

CANNOCK CHASE COUNCIL

COUNCIL

27 SEPTEMBER 2006

REPORT OF THE DEPUTY CHIEF EXECUTIVE

MID YEAR REVIEW OF THE HOUSING REVENUE ACCOUNT AND THE ALLOCATION OF
RESOURCES TO STRATEGIC HOUSING PRIORITIES

1. Purpose of Report

- 1.1 To present the outturn position regarding expenditure and income for the 2005-06 Housing Revenue Account.
- 1.2 To review the level of expenditure and income for the 2006-07 Housing Revenue Account.
- 1.3 To review, in accordance with the Council's agreed Capital Expenditure Control Procedures, the Housing Revenue Account (HRA) Capital Programme for 2006-07 in the light of revised estimates of capital expenditure and available resources.
- 1.4 To review the Housing Revenue Account business plan projections for the period 2007-2013 in the light of revised estimates of expenditure and income.
- 1.5 To consider the re-allocation of housing capital resources in accordance with the Council's strategic housing priorities.

2. Recommendations

2.1 Council is recommended to note:-

- (a) The position in respect of the 2005-06 Housing Revenue Account as set out in Annex 1.
- (b) The revised position in respect of the 2006-07 Housing Revenue Account as set out in Annex 1 and carry forward £1,085,406 of working balances forward to 2007-08.
- (c) The revised position in respect of the forward projections for the Housing Revenue Account during the period 2007-2013 as set out in Annex 2.
- (d) The position with regard to estimated expenditure and available resources in respect of the 2006-07 Housing Revenue Account Capital Programme and:-
 - (i) Approve £170,000 of additional expenditure on the following schemes –

	*	Demolition costs	£130,000
	*	Estate security	£40,000
	(ii)	Re-programme £220,000 of expenditure in respect of the Bevan Lee Redevelopment Scheme from 2006-07 to 2007-08 and future years.	
	(iii)	Carry £6,091,750 of estimated available resources forward, for use in 2007-08 and future years.	
(e)		The position regarding estimated housing capital resources during the period 2007-2013 as set out in Annex 6.	
(f)		The position regarding the expenditure requirement for Housing Revenue Account Capital expenditure during the period 2007-2013 as set out in Annex 7, and approve £884,000 of additional expenditure in the Housing Revenue Account Capital Programmes for 2007-08 and future years on the following schemes:-	
	(i)	Void properties (Decent Homes)	£464,000
	(ii)	Pre-reinforced concrete dwellings (Redevelopment)	£338,000
	(iii)	Demolition of garages	£80,000
2.2		Council is requested to:-	
	(a)	Consider the options for the re-allocation of housing capital resources to support the private sector housing activities in accordance with the Council's agreed strategic priorities, and determine the level of capital receipts generated from the sale of Council houses, which are to be transferred to the General Fund Capital Programme.	
	(b)	Determine the course of action to meet the deficit in Housing Revenue Account Capital resources following the re-allocation of housing capital resources to support private sector housing expenditure.	

3. Key Issues

- 3.1 The outturn position for the 2005-06 HRA resulted in working balances of £1,720,466 at 31 March 2006.
- 3.2 Revised estimates for the 2006-07 HRA show a level of working balances of £1,085,406 at 31 March 2007.
- 3.3 HRA business plan projections for the period 2007-2013 now show a forecast deficit of £526,600 for the 6-year period.
- 3.4 Expenditure in respect of the 2006-07 HRA capital programme is now estimated to be £7,997,270, whilst estimated available resources are £14,089,020. As a result £6,091,750 of uncommitted resources are to be carried forward to part finance the HRA capital programme in 2007-08 and future years.

- 3.5 Following a comprehensive review, housing capital resources for the period 2007-2013 are now estimated to total £47,477,000 whilst estimated HRA capital expenditure requirements are now estimated to be £46,524,000 for the same period.
- 3.6 With the exception of a limited amount of resources specifically allocated for private sector expenditure, all available housing capital resources are directed towards improving the Council's housing stock. However, the Council has an obligation to meet a number of other strategic housing priorities which have been defined as part of preparing a "fit for purpose" housing strategy.
- 3.7 It is therefore necessary to consider re-directing resources to these other strategic housing priorities (i.e. the provision of affordable housing, private sector disabled facilities grants, private sector renewal and home security grants) and three possible options are presented in the report.
- 3.8 However, and re-direction of housing capital resources to the Council's other strategic housing priorities will reduce the amount of resources available to improve the Council's housing stock and result in a range of investment deficits in respect of HRA Capital resources as shown below:-

	<u>Option One</u>	<u>Option Two</u>	<u>Option Three</u>
	£'000	£'000	£'000
Estimated Available Resources	47,477	47,477	47,477
HRA Expenditure Requirement.	46,524	46,524	46,524
HRA Investment (Surplus)	<u>(953)</u>	<u>(953)</u>	<u>(953)</u>
Other Strategic Housing Priorities	1,352	3,902	8,515
HRA Investment Deficit	<u>399</u>	<u>2,949</u>	<u>7,562</u>

- 3.9 Following Council's consideration of the amount of resources which are to be re-directed to other strategic housing priorities, it is necessary to determine a course of action to meet the investment deficit in HRA Capital resources.

- 3.10 Three potential actions are presented in the report:-

- (a) Further reduce the specification on improvement works and/or reduce the provision of housing services financed through the HRA, i.e.

	<u>Estimated Budget</u> <u>Saving</u> <u>2007-2103</u> <u>£</u>
(i) Reduce number of kitchen units provided through the kitchen replacement programme (with effect from 1	210,000

January, 2007)

(ii)	Discontinue replacement of "Marley tile floors" (as part of Responsive Repairs with effect from 1 January, 2007)	694,000
(iii)	Cease elderly persons grass cutting programme (with effect from 1 January, 2007)	353,000
(iv)	Cease elderly persons internal decoration programme (with effect from 1 January, 2007)	343,000
(v)	Cease CCTV monitoring in the Redhill Road area (with effect from 1 April, 2007)	306,000

Total:	<u>£1,906,000</u>
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- (b) Introduce service charges for certain housing services with effect from 1 October 2007, i.e.

	<u>Indicative Weekly Service Charge</u>		<u>Estimated Additional Income</u>
	<u>£</u>		<u>2006-2013</u>
			<u>£</u>
(i)	Entry Phones	0.13 per week	150,000
(ii)	CCTV in the Redhill Road Area	2.45 per week	90,000
(iii)	Grass Cutting Service	0.93 per week	300,000
Total:			£540,000

- (c) Generate additional capital resources from the sale of:-

- (i) Additional garage sites which, although fully occupied, have the potential for residential development.
- (ii) Shops held in the HRA to an investment company.
- (iii) Vacant dwellings from the housing stock.

3.11 Council are therefore requested to consider the actions which are potentially available to negate the estimated investment deficit in respect of the chosen option for the re-allocation of housing capital resources and determine a course of action.

3.12 It is also important to note that in the advent of stock transfer, the amount of capital transferred will be borne by the General Fund in the form of interest charges, unless additional resources

in excess of those already identified can be negotiated with the new housing association for preserved "right to buy" receipts or the VAT sharing agreement.

