

16 September 2016

## **HOUSING COMMITTEE**

A meeting of the Housing Committee will be held on **27 SEPTEMBER 2016** in the Council Chamber, Ebley Mill, Ebley Wharf, Stroud at 7.00 pm.



David Hagg  
Chief Executive

**Please Note:** This meeting will be filmed for live or subsequent broadcast via the Council's internet site ([www.stroud.gov.uk](http://www.stroud.gov.uk)). By entering the Council Chamber you are consenting to being filmed. The whole of the meeting will be filmed except where there are confidential or exempt items, which may need to be considered in the absence of the press and public.

### **AGENDA**

- 1 **APOLOGIES**  
To receive apologies for absence.
- 2 **DECLARATIONS OF INTEREST**  
To receive declarations of interest.
- 3 **MINUTES**  
To approve the minutes of the meeting held on 28 June 2016.
- 4 **PUBLIC QUESTION TIME**  
The Chair of Committee will answer questions from members of the public submitted in accordance with the Council's procedures.  
DEADLINE FOR RECEIPT OF QUESTIONS is noon on 22 September 2016.  
Questions must be submitted in writing to the Chief Executive, Democratic Services, Ebley Mill, Ebley Wharf, Stroud and sent by post or by Email: [democratic.services@stroud.gov.uk](mailto:democratic.services@stroud.gov.uk)
- 5 **WORK PROGRAMME**  
To consider and update the work programme.

- 6 **PERFORMANCE MONITORING**  
To receive an update on performance monitoring.
- 7 **NOMINATION FOR A REPRESENTATIVE ON HOMESTART**  
To receive nominations and appoint a representative for Homestart.
- 8 **CORPORATE ASSET STRATEGY ACTION PLAN**  
To agree the action plan relating to the Corporate Asset Management Strategy.
- 9 **HOUSING REVENUE ACCOUNT (HRA) BUDGET MONITORING REPORT 2016/17 – QUARTER 1**  
To inform members of the forecast 2016/17 outturn position on the HRA based on the first quarter's results.
- 10 **PROGRESS REPORT – TENANT CONSULTATION**  
To receive a verbal update from the Head of Housing Management.
- 11 **TENANT SERVICES COMPENSATION POLICY**  
To approve the revised Tenant Services Compensation Policy.
- 12 **ACTION PLAN TO MAINTAIN HRA BALANCES OVER THE MEDIUM TERM FINANCIAL PLAN**  
To note the action plan.
- 13 **POOLED RIGHT TO BUY (RTB) RECEIPTS**  
To inform the Committee of developments and options for pooled RTB receipts and recommend future action.
- 14 **MEMBERS' QUESTIONS**  
See Agenda Item 4 for deadline for submission.

### **Members of Housing Committee**

**Councillor Mattie Ross (Chair)**  
**Councillor Chas Townley (Vice-Chair)**  
 Councillor Catherine Braun  
 Councillor Miranda Clifton  
 Councillor Colin Fryer  
 Councillor Julie Job

Councillor Norman Kay  
 Councillor Phil McAsey  
 Councillor Jenny Miles  
 Councillor Liz Peters  
 Councillor Tom Skinner  
 Councillor Debbie Young

## HOUSING COMMITTEE

28 June 2016

7.00 pm – 9.50 pm

Council Chamber, Ebley Mill, Stroud

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### Minutes

#### Membership:

Councillor Mattie Ross **	P	Councillor Norman Kay	P
Councillor Chas Townley *	P	Councillor Phil McAsey	P
Councillor Catherine Braun	P	Councillor Jenny Miles	P
Councillor Miranda Clifton	P	Councillor Elizabeth Peters	A
Councillor Colin Fryer	P	Councillor Tom Skinner	P
Councillor Julie Job	P	Councillor Debbie Young	P

\*\* = Chair \* = Vice Chair

P = Present A = Absent

#### Officers in Attendance

Chief Executive	Property Manager
Strategic Head (Tenant & Corporate Services)	Accountancy Manager
Asset Manager	Sheltered Housing Project Manager
Head of Asset Management (Joint)	Principal Site Officer
Business Development Manager	Principal Sheltered Housing Officer
Head of Housing Management	Senior Housing Strategy Officer
Tenancy Operations Manager	Democratic Services Officer

#### Others Present

Councillors Nigel Cooper, Doina Cornell, Stephen Robinson, Ken Tucker, Tom Williams and Ian Allan, Chair of Stroud Council Housing Forum.

#### HC.001

#### APOLOGIES

An apology of absence was received from Councillor Elizabeth Peters.

#### HC.002

#### DECLARATIONS OF INTEREST

There were no declarations of interest.

#### HC.003

#### PUBLIC QUESTION TIME

There were none.

**HC.004**                    **MINUTES – 29 MARCH 2016**

**RESOLVED**                    **That the minutes of the meeting held on 29 March 2016 are confirmed and signed as a correct record.**

**HC.005**                    **PUBLIC QUESTION TIME**

There were none.

**HC.005**                    **WORK PROGRAMME**

A draft work programme had been circulated prior to the meeting and a discussion with committee members to discuss future business and Task and Finish Groups would take place either on 19 July or 2 August 2016.

