

HOUSING AND COMMUNITY SERVICES COMMITTEE (SPECIAL)

8th January 2004

PRESENT:-

Labour Group

Councillor Southern (Chair) and Councillors Carroll, Isham, Jones, Mulgrew, Taylor and Whyman, M.B.E.

Conservative Group

Councillors Mrs. Hood, Harrison, Mrs. Renwick, Shaw and Mrs. Walton.

In Attendance

Councillors Bambrick, Bell, Harrington, Murphy and Stone (Labour Group).

HCS/78. **DECLARATIONS OF INTEREST**

Councillors Harrison and Mrs. Renwick declared personal interests in respect of item No. 6 – Residential Services for Older People in Derbyshire.

MATTERS DELEGATED TO COMMITTEE

HCS/79. **MEMBERS' QUESTIONS AND REPORTS – WORK PROGRAMME AND SCHEME OF DELEGATION**

The Chair advised that as part of the review of modernisation, it had been suggested that policy committees look at their work programmes and schemes of delegation. The first pilot study had nearly been completed and it was suggested that a Working Group be formed to undertake a pilot study for this Committee.

RESOLVED:-

That a Task and Finish Working Group be formed to consider the Committee's Work Programme and Scheme of Delegation and that the Working Group comprises the Chair and Vice-Chair of the Committee, together with a representative of the Conservative Group.

HCS/80. **RESIDENTIAL SERVICES FOR OLDER PEOPLE IN DERBYSHIRE**

The Committee received a presentation from Brian Walsh of Derbyshire County Council Social Services on its consultation for residential services for older people in Derbyshire. A report to the County Council's Cabinet was circulated, which Mr. Walsh took Members through and he explained the rationale for recommendations made in respect of the Oaklands and South Lodge. It was proposed to build a new forty bed unit of accommodation in Castle Gresley, to convert the existing Oaklands Home to provide care for dementia patients and to close South Lodge.

Several Members asked questions of Mr. Walsh. It was noted that Oaklands and South Lodge currently provided fifty-nine units of accommodation and Members were concerned with the net reduction of nineteen units of

accommodation. There was currently a demand for this type of accommodation within South Derbyshire. It was understood that elsewhere in the County, additional provision was being made. Members were concerned at the methodology used to predict future demand. Reference was made to the aging population of the area and it was questioned how the County Council would respond if there was a demand for more than forty units of residential accommodation. Mr. Walsh advised that the assessments had shown this to be an adequate level of provision for South Derbyshire. He spoke of other new build within the County, the availability of homes within the independent sector and if necessary, Derbyshire County Council would fund the use of such accommodation.

Oaklands and South Lodge were located within well-established areas, with excellent community links and easy access to Swadlincote town centre. Members were concerned that the location of a new home in Castle Gresley would dismantle the community including connections to a local church. Oaklands was particularly close to the Town Centre and some residents were able to walk into the Town. The site at Castle Gresley had poor shopping and other facilities, including transport links. Members were not happy with the proposal to site the new residential home at Castle Gresley.

Members were also concerned about the sites once the homes had closed. In particular, South Lodge was located in the middle of a housing estate and there was concern for potential anti-social behaviour. Reference was made to the strength of local feeling, including a petition with more than 4,000 signatures. A question was submitted about the day care facilities currently provided at the Oaklands. The Chair felt that South Lodge had been introduced late in the consultation process and he sought further information about the proposed funding for the new residential home. Another Member suggested that the new building be designed in such a way that a second-storey could be added if future demand was proven.

RESOLVED:-

That the presentation from Derbyshire County Council Social Services be received and that a response be sent to amalgamate the views expressed by Members.

HCS/81. **TECHNICAL SERVICES DIVISION – SERVICE PLAN 2004/07**

The Committee gave consideration to the Draft Technical Services Service Plan for the period 2004/07. It was noted that some elements of this Service Plan were the responsibility of another Committee.

Service Plans provided an important part of the Council's performance management framework and details were given of those other elements within this framework. The form and content of Service Plans had been revised with the aim of making them shorter and more focused on key issues. They had also been extended to cover a three year period, although they would be reviewed and rolled forward annually. Progress reports would continue to be made every six months. Details were provided of the sections contained within the Service Plan. It had been developed on the basis that there would be no change in the level of resources devoted to the service area. Proposals for service developments or reductions along with new capital projects would be considered through a separate mechanism and

incorporated into the Service Plan at a later date. Proposals resulting from the new Corporate Plan would also need to be included later. It was proposed therefore that the Chief Executive in consultation with the Chair of the Committee, be authorised to agree the final version of the Plan when the budget and the Corporate Plan had been approved.