- 3.13 The additional cost would need compensating savings to be identified by the General Fund Revenue account and assuming an equal profile of private sector affordable housing expenditure over the period, the additional cost or compensating saving would rise each year following transfer from 2008-09 to 2012-13 as follows:-

	<u>2007-08 Additional Commitment</u>	<u>2012-13 Additional Commitment</u>
	<u>£</u>	<u>£</u>
Option One	11,000	56,000
Option Two	32,000	162,000
Option Three	70,000	355,000

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Section 1

1. Background

- 1.1 The Council considers at this time each year, a report which provides a mid year review of the Housing Revenue Account (HRA) to provide a revised budget for 2006-07 and the base budget for 2007-08.
- 1.2 The process was extended last year to include a review of the HRA business plan projections in accordance with the Governments requirements that the Council develop and implement a strategy to bring its housing stock up to the decent homes standard by 2010 and maintain it in a decent condition thereafter.
- 1.3 Cabinet on 21 September, 2006 considered a further report on the available options regarding a future strategy for the Council's housing stock, and will recommend proposed strategy for consideration by Council at its meeting today.
- 1.4 In order to further inform Council's consideration of this matter, this report presents a further review of the (then) revised HRA business plan projections which were considered by Council on 22 February, 2006, as part of the 2006-07 budget process. A summary of the information included in this report was also included in the report considered by Cabinet on 21 September, 2006.
- 1.5 The Council also has an obligation to meet other strategic housing priorities including the provision of affordable housing and the decent homes standard in relation to private sector dwellings accommodating vulnerable households. With the exception a limited amount of resources specifically allocated for private sector expenditure, all of the Council's available housing capital resources are, at the present time, directed forward improving the Council's housing stock and this situation is considered to be contradictory in relation to the Council's agreed strategic housing priorities.
- 1.6 The limited availability of resources for private sector expenditure was reported to Council on 22 February, 2006. It was agreed that a further report on the provision of affordable housing in the private sector and in particular the provision of Disabled Facility, Renovation and Home Security Grants from 2008-09 onwards would be considered, following receipt of the Capital Grant Allocations.
- 1.7 As a result, the remit of the mid year review of the HRA has been further extended this year to consider both the provision of affordable housing and private sector grants, and the potential re-allocation of housing Capital resources in accordance with the Council's strategic housing priorities.

Section 2

2. The Housing Revenue Account Outturn Position for 2005-06

- 2.1 Annex 1 compares the outturn position for 2005-06 against the estimated outturn as reported to Council on 22 February, 2006.

- 2.2 The total amount of income received was £15,944,460 compared to £15,981,000 estimated at 22 February, 2006. This reduction in income of £36,540 results primarily from lower than anticipated rent income and a reduced contribution from the General Fund in respect of services associated with the administration of the housing register.
- 2.3 Total expenditure was £14,942,611 compared to £15,446,330 estimated at 22 February, 2006. The reduction in expenditure of £503,719 resulted from a number of variances as detailed in Annex 1. These include:-
- (a) Housing Subsidy – An increase of £142,555 in the amount of housing subsidy paid to the Department for Communities and Local Government.
 - (b) Repairs and Maintenance – Savings of £216,098 in respect of responsive maintenance.
 - (c) Supervision and Management – Savings of £262,619 in respect of employee costs, tenancy services and corporate recharges.
 - (d) Rent Rebates – A “one off” increase in amount of rent rebate subsidy received by the Council in 2005-06 (£199,980), as reported to Council on 28 June, 2006.
 - (e) Capital Financing – Savings of £189,659 in respect of capital financing costs.
 - (f) Revenue Contribution to Capital Outlay. An increase in the amount of RCCO following the capitalisation of all internal fees in respect of the 2005-06 HRA Capital Programme as agreed by Council on 28 June, 2006.
- 2.4 As a result of these changes, the level of working balances at 31 March, 2006 was £1,720,466 compared to £1,253,287 as estimated on 22 February, 2006.

Section 3

3. The Housing Revenue Account 2006-07

- 3.1 The agreed Housing Revenue Account budget for 2006-07 has been revised in the light of the outturn expenditure for 2005-06 and the latest estimates of income and expenditure for 2006-07.
- 3.2 This has been compared to the original Housing Revenue Account budget for 2006-07, as approved by Council on 22 February, 2006, as part of Annex 1.
- 3.3 The total amount of income which is expected to be received is now estimated to be £16,188,940 compared to £16,154,870 estimated on 22 February, 2006. The estimated increase in rent income of £41,490 reflects a reduction in the number of void properties and the revised rent restructuring guidance issued by the Department for Communities and Local Government, (DCLG).
- 3.4 Total expenditure is now estimated to be £15,585,350 compared to £15,628,430 estimated on 22 February, 2006. The reduction in expenditure of £43,080 results from the following variances:-

- (a) Housing Subsidy. An estimated decrease of £35,840 in the amount of housing subsidy which will be paid to the DCLG in 2006-07.
 - (b) Supervision and Management – Special. An estimated reduction in recharges relating to the Capital Programme.
 - (c) Capital Financing. An estimated increase of £45,760 in the cost of capital financing following a change in the interest rate used in the Item 8 calculation and a decrease in the housing subsidy calculation.
- 3.5 As a result of these changes and the additional resources carried forward from 2005-06, the level of working balances at 31 March, 2007 is now estimated to be £1,085,406. This compares to the estimate of £896,727 made on 22 February, 2006, an increase of £188,679.
- 3.6 The additional estimated resources of £135,679 have been carried forward and are to be used as an additional Revenue Contribution to Capital Outlay in 2007-08 and future years.

Section 4

4. Housing Revenue Account Business Plan Projections 2007-2013

- 4.1 The revised Housing Revenue Account budget for 2006-07 has been used as the basis for the forward HRA business plan projection for the period 2007-2013.
- 4.2 The projections are based on a continuation of the Governments current financial regime and no account has been taken of the potential change to allow some excellent Council's and ALMO's to operate outside the HRA subsidy system as outlined in the discussion paper "From Decent Homes to sustainable communities", which was issued by the Department for Communities and Local Government in June 2006 and reported to Cabinet on 20 July, 2006.
- 4.3 Any changes to the current financial regime will be considered as part of the 2007 Comprehensive Spending Review and until the results of this are known, the situation for the Council is unclear. It is, however, expected that the Government will continue to link "financial freedoms" with external performance assessments and in order to take advantage of any reform the Council would need to gain a "3-star" Audit Commission Assessment for its housing service.
- 4.4 As a result, the majority of the assumptions used in the projections are the same as those used in the previous business plan review, reported to Council on 22 February 2006. In particular, it has been assumed that any revenue surplus above the minimum amount required in working balances should be transferred to support the HRA Capital Programme, through an additional Revenue Contributions to Capital Outlay.
- 4.5 Changes have however, been made to two assumptions as detailed below:-
- (a) The number of dwellings within the housing stock have been further reduced to reflect an increased number of Council house sales under the Right to Buy, the disposal of dwellings on the Bevan Lee estate to the Beth Johnson Housing Association and the demolition of the Cornwall House and Cherry Tree House, sheltered housing schemes.

- (b) The interest rate used in the calculation of housing subsidy and the Item 8 determination has been increased.
- 4.6 A full analysis of the projected budgets for the period 2007-2013 is attached as Annex 2.
- 4.7 The total amount of income estimated over the 6-year period is £101,769,200 compared to £103,157,650 estimated at 22 February 2006. This reduction in income results from a decrease in the amount of rent income following revised forecasts in respect of the Council's housing stock in accordance with the assumptions made in paragraph 4.5(a) above.
- 4.8 Total expenditure over the 6-year period is estimated to be £102,295,800 compared to £103,615,730 estimated at 22 February 2006. This decrease in expenditure of £1,319,930 results from the following variances.
- (a) Housing subsidy – an increase of £421,970 in the amount of housing subsidy paid to the DCLG.
 - (b) Supervision and Management – Special – a reduction of £215,750 in capital financing charges as a result of changes to the interest rate included in the Item 8 calculation.
 - (c) Capital financing – an increase of £215,750 in capital financing charges as a result of changes to the interest rate included in the Item 8 calculation.
 - (d) Repairs and maintenance – a decrease of £1,385,020 to reflect the reduction in the Council's housing stock in accordance with the assumption, made in paragraph 5(a) above.
- 4.9 As a result of these changes the forecast HRA deficit for the 6-year period is now estimated to be £526,600, this compares to £458,080 estimated at 22 February 2006, an increase of £78,520.

Section 5

5. Housing Revenue Account Capital Programmes 2005-06 and 2006-07

- 5.1 The outturn position for the 2005-06 HRA Capital Programme was reported to Council on 28 June, 2006.
- 5.2 The agreed 2006-07 HRA Capital Programme (as determined by Council on 22 February, 2006) was also reviewed by Council on 28 June, 2006 in the light of the outturn expenditure and use of resources for 2005-06 programme and the (then) revised estimates of capital expenditure and available resources, when:-
- (a) A net £235,270 re-programming of expenditure from 2005-06 to 2006-07 was agreed.
 - (b) Additional expenditure of £350,000 in respect of the 2006-07 HRA Capital Programme was approved.
 - (c) The implementation of structural reinstatement schemes for certain Pre-Reinforced Concrete properties was deferred for consideration as part of a future review of the 2007-08 Capital Programme.

