with Section 100 (A) of the Local Government Act 1972 the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the

nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

- 13 To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 14 Land at Linton (Paragraph 3)



REPORT TO:	Housing and Community Services Committee	AGENDA ITEM: 7
DATE OF MEETING:	6th Feb 2014	CATEGORY:
REPORT FROM:	Chair of Overview and Scrutiny Committee	OPEN/
MEMBERS' CONTACT POINT:	Kate Allies 01283 535039 Kate.allies@south-derbys.gov.uk	DOC:
SUBJECT:	Environmental Volunteering Project	REF:
WARD(S) AFFECTED:	Districtwide	TERMS OF REFERENCE:

1.0 Recommendations

1.1 Members support and promote the continued development of the Environmental Volunteer project and provide advice and guidance where appropriate.

2.0 Purpose of Report

2.1 To update members on this new project which has been monitored by Overview and Scrutiny Committee during 2013.

3.0 Detail

3.1 This project aims to provide a link between businesses and other groups wishing to volunteer for 1 day on a community environmental project and the projects which need doing.

Terms of reference (Annexe No.1) have been prepared during 2013 through consultation with South Derbyshire Environmental Forum, voluntary groups and local businesses.

Project templates and a charging policy have been prepared in order to make sure the project is cost neutral to SDDC. These are being tested at present on pilot projects.

Background documents are available if required.

3.2 The role of SDDC staff will be:

To assess potential projects and match them up with a business or other volunteer group. We expect to test this with Rolls-Royce plc as we have an existing relationship with them with other volunteer projects.

To manage a booking system (planning to use the website as the primary tool).

To ensure safe planning and working practices are adopted

To resolve any queries

To identify training needs and look for opportunities to provide training.

4.0 Financial Implications

- 4.1 Activity is covered within current budgets for 2013-14 as funding is provided by South Derbyshire Partnership for development work.
- 4.2 For 2014-15 the Environmental Forum will apply for funding to South Derbyshire Partnership to support this work and there will be the introduction of a formal charging policy to generate income to develop the project further and make it sustainable.

5.0 Corporate Implications

- 5.1 The project contributes towards the following Corporate Plan priorities:
- Lifestyle choices – supporting people in the community who choose to volunteer to improve their neighbourhood
 - Value for money – providing a service to businesses and the community which is no cost to SDDC (self funding long term and subsidized by grants from partners short to medium term).
 - Sustainable Growth and Opportunity – supporting businesses in their work on Business in the Community / Community Investment and providing an outlet for their voluntary contributions in South Derbyshire.

6.0 Community Implications

- 6.1 This work provides valuable volunteering opportunities for and within the local community

7.0 Conclusions

- 7.1 This service development is an exciting partnership approach to increasing environmental volunteering within businesses and the community.

8.0 Background Papers

- 8.1 Terms of Reference Annexe No.1
Powerpoint Presentation for Overview and Scrutiny
Overview and Scrutiny Report December 2013

Annexe No.1 South Derbyshire Environmental Forum

Environmental Volunteering Project: Terms of reference and project development Jan 2014

The Environmental Volunteering Project is part of South Derbyshire Environmental Forum and South Derbyshire Partnership Sustainable Development group.

It is run by SDDC's Environmental Education Project –Alan Bates, Kate Allies, Lawrence Oates

Background

- Voluntary groups have asked for help with environmental projects in their villages as part of the South Derbyshire Environmental Forum group consultation 2013.
- 6 local businesses who are major employers have approached the Environmental Education Project team with offers of environmental and community volunteering, including some multiple opportunities.
- Linking potential volunteers to projects would achieve benefits to the community as a whole. Providing some basic training and support should be possible with the support of the South Derbyshire Partnership.
- Derbyshire County Council are also reviewing their work with volunteer groups with reference to improving public space owned by the County and Public Rights of Way. It is a good opportunity for joint working and sharing resources.
- The National Forest Company have a Heritage Lottery Project, 'Black to Green' which has some funding to assist in engaging volunteers and schools in environmental projects on the S Derbyshire/ N W Leics border.

Aims

- To improve biodiversity and the visual attractiveness of South Derbyshire
- To enable more environmental volunteering to take place in South Derbyshire
- To provide support and training to voluntary community environmental groups and individuals
- To support businesses in their Community Investment and 'Business in the Community' (BiTC) work
- To plan long term outputs to be SDDC cost-neutral (include inputs from partners and external funders)
- To provide a project template which can be shared with neighbouring authorities and partner organisations

Terms of reference:

- To strengthen links between business and the local community, with the council acting as the initial interface / facilitator

- To enable practical environmental improvements in towns and villages by identifying ways of linking business volunteers with local voluntary environmental groups
- To identify the potential for businesses to provide environmental volunteers and what the business needs would be for the project to be a success
- To work with voluntary community groups to highlight their desired environmental improvements (eg 'stiles to gates'; create wildflower meadow) and make these into projects that are suitable for corporate volunteer teams
- To identify barriers to this process and potential solutions and trial the process
- To identify training needs within the voluntary environmental village groups to enable them to lead on attracting volunteer corporate teams to their projects in future
- To link with training programmes for individuals to provide opportunities for them to develop confidence and practice their new skills.
- To review business opportunities for this project to form part of an apprenticeship scheme or other work opportunity by accessing external funding

Potential Issues

- Managing expectations of the voluntary groups
- Identifying the barriers e.g. risk assessment, paperwork and training needs within the voluntary groups and providing solutions in a timely manner
- Attracting businesses to the scheme and managing their expectations

Aims

- To improve biodiversity and the visual attractiveness of South Derbyshire
- To enable more environmental volunteering to take place in South Derbyshire
- To provide support and training to voluntary community environmental groups and individuals
- To support businesses in their Community Investment and 'Business in the Community' (BiTC) work
- To plan long term outputs to be SDDC cost-neutral (include inputs from partners and external funders)
- To provide a project template which can be shared with neighbouring authorities and partner organisations

Potential outcome/s

- New environmental projects would be made possible across the District
- Potentially the voluntary groups could attract new members to help them with long term sustainability of their group and their projects
- Individuals who wish to start volunteering can be supported and signposted to suitable projects.
- Pool of resources and expertise which can be shared with other councils and community groups; could be an example of good practice / innovation
- Opportunity for volunteering on SDDC-owned land and potential to contribute to SDDC environmental projects
- Cross-over links with Heritage Lottery Projects in the Heart of the Forest and Eureka

Park

- May attract external funding
- May be opportunity for apprenticeship or other workplace opportunities

Risks:

- Cost and future ownership of materials needs to be factored in.
- Need to be clear about insurance responsibilities
- Risk that groups might need more sustained support than can be provided
- Economic changes could reverse the business sector support
- Project needs to be set up to charge to cover costs from the start
- Projects need to be led and delivered in a professional manner and we need to contribute positive environmental benefits and avoid doing any damage...

Key stakeholders/ consultees:

South Derbyshire Environmental Forum

South Derbyshire Partnership (Sustainable Development Group)

Individual business: eg Bison, Toyota, Rolls-Royce, Nestle, Vodaphone

South Derbyshire Council for Voluntary Services (SDCVS) - volunteering and training

South Derbyshire Voluntary Sector Forum and Strategic Volunteering Partnership (SDCVS)
- Chris Harris

Derbyshire Biodiversity Project Officer (hosted by Derbyshire County Council) Nick Moyes

Derbyshire County Council (Countryside Service) Volunteers Project Officer - Steve Cresswell

South Derbyshire District Council – Ian Hey

Parish Councils

Other volunteer programmes eg University of Derby (Peter Walker/Jason Nichols – Community Relations); Community Payback teams.

SDDC department who may have potential projects: Grounds Maintenance team, Housing services and within the Community and Planning teams eg Open Spaces.