Councillor Mrs. Walton voiced her dismay at the proposed timescales for key tasks relating to the provision of new leisure facilities in the Hilton area. She explained that at present, the limited play provision was some distance from the new housing development, at the other end of the Village. She considered it a mistake that play equipment had not been provided before this time, spoke of the youth nuisance problems within the Village and difficulties for a local football team. Monies from the planning gain agreement would be received within the week and she questioned why the suggested timescale for play provision was some three years away. Consultation had taken place with a local teenage action group and this had identified a desire for a skateboard park. In response, Officers hoped to bring some of the timescales forward. The Leader of the Council spoke in support of Councillor Mrs. Walton on the need for play provision and he commented on the massive population growth in the Hilton area.

The Chair referred to previous meetings with the Leisure Centre contractor SLM and noted that no recent meetings had been held. Councillor Taylor commented on a key task relating to work with “friends groups”. He referred particularly to the Swadlincote Woodlands Park and the benefits of local residents’ ownership of the Park. The Officer commented on the success of the “Friends” groups and the need to re-invigorate the group for the Swadlincote Woodlands Park.

The Chief Executive commented on the increasing population of the District and the opportunity to learn from previous planning gain agreements, to maximise the community benefits accruing from development. The Leader of the Council considered that local people and particularly local Members were best placed to know what was needed within each community. He felt that local Members should be involved in how such agreements were prepared, implemented and monitored. The Chief Executive confirmed that a draft report had been prepared on a new protocol for dealing with such planning gain agreements.

With regard to the report recommendations, Councillor Harrison suggested an amendment to involve the Conservative Group in agreeing the final version of the Service Plan.

RESOLVED:-

- (1) That the Draft Technical Services Service Plan be approved as the basis for service delivery over the period April 2004 to March 2007.***
- (2) That the Chief Executive be authorised, in consultation with the Chair of the Committee, to agree the final version of the plan in the light of the new Corporate Plan and the approved 2004/05 Budget.***

(3) *That Members' views be taken forward regarding matters to be addressed through the budgetary process.*

Note: On behalf of the Conservative Group, Councillor Harrison recorded that they were not in favour of the delegation proposed in respect of resolution No. (2) above. Councillor Mrs Walton wished it to be recorded that she was not in favour of the proposed timescale for provision of new leisure facilities in the Hilton area.

At 7.00 p.m. Councillor Whyman left the Meeting.

HCS/82. **PRIVATE SECTOR HOUSING RENEWAL STRATEGY**

It was reported that the private sector housing renewal strategy formed an integral part of the wider housing strategy. It guided actions in relation to approximately 29,000 private sector households within the District. The existing strategy, approved in 2000 required revision to incorporate aims and objectives of the Private Sector Housing Renewal Policy 2003 and recommendations from the Best Value Review for Strategic Housing and CPA Balancing Housing Markets Review.

The proposed revision identified priorities to promote and support good quality housing in the private sector in a number of identified key areas. The revised strategy proposed changes in the way that the housing renewal grant was spent. Individual house renovation grants would cease and the budget would be refocused on other forms of assistance, such as area improvement schemes. A new 'empty home' grant was proposed to seek to bring vacant property back into use. Landlord grants would be revised to focus assistance to items which most benefited the tenant. A new minor works grant for repairs up to £2,500, or £5,000 in exceptional cases, was proposed. This would be targeted at low income households, for persons under sixty years of age, to complement the existing Home Repair Assistance Grant. A voluntary landlord accreditation scheme and rent deposit scheme were proposed to assist the private rented sector. A copy of the Draft Strategy had been circulated and it included proposed types of grant assistance for the private sector and key action priorities for 2004/05.

The financial implications were reported and the initiative would largely utilise the existing Housing Renewal Capital Programme. Service Development bids had been submitted to seek additional funding for an Area Improvement Scheme, Empty Homes Grant Scheme and a match-funded energy efficiency scheme in partnership with Powergen.

Members considered the Draft Strategy and discussed the points system which determined priority for renovation grants. Minor modifications were suggested to combine certain categories under the household details section. Councillor Harrison commented on sections 4 and 5 of the document and he sought the use of clear language, to assist residents seeking support. A question was submitted regarding the funding for capital release loans and it was confirmed that this scheme, in conjunction with Walbrook Care and Repair was in its early stages. Councillor Isham was encouraged by proposals to meet the individual needs of the disabled, elderly and vulnerable and she referred to a specific recent problem. Comment was made about the service received from Derbyshire County Council Social Services and some problems were being experienced at present. The Chair requested a further

report to a future Meeting of the Committee and it was confirmed that a review meeting was being sought with the County Council.