- 5.3 In accordance with the Council's agreed Capital Expenditure Control Procedures, the HRA Capital Programme (as revised by Council on 28 June, 2006) has been reviewed again, in the light of actual expenditure and the latest estimates of 2006-07 capital expenditure and available capital resources.
- 5.4 A revised estimate of the housing capital resources which are available in 2006-07 is presented as part of Annex 3, whilst details of the actual and estimated expenditure in relation to the 2006-07 HRA capital programme is presented as part of Annex 4. Actual expenditure relates to the position at 30 June, 2006, whilst the forecast information relates to the position at 31 August, 2006.
- 5.5 Expenditure in respect of the 2006-07 HRA Capital Programme is now estimated to be £7,997,270. This compares to the estimate of £8,092,270 when the programme was reviewed on 28 June, 2006, a decrease of £95,000.
- 5.6 Estimated available resources in 2006-07 are now forecast to be £14,089,020. This compares to the estimate of £14,907,520 when the programme was reviewed on 28 June, 2006, a decrease of £818,500.
- 5.7 An analysis of the variances in respect of both estimated expenditure and estimated available resources in respect of the 2006-07 HRA Capital Programme is presented as Annex 5.
- 5.8 Following the deduction of 2006-07 expenditure commitments (£7,997,270) an estimated £6,091,750 of uncommitted resources can be carried forward to part finance the HRA Capital Programme in 2007-08 and future years in accordance with the Council's agreed Decent Homes Investment Plan. This compares to the estimate of £6,815,250 when the programme was reviewed on 28 June, 2006, a decrease of £723,500.

Section 6

6. Estimated Housing Capital Resources 2007-2013

- 6.1 Council on 28 June 2006 were advised of a potential £896,751 investment deficit in respect of the Council's proposed 2007-08 HRA Capital Programme. As a result, Council agreed that the estimated availability of housing capital resources in 2007-08 and future years would be the subject of a comprehensive review, as part of the Mid-Year Review of the Housing Revenue Account.
- 6.2 This review has now been completed and has included:-
- (a) An examination of the estimated value and timescale for the achievement of land sales included within the Council's agreed disposals programme.
 - (b) A review of other HRA land holdings including under-occupied garage sites to identify those with development potential which could realise a capital receipt.
 - (c) Revised projections for the sale of Council dwellings under the Right to Buy.
- 6.3 The results of the review have been included as part of a revised estimate of housing capital resource availability for the period 2007-2013 attached as Annex 6.

6.4 The total amount of housing capital resources which are now estimated to be available during the period is £47,477,000 this compares to the estimate of £44,405,000 reported to Council on 22 February 2006 as amended to reflect the decisions of Council on 28 June, 2006. The £3,072,000 increase in housing capital resources results from :-

	<u>Estimated Resources 22 Feb. 2006 (as amended) £'000</u>	<u>Estimated Resources 31 Aug. 2006 £'000</u>	<u>Variance £'000</u>	
(a) Resources carried forward from 2006-07	6,815	6,092	723	(-)* ¹
(b) Capital Receipts (Sale of Council Houses)	6,930	7,284	354	(+)* ²
(c) Capital Receipts (Sale of Land)	450	4,488	4,038	(+)* ³
(e) Major Repairs Allowance	19,108	18,776	332	(-)* ⁴
(f) Revenue Contributions to Capital Outlay	8,282	8,017	265	(-)* ⁵
	<u>41,585</u>	<u>44,657</u>	<u>3,072</u>	(+)

Notes

*¹ Decrease in resources carried forward from 2006-07 following the review of the 2006-07 programme as outlined in Section 5.

*² Increase in resources as a result of an estimated increase in the number of Council house sales under the RTB.

*³ Increase in resources following a review of agreed land sales and other land holdings as a result of :-

(i) The re-programming of the Conway Road, Plantation Road, Hannaford Way, Wharf Road and Mill Green sites from 2006-07 to 2007-08 and future years.

(ii) An increase in the estimated value of the Mill Green site following the establishment of infrastructure costs.

(iii) The inclusion of additional potential development sites (including a number of under-occupied garage sites and the Cherry Tree House and Cornwall House sites) in the Council's land disposal programme. Note: Subject to the consent of Cabinet and planning consent.

*⁴ Decrease in resources to reflect the reduction in the Council's housing stock as a result of increased Council house sales under the RTB, the disposal of dwellings on the Bevan Lee

estate and the demolition of Cherry Tree House and Cornwall House.

- *5 Decrease in resources as a result of reduced Revenue Contribution to Capital Outlay to reflect the revised position with regard to the Housing Revenue Account as detailed in Section 4.

Section 7

7. Estimated Expenditure Requirements 2007-2013

- 7.1 A revised estimate of the HRA capital expenditure requirements for the period 2007-2013 is presented as Annex 7.
- 7.2 The estimate is based on a continuation of the reduced specifications for improvement works as agreed by Council on 23 November 2005 and 22 February 2006, and the implementation of a strategy of clearance and redevelopment for the majority of the Council's Pre-Reinforced Concrete (PRC) dwellings as agreed by Cabinet on 1 December 2005.
- 7.3 The estimate has however, been updated to reflect:-
- (a) An increase in the number of voids which require decent homes improvement works during the period to 2010.
 - (b) The re-programming of certain costs in respect of the Bevan Lee Redevelopment Scheme from 2006-07 to 2007-08 and future years.
 - (c) Revised costs for the implementation of the Council's PRC redevelopment strategy to include the cost of Compulsory Purchase Orders and other project costs.
 - (d) The need to demolish certain under-occupied garage sites, a number of which are to be considered for disposal.
- 7.4 The Government have recently replaced the fitness standard with the Housing and Health Safety Rating System (HHSRS) as the statutory element of the decent homes standard. Although the HHSRS is a risk assessment procedure and does not set a standard, a dwelling should be free of Category 1 hazards unless practical steps cannot be taken without disproportionate expense or disruption.
- 7.5 The 2003 Housing Stock Condition Survey was based on the fitness standard and it is not therefore possible to assess, at this stage, whether its replacement by the HHSRS will result in any additional expenditure requirement. The Council will, however, undertake all individual property surveys in accordance with the new system in order to provide an indication of any expenditure implications as part of future reviews.
- 7.5 The total HRA capital expenditure requirement for the period is now estimated to be £46,524,000. This compares to the estimate of £45,422,000, reported to Council on 22 February 2006 and subsequently amended to reflect the decisions of Council on 28 June 2006.
- 7.6 The increase in the estimated expenditure requirement of £1,102,000 results from variances in respect of the following schemes:-

	<u>Estimated Expenditure Requirement (22 Feb. 2006 as amended)</u> £000'	<u>Estimated Expenditure Requirement (31 Aug. 2006)</u> £000'	<u>Variance</u> £000'
(a) Void properties (Decent Homes)	1,135	1,599	464 (+)
(b) Bevan Lee Redevelopment	309	529	220 (+)
(c) PRC dwellings (Redevelopment)	2,338	2,676	338 (+)
(d) Demolition of garages	-	80	80 (+)
Total	3,782	4,884	1,102

Section 8

8. Allocation of Resources to the Council's Strategic Housing Priorities 2007-2013

8.1 Meeting and maintaining the decent homes standard for its housing stock is just one of the number of key housing issues affecting the District. As the Strategic Housing Authority for the district, the Council has a statutory duty to identify the key housing issues and co-ordinate a strategy to address these issues and meet the housing needs of all residents; through its Housing Strategy. The key housing issues affecting the district were set out in a report to Cabinet on 3 November, 2005. These were:-

- (a) There is growing need for more affordable housing within the district because house prices have been rising faster than local incomes. Young people and families on average incomes who aspire to home ownership are finding it increasingly difficult to access the entry level homes, as small terraced housing and one-bedroom flats start at around £80,000 which is around 4 1/2 times the average income for the district. There has also been a net decrease in the amount of social housing in the district as sales of Council housing has outstripped the amount of new affordable housing built by Housing Associations.
- (b) There is a need to provide housing that meets the needs of vulnerable residents. By vulnerable, we are referring to a range of people who are vulnerable for reasons such as poor health, old age, low income or require care and support. The Council also has a statutory requirement to provide grants to allow people with disabilities and mobility problems to live independently in their own home.
- (c) There is a need to ensure communities throughout the District are sustainable, i.e. where people want to live and stay. Elements of a thriving sustainable neighbourhood are good community safety and a low fear of crime, a high quality and well maintained environment and investment, renewal and development to ensure good quality homes.
- (d) There is a need to modernise the housing stock to the decent homes standard. This does not just affect Council housing, as most people live in their own home and the Government have extended the decent homes standard to vulnerable people and families living in

private housing. Some of the poorest people of the District live in private housing of the worst condition, so there is a need to renew and develop these areas.