Similar Programmes in other areas

Other landowners (particularly with public access sites eg Forestry Commission)

REPORT TO:	Housing and Community Service Committee	AGENDA ITEM: 8
DATE OF MEETING:	6th February 2014	CATEGORY:
REPORT FROM:	Director of Community and Planning	OPEN:
MEMBERS' CONTACT POINT:	Vicky Smyth 01283 595776 vicky.smyth@south-derbys.gov.uk	DOC:
SUBJECT:	Public Health Locality Plan for South Derbyshire	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HCS07

1.0 Recommendations

1.1 Members consider the proposals of the draft Public Health Locality Plan for South Derbyshire and their comments are forwarded in written form to Public Health Locality Lead at Derbyshire County Council.

2.0 Purpose of Report

2.1 The report seeks Members views on the draft Locality Plan for South Derbyshire.

3.0 Detail

3.1 The District Council along with other public, voluntary and community sector organisations are being consulted on the development of a new Public Health Locality Plan for South Derbyshire.

3.2 The general public have also had an opportunity to have their say via an on-line survey, paper questionnaire and in person at the Healthier South Derbyshire event in January.

3.3 The draft plan document is provided as Annexe No. 1

3.4 April 2013 saw the transfer of Public Health responsibilities from Primary Care Trusts (PCTs) into Local Government. In Derbyshire responsibility lies with Derbyshire County Council.

3.5 Public Health teams at County Council are proposing that additional public health funds are deployed to increase capacity and support locality working. This will include promotion of community resilience, improving health and tackling health inequalities.

3.6 The draft South Derbyshire Locality Plan builds on a decade of partnership working and involvement of Public Health within South Derbyshire. The draft plan identifies

the health needs by area in South Derbyshire and recommends priorities for spend of the increased Public Health investment.

3.7 Current Public Health locality investment stands at £51,300. This covers contribution towards the Health Partnership Manager, Safer Neighbourhoods Officer, Get Active in The Forest and the Health and Wellbeing small grants fund.

Note:- Additionally Public Health currently also invests £68,970 into the Healthy Lifestyle Hub service to deliver GP referral, Walking For Health and Five/60. This brings current total investment to £120,270/a. However these elements are not included in this draft plan, and will be developed separately.

3.8 The Public Health team have highlighted locality working across Derbyshire as a priority to commission in the coming year. As such they have recommended an increase in allocation. The proposed additional investment for South Derbyshire is £40,983 bringing the total annual investment for 2014/15 to £92,283. This additional investment has a specific focus on people who are at risk of and/or living with significant health inequalities compared to the district as a whole.

3.9 This financial investment will be supported by dedicated Public Health staffing. Including a Health Partnership Manager (Full Time) based at SDDC with support from a locality focused Public Health Manager (WTE 0.4) and Senior Public Health Manager (WTE 0.2) based within the County Council.

3.10 Local accountability for the plan will lie with the South Derbyshire Partnership, where decisions will be proposed through the South Derbyshire Health and Wellbeing Group and ratified by the Board. The Local Area Committee (LAC) will maintain an advisory role on decision-making and plan development.

3.11 Strong health and wellbeing partnerships already exist in South Derbyshire and this draft plan aims to build on the success of previous years by:-

- Supporting collaborative working, match-funding, sharing capacity and taking joint ownership of local outcomes.
- Development of evidence based local strategic projects that can be measured to show health improvement and a reduction in health inequalities across our community.
- Maximising budgets (incl. New Public Health investment) to ensure efficiency and SMART outcomes across locality programmes.

3.12 The Plan identifies a number of challenges to health. People in South Derbyshire are generally healthy compared with the Derbyshire and England average. However significant health inequalities exist. Life expectancy is 9.8 years lower for men and 5.8 years lower for women in the most deprived areas compared to the least deprived areas. The draft plan outlines the key challenges to health by electoral division. There are more challenges to health identified in the urban core areas. This is linked to higher deprivation rates and a younger age profile in these areas.

3.13 Table 5.1 of the draft plan outlines the key Public Health recommendations for prioritising the increased Public Health investment. In brief these include:

- Young people's health project in Swadlincote
- Local 'older community support' referral service
- Strong families project
- Family education project

- Active Swadlincote project

3.14 Each District/Borough in Derbyshire has been tasked with developing a Locality Plan for their area. The results will be taken to Cabinet at DCC in March.

4.0 Financial Implications

4.1 Whilst the proposed Plan doesn't have a direct impact on the financial resources of the District Council it does propose for significant additional financial resource to be invested into the South Derbyshire area for project delivery to tackle identified health inequalities. The proposed increase is from £51,300 to £92,283 for 2014/2015.

4.2 The robust strategic planning recommended in the plan will also offer opportunities where necessary to redirect current resource across organisations to better meet identified need – supporting a shared outcomes approach such as cross-utilisation of staff.

4.3 The plan recommends continued workforce investment in the Health Partnership Manager. It also recommends additional dedicated staff time from Public Health Managers to support locality working.

5.0 Corporate Implications

5.1 This draft plan cuts across all of the four themes in the corporate plan.

6.0 Community Implications

6.1 The Locality Plan will have a significant impact on improving the health and wellbeing of South Derbyshire residents.

7.0 Conclusions

7.1 Members have this opportunity to comment. Responses will be forwarded to the Public Health Locality Lead at Derbyshire County Council.

10.0 Background Papers

Draft Locality Plan for South Derbyshire.
South Derbyshire Partnership organisation sheet

REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	6th FEBRUARY 2014	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF FINANCE & CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.stackhouse@south-derbys.gov.uk	DOC: u/ks/budget round 1415/policy reports/HRA/budget report 1415
SUBJECT:	HOUSING REVENUE ACCOUNT BUDGET 2014/15 Including Proposed Rent Increase and Longer Term Financial Projection	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HC 01

1.0 Recommendations

- 1.1 That an average rent increase of 5.5% (£4.16 per week) for tenanted properties is considered and approved for 2014/15.
- 1.2 That the average rent increase is adjusted for individual tenants in accordance with the Rent Restructuring Formula.
- 1.3 That the proposed estimates of income and expenditure for 2014/15 for the Housing Revenue Account are considered and referred to the Finance and Management Committee for approval.
- 1.4 That the updated financial projection, including the associated assumptions and analysis for the Housing Revenue Account to 2024 is considered and approved.

2.0 Purpose of the Report

- 2.1 As part of the annual financial planning cycle, the report details the Housing Revenue Account's (HRA) base budget for 2014/15 together with an updated financial forecast to 2024. The report also sets out details of the proposed rent increase and options for 2014/15 under the Government's National Rent Setting Policy.

3.0 Detail

3.1 The HRA's base budget and 10-year financial projection is detailed in **Appendix 1**. This shows a summary of each main income and expenditure head within the HRA for 2013/14 to 2023/24, together with the yearly surplus/deficit and balance on the HRA's general reserve.

3.2 This also shows how future surpluses will be built up to repay (self-financing) debt in accordance with the Council's Treasury Management Strategy.

Formulating the 2014/15 Base Budget

3.3 The estimates are generally based on service levels in 2013/14 continuing and include any full year effects of previous year's growth and service restructures. However, a detailed review of the base budget in day to day spending areas has also been undertaken to reflect the most up to date position.

Planning Period

3.4 A rolling 10-year financial projection is considered to be an appropriate planning period as it accords with the approved debt maturity profile and ensures focus is maintained on the longer-term.

3.5 An overall 30-year Business Plan will continue to focus on stock investment in line with available finance and tenant aspirations. This is also considered to be good practice in the self-financing regime to demonstrate to all stakeholders that the housing service is sustainable.

The position entering the Budget Round

3.6 The financial plan was updated and approved in October 2013. This reflected:

- The 2012/13 budget out-turn as approved in June 2013
- The financial impact of delivering the approved strategy for New Build
- The Government's proposals for future rent policy following CSR 2013

3.7 The updated October Plan showed a continuing sustainable financial position over the medium term for the HRA. Within this, some risks were identified with substantial investment planned in capital works and New Build over the life of the MTFP.

3.8 The overall financial position was projected to improve due to the proposed change in the Government's rent policy from 2015/16, subject to consultation. Although this would end rent convergence after 2014/15, a proposal to raise future rents in real terms by 1% above inflation, would increase resources in the HRA compared to that previously estimated.