RESOLVED:-

- (1) That the Committee approves the Draft Private Sector Housing Renewal Strategy 2003.***
- (2) That the Committee approves the proposed range of grant assistance detailed at Section 6 of the Strategy Document.***
- (3) That Members approve the proposed Action Plan for 2004/05 as detailed in Section 7 of the Strategy Document.***

HCS/83. **ENERGY EFFICIENCY SCHEME**

Members were reminded of the approved Private Sector Housing Renewal Policy. This set out the Council's commitment to reduce harmful emissions and tackle fuel poverty, using initiatives to promote and improve energy conservation in the home.

For the current financial year, it was planned to deliver an Energy Efficiency Scheme in partnership with Heatsavers Insulation Limited. The proposed scheme would target vulnerable groups and offer 100% grants for loft insulation, pipe lagging and hot water tank insulation. The scheme would be available to all owner/occupiers and private sector tenants who were aged over 60, or disabled persons. The scheme would be advertised widely to secure maximum take-up and operate from the beginning of January 2004, until the end of the financial year or when the funding had been exhausted. The scheme would be funded through the Capital Programme to the sum of £25,000. The proposed contractor received funding from London Energy and could offer to undertake the administration, survey work and installation at a heavily subsidised rate. This would enable energy efficiency works to be undertaken to approximately 150 households.

Householders in receipt of an income or disability related benefit would be referred to the Government Warm Front Scheme. Legislation required the Council to reduce CO₂ emissions and to eradicate fuel poverty in vulnerable households by 2010. The Decent Homes Standard included a requirement to improve thermal efficiency of private sector households.

Councillor Carroll sought clarification on how the recipients for the scheme would be determined. Councillor Taylor praised the work of the Private Sector Housing Team and commented on the importance of appropriate publicity to ensure the funding was utilised. With the Chair's permission, Councillor Murphy spoke to this item regarding the potential to expand survey work to provide further information and link to other services. Other Members commented on publicity and it was suggested that local village newspapers might be a useful medium for publicising this scheme, but local free papers might be less effective.

RESOLVED:-

That the Committee approves proposals for the Energy Efficiency Grant Scheme.

HCS/84. GENERAL FUND BUDGETS AND CAPITAL PROGRAMME 2003/2004 AND 2004/2005

The Committee was asked to consider the General Fund Budgets and Capital Programme for 2003/04 and 2004/05. Details were provided of proposed revenue service developments and new capital investment for 2004/05, together with proposals for the level of fees and charges under the responsibility of the Committee for the next financial year. A detailed budget booklet had been provided together with appendices showing:-

- ❑ the value and cost of capital assets currently used in delivering this Committee's services;
- ❑ a summary of central and departmental service recharges;
- ❑ a summary of the proposals for revenue service developments;
- ❑ a summary of the proposals for new capital investment; and
- ❑ a schedule showing the proposed fees and charges for the Committee's services for 2004/05.

With regard to capital charges, all services were required to show the capital cost of using assets. These came in the form of internal recharges and consisted of three elements, namely an interest charge, depreciation and a deferred charge. Capital charges could vary each year as they depended upon the level of capital grants and contributions. It was important to note that they were purely accounting adjustments. The main central and departmental service recharges were provided and these could also vary each year, dependent upon how staff time was allocated.

The probable estimate for 2003/04 showed total net expenditure of £3,490,960 which was an increase of approximately £1 million over the original cash limit estimate. It was noted that this was almost entirely due to internal recharges and in particular, capital charges in the form of deferred charges for Renovation and Community Partnership Grants. There were other variations, but these were not significant.

The budget for 2004/05 had initially been compiled at November 2003 prices. An allowance for inflation had been included where it was considered unavoidable to calculate the cash limit estimate for 2004/05. Details were provided of those assumptions built into the estimates. The Council's overall financial position was reported, showing the probable level of spending and projected balances for the current financial year to 2006/07. The overall financial position on the general fund remained fairly healthy and it was due mainly to increases in income from planning and building regulation fees, together with bank interest earned on the Council's "set aside" capital receipts. In addition, the Council no longer needed to provide for the "Commutation Adjustment" as the Government had relaxed the requirement to meet future costs associated with this issue. The increase in resources had allowed some additional spending to be accommodated and details were provided. In addition, the projection took into account some contingencies, mainly relating to a fall in income in the last 2 years and a projected Council tax increase of 4.5% in the years 2004-2007. Whilst the current 3 year

projection remained healthy, the longer term position gave cause for concern. There were underlying budget pressures evidenced by the forecasted budget deficit in 2006 and 2007. The extent of the deficit was increasing each year and in the medium term, action would need to be taken to address this position.