8.2 Following changes to the DCLG's funding mechanism for providing housing capital allocations to local authorities, the only housing capital resources which are allocated to these housing issues during the period 2007-2013, are those which have been specifically allocated for private sector expenditure. All other housing capital resources which are estimated to be available are directed only towards the improvement of the Council's housing stock.

8.3 As part of the preparation of a revised Housing Strategy which will meet the DCLG's 'fit for purpose' criteria, Cabinet on 3 November 2005 agreed 4 strategic housing priorities to meet the key housing issues identified in paragraph 8.1. To meet the 'fit for purpose' test, these priorities need to be ranked and, following a consultation exercise, these priorities have been given the following proposed order of relative importance:-

(a) Priority One – Provide housing choice that meets the needs and aspirations of all residents.

To be delivered by:-

- Meeting the need for both affordable and aspirational housing.
- The effective management and maintenance of social housing.
- Promoting a healthy private rented sector.
- Broadening choice in the allocation of social housing.
- Reducing empty properties.

(b) Priority Two – Housing vulnerable people.

To be delivered by:-

- Reducing homelessness and the use of inappropriate bed and breakfast accommodation.
- Adapting people's homes to promote independence.
- Providing housing related support to the elderly, young and people with disabilities.
- Promoting equality of access to housing services.

(c) Priority Three – Encourage thriving communities where people want to live and stay.

To be delivered by:-

- Focusing renewal works on communities which suffer from deprivation and poor housing conditions (especially PRC housing) but are places where people like to live and stay.

- Prioritising initiatives which improve the living environment in targeted neighbourhoods, such as improving community safety.

(d) Priority Four – Modernise the housing stock to provide a decent home for all.

To be delivered by:-

- Bring the Council's housing stock to the decent homes standard by 2010.
- Significantly increasing the number of private sector dwellings accommodating vulnerable people which meet the decent homes standard.
- Promoting thermal comfort and affordable warmth.
- Working with landlords to improve the conditions of the private rented stock.

8.4 Action to deliver these strategic housing priorities, by both the Council and other housing agencies will, in part, be dependent upon the availability of financial resources. Whilst certain external resources are potentially available and where possible will be fully utilised, these will not be sufficient to meet all of the identified needs.

8.5 The need for additional investment to meet the Council's other strategic housing priorities was previously recognised within the 2004 housing options appraisal undertaken by DTZ Pleda Consulting. However, Cabinet on 7 October 2004 were advised that in order that a stock retention strategy was sustainable, all capital receipts generated from assets held in the HRA would need to continue to be directed towards improving the Council's housing stock.

8.6 A continuation of this strategy would not meet the DCLG's requirements regarding a "fit for purpose housing strategy", which requires resources to be allocated in accordance with the Council's strategic housing priorities, and to reflect their importance. It is therefore necessary for the Council to consider the allocation of housing capital resources and in particular the possible benefits of redirecting resources from only improving the Council's housing stock towards the provision of financial assistance in meeting all of the Council's strategic housing priorities and addressing the wider housing issues affecting all residents throughout the District.

8.7 A substantial proportion of the housing capital resources which are estimated to be available during the period 2007-2013 are however, "ring fenced" and can only be spent on improving the Council's housing stock. These resources comprise supported capital expenditure, the Major Repairs Allowance, Revenue Contributions to Capital Outlay and Energy Efficiency monies.

8.8 In addition, in order to take advantage of a relaxation in the Capital Finance Regulations, Council on 15 October 2003 resolved that 'up to £16.812 million of receipts realised from the sale of land held in the HRA be utilised to support improvements to the Council's housing stock during the period 2003-2010.' This resolution enables the Council to utilise 100% of the receipts realised from land sales for capital expenditure, rather than only 50% in accordance with the Government's pooling arrangements. The provision is specifically applied to the improvement of the Council's own stock, although the Regulations related to affordable housing generally.

8.9 As a result the only housing capital resources which are available for redirection are:-

- (a) Capital receipts realised from the sale of Council houses under the RTB which are estimated to generate some £7,284,000 over the period 2007-2013 as detailed in Annex 6. A further £1,231,200 of resources is expected to be generated from this source during the current financial year and these could also be considered for re-direction.
- (b) The provision of land at nil or reduced value to facilitate the provision of new affordable housing in exchange for additional nomination rights. It should, however, be noted that the estimated land receipts included within the housing capital resource estimates (attached at Annex 7) are based on "open market" valuations and the disposal of any sites at nil or reduced value will have an adverse impact on the estimated receipts from this source.

8.10 An estimate has been made of the need for additional resources (in the form of financial subsidy) in respect of the following activities which contribute to the delivery of the 4 strategic housing objectives:-

	<u>Estimated Level of Financial Subsidy Required to Address the District's Need 2007-2013 £'000</u>	<u>Additional Resources Required* 2007-2013 £'000</u>
(a) The provision of Affordable Housing (Strategic Priority One)	27,354	21,354
(b) The provision of Disabled Facilities grants in the private sector. (Strategic Priority Two)	2,568	2,568
(c) Private Sector Renewal and meeting the Decent Homes Standard, private sector dwellings accommodation, vulnerable houses. (Strategic Priorities Three and Four)	8,000	5,962
(d) The provision of Home Security Grants (Strategic Priority Three)	404	404
	£38,326	£30,288

Note: * Following the deduction other external resources.

- 8.11 It is not possible to re-direct sufficient resources to meet the entire £30m additional resource requirement and 3 options are therefore presented as examples of different levels of provision:-

<u>Scheme</u>	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
	£'000	£'000	£'000
Affordable Housing	-	2,000	4,568
Private Sector Disabled Facilities Grant	743	743	743
Private Sector Renewal	450	1,000	3,045
Home Security Grants	159	159	159
	<u>1,352</u>	<u>3,902</u>	<u>8,515</u>

- 8.12 Option 1 consists of a level of funding that would only deliver the statutory duties of the Council in respect of Disabled Facilities Grants and would meet the need for Home Security Grants. It is estimated that it would help bring 56 private homes up to the decent homes standard, but would not deliver any additional affordable housing for the District.
- 8.13 Option 2 would also deliver the statutory duties of the Council in respect of Disabled Facilities Grants and would meet the need for Home Security Grants. It is estimated that it would help bring 125 private homes up to the decent homes standard and deliver 85 additional affordable housing for the District.
- 8.14 Option 3 would also deliver the statutory duties of the Council in respect of Disabled Facilities Grants and would meet the need for Home Security Grants. It is estimated that it would help bring 380 private homes up to the decent homes standard and deliver 194 additional affordable housing for the District.
- 8.15 The allocation of resources between improving the Council's housing stock and delivering the differing outcomes for each strategic housing priority from the 3 funding options (set out in 8.12 – 8.14 above) is therefore a matter for consideration, although it is clear that the current situation whereby all resources are allocated in respect of improvements to the housing stock cannot continue.
- 5.16 The re-direction of resources to deliver the Council's strategic housing priorities will, however, reduce the amount of resources which are available for improving the Council's housing stock. At the present time, improvement works are limited to meeting the Decent Homes Standard only, and no resources are available to undertake additional improvements; for example, double glazing, fencing and other environmental works.