3.9 Based on this analysis, the level of the HRA's General Reserve was projected to rise to approximately £4.5m by 2023/24, compared to £3m in the previous

projection. This included earmarking an amount of £1.4m for New Build as approved by the Committee in April 2013.

Updated Budget and Longer-term Projection

- 3.10 **Appendix 1** shows the approved base budget for 2013/14 and that proposed for 2014/15, with projections for the following 10 years to 2024. **Appendix 2** shows the proposed base budget for 2014/15 compared to that included in the previous 10-year financial projection.
- 3.11 **Appendix 3** then provides an overall reconciliation of the change between the previous and updated projections; this shows the effect of changes to the proposed base budget in 2014/15 over the 10-year planning period.
- 3.12 The figures continue to forecast a relatively strong and sustainable financial position over the medium term on the HRA.
- 3.13 Compared to the projection in October 2013, there is an improved position over the longer term planning period (subject to future rent increases). This is mainly due to lower costs, together with additional rental income estimated in 2014/15 (subject to the recommended rent increase).
- 3.14 Proposed rent levels and options on future levels are considered in detail later in the report.

The Updated Projection

- 3.15 **Appendix 1** shows the cumulative balances on the HRA and Debt Repayment Reserves by 2024. Compared to the previous projection (shown in **Appendix 4** for information) resources have increased overall by approximately £5.26m over 10-years as shown in the following table.

(Figures cumulative over 10-years)

Increase in estimated Property Rents	-£2,990,788
Decrease in Other Income	£587,306
Decrease in Supporting People Contributions	£500,000
Decrease in estimated Housing Repairs	-£1,120,336
Decrease in estimated Management costs	-£1,348,439
Decrease in Supported Housing costs	-£881,750
Other Changes	-£10,182
	-£5,264,189

- 3.16 This has increased resources available with the HRA General Reserve projected to be approximately £3.1m by 2024, well above the approved minimum level of £1m.

3.17 An analysis of the main changes between the projections is detailed in the following sections.

Increase in Estimated Property Rents

3.18 Proposals for rent levels are detailed later in the report. The main reason for the increase is that the base starting point for 2014/15 is approximately £120,000 higher if the recommended rent increase is approved.

3.19 The previous projection estimated RPI as at September 2013 at 2.25%, this is the base index for increasing rents under the current Policy. Actual RPI was 3.25%, with the 1% increase then compounded cumulatively over the long term financial projection.

(Further analysis of the proposed rent increase and the impact upon average rents and individual tenants, is detailed later in the report).

3.20 Future rent increases from 2015/16 are now based on current rent convergence ending after 2014/15 and being replaced with CPI + 1%, i.e. 3.25% per year. This is in accordance with the Government's intention to change national rent policy as set out in CSR 13. However, this is still subject to consultation and final approval.

3.21 The longer term projection has also been adjusted to reflect the change in accounting methodology previously reported, to smooth out the incidence of "53 week" years (every 5 years) by accounting for rent on a daily and not weekly basis. Overall cash income remains the same over the longer-term financial period although there is a reduction in 2013/14.

Council House Sales

3.22 These have increased over the last 2 years following the Government's policy of increasing discounts to tenants to buy their homes. The revised income figures reflect a greater level of council house sales in 2012/13 (18), together with revised estimates of 20 in 2013/14, 15 in 2014/15 and 10 in 2015/16 (compared to 5 previously).

3.23 The loss of estimated income as a consequence has been partly offset by continuing the policy of reletting void properties directly at Formula Rent.

Total Rent Income

3.24 Based on the above factors, total rent income is estimated at £12.3m in 2014/15, rising to £16.3m by 2024. During this period, it is estimated that the current dwelling stock (excluding any New Build) will reduce by around 100 units from the current level of just over 3,000.

Decrease in Other Income

- 3.25 Approximately £50k per year has been taken out of the base budget for income from garage rents (£30k) and rechargeable repairs (£20k). Other income in the HRA amounts to over £300,000 per year.
- 3.26 Income from the letting of garages continues to decline and the base budget has been updated to reflect this position. In addition, income from rechargeable repairs has been reduced to reflect what is actually recharged and paid; this can vary between years.

Decrease in Supporting People Contributions

- 3.27 This relates to the contribution from the County Council towards costs associated with their services provided to council tenants. The budget has been reduced from £350,000 to £300,000 per year to reflect a change in how the contribution is calculated following a review of service provision.
- 3.28 This contribution could reduce further as the funding body are examining closely their overall budget for supported housing in future years.

Decrease in Estimated Housing Repairs

- 3.29 After allowing for an inflation increase of 2.5%, the estimated spending on responsive repairs and minor planned works has been reduced by £1.1m over the financial period. This is mainly due to the base budget of £100,000 for minor adaptations being accommodated in proposed capital expenditure, effectively meaning that revenue provision is no longer required.

Decrease in Estimated Management and Supported Housing Costs

- 3.30 Total expenditure on these costs is approximately £2.25m per year. The base budget in is just under £200k lower than estimated compared to the previous projection. There are several factors that make up this amount as highlighted in the following table.

	£'000
No inflation increase on the base budget in 2013/14	-60
IT System Development - one-off costs falling out	-28
Lower salary costs following senior management restructure	-27
Contributions/Management - Choice Based Letting Scheme	-23
Salary costs and budget savings (following 2012/13 out-turn review)	-21
Careline and Telecare Equipment - lower maintenance charges	-16
Additional income from court fees, lettings and tenancy management	-13
Relocation of Careline Service into Oaklands - lower service charge	-12
	-200

- 3.31 Some of these savings are being realised due to “one-off” costs incurred over the last couple of years now falling out. In particular, these relate to IT development of the main housing management system, together with development costs associated with the Choice Based Lettings Scheme.
- 3.32 Following a review of the base budget, several savings are being realised such as the relocation of the Careline Service from its temporary accommodation, together with lower equipment maintenance costs.

Main Assumptions

- 3.33 The impact of a change in the base budget can have a significant impact cumulatively over the longer-term financial period. Although the cost base is estimated to reduce, the key assumptions underpinning the projection on the revised base remain unchanged; these are detailed below.

General Inflation

- 3.34 Where applicable, a rate of 2.5% has been included year on year for items of income and expenditure (excluding rents). This is based on a general index of longer-term inflation rates. Excluding national pay award increases, the HRA in recent years has actually spent within the inflated budgets as shown in the previous table.
- 3.35 Where a provision for inflation is not required, this is effectively returned to the HRA’s General Reserve. This also reduces the base level of spending for future years by approximately £60k per year, based on the base budget for 2014/15.
- 3.36 Spending on day to day repairs and maintenance is usually targeted at the inflated amount each year, subject to any changes in policy or capital expenditure.

Income (excluding Housing Rents)

- 3.37 Following a prudent basis no provision, on the updated base budget, for inflation is factored into the projection for income from fees, charges and contributions.

Debt Interest and Capital Investment

- 3.38 Amounts for interest on debt and capital expenditure are those set on the implementation of self-financing and have not changed. Predominantly, the self-financing debt is fixed with an approved maturity profile as set out in the Council’s Treasury Management Strategy. The first repayment is due in 2020.
- 3.39 The capital expenditure profile may change over time, although the total amount of expenditure is fixed. In addition, contributions to the New Build programme may also follow a different profile over time depending on delivery, but the total is currently fixed, as approved, at £1.4m until 2019.

Rent Levels and Proposed Rent Increase 2014/15

3.40 Under self-financing, councils are still expected to follow the national rent setting framework as applied under the previous subsidy system and continue towards rent convergence by 2015/16. Within the system, there are 3 different rent levels as follows:

- The Actual Rent – the current rent charged locally
- The Formula Rent – the rent which should be charged - this is the level to which actual rents have been converging over time.
- The Limit Rent – a rent set by the Department for Works and Pensions for which the actual rent cannot exceed at any one time without a financial penalty being incurred.

3.41 By the time rent convergence is fully implemented, all 3 of these rents should be at the same level, i.e. converged.