The Council's capital resources were considered. With effect from 1st April 2004, Government funding in the form of "Credit Approvals" to support local authority borrowing, would cease to exist. Councils would be free to borrow money within a predetermined local limit provided they could demonstrate that associated interest charges were affordable and sustainable in the medium to longer term. The Government would continue to support new capital investment. However, the Council would probably need to continue to finance most of its new capital investment and it was increasingly reliant on partnership funding. In the last 2 to 3 years, asset sales had been fairly significant and the Council had not committed all of its useable receipts. In addition, relatively significant receipts had been generated this year, mainly through Council house sales. Members were reminded of those proportions of housing and non-housing assets which could be used and those which had to be set aside for debt repayment. The total available capital resources were £1,267,000 and a table was submitted showing available resources and approved commitments. The Council had complete freedom in how it used these resources, but they were finite. In addition, it was noted that the Council was committed until 2009/10 to repaying Covenants at approximately £500,000 per year.

The Service and Financial Planning Working Group had met on 15th December and 7th January to consider the overall financial position, the financial strategy and initial budget proposals for 2004/05. Appended to the report were details of new revenue service development proposals and new capital investment proposals insofar as they affected this Committee. In each case, proposals had been scored against criteria approved by the Finance and Management Committee. A final appendix provided a schedule of proposed fees and charges to operate from 1st April 2004. Almost all charges would be increased in line with inflation and rounded where necessary.

Members discussed the proposed level of fees and charges and particularly the increase in cemetery charges. Comment was made on the revaluation of assets, notably for allotment buildings and cemetery buildings. Councillor Harrison requested a detailed written response on the revaluation of cemetery buildings. In response to a further question, the Finance Services Manager explained major variances on certain budget heads, due to the allocation of staff time and he confirmed that overall costs were broadly the same as for the previous year.

RESOLVED:-

- (1) That the estimates of revenue income and expenditure for 2003/04 and 2004/05 for the Committee's services be accepted and referred to the Finance and Management Committee for approval.***
- (2) That the proposals for revenue service developments for 2004/05 as considered by the Service and Financial Planning Working***

Group be approved and recommended to the Finance and Management Committee.

- (3) That the proposals for new capital investment for 2004/05 as considered by the Service and Financial Planning Working Group be approved and recommended to the Finance and Management Committee.***
- (4) That the Committee's proposed fees and charges for 2004/05 be approved.***

HCS/85. **HOUSING REVENUE ACCOUNT BUDGETS, FINANCIAL PROJECTIONS AND PROPOSED RENT INCREASE 2004/05**

The Committee was asked to consider the probable out-turn for the Housing Revenue Account (HRA) for 2003/04, the base budget for 2004/05 and the financial forecast to 2010. The probable out-turn for 2003/04 showed an estimated deficit of £540,000 which was broadly in line with that previously projected in July 2003. Consequently, HRA balances would be £875,000, well above the recommended minimum of £500,000 at 31st March 2004.

The base budget for 2004/05 showed a surplus of approximately £325,000. Compared to the deficit above, this was an increase in overall resources of some £865,000. The previous projection had forecast a reduction in the deficit due mainly to a reduction in capital financing costs. However, additional resources would be made available from an increase in Government subsidy for management and maintenance costs of approximately £300,000 in 2004/05. In addition, the direct repairs budget had been reduced by £175,000 from 2004/05. Consequently, the level of balances was projected to be approximately £1.2 million at 31st March 2005.

To satisfy the work programme required for the stock options review, a financial forecast had been made to 2010. This showed that the HRA would again fall into deficit from 2006/07 and the deficit would increase year on year until 2009/10. Due to the current level of balances, the deficit could be sustained until 2008/09 but by 2009/10, the HRA would have an accumulated deficit of around £267,000. This was due to the continuing reduction in the HRA's income base and reductions in housing subsidy.

The main controllable costs, except repairs were largely fixed (staffing) and these were expected to increase in line with inflation. Being over seven years, the forecast needed to be treated with a certain degree of caution. Some further analysis was being undertaken for the stock options review and housing repairs spend should continue to be reviewed as it was the main area where there was a degree of flexibility and control. There might be the potential for using capital resources to finance some of the projected repairs expenditure, but this could have an impact on the level of resources for other capital investment elsewhere in the Council. There might be scope for further reductions when central heating and window replacement schemes reduced. However, there might be future pressures requiring the re-direction of resources.