Section 9**9. Estimated Resource Availability and Estimated Expenditure Requirements Compared**

- 9.1 A comparison of estimated resource availability with the HRA expenditure requirements for investment in the Council's Housing Stock and the proposed re-direction of resources to the Council's strategic housing priorities is presented below:-

	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
	£'000	£'000	£'000
Estimated Available Resources	47,477	47,477	47,477
HRA Expenditure Requirement.	46,524	46,524	46,524
HRA Investment (Surplus)	<u>(953)</u>	<u>(953)</u>	<u>(953)</u>
Other Strategic Housing Priorities	1,352	3,902	8,515
HRA Investment Deficit	<u>399</u>	<u>2,949</u>	<u>7,562</u>

- 9.2 It will be noted that although there is an estimate investment surplus of £953,000 between estimated available resources and HRA Capital expenditure requirements, the re-direction of resources to the Council's strategic housing priorities will result in an estimated investment deficit of between £399,000 and £7,562,000, depending upon the chosen Option.
- 9.3 As previously stated, the allocation of resources between improving the Council's housing stock and the Council's strategic housing priorities is a matter of consideration. It is therefore necessary to determine, within the framework provided by the Council's agreed strategic housing priorities (as detailed in paragraph 8.3) the amount of resources which remain available for improving the Council's housing stock and the amount which is re-directed to delivering the strategic housing priorities.
- 9.4 It will then be necessary for the Council to determine a course of action to negate the resultant estimated investment deficit. This will vary in accordance with the amount of resources which are redirected under each of the three options i.e.:-

	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
	£'000	£'000	£'000
Investment Deficit	399,000	2,949,000	7,562,000

Section 10

10. Action to Negate the Investment Deficit

- 10.1 HRA business plan projections show that the Housing Revenue Account is sustainable during the period 2007-2013 but falls into deficit in 2014. The Council can, therefore, initially meet and thereafter maintain the Decent Homes Standard for its housing stock until this date. It is necessary for the Government Office for the West Midlands to "sign off" stock retention strategy and Cabinet on 7 October, 2004 were advised, as part of the 2004 housing options appraisals that a strategy which maintained decent homes until at least 2014 was the minimum requirement for "sign off". As a result it is not possible to close the investment gap by allowing the HRA to fall into deficit earlier than 2014.
- 10.2 Three courses of action are therefore potentially available to negate the estimated investment deficit the amount of which will be dependant on the chosen option i.e.
- (a) Further reduce the specification on improvement works and/or reduce the provision of housing services financed through the HRA.
 - (b) Introduce service charges for certain housing services.
 - (c) Generate additional capital recourses.
- 10.3 Reductions to the specifications for Decent Homes improvement works were agreed by Council on 23 November, 2003 and 22 February, 2006. These resulted in estimated budget savings of £11,977,000 and there is now only limited scope for further reducing the current agreed specifications. Consideration, therefore, has been given to reducing the provision of other housing services financed through the HRA, and a schedule of possible service reductions are outlined below:-

	<u>Estimated Budget</u> <u>Saving</u> <u>2007-2103</u> £
(a) Reduce number of kitchen units provided through the kitchen replacement programme (with effect from 1 January, 2007)	210,000
(b) Discontinue replacement of "Marley tile floors". (As part of Responsive Repairs with effect from 1 January, 2007)	694,000
(c) Cease elderly persons grass cutting programme (with effect from 1 January, 2007)	353,000
(d) Cease elderly persons internal decoration programme (with effect from 1 January, 2007)	343,000
(e) Cease CCTV monitoring in the Redhill Road area (with effect from 1 April, 2007)	306,000
Total	<u>£1,906,000</u>

10.4 Council on 9 August, 2006 reviewed its policy on service charges and determined that no separate charge should be made for the additional services which are received by certain tenants. The introduction of service charges could, however, be re-considered as an alternative to some of the potential service reductions outlined above and as a means of generating additional income by charging for additional services.

10.5 Service charges could be potentially made for both property related services (i.e. the provision of entry phones and the Redhill Road CCTV scheme) and the elderly persons grass cutting scheme but could not be extended to the elderly persons internal decoration service as this is undertaken on a 3 to 4 year cycle and is not therefore received by each household each year.

10.6 The actual cost of any service charges would be determined immediately prior to their introduction but indicative figures are presented below together with the estimated amount of additional income which would be generated during the period 2007-2013 i.e.

	<u>Indicative Weekly Service Charge</u>	<u>Estimated Additional Income 2007- 2013</u>
	<u>£'000</u>	<u>£'000</u>
(a) Entry Phones	£0.13	150,000
(b) CCTV in the Redhill Road area	£2.45	90,000
(c) Grass Cutting Service	£0.93	300,000
		<hr/> 540,000 <hr/>

- 10.7 The introduction of service charges would, however, require changes to the Council's existing Tenancy Agreement to ensure that any charges can be collected together with the rent. In accordance with the Housing Act 1985, any change to the Tenancy Agreement must be the subject of a consultation exercise with all tenants and such an exercise would therefore need to be undertaken before a new Tenancy Agreement is introduced.
- 10.8 It is therefore suggested that if the Council wish to re-consider the introduction of service charges, that the implementation of any scheme should be deferred until the October 2007 rent review.
- 10.9 As previously stated (paragraph 6.1 – 6.3), a review of HRA land holdings has been undertaken as part of the Mid-Year Review of the HRA and the estimated receipts which can be realised from potentially surplus sites have been included in the resource estimates attached as Annex 6. It would, however, be possible to generate additional capital receipts through the sale of:-
- (a) Additional garage sites which although fully occupied have the potential for residents development.
 - (b) Shops held in the HRA to an investment company.
 - (c) Vacant dwellings from the housing stock.
- 10.10 The disposal of any of these assets, would however, reduce the amount of income received by the HRA and would before implementation, be the subject of detailed evaluation, as part of a further report.
- 10.11 Council are therefore requested to consider the actions which are potentially available to negate the estimated investment deficit in respect of the chosen option for the re-allocation of housing capital resources and determine a course of action. For example, if option 2 were chosen it would be necessary to negate an estimated investment deficit of £2,949,000 which could be achieved through the following combination of actions:-

	<u>£</u>
(a) Budget Savings	
(i) Kitchen units	210,000
(ii) Marley tiles floors	694,000
(iii) Elderly persons internal decorations	343,000
(iv) CCTV monitoring Redhill Road	306,000
(b) Service Charges	
(i) Entry phones	150,000
(ii) Elderly persons grass cutting	300,000
(c) Generation of additional capital resources (Subject to detailed consideration through a further report)	946,000
	2,949,000

Section 11

11. Financial Implications

- 11.1 The financial implications of this report primarily relates to the allocation of capital resources for Private Sector housing in the light of the Mid Year Review of the HRA.
- 11.2 Unit 2006-07 private sector capital provision was provided as part of the Councils borrowing approval with £320,000 being allocated to the General Fund for Disabled Facilities, Renovation and Home Security Grants.
- 11.3 As a result of changes to the DCLG's funding mechanism for providing housing capital allocations to local authorities, funding is now in the form of Capital Grants. No details of allocations were available at the time of the 2006-07 budget.
- 11.4 The current General Fund capital programme, as approved by Council in February 2006, extended the provision of private sector affordable housing up to and including 2007-08 by the utilisation of all available resources pending receipt of grant allocations and this review.
- 11.5 Grant allocations of £198,000 have now been received for 2006-07 consisting of £48,000 for vulnerable people – decent homes expenditure and £150,000 for renewal and growth. The allocations specifically relate to 2006-07 with no commitment for future years. In particular the overall resources available for grants is likely to reduce due to pressures on the Governments Investment programme and the £150,000 for Renewal and Growth (Coal fields allocation) is considered to be a one-off.
- 11.6 No capital resources therefore exist within the General Fund capital programme and in the light of the likely capital grant allocation situation, the provision of additional expenditure for private sector housing, can therefore only consist of either additional resources via prudential borrowing or the re-allocation of existing resources.