3.42 The previous HRA projection reported in October was based on a proposed change (subject to consultation) in the Government's rent policy from 2015/16. Although this proposal would bring to an end rent convergence after 2014/15, a further proposal to raise future rents in real terms by 1% above inflation would increase resources in the HRA compared to that previously estimated.

3.43 Although the Council does have some flexibility in setting rents, its current policy is to adhere to the national rent convergence framework and bring all tenanted properties to their Formula Rent.

3.44 As highlighted above, within the current framework, a Limit Rent also exists and average rent cannot exceed this Limit without incurring a financial penalty through loss of benefit subsidy for rent rebates.

3.45 As previously reported, the Council's average rent has remained below its Formula, although the gap has narrowed each year. For 2013/14, the headline rents are as follows:

- Average Rent - £74.93
- Formula Rent - £77.79
- Limit Rent - £75.83

Future Rent Policy

3.46 Following CSR 2013, the Department for Communities and Local Government (DCLG) wrote to representative housing groups. This set out the Government's intention to end rent convergence after 2014/15 and to introduce new policy direction from 2015/16.

- 3.47 The DCLG confirmed that, subject to consultation, rents in the social sector will be increased by the Consumer Prices Index (CPI) plus 1% annually from 2015/16 to 2024/25.
- 3.48 It is assumed that this would apply across the board for all tenants without any individual caps or adjustments with the rent level in 2014/15 being the base starting point. Details are due to be provided in a consultation exercise later in the year.
- 3.49 Consultation aside, the Government appears committed to ending rent convergence and setting new rent policy. In principle, this could have a significant effect on those councils (such as South Derbyshire) who have still to fully converge.
- 3.50 However, this will depend on how close actual rents are to the Formula and exactly what assumptions have been used in individual councils. In addition, the proposals indicate a change in the inflation index from RPI to CPI.
- 3.51 Historically, RPI has been a higher figure, although it should be noted that the new policy will include an on-going real terms increase in rents of 1% per year.
- 3.52 Under rent convergence, this has been 0.5% (*subject to caps being applied to individual tenants of inflation plus £2 per week*) and any real terms increase beyond 2015/16 has been uncertain until this announcement. Until October 2013, the Council's HRA projection had assumed no real terms increase beyond 2015/16, but this was changed based on the Government's announcement.
- 3.53 In summary, the rent projection was recalculated in October based on the revised national policy and this added an additional £2.7m into the HRA over the 10-years to 2024. This was based on a rent increase of 4.7% in 2014/15 (effectively now the final year of convergence) and 3.25% a year thereafter (2.25% CPI + 1%).

Proposed Increase 2014/15

- 3.54 Based on the rent convergence methodology, the base line increase for 2013/14 is 3.7% - i.e. RPI as at September 2013 of 3.2% + 0.5%.
- 3.55 In 2013/14, the Council's average rent is £3.33p per week (4.3%) lower than the national formula. In order to continue convergence, the average rent would need to increase by a further 1.8 % in 2014/15.
- 3.56 This makes the proposed overall average rent increase equal to **5.5%** (3.7% + 1.8%) for 2014/15 – an average of just over **£4 per week**.

Analysis of Increases

- 3.57 Based on the National Formula, all tenants will see an increase in their rents for 2014/15. This will range from £2.09p to £5.46p per week (between 3.5% and 6%).
- 3.58 Within this, almost half of properties (1,474) would have their increase capped at 3.7% plus £2 per week under the rent convergence guidelines.
- 3.59 The Council's average rent will increase from £74.93 per week to **£79.09 per week**. The average Formula Rent for 2014/15 is now £81.08 per week – 2.6% higher than the proposed actual of £79.05 per week.
- 3.60 Actual rents will range from £58 per week for bedsits to just over £100 per week for a 4 bedroom property in certain parts of the District. The Limit Rent for 2014/15 is still to be notified to the Council but is estimated to be around £80 per week.
- 3.61 If the average rent increase of 5.5% is approved for 2014/15, there will still be approximately 1,700 properties below their Formula Rent to varying degrees because of the cap on individual increases that has applied in previous years.
- 3.62 If rent convergence was to remain in place, all properties would eventually converge by 2018/19.

Rent Collection and Potential Arrears

- 3.63 It has previously been reported that arrears have been increasing over the last year. Based on the current level of arrears, there is a separate Bad Debts Provision of £180,000 against which uncollectable debts are written off.
- 3.64 The HRA projection allows for an increase in this provision of £20,000 per year. The provision was increased by £44,000 in 2012/13, so this will need to be kept under review. In the meantime, specific work is currently taking place with affected tenants to reduce the overall level of arrears.

HRA General Reserve

- 3.65 Based on the proposed rent increase of 5.5% and following changes to the Base Budget, the balance on the HRA Reserve is forecast to increase from £2.6m in 2013/14 to £3.1m in 2017/18.
- 3.66 This level of £3.1m is maintained over the remainder of the 10-year financial period as the HRA moves into surplus following the current capital investment programme. As originally planned, future surpluses after 2017/18 will be set-aside to repay debt for when it matures.
- 3.67 The balance of £3.1m is in excess of the minimum level of £1m approved in the Council's Financial Strategy for the HRA.

3.68 It is considered that proposed spending budgets are realistic but prudent and allow for inflation. The debt costs are sustainable and allow the planned repayment of debt

3.69 Clearly, the most significant variable continues to be rent. As the report highlights, a relatively low change in percentage terms can have a significant impact in cash terms, particularly when projected over 10-years. Depending on the outcomes of the consultation on proposed change to national rent policy from 2015/16, the projected rent levels could change again.

Potential Use of Additional Resources

3.70 With projected reserves now expected to be much higher over the medium term, the HRA continues to have several options as set out in the following table.

Options	Benefits	Risks
Set lower rent increases	<ul style="list-style-type: none"> • Lessens the potential for larger increases • Eases the cost for individual tenants 	<ul style="list-style-type: none"> • Constraining the main revenue source • Reducing the income base in the short term when resources are required in the longer-term • Could be constrained by national policy
Set-aside and use resources for New Build or additional capital investment – could be used as a contribution to Phase 2 of New Build	<ul style="list-style-type: none"> • Would supplement other capital receipts and avoid technical and risky methods of financing New Build • Resources are maintained in the meantime and not immediately used 	<ul style="list-style-type: none"> • One-off financing method, once resources are spent they cannot easily be replenished
Take advantage of borrowing headroom	<ul style="list-style-type: none"> • Additional debt costs are affordable • Interest rates still very low 	<ul style="list-style-type: none"> • Additional borrowing could be costly longer term if financial position changes
Use resources for debt management - set-aside to accelerate the repayment of debt	<ul style="list-style-type: none"> • Prudent approach to financial management • Would reduce interest costs in the longer term <p style="text-align: center; color: blue;">Page 21 of 39</p>	<ul style="list-style-type: none"> • Need to invest resources until debt matures – current investment returns very low • Repaying debt early could incur a premium, although interest rates have reduced and a discount may be available

Set-aside as a separate contingency	<ul style="list-style-type: none"> • Prudent approach to financial management 	<ul style="list-style-type: none"> • Could be challenged for holding onto resources unnecessarily
-------------------------------------	--	--

Apportionment of Indirect HRA Costs

3.71 As reported last year, a comprehensive review was undertaken during this Budget Round of the apportionment of central services, senior management and other corporate costs between the General Fund and the HRA.

3.72 This included a review of 20 cost categories covering services such as HR, ICT, Finance and Customer Services, etc., together with the core management and democratic costs of the Council.

3.73 The review aimed to ensure that there is a fair and reasonable charge for these services in the HRA in accordance with accounting regulations. The last review of the basis for these charges was in 2004/05; since that time the structure of the Council has changed several times and the social housing function has also undergone significant change culminating in the implementation of self-financing in 2013/14.

3.74 The outcome is currently being assessed and validated by the Council's External Auditor and will be reported to the Finance and Management Committee on 20th February.

4.0 Financial Implications

4.1 As detailed in the report

5.0 Corporate Implications

5.1 There are no other legal, HR or other corporate implications apart from that considered in the report.

6.0 Community Implications

6.1 The proposed budgets and spending within the HRA provides the financial resources to enable many of the on-going services and Council priorities associated with council housing to be delivered to its tenants.