In terms of service developments, the base estimates made no provision for any service improvements over the 2004-2010 planning period. Any growth in service provision during this period could result in the HRA falling below

its minimum level of balances much earlier. It meant that the Council would need to take decisions to achieve the required savings over the next 6 years of the order of £130,000 per annum. The Committee had recently agreed there was a need to drive forward performance improvement and there was a limit to what could be achieved with current staffing levels. Inevitably, there was a balance between service development and affordability.

Appended to the report was a summary of the main income and expenditure heads within the HRA, a detailed calculation of housing subsidy, a schedule showing the proposed fees and charges for the HRA for 2004/05 and the costs of central and departmental support to the HRA. A detailed budget booklet had also been circulated.

The budget for 2004/05 had initially been compiled at November 2003 prices. An allowance for inflation had been included where it was considered unavoidable to calculate the cash limit estimate for 2004/05. Details were provided of those assumptions built into the estimates.

A fundamental change to the HRA from 2004/05 was that costs and subsequent Government subsidy for rent rebates would be accounted for in the General Fund. The HRA would continue to subsidise the cost of rebates due to the rent rebate subsidy limitation scheme. However, it reduced over the forecast period and overall, the HRA would eventually benefit by approximately £47,500 each year.

The Government had reviewed the formula for allocating subsidy towards the cost of management and maintenance that it provided to housing authorities. This had given the Council approximately £300,000 each year in extra subsidy from 2004/05, but the Government had not implemented the full effects of the revised formula. Potentially, this left the HRA approximately £250,000 below the Government's assessment. There was no firm indication of whether there would be a phased increase to the new formula. The HRA would continue to be in "negative subsidy". As the subsidy on rent rebates would be paid to the Council's General Fund, the HRA would receive no subsidy and would actually make a payment to the Government's National pool from 2004/05.

The Committee considered the rent increase for 2004/05. In accordance with the Government's rent restructuring policy, Council tenants were being moved towards their target rent in equal instalments until 2011/12. In the autumn of 2002, tenants were informed of these proposals and the Council was effectively tied to the rent restructuring formula in setting its annual rent increase. The Government had notified that the target rent for individual tenants should be increased by 3.96% for 2004/05. The overall effect on the HRA was fairly neutral, but it would gain slightly whilst the Government allowed real term increases in overall rent levels. For 2004/05, additional income of £50,000 would be generated. However, this only equated to 0.6% as compared to the 3.96% target increase. The report then included a section on assumptions and risk analysis. It concluded with details of proposed fees and charges for 2004/05.

Officers responded to questions about changes in the financial projections and it was noted that these were due mainly to the transfer of housing subsidy to the General Fund. It was noted that the majority of fixed costs for the HRA related to staffing costs. A Member questioned whether the

continual sale of Council houses might ultimately impact on the number of housing staff required. The Chair considered that the outcome of the Housing Options Study would give more certainty for tenants. Recent bad publicity might be responsible in part for the increasing number of Right to Buy applications. In response to a further question, the Director of Community Services considered that the stock option work was pivotal in helping the Council to plan to avoid the projected deficit on the HRA. It was expected that the Stock Options report would be received in June 2004.

The Deputy Leader of the Council recognised the need to identify the potential deficit and to consider appropriate mechanisms to avoid the deficit. She commented on stock options issues and the importance of tenants' views in determining the future direction for the service. Clarification was provided on the recommendations submitted to Members. The Chair questioned whether a Task and Finish Group could be formed to look at Capital Receipts from Council house sales and whether a proportion of these receipts could be directed towards the HRA. A Member commented on the programme of kitchen replacements and spoke of a particular issue where a tenant's kitchen had been removed. She was asked to provide further details to the Housing Manager after the Meeting, in order that this could be investigated.

RESOLVED:-

- (1) That the proposed estimates of income and expenditure for 2003/04 and 2004/05 for the Housing Revenue Account be approved and referred to the Finance and Management Committee for approval.***
- (2) That provision of £480,000 be made for the costs of the Housing Repairs Service restructure up to 2009/10.***
- (3) That the financial forecast for the Housing Revenue Account to 2010 be noted.***
- (4) That the target rents for individual tenants be increased by 3.96% for 2004/05.***
- (5) That the Housing Revenue Account's proposed fees and charges for 2004/05 be approved as submitted.***

R. W. SOUTHERN

CHAIR

The Meeting terminated at 8.10 p.m.