- 11.7 Prudential borrowing is considered neither affordable nor sustainable with the ultimate impact if borrowing falling on the General Fund Revenue Account. Any proposed use of borrowing would have to be considered as part of the Delivering Change process and would require complementary savings to be identified.
- 11.8 The current General Fund capital programme as approved by Council in February, 2006 has resources fully committed, with previously un-utilised resources being allocated to Private Sector housing pending this review.
- 11.9 The re-allocation, therefore refers to HRA resources and the financial implications will vary between stock retention and stock transfer.
- 11.10 The provision of additional resources beyond the spare HRA resources of £953,000 under retention will require a compensatory reduction in housing capital resources, which will require a reduction in either:-
- (a) The specification for improvements and / or the provision of services provided by the HRA
- Or
- (b) The number of properties that can be maintained by the HRA.
- 11.11 Section 9 of this report identifies three potential options for re-directing HRA capital resources as follows:

	<u>Additional Private Sector Allocation</u> £
Option One	1,352,000
Option Two	3,902,000
Option Three	8,515,000

- 11.12 Section 10 of the report identifies an example of a schedule of service reductions in the HRA that would be required to offset the investment deficit for Option Two after taking into account the forecast surplus on the HRA for the period 2007-2013 of £935,000.
- 11.13 In the advent of stock transfer, the amount of capital transferred will be borne by the General Fund in the form of interest charges, unless additional resources in excess of those already identified can be negotiated with the new housing association for preserved "right to buy" receipts or the VAT sharing agreement.
- 11.14 The additional cost would need compensating savings to be identified by the General Fund Revenue account, and assuming an equal profile of private sector affordable housing expenditure over the period, the additional cost or compensating saving would rise each year following transfer from 2008-09 to 2012-13 as follows:-

	2007-08 Additional Commitment	2012-13 Additional Commitment
	£	£
Option One	11,000	56,000
Option Two	32,000	162,000
Option Three	70,000	355,000

Section 12

12. Contribution to Chase

- 12.1 The implementation of the HRA Capital Programme for 2006-07 and future years will contribute to CHASE by ensuring that the Council's Housing Stock meets the Decent Homes Standard by 2010.
- 12.2 The proposed re-allocation of housing capital resources in accordance with the Council's agreed strategic housing priorities would also contribute to CHASE by increasing the number of private sector dwellings accommodating vulnerable people, which meets the Decent Homes standard.
- 12.3 The possible cessation of the elderly pensions internal decoration and grass cutting schemes would have adverse implications for the objective of Social Inclusion, by removing services which are received by vulnerable households.
- 12.4 The elderly persons grass cutting scheme also contributes to a "clean, safe and sustainable environment" and its possible cessation would reduce the environmental quality of Council estates.

Section 13

13. Section 17 (Crime Prevention) Implications

- 13.1 The renewal of door entry systems funded as a result of the £40,000 of additional expenditure in respect of estate security will have positive implications for crime prevention.
- 13.2 Under-used garages are subject to vandalism and other forms of anti-social behaviour. The proposed demolition of certain under-used garage sites and the subsequent disposal of certain sites for re-development would also have positive implications for crime prevention.
- 13.3 The proposed provision of £159,000 for Home Security Grants would have positive implications for crime prevention.

- 13.4 The cessation of CCTV monitoring in the Redhill Road area would have adverse implications for crime prevention.

Section 14

14. Human Rights Act Implications

- 14.1 The Council's agreed redevelopment strategy for the Reema dwellings at the Moss Estate, Chadsmoor, the Cornish houses in the Rowley Close area and the Wates Houses in the Elizabeth Road area, has implications in respect of the Human Rights Act, 1998. However, these implications were addressed as part of the report to Cabinet on 1 December, 2005.
- 14.2 There are no other identified implications in respect of the Human Rights act arising from this report.

Section 15

15. Data Protection Act Implications

- 15.1 There are no identified implications in respect of the Data Protection Act arising from this report.

Section 16

16. Risk Management Implications

- 16.1 A failure to meet and maintain the Council's housing stock to the standard desired by tenants has been identified in the Council's risk register. The potential problems associated with this risk include: tenant dissatisfaction, a deterioration in the Council's housing stock, an adverse effect on the environment and the possibility of Government intervention.
- 16.2 The score rating for gross risk is 25, which falls within the high risk category. Resources are not available to meet the Cannock Chase standard which was formulated in consultation with tenant representatives. It is, however, considered that providing the Council has agreed and can then implement a robust investment plan which ensures that it can meet the Decent Homes Standard for its housing stock by 2010, the score for this risk will reduce to 10, placing it within the medium risk category.
- 16.3 This report reviews the estimated expenditure needs and available resources in respect of the Decent Homes Investment Plan previously agreed by Council and considers the potential re-direction of housing capital resources to meet the Council's other strategic priorities.
- 16.4 An investment deficit of between £399,000 and £7,562,000 is forecast for the period 2007-2013 depending on the chosen option for the redirection of resources. It is proposed that the investment deficit is negated through reductions in the housing service, service charges or the sale of further HRA assets. This action will ensure that the Council can continue to meet the Decent Homes standard for its housing stock by 2010, although any proposed service reductions will have an adverse impact on tenant dissatisfaction.
- 16.5 There are also a number of risks associated with the delivery of the revised Investment Plan, as part of the HRA Capital Programme for 2007-08 and future years, which include:-

- (a) Uncertainties regarding the generation of capital resources, particularly capital receipts and supported borrowing.
- (b) Potential delays regarding the financial year when capital receipts from agreed land sales will be received.
- (c) Potential delays in implementing agreed schemes on site as a result of tenant refusals, delays in utility suppliers provided the necessary connections, inclement weather conditions and skill shortages in the building industry.

16.6 As a result:-

- (a) Expenditure in respect of the agreed HRA Capital Programme could exceed estimated resources, thus placing the Council in an ultra vires position;

Or
- (b) The Council's agreed expenditure targets may not be met as a result of slippage in respect of agreed schemes.

16.7 The Council's agreed Capital Expenditure Control Procedures seek to minimise the risks identified above, through regular monitoring of both available housing capital resources and actual and forecast expenditure, which include quarterly reports to Council.

Section 17

17. Legal Implications

17.1 Generally, the legal implications are set out throughout the report.

17.2 As indicated in Section 8 of the Report, the Council has a statutory duty in respect of the private housing sector within the District. The key housing issues in the District were identified in November 2005 and the decisions made by Cabinet at their meeting on 3 November 2005 have prioritised those issues and set out proposals on how the Council will meet those needs.

17.3 Council must therefore determine the resources it will allocate to those prioritised needs and cannot continue to focus all its resources, other than for a small allocation of funds, on maintaining its own housing stock.

Section 18

18. Human Resource Implications

18.1 The savings option set out in the report, to cease CCTV monitoring in the Redhill Road area with effect from 1 January 2007 will have human resource implications in that there will need to be a reduction in the overall staffing levels within the area responsible for CCTV monitoring, however, the relevant manager believes, at this time, that this could be managed by the deletion of a vacant post thereby avoiding the need for redundancies.