7.0 Background Papers

7.1 None

HRA BASE BUDGET & FINANCIAL PROJECTION (as at February 2014)

All figures in £'s	Approved 2013/14	Revised 2013/14	Proposed 2014/15	Projection 2015/16	Projection 2016/17	Projection 2017/18	Projection 2018/19	Projection 2019/20	Projection 2020/21	Projection 2021/22	Projection 2022/23	Projection 2023/24
Rent From Dwellings	-11,874,330	-11,682,234	-12,285,102	-12,719,119	-13,096,610	-13,522,249	-13,961,722	-14,652,445	-14,843,203	-15,325,608	-15,823,690	-16,337,960
Garage and Shop Rents	-130,000	-130,000	-97,499	-100,668	-103,939	-107,317	-110,805	-114,406	-118,125	-121,964	-125,928	-130,020
Insurances Recharged	-20,000	-20,000	-20,000	-20,500	-21,013	-21,538	-22,076	-22,628	-23,194	-23,774	-24,368	-24,977
Other Fees & Charges	-180,750	-180,750	-187,110	-187,110	-187,110	-187,110	-187,110	-187,110	-187,110	-187,110	-187,110	-187,110
Rechargeable Repairs	-20,000	-20,000	0	0	0	0	0	0	0	0	0	0
Interest received from General Fund	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000
Supporting People Contributions	-350,000	-350,000	-300,000	-300,000	-300,000	-300,000	-300,000	-300,000	-300,000	-300,000	-300,000	-300,000
TOTAL INCOME	-12,595,080	-12,402,984	-12,909,711	-13,347,397	-13,728,672	-14,158,214	-14,601,713	-15,296,589	-15,491,632	-15,978,456	-16,481,096	-17,000,067
Housing Repairs	3,235,959	3,235,959	3,216,858	3,297,280	3,379,712	3,464,205	3,550,810	3,639,580	3,730,569	3,823,834	3,919,430	4,017,415
General Management	1,289,719	1,289,719	1,242,186	1,273,240	1,305,071	1,337,698	1,371,141	1,405,419	1,440,555	1,476,568	1,513,483	1,551,320
Managing Tenancies	15,360	15,360	14,910	15,283	15,665	16,056	16,458	16,869	17,291	17,723	18,166	18,621
Rent Collection & Accounting	29,280	29,280	20,280	20,787	21,307	21,839	22,385	22,945	23,519	24,107	24,709	25,327
Supported Housing	888,726	888,726	832,240	853,046	874,372	896,231	918,637	941,603	965,143	989,271	1,014,003	1,039,353
Provision for Bad Debts	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Capital Charges (Historical Debt)	51,872	51,872	51,750	51,629	51,508	51,386	51,265	51,143	51,022	50,901	50,779	50,658
Depreciation	2,851,007	2,851,007	2,805,432	2,805,432	2,805,432	2,805,432	2,805,432	2,805,432	2,805,432	2,805,432	2,805,432	2,805,432
Interest on Self Financing Debt	1,574,805	1,574,805	1,574,805	1,684,805	1,804,805	1,904,805	2,004,805	2,024,805	2,024,805	2,024,805	1,504,805	1,504,805
Treasury Management Fees	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Capital Expenditure Requirement	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	3,452,362	3,452,362	3,452,362	3,452,362	2,996,741	2,996,741	2,996,741
Capital Salaries	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Incremental Salary Increases	0	0	0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Provision for Pay and Grading / Pensions	22,950	37,950	18,380	18,564	18,935	19,409	19,894	20,391	20,901	21,424	21,959	22,508
Contribution to New Build	0	0	286,800	286,800	286,800	286,800	286,800	0	0	0	0	0
TOTAL EXPENDITURE	15,537,678	15,552,678	15,641,641	15,888,866	16,145,607	14,338,223	14,581,989	14,462,549	14,613,599	14,312,806	13,951,507	14,114,180
HRA NET EXPENDITURE	2,942,598	3,149,694	2,731,930	2,541,469	2,416,935	180,009	-19,724	-834,040	-878,033	-1,665,650	-2,529,589	-2,885,887
Less Depreciation	-2,851,007	-2,851,007	-2,805,432	-2,805,432	-2,805,432	-2,805,432	-2,805,432	-2,805,432	-2,805,432	-2,805,432	-2,805,432	-2,805,432
HRA (Surplus)/Deficit	91,591	298,687	-73,502	-263,963	-388,497	-2,625,423	-2,825,156	-3,639,472	-3,683,465	-4,471,082	-5,335,021	-5,691,319
Appropriation												
Set aside for Debt Repayment	0	0	0	0	0	2,625,423	2,825,156	3,639,472	3,683,465	4,471,082	5,335,021	5,691,319
Transfer to General Reserve	91,591	298,687	-73,502	-263,963	-388,497	0	0	0	0	0	0	0
HRA GENERAL RESERVE												
Balance b/f	-2,686,082	-2,686,082	-2,387,395	-2,460,897	-2,724,860	-3,113,357	-3,113,357	-3,113,357	-3,113,357	-3,113,357	-3,113,357	-3,113,357
Transfer out/(in)	91,591	298,687	-73,502	-263,963	-388,497	0	0	0	0	0	0	0
Balance c/f	-2,594,491	-2,387,395	-2,460,897	-2,724,860	-3,113,357							
DEBT REPAYMENT PROVISION												
Balance b/f	0	0	0	0	0	0	2,625,423	5,450,579	9,090,051	12,773,516	7,244,598	12,579,619
Debt repayment set aside	0	0	0	0	0	0	2,625,423	2,825,156	3,639,472	3,683,465	4,471,082	5,691,319
Debt repayment	0	0	0	0	0	0	0	0	0	-10,000,000	0	-10,000,000
Balance c/f	0	0	0	0	0	0	2,625,423	5,450,579	9,090,051	12,773,516	7,244,598	8,270,938

Analysis of Change in Base Budget 2014/15 and that Projected

All figures in £'s	Projection	Budget	Change
Rent From Dwellings	-12,091,647	-12,285,102	-193,455
Garage and Shop Rents	-136,099	-97,499	38,600
Insurances Recharged	-20,500	-20,000	500
Other Fees & Charges	-180,750	-187,110	-6,360
Rechargeable Repairs	-20,500	0	20,500
Interest received from General Fund	-20,000	-20,000	0
Supporting People Contributions	-350,000	-300,000	50,000
TOTAL INCOME	-12,819,496	-12,909,711	-90,215

Housing Repairs	3,316,858	3,216,858	-100,000
General Management	1,349,575	1,242,186	-107,389
Managing Tenancies	15,744	14,910	-834
Rent Collection & Accounting	30,012	20,280	-9,732
Supported Housing	910,944	832,240	-78,704
Provision for Bad Debts	20,000	20,000	0
Capital Charges (Historical Debt)	51,751	51,750	-1
Depreciation	2,851,007	2,805,432	-45,575
Interest on Self Financing Debt	1,574,805	1,574,805	0
Treasury Management Fees	8,000	8,000	0
Capital Expenditure Requirement	5,500,000	5,500,000	0
Capital Salaries	50,000	50,000	0
Incremental Salary Increases	0	0	0
Provision for Pay and Grading / Pensions	23,524	18,380	-5,144
Contribution to New Build	286,800	286,800	0
TOTAL EXPENDITURE	15,989,020	15,641,641	-347,379

HRA NET EXPENDITURE	3,169,524	2,731,930	-437,594
Less Depreciation	-2,851,007	-2,805,432	45,575
HRA (Surplus)/Deficit	318,517	-73,502	-392,019

Analysis of Change in 10-year Projection to 2023/24

All figures in £'s	Projection	Budget	Change
Rent From Dwellings	-151,259,154	-154,249,942	-2,990,788
Garage and Shop Rents	-1,676,305	-1,260,671	415,634
Insurances Recharged	-249,670	-244,068	5,602
Other Fees & Charges	-1,988,250	-2,051,850	-63,600
Rechargeable Repairs	-249,670	-20,000	229,670
Interest received from General Fund	-220,000	-220,000	0
Supporting People Contributions	-3,850,000	-3,350,000	500,000
TOTAL INCOME	-159,493,049	-161,396,531	-1,903,482