Section 19

19. Conclusions

19.1 That the recommendations set out in Section 2 of the preceding report are agreed.

Section 20

20. List of Background Papers

- The Department for Communities and Local Government – Discussion Paper “From Decent Homes to Sustainable Communities” (June 2006)

MID YEAR HRA REVIEW REVENUE - REVENUE OUTTURN 2005-06 AND PROJECTION 2006-07

<u>Income</u>	Budget 2005-06			Original	Budget 2006-07	
	Revised	Outturn	Variance		Revised	Variance
	£	£	£	£	£	£
Dwelling Rent	(15,415,990)	(15,407,771)	8,219	(15,576,080)	(15,617,570)	(41,490)
Non Dwelling Rent	(413,480)	(410,502)	2,978	(426,540)	(423,470)	3,070
Interest	(18,110)	(13,302)	4,808	(16,760)	(16,760)	0
Other	(85,210)	(83,394)	1,816	(85,390)	(85,390)	0
General Fund Cont.	(48,210)	(29,491)	18,719	(50,100)	(50,100)	0
Total Income	(15,981,000)	(15,944,460)	36,540	(16,154,870)	(16,193,290)	(38,420)
<u>Expenditure</u>						
Housing Subsidy	1,755,070	1,897,625	142,555	2,387,520	2,351,680	(35,840)
Repairs and Maintenance	4,281,070	4,064,972	(216,098)	3,859,890	3,859,890	0
Supervision & Management - General	2,474,600	2,211,981	(262,619)	2,452,550	2,452,550	0
Supervision & Management - Special	612,130	594,796	(17,334)	653,310	600,310	(53,000)
Rents, rates, taxes and other charges	293,040	259,180	(33,860)	273,710	273,710	0
Rent Rebates	199,980		(199,980)	0	0	0
Increased provision for bad debts	87,440	41,482	(45,958)	89,190	89,190	0
Capital Financing	4,661,000	4,471,341	(189,659)	4,512,260	4,558,020	45,760
RCCO	1,082,000	1,401,234	319,234	1,400,000	1,400,000	0
Total Expenditure	15,446,330	14,942,611	(503,719)	15,628,430	15,585,350	(43,080)
(Surplus)/Deficit	(534,670)	(1,001,849)	(467,179)	(526,440)	(607,940)	(81,500)
<u>Working Balance</u>						
B/fwd	(718,617)	(718,617)	0	(1,253,287)	(1,720,466)	(467,179)
In Year	(534,670)	(1,001,849)	(467,179)	(526,440)	(607,940)	(81,500)
Additional RCCO				883,000	1,243,000	360,000
C/fwd	(1,253,287)	(1,720,466)	467,179	(896,727)	(1,085,406)	(188,679)

MID YEAR HRA REVIEW REVENUE - BUSINESS PLAN PROJECTION 2007 – 2014

	Budget 2007-08			Budget 2008-09			Budget	Budget	Budget	Budget	Total	
	Original	Revised	Variance	Original	Revised	Variance	2009-10	2010-11	2011-12	2012-13	Original	Revised
<u>Income</u>	£	£	£	£	£	£	£	£	£	£	£	£
Dwelling Rent	(15,838,380)	(15,802,170)	36,210	(16,153,120)	(16,033,040)	120,080	(16,295,360)	(16,589,780)	(16,650,000)	(16,704,700)	(99,710,440)	(98,075,050)
Non Dwelling Rent	(426,890)	(426,890)	0	(426,890)	(434,430)	(7,540)	(442,970)	(460,690)	(479,120)	(497,550)	(2,511,340)	(2,741,650)
Interest	(15,410)	(15,410)	0	(15,410)	(15,720)	(310)	(18,280)	(18,650)	(20,020)	(20,420)	(90,380)	(108,500)
Other	(85,500)	(85,500)	0	(85,500)	(86,030)	(530)	(86,030)	(86,030)	(86,030)	(86,020)	(513,000)	(515,640)
General Fund Cont.	(52,050)	(52,050)	0	(53,350)	(52,050)	1,300	(54,420)	(55,510)	(56,620)	(57,710)	(332,490)	(328,360)
											0	0
Total Income	(16,418,230)	(16,382,020)	36,210	(16,734,270)	(16,621,270)	113,000	(16,897,060)	(17,210,660)	(17,291,790)	(17,366,400)	(103,157,650)	(101,769,200)
											0	0
<u>Expenditure</u>											0	0
											0	0
Housing Subsidy	2,724,300	2,769,980	45,680	3,021,420	3,124,360	102,940	3,452,660	3,859,000	4,313,810	4,705,750	21,803,590	22,225,560
Repairs and Maintenance	3,833,150	3,790,880	(42,270)	3,737,350	3,636,360	(100,990)	3,469,570	3,499,897	3,529,571	3,558,542	22,869,840	21,484,820
Supervision & Management - General	2,498,540	2,498,540	0	2,606,540	2,606,540	0	2,659,570	2,712,760	2,767,020	2,823,120	16,225,010	16,067,550
Supervision & Management - Special	687,010	634,010	(53,000)	713,370	659,270	(54,100)	672,440	685,890	699,630	713,170	4,436,710	4,064,410
Rents, rates, taxes and other charges	284,210	284,210	0	292,260	292,260	0	298,110	304,070	310,150	316,350	1,820,450	1,805,150
Rent Rebates			0			0					0	0
Increased provision for bad debts	90,980	90,980	0	90,980	90,980	0	90,980	90,980	90,980	90,980	573,450	545,880
Capital Financing	4,537,050	4,594,680	57,630	4,594,520	4,608,930	14,410	4,648,450	4,690,490	4,750,290	4,809,590	27,886,680	28,102,430
RCCO	1,400,000	1,400,000	0	1,400,000	1,400,000	0	1,300,000	1,300,000	1,300,000	1,300,000	8,000,000	8,000,000
											0	0
Total Expenditure	16,055,240	16,063,280	8,040	16,456,440	16,418,700	(37,740)	16,591,780	17,143,087	17,761,451	18,317,502	103,615,730	102,295,800
											0	0
(Surplus)/Deficit	(362,990)	(318,740)	44,250	(277,830)	(202,570)	75,260	(305,280)	(67,573)	469,661	951,102	458,080	526,600
Working Balance												
B/fwd	(896,727)	(1,085,406)	(188,679)	(1,125,717)	(1,270,146)	(144,429)	(1,424,716)	(1,729,996)	(1,797,569)	(1,327,907)	(896,727)	(1,085,406)
In Year	(362,990)	(318,740)	44,250	(277,830)	(202,570)	75,260	(305,280)	(67,573)	469,661	951,102	458,080	526,600
Additional RCCO	134,000	134,000		48,000	48,000					(265,000)	182,000	(83,000)
C/fwd	(1,125,717)	(1,270,146)	144,429	(1,355,547)	(1,424,716)	69,169	(1,729,996)	(1,797,569)	(1,327,907)	(641,805)	(256,647)	(641,806)
Minimum Working Balance		664,665			664,717		656,956	664,204	672,382	680,588		

2006-07 HRA CAPITAL PROGRAMME – ESTIMATED AVAILABLE RESOURCES

	<u>Estimated Resources (22 Feb. 2006)</u>	<u>Estimated Resources (28 June 2006)</u>	<u>Estimated Resources (31 Aug. 2006)</u>
Resources Brought Forward	5,998,000	6,569,160	6,569,160
Supported Capital Expenditure	420,000	420,000	420,000
Regional Housing Pot Grant Allocation	500,000	-	-
Capital Receipts (Sale of Council Houses)	1,077,000	1,231,200	1,231,200
Capital Receipts (Sale of Land)	1,208,000	1,089,500	271,000
Major Repairs Allowance	3,133,000	3,083,420	3,083,420
Revenue Contribution to Capital Outlay	2,283,000	2,643,000	2,643,000
Energy Efficiency Commitment Monies	50,000	48,200	48,200
Adjustment for Private Sector Housing Activities	-	(176,960)	(176,960)
Total Resources Available	<u>14,669,000</u>	<u>14,907,520</u>	<u>14,089,020</u>
Less Committed Expenditure (HRA Schemes)	(8,107,000)	(8,092,270)	(7,997,270)
Resources Carried Forward to 2007-08	<u>6,562,000</u>	<u>6,815,250</u>	<u>6,091,750</u>

Housing Revenue Account Capital Programme Expenditure August 2006

CODE NAVISION	Scheme Detail	2006-07 Programme 22 February 2006	2006-07 Programme Anticipated June 2006	2006-07 Actual Expenditure 30 June 2006	2006-07 Programme Commitments August 2006	2006-07 Variance
		£	£	£	£	£
	<u>SUMMARY - HOUSING</u>					
	Enabling Role	298,000	655,970	31,292	520,970	-135,000
	Mandatory Expenditure	323,000	331,480	65,154	331,480	0
	Improvements	4,812,000	4,440,140	790,318	4,480,140	40,000
	Enhancements	2,674,000	2,664,680	871,873	2,664,680	0
	Contingency					
	TOTAL	8,107,000	8,092,270	1,758,637	7,997,270	-95,000

CODE NAVISION	Scheme Detail	2006-07 Programme 22 February 2006	2006-07 Programme Commitments June 2006	2006-07 Actual Expenditure 30 June 2006	2006-07 Programme Commitments August 2006	2006-07 Variance
		£	£	£	£	£
	<u>ENABLING ROLE</u>					
C683	- - PRC re-development (Bevan Lee Estate)	298,000	455,970	31,292	235,970	-220,000
C439	- Home Loss and Disturbance Payments (Cherry Tree House and Cornwall House)	0	200,000	0	155,000	-45,000
	- Demolition Costs (Cherry Tree House and Cornwall House)	0	0	0	130,000	130,000
	Sub-Total	298,000	655,970	31,292	520,970	-135,000

CODE NAVISION	Scheme Detail	2006-07 Programme 22 February 2006	2006-07 Programme Anticipated June 2006	2006-07 Actual Expenditure 30 June 2006	2006-07 Programme Commitments August 2006	2006-07 Variance
		£	£	£	£	£
	<u>MANDATORY EXPENDITURE</u>					
	Disabled Facilities Works					
C029	- Council Dwellings	318,000	326,480	65,154	326,480	0
	Right to Compensation:					
C031	- Tenants Improvements	5,000	5,000	0	5,000	0
	Sub-Total	323,000	331,480	65,154	331,480	0

CODE NAVISION	Scheme Detail	2006-07 Programme 22 February 2006	2006-07 Programme Anticipated June 2006	2006-07 Actual Expenditure 30 June 2006	2006-07 Programme Commitments August 2006	2006-07 Variance
		£	£	£	£	£
	<u>IMPROVEMENTS</u>					
C438	Reinstatement of PRC Dwellings	648,000	48,000	0	48,000	0
C680	Replacement of Kitchens & Bathrooms - 2005-06 to 2008-09	2,956,000	2,950,590	517,947	2,950,590	0
	Central Heating Programmes:					
C699	-Replacement of Partial 2005-06 to 2008-09	1,044,000	1,127,550	216,306	1,127,550	0
C684	Estate Security 2004-05 to 2007-08	5,000	5,000	0	45,000	40,000
C695	Void Properties - Decent Homes	159,000	309,000	56,065	309,000	0
	Sub-Total	4,812,000	4,440,140	790,318	4,480,140	40,000

CODE NAVISION	Scheme Detail	2006-07 Programme 22 February 2006	2006-07 Programme Anticipated June 2006	2006-07 Actual Expenditure 30 June 2006	2006-07 Programme Commitments August 2006	2006-07 Variance
	<u>ENHANCEMENTS</u>	£	£	£	£	£
	- Upgrading of Electrical Systems:					
C692	- 2005-06 to 2008-09 Programmes	605,000	605,000	44,867	605,000	0
	External Envelope Works					
C681	- 2005-06 to 2008-09 Programmes	2,069,000	2,059,680	827,006	2,059,680	0
	Sub-Total	2,674,000	2,664,680	871,873	2,664,680	0

ANNEX 52006-07 HRA CAPITAL PROGRAMME – ANALYSIS OF VARIANCESEstimated Position Reported 28 June, 2006

	<u>£</u>		<u>£</u>
Resources available			14,907,520
Less Estimated expenditure			8,092,270
Resources carried forward to 2007-08 *1 (June 2006)		(i)	<u>6,815,250</u>
<u>(Net) Changes in Resources</u>			
(a) Capital Receipts (sale of land) *2	818,500	(-)	
		(ii)	<u>818,500</u> (-)
<u>(Net) Changes in Expenditure</u>			
(a) Budget savings *3	45,000	(+)	
(b) Additional Scheme Costs *4	170,000	(-)	
(c) Re-programming of expenditure to 2007-08 and future years *5	220,000	(+)	
		(iii)	<u>95,000</u> (+)
Resources carried forward to 2007-08 (Estimated position at 31 August, 2006)		(i)+(ii)+(iii)	<u>6,091,750</u>

Notes

*1 Transfer of resources to part finance the HRA Capital Programme in 2007-08 and future years in accordance with the Council's revised Decent Homes Investment Strategy.

*2 Decrease in resources due to the slippage of the Conway Road, Plantation Road, Hannaford Way, Wharf Road and Mill Green sites to 2006-07 and future years.

*3 Estimated budget savings in respect of Home Loss and disturbance payments to the residents of the Cherry Tree House and Cornwall House sheltered housing schemes.

*4 Additional scheme costs in respect of:-

(i) Demolition works (£130,000) to meet the cost of demolishing the Cherry Tree House and Cornwall House sheltered schemes and certain garage sites, including the removal of asbestos.

(ii) Estate security works (£40,000) to meet the cost of replacing the door entry system on the Walsall Road Estate, Cannock which are uneconomic to repair.

- *5 Re-programming of Home Loss and disturbance payments in respect of the Bevan Lee Estate redevelopment scheme in accordance with the revised programme.

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ANNEX 6HOUSING (HRA) CAPITAL PROGRAMME RESOURCES 2006 - 2013

	<u>Budget</u> <u>2007-08</u> <u>Revised</u> <u>£'000</u>	<u>Budget</u> <u>2008-09</u> <u>Forecast</u> <u>£'000</u>	<u>Budget</u> <u>2009-10</u> <u>Forecast</u> <u>£'000</u>	<u>Budget</u> <u>2010-11</u> <u>Forecast</u> <u>£'000</u>	<u>Budget</u> <u>2011-12</u> <u>Forecast</u> <u>£'000</u>	<u>Budget</u> <u>2012-13</u> <u>Forecast</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
<u>RESOURCES</u>							
Resources Brought Forward	6,092	-	-	-	-	-	6,092
Supported Capital Borrowing	420	420	420	420	420	420	2,520
Capital Receipts (Council Houses)	1,161	1,182	1,203	1,225	1,246	1,267	7,284
Capital Receipts (Land)	1,293	2,395	395	305	50	50	4,488
Major Repairs Allowance	3,120	3,100	3,110	3,120	3,150	3,176	18,776
Revenue Contribution to Capital Outlay (RCCO)	1,400	1,400	1,400	1,300	1,300	1,035	7,835
Additional RCCO	134	48	-	-	-	-	182
Other	50	50	50	50	50	50	300
Total	<u>13,670</u>	<u>8,595</u>	<u>6,578</u>	<u>6,420</u>	<u>6,216</u>	<u>5,998</u>	<u>47,477</u>

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ANNEX 7HOUSING (HRA) CAPITAL PROGRAMME – REVISED EXPENDITURE REQUIREMENTS 2007-2013

	<u>Budget</u> <u>2007-08</u> <u>Revised</u> <u>£'000</u>	<u>Budget</u> <u>2008-09</u> <u>Forecast</u> <u>£'000</u>	<u>Budget</u> <u>2009-10</u> <u>Forecast</u> <u>£'000</u>	<u>Budget</u> <u>2010-11</u> <u>Forecast</u> <u>£'000</u>	<u>Budget</u> <u>2011-12</u> <u>Forecast</u> <u>£'000</u>	<u>Budget</u> <u>2012-13</u> <u>Forecast</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
<u>EXPENDITURE</u>							
Disabled Facility Works (Council Dwellings)	334	351	368	387	406	426	2,272
Right to Compensation (Tenant Improvements)	5	5	5	5	5	5	30
Replacement of Kitchens	1,808	1,899	1,993	1,934	2,031	2,128	11,793
Replacement of Bathrooms	1,316	1,401	1,492	440	450	467	5,566
Replacement of Central Heating	1,096	1,151	1,209	1,087	1,142	1,199	6,884
Upgrading of Electrical Systems	635	667	700	676	710	746	4,134
External Envelope Works	2,061	1,378	1,442	1,514	1,590	1,694	9,679
Void Properties (Decent Homes)	320	330	340	193	203	213	1,599
Bevan Lee Redevelopment	294	235					529
PRC Dwellings (Reinstatement)	641	641					1,282
PRC Dwellings (Redevelopment)	-	208	216	655	683	914	2,676
Demolition of Garages	20	20	20	20	-	-	80
Total	<u>8,530</u>	<u>8,286</u>	<u>7,785</u>	<u>6,911</u>	<u>7,220</u>	<u>7,792</u>	<u>46,524</u>