Housing Repairs	40,395,988	39,275,652	-1,120,336
General Management	16,436,462	15,206,400	-1,230,062
Managing Tenancies	191,747	182,402	-9,345
Rent Collection & Accounting	365,517	256,485	-109,032
Supported Housing	11,094,375	10,212,625	-881,750

APPENDIX 4

HRA BASE BUDGET & FINANCIAL PROJECTION (as at October 2013)

	Budget 2013/14	Projection 2014/15	Projection 2015/16	Projection 2016/17	Projection 2017/18	Projection 2018/19	Projection 2019/20	Projection 2020/21	Projection 2021/22	Projection 2022/23	Projection 2023/24
	£	£	£	£	£	£	£	£	£	£	£
Income											
Rent From Dwellings	-11,874,330	-12,091,647	-12,463,886	-12,847,550	-13,242,987	-13,650,557	-14,341,220	-14,503,592	-14,949,833	-15,409,760	-15,883,792
Garage and Shop Rents	-130,000	-136,099	-141,707	-146,063	-149,691	-153,233	-156,688	-160,217	-163,822	-167,508	-171,277
Insurances Recharged	-20,000	-20,500	-21,013	-21,538	-22,076	-22,628	-23,194	-23,774	-24,368	-24,977	-25,602
Other Fees & Charges	-180,750	-180,750	-180,750	-180,750	-180,750	-180,750	-180,750	-180,750	-180,750	-180,750	-180,750
Rechargeable Repairs	-20,000	-20,500	-21,013	-21,538	-22,076	-22,628	-23,194	-23,774	-24,368	-24,977	-25,602
Interest received from Gen Fund	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000
Supporting People Contributions	-350,000	-350,000	-350,000	-350,000	-350,000	-350,000	-350,000	-350,000	-350,000	-350,000	-350,000
TOTAL INCOME	-12,595,080	-12,819,495	-13,198,369	-13,587,439	-13,987,581	-14,399,796	-15,095,047	-15,262,106	-15,713,141	-16,177,972	-16,657,022
Expenditure											
Housing Repairs	3,235,959	3,316,858	3,399,780	3,484,774	3,571,893	3,661,191	3,752,721	3,846,539	3,942,702	4,041,270	4,142,301
General Management	1,316,659	1,349,575	1,383,314	1,417,897	1,453,345	1,489,678	1,526,920	1,565,093	1,604,221	1,644,326	1,685,434
Managing Tenancies	15,360	15,744	16,138	16,541	16,955	17,378	17,813	18,258	18,715	19,183	19,662
Rent Collection & Accounting	29,280	30,012	30,762	31,531	32,320	33,128	33,956	34,805	35,675	36,567	37,481
Sheltered & Other Services	888,726	910,944	933,717	957,060	980,987	1,005,511	1,030,649	1,056,415	1,082,826	1,109,896	1,137,644
Provision for Bad Debts	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Capital Charges (old debt)	51,872	51,751	51,629	51,508	51,386	51,265	51,143	51,022	50,901	50,779	50,658
Depreciation - Dwellings	2,851,007	2,851,007	2,851,007	2,851,007	2,851,007	2,851,007	2,851,007	2,851,007	2,851,007	2,851,007	2,851,007
Interest on Self-Financing Debt	1,574,805	1,574,805	1,684,805	1,804,805	1,904,805	2,004,805	2,024,805	2,024,805	2,024,805	1,504,805	1,504,805
Treasury Management Fees	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Capital Expenditure Requirement	5,500,000	5,500,000	5,500,000	5,500,000	3,452,362	3,452,362	3,452,362	3,452,362	2,996,741	2,996,741	2,996,741
Contribution to New Build	0	286,800	286,800	286,800	286,800	286,800	0	0	0	0	0
Capital Salaries	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Provision for Pay & Grading	22,950	23,524	24,112	24,715	25,333	25,966	26,615	27,280	27,962	28,661	29,378
TOTAL EXPENDITURE	15,564,617	15,989,019	16,240,064	16,504,638	14,705,192	14,957,091	14,845,991	15,005,586	14,713,554	14,361,235	14,533,111
HRA NET EXPENDITURE	2,969,537	3,169,524	3,041,696	2,917,200	717,611	557,295	-249,056	-256,520	-999,587	-1,816,738	-2,123,911
Less Depreciation	-2,851,007	-2,851,007	-2,851,007	-2,851,007	-2,851,007	-2,851,007	-2,851,007	-2,851,007	-2,851,007	-2,851,007	-2,851,007
HRA Surplus (-) / Deficit	118,530	318,517	190,689	66,193	-2,133,396	-2,293,712	-3,100,063	-3,107,527	-3,850,594	-4,667,745	-4,974,918
Appropriation											
Set aside for Debt Repayment	0	0	0	0	2,405,479	2,430,475	2,804,801	2,673,699	3,264,399	3,915,131	4,058,098
Transfer to (-) / from General Reserve	118,530	318,517	190,689	66,193	272,083	136,763	-295,262	-433,828	-586,195	-752,614	-916,820
HRA GENERAL RESERVE											
Balance b/f	-2,686,082	-2,567,552	-2,249,035	-2,058,346	-1,992,154	-1,720,070	-1,583,307	-1,878,569	-2,312,396	-2,898,592	-3,651,205
Transfer (as above)	118,530	318,517	190,689	66,193	272,083	136,763	-295,262	-433,828	-586,195	-752,614	-916,820
Balance c/f	-2,567,552	-2,249,035	-2,058,346	-1,992,154	-1,720,070	-1,583,307	-1,878,569	-2,312,396	-2,898,592	-3,651,205	-4,568,025
DEBT REPAYMENT PROVISION											
Balance b/f	0	0	0	0	0	2,405,479	4,835,954	7,640,755	10,314,454	3,578,853	7,493,984

Increase in estimated Property Rents	-£2,990,788
Decrease in Other Income	£587,306
Decrease in Supporting People Contributions	£500,000
Decrease in estimated Housing Repairs	-£1,120,336
Decrease in estimated Management costs	-£1,348,439
Decrease in Supported Housing costs	-£881,750
Other Changes	-£10,182
	<u>-£5,264,189</u>

£'000

No inflation increase on the base budget in 2013/14	-60
IT System Development - one-off costs falling out	-28
Lower salary costs following senior management restructure	-27
Contributions/Management - Choice Based Letting Scheme	-23
Salary costs and budget savings (following 2012/13 out-turn review)	-21
Careline and Telecare Equipment - lower maintenance charges	-16
Additional income from court fees, lettings and tenancy management	-13
Relocation of Careline Service into Oaklands - lower rental charge	-12
	-200

REPORT TO:	Housing and Community Services Committee	AGENDA ITEM: 10
DATE OF MEETING:	6th February 2014	CATEGORY: Delegated
REPORT FROM:	Director of Housing and Environmental Services	OPEN
MEMBERS' CONTACT POINT:	Gary Clarkson Ext 5897	DOC:
SUBJECT:	Progress report: Five year improvement programmes for council housing (April 2012 – March 2017)	REF:
WARD(S) AFFECTED:	All	TERMS OF REFERENCE: HCSO1

1. Recommendations

- 1.1 Members approve this progress report during year two (2013/2014) of the five year programme, the scheduling amendments as detailed in the report and the budgetary amendment at 1.2.
- 1.2 That the unforeseen decent homes allocation be increased for 2014/15 to £127,000 for the reason detailed in the report.

2. Purpose of Report

- 2.1 To provide a progress report as requested at the February Committee 2012, which details the anticipated progress to the end of the second year (March 2014) and the remainder of the five year programme to March 2017.
- 2.2 To inform members of programmes that have been subject to minor changes following more detailed surveys and analysis, or unforeseen works that have occurred since the original committee report. Overall, and primarily as a result of less work being required once contractors have been on-site as well as grant income received, the five year programme is currently projected to come in under budget.

3. Detail

3.1 Decent Homes Standard

- 3.1.1 All of the Council's properties remain compliant with the Decent Homes Standard as a result of the works undertaken between March 2012 and December 2013, and this is expected to be the same at the end of the current financial year.

3.1.2 However, this has only been achieved by changing the priorities within the property lists to advance properties that have been found to include an element that would cause them to become Non-Decent e.g. routine property inspections or complaints from tenants revealed elements planned to be improved in (say) 2016 necessitated being brought forward to an earlier contract.

3.3 Procurement Plan for the Five Year Period

3.3.1 During 2012 and 2013, all of the major contracts were tendered and awarded in accordance with the Council's Policies and Procedures, including compliance with European Procurement rules where required.

3.3.2 Appendix A includes a schedule of all of the current contracts, the initial and maximum contract periods with their start / finish dates.

3.3.3 Due to the delays in procuring the contracts, as previously reported, the majority of contracts are not initially running on the traditional financial year format timescale of April to March. However we anticipate bringing them back into line with the traditional timescales unless the current format is shown to have advantages.

3.4 Changes to Programmes

3.4.1 Planned External Maintenance works ended on the 31st March 2013 with a nine month gap in any works before the new contract started on the 6th January 2014, due to the Corporate review of the procurement process, as previously reported. For this reason, the new contract was tendered on a programme whereby the contractor would catch up by the end of the second year i.e. do two years work in a 15 month period. The new programme is attached as Appendix B.

3.4.2 As stated in the October 2013 report, and as previously approved by Committee, contract extensions were used to ensure that essential heating, kitchen or to a lesser extent, bathroom works were undertaken whilst the procurement of the relevant contracts continued.

3.4.3. As these interim measures were essentially to deal with non-decent situations only, rather than to continue the programmes in full, there was a drop in expenditure on these elements.

3.4.4 Conversely, the Roofing and External Insulation programmes have, as previously approved by the Committee, both been accelerated to take up the shortfalls in expenditure, with the added benefit of the additional properties being completed at current contract rates rather than possible increased rates if undertaken after a 1st April 2014 uplifts in the rates. The external insulation work undertaken by the Council prior to March 2014 will have attracted grant aid of approximately £146,000.

3.4.5 Changes to the types of insulation works for which grant funding will be available after April 2014 means that the remaining works to improve the loft insulation standards to the current guide requirement of 275mm will not attract a grant unless the existing level is less than 60mm. Fortunately, the Council has been receiving either full or part funding to increase the loft insulation in all but 156 properties since the programme commenced in 2005. Of the 156 properties, 76

have failed to respond to letters, visits or calling cards and the remaining require a top up of 100mm or less for which there is no funding. It is proposed to include all of these properties on a final programme for 2014/2015 and, due to the small numbers left, to negotiate an extension of a previous contract. Grant aid will be applied for, for any properties that qualify. In addition the Council will also become directly involved in securing access rather than relying solely on the contractor.

- 3.4.6 The Council has made a commitment to tenants that all properties will have an over-bath-shower installed by 2017. It is expected that 328 showers will have been installed by the end of March 2014, either on the previous Replacement Bathroom contract, the current Electrical Rewire contract or the initial one year over-bath-shower contract. The replacement bathrooms and over-bath-showers programmes will now be amalgamated into the new Bathroom Contract from January 2014. The new contractor is expected to install an average of 30 showers per week once initial surveys have established requirements with a view to being back on programme by the end of March 2015.
- 3.4.7 The Council also committed to ensuring that all properties have the latest mains connected smoke detectors installed and these upgrades started with:
- a) The previous Electrical Repairs and Maintenance contract in November 2012,
 - b) The current Electrical Rewire Contract 2012/2015 in November 2012,
 - c) A dedicated programme to replace alarms which was tendered in the Electrical Rewire Contract 2012/2015 and commenced in January 2013.
- 3.4.8 The cost of the new alarms was estimated as £760,000 over a four year period on the assumption that the majority of the properties would require wiring alterations to suit the new alarms. This has proved not to be the case and there will be a considerable saving in the region of £445,000. The upgrades will be complete as follows:
- a) The dedicated like-for-like programme by the 31st March 2014, except where access has been an on-going issue.
 - b) Those included in the Electrical Rewire Contract 2012/2015 will be completed by 31st March 2015.

The access problem properties will be picked up during the following financial year. It is anticipated that at the end of March 2014 works to all but 350 properties will be complete.

- 3.4.9 The pilot garage site improvements works were also delayed due to the Corporate review of the procurement process. The pilot scheme was being finalised when this report was being prepared and should be due to start in March 2014 for an end of April 2014 completion.
- 3.4.10 Lift replacements to Coniston Court, Swadlincote, Peartree Court, Etwall and Unity Close, Church Gresley were expected to be complete by 31st March 2013. However, complications with each of the lift installations, especially at Unity Close, required an alteration to the original specification. It is now anticipated that the lifts at Coniston Court and Peartree Court will be completed by 30th April 2014. Following a separate feasibility study undertaken on the Unity Close lift, the design of a platform style lift is being finalised. The made-to-measure

platform lift will be subject to an 8 – 12 week delivery period which will result in an anticipated completion date of May 2014. The lift replacement works will be co-ordinated, planned and carried out in consultation with the residents who rely on such essential facilities, to ensure that little or no loss of amenity is experienced whilst the works are being undertaken. In addition the contractor and Housing Service will provide additional support to residents during the minimum of three weeks the lifts will be out action i.e. practical help with shopping bags, additional warden visits, etc.

3.4.11 The Council has 222 properties classed as non-traditional construction. The Council has undertaken an initial investigation into the future of these properties, and requires some external specialist advice to formulate a strategy for the future of non-traditional properties. The approved appointment of a specialist was delayed, as reported at the October 2013 Committee, to allow concentration on the larger scale projects. At the time of writing this report, we were waiting for a fee proposal from the consultant that prepared the previous analysis reports, in preference to employing a new consultant to re-survey all of the properties.

3.5 Expenditure

3.5.1 The table below shows the anticipated spend for 2013/2014 to 31 March 2014 and the proposals for 2014/2015.

BUDGET AND EXPENDITURE PROFILE (£)	Budget to 31st March 2014	Anticipated expenditure to 31st March 2014	Variance between expenditure and budget from 2012 to 2014	Original 2014-2015 budget	Adjustments to programmes and budget	Amended 2014 - 2015 budget
Planned external maintenance	1,286,000	1,057,044	228,956	668,000	0	896,956
Kitchen replacements	1,500,000	1,092,567	407,433	800,000	- 400,000	807,433
Bathroom replacements	620,000	502,249	117,751	350,000	0	467,751
Central heating	1,650,000	1,733,521	- 83,521	900,000	85,000	901,479
Electrical Rewires	1,150,000	1,149,856	144	600,000	0	600,144
Roofing	1,000,000	1,536,562	- 536,562	900,000	800,000	1,163,438
External insulation	340,000	428,174	- 88,174	170,000	0	81,826
Loft Insulation	188,000	26,123	161,877	2,000	- 140,000	23,877
Door replacements	300,000	233,900	66,100	150,000	- 80,000	136,100
Window replacements	200,000	261,053	- 61,053	50,000	100,000	88,947
Showers and extract fans	1,000,000	316,254	683,746	600,000	0	1,283,746
Smoke Alarms	370,000	314,450	55,550	250,000	- 305,550	0
Non-traditional properties	120,000	15,000	105,000	0	0	105,000

BUDGET AND EXPENDITURE PROFILE (£)	Budget to 31st March 2014	Anticipated expenditure to 31st March 2014	Variance between expenditure and budget from 2012 to 2014	Original 2014-2015 budget	Adjustments to programmes and budget	Amended 2014 - 2015 budget
Environmental and garage site Improvements	300,000	30,000	270,000	150,000	- 200,000	220,000
Community Rooms / communal areas	30,000	20,000	10,000	20,000	0	30,000
Lift replacements	60,000	84,113	- 24,113	30,000	50,000	55,887
Unforeseen Decent Homes work.	124,346	141,486	- 17,140	47,673	90,550	121,083
	10,238,346	8,942,352	1,295,994	5,687,673	0	6,983,667

3.6 Proposed Alterations to Allocating Properties to the Programme

- 3.6.1 The initial five year programme was derived from information collected during the 2009 Stock Condition Survey supplemented by in-house information and local knowledge.
- 3.6.2 From the 25% 2009 internal surveys, assumptions were made about the needs of similar properties to determine either which streets should be included in full or where only selected numbers were required.
- 3.6.3 The use of a 25% sample size is accepted as a robust sample within the surveying industry. However, experience is now showing that the further we move, in date terms, away from the initial base data the less robust that information is.
- 3.6.4 Where properties have required immediate improvements, such as heating failure and are included in a later year of the programme, they have been prioritised and brought forward to the current year. Where they are not included in any of the five years, the works has been allocated to the Unforeseen Decent Homes budget. The budget has however only been a minor amount and as we move further away from the original base information is not proving adequate to meet the need.
- 3.6.5 During the programme to-date, if any properties that are included within the first five year programme are shown not to need the improvement, where the 25% sample has not proved to be a true indicator, or where conditions have not deteriorated as anticipated, or works have been undertaken as part of the voids programme, they have been omitted from the programme. In other words, some properties are deleted from programmes as well as other properties needing to be added in.
- 3.6.6 To ensure that properties are not unreasonably excluded from the programme when their condition now warrants an upgrade / improvement, the size of the

Unforeseen Decent Homes budget is proposed to be increased to allow for these properties to be included in the remainder of the five year plan.

3.7 Disabled Adaptations

3.7.1 The major adaptations process and budget monitoring continues to be managed and procured as part of the Housing Strategy team's responsibilities. The budget of £300,000 has been fully allocated for the 2013/2014 financial year.

3.7.2 The approved five year programme includes for an allocation of £270,000 for the 2014/2015 financial year.

4. Financial Implications

4.1 The report is not proposing an increase of previously planned expenditure. It is proposing adjustments to previously profiled spend for 2014/2015 to ensure that the agreed five year programme is achieved.

5. Corporate Implications

5.1 The corporate implications of the approved five year programme has direct relevancy on all four of the Council's corporate themes and specifically on a number of priorities contained within each theme.

6. Community Implications

6.1 The approved five year programme is delivering on tenant priorities of replacing tired and outworn internal fittings, environmental improvements and the provision for overbath showers.

7. Background Papers

7.1 Housing Revenue Account Business Plan June 2011

7.2 Housing and Community Services Committee – February 2012

7.3 Housing and Community Services Committee – October 2012

7.4 Housing and Community Services Committee – June 2013

7.5 Housing and Community Services Committee – October 2013

Appendices

A. Contracts Schedule

B. Revised Planned Maintenance Programme

Appendix A - Contracts Schedule

Contract Name	Contractor	Contract start date	Initial Term (*not full years)	Maximum Extension
Planned External Maintenance (which includes roof repairs, external fabric repairs, replacement external doors and windows, environmental works and works to community rooms and communal areas)	Harvey & Clark Ltd	06/01/2014	3	2
Kitchen Replacements	Laker BMS Ltd	01/12/2013	3	2
Bathroom and Shower Installations	Matthews and Tannert Ltd	01/12/2013	3	2
Heating Replacements	Renuvo Ltd	01/12/2013	3	0
Electrical Rewires (which includes over-bath-showers, where required, and a smoke alarm replacement programme)	British Gas Social Housing Ltd	01/11/2012	3*	2
Roofing	G. Purchase Ltd	07/01/2013	3*	2
External insulation (which includes roof repairs, external doors and windows, where required)	Harvey & Clark Ltd	20/05/2013	2	0
Lift Replacements	AXIS Limited	06/01/2014	1*	0

Appendix B – Revised Planned Maintenance Programme

<i>Planned Maintenance Areas</i>	<i>Locality</i>	<i>Postcode sector</i>	<i>Total</i>	<i>Total Properties</i>	<i>Programme dates</i>
Area 1: 2013-2014	Aston On Trent	DE72 2	13	659	Surveys and works to commence in January 2014 and be completed prior to commencing works on Area 2 during 2014.
	Elvaston	DE72 3	1		
	Hartshorne	DE11 7	215		
	Kings Newton	DE73 1	2		
	Melbourne	DE73 1	188		
	Midway	DE11 7	146		
	Shardlow	DE72 2	54		
	Smisby	LE6 5	4		
	Thulston	DE72 3	3		
	Ticknall	DE73 1	9		
	Weston On Trent	DE72 2	24		
Area 2: 2014-2015	Midway	DE11 0	239	600	Works to commence in 2014 after the completion of Area 1. Area 2 to be complete by 31st March 2015.
	Swadlincote	DE11 0	178		
		DE11 8	106		
		DE11 9	77		
Area 3: 2015-2016	Newhall	DE11 0	574	574	April 2015 - March 2016
Area 4: 2016-2017	Barrow on Trent	DE73 1	1	595	April 2016 - March 2017
	Bretby	DE15 0	1		
	Church Broughton	DE65 5	2		
	Coton In The Elms	DE12 8	24		
	Egginton	DE65 6	4		
	Etwall	DE65 6	104		
	Findern	DE65 6	46		
	Hatton	DE65 5	112		
	Hilton	DE65 5	71		
	Lullington	DE12 8	4		
	Netherseal	DE12 8	59		
	Repton	DE65 6	61		
	Rosliston	DE12 8	10		
	Scropton	DE65 5	2		
	Thurvaston	DE6 5	2		
	Walton On Trent	DE12 8	52		
	Willington	DE65 6	40		
Area 5: 2017-2018	Castle Gresley	DE11 9	78	590	April 2017 - March 2018
	Church Gresley	DE11 9	197		
	Linton	DE12 6	113		
	Overseal	DE12 6	70		
	Woodville	DE11 7	126		
		DE11 8	6		
Grand Total			3018		

REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE	AGENDA ITEM: 11
DATE OF MEETING:	6TH FEBRUARY 2014	CATEGORY: DELEGATED
REPORT FROM:	Director of Community & Planning Services / Director of Housing & Environmental Services	OPEN
MEMBERS' CONTACT POINT:	Stuart Batchelor (Ext. 5820) Bob Ledger (Ext. 5775)	DOC:
SUBJECT:	WORK PROGRAMME	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: G

1.0 Recommendations

1.1 That the Committee considers and approves the updated work programme.

2.0 Purpose of Report

2.1 The Committee is asked to consider the updated work programme.

3.0 Detail

3.1 Attached at Annexe 'A' is an updated work programme document. The Committee is asked to consider and review the content of this document.

4.0 Financial Implications

4.1 None arising directly from this report.

5.0 Background Papers

5.1 Work Programme.

Housing and Community Services Committee – 6th February, 2014
Work Programme 2013/14

Work Programme Area	Date of Committee meetings	Anticipated completion date	Submitted to Council target date	Contact Officer (Contact details)
Land at Coton Park, Linton	6 th February 2014			Steve Baker, Corporate Asset Manager (01283 595965)
Housing Revenue Account	6 th February 2014			Kevin Stackhouse, Director of Finance (01283 595811)
Stock Investment progress report	6 th February 2014			Gary Clarkson Improvement Manager (01283 595897)
Quarterly performance	13 th March 2014			
Public sector disabled persons adaptation	13 th March 2014			Beverly Wagstaffe, Strategic Housing Manager (01283 228769)
Careline consortium - business case	17 th April 2014			Bob Ledger , Director of Housing and Environmental Services (01283 595775)
Community Facility Transfer Progress	17 th April 2014			Malcolm Roseburgh Culture and Community Manager (01283 59774)

Work Programme Area	Date of Committee meetings	Anticipated completion date	Submitted to Council target date	Contact Officer (Contact details)
Rosliston Forestry Centre Vision and Strategy	17 th April 2014			Malcolm Roseburgh Culture and Community Manager (01283 59774)

s:\cent_serv\committee work programmes\h & cs - final version\h & cs - 06.02.14.doc