**RESOLVED**                    **To hold a meeting to discuss the future Work Programme.**

**HC.006**                    **APPOINTMENT OF PERFORMANCE MONITORING REPRESENTATIVES**

**RESOLVED**                    **Councillors Catherine Braun and Debbie Young were appointed as representatives for 2016/17 and would provide a record of areas of work that had been monitored and report back to Committee.**

**HC.007**                    **THE FUTURE OF TENANT INVOLVEMENT**

Members received a power point presentation from the Head of Housing Management on the feedback from the Task and Finish Group, together with the comments of the Stroud Council Housing Forum on the future of tenant involvement.

The following responses were given to questions:-

- Road shows will be held in different areas of the district to enable tenants to give their views.
- Cambridge City Council also allowed tenants to be members of their Housing Committee.
- Mystery shoppers will continue.
- The term of the two tenant representatives will be one of the points to be discussed and decided by the tenants themselves. The selection will be made with the assistance of an Independent Tenant Advisor and a job description would be written advertising the two tenant representative positions.
- The road shows that had previously been held had been very successful and engagement with tenants had proved very informative.

Ian Allan, Chair of Stroud Council Housing Forum confirmed that the road shows had allowed tenants to talk in a relaxed atmosphere with officers. They were a good initiative adding that the Council is a good landlord.

The Chair took the opportunity to thank all Chairs of Stroud Council Housing Forum for their work that they had undertaken in the past.

- RESOLVED RECOMMENDED TO COUNCIL**      **To support the approach as described in the presentation.**
- (a) **The membership of the Housing Committee be amended to include two co-opted tenant members (with no voting rights) who may speak in Committee on Council housing matters.**
- (b) **That Stroud Council Housing Forum (SCHF) be immediately replaced by formal and more effective tenant consultation arrangements and events.**

**HC.007                              HOUSING REVENUE ACCOUNT (HRA) OUTTURN 2015-16**

The Accountancy Manager explained that the above report was a more detailed report on the HRA and the impact of the discrepancy had an impact on the opening balance of the new financial year.

In response to questions the following points were clarified:-

- The rules regarding RTB receipts had not changed but clarification was sought from the CLG on what was and was not eligible. The position would be clearer after a reply had been received.
- The HCA had changed their priorities and the Council could only bid for shared ownership schemes.
- The budget for kitchens and bathrooms had been overspent by £216k because works had been brought forward.
- Because of problems with a contractor a new contract commenced from 1 April 2016 and this was why all outstanding invoices were paid before the new contract commenced.
- Monitoring of budgets would be one of the issues that the Performance Monitors would be scrutinising.

- RESOLVED**                      (a) **To note the headline outturn position on the HRA for 2015/16.**
- (b) **To note the movements on HRA balances and reserves set out in Table 3.**

**HC.008                              HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN**

Members received a power point presentation from the Head of Housing Management on the draft HRA business plan.

A Task and Finish Group would be set up consisting of members and staff to provide a final Business Plan to be presented at September's meeting. The following members expressed an interest: Councillors Norman Kay, Chas Townley, Tom Skinner, Julie Job and Colin Fryer. The Chair suggested that Ian Allan, the Chair of Stroud Council Housing Forum also joined the group, which was agreed by Committee.

The plan would be reviewed regularly to respond to issues and future challenges.

**RESOLVED** To set up a Task and Finish Group to develop a HRA Business Plan which will be presented at September's meeting.

**HC.009** **CORPORATE ASSET MANAGEMENT STRATEGY**

The Property Manager outlined the above report and sought Committee's agreement on the content and direction of the strategy and approval of the programme of property reviews.

Officers clarified the following queries:-

- The one, 6 bed property was being converted into two dwellings.
- A new bullet point could be added to paragraph 1.4 of the Strategy "To remove our carbon footprint."
- A visit to Exeter is planned where passive housing would be included in the visit.

**RESOLVED** To approve the programme of property reviews for Housing Revenue Account property.

**RECOMMENDED** That the Corporate Asset Management Strategy is approved.  
**TO STRATEGY**  
**AND RESOURCES**  
**COMMITTEE**

At 8.40 pm the meeting adjourned and reconvened at 8.50 pm.

**HC.010** **SHELTERED MODERNISATION PROGRAMME**

For the benefit of new members the Head of Housing Management outlined the background behind the review of the Council's 29 sheltered housing schemes. The schemes were originally built between the 1950's-1990's and were of different construction methods and did not meet today's standards.

The Head of Asset Management (Joint) confirmed that following receipt of the report from Ark, 6 of the sheltered housing schemes required rebuild and/or an improvement programme and the methodology was set out within the report. Attention was drawn to paragraph 4.2 of the report; the recommendations for each scheme. The disposal of the identified properties would be funding the decants and voids.

The Sheltered Housing Project Manager and his team confirmed that each of the affected tenants had been visited individually and follow up visits and communication were ongoing to ensure that the changes were implemented through consultation in a structured and timely manner whilst addressing any concerns. A road trip had taken tenants to other sheltered schemes within the district which had proved a success.

In reply to members' questions the following points were clarified:-

- All tenants are starting to engage with officers and are looking at other accommodation.

- The older persons dwellings were protected from the Right to Buy scheme.

Councillor Norman Kay proposed a Motion to amend paragraph d. of the decision box to now read:-

“To dispose of the Council’s freehold interest in Ringfield Close on the open market. That officers investigate proactively the possibility of a partnership with a housing association to build sheltered flats on the garage site adjacent to The Ridings and that this is considered by committee alongside other options for the future of the site at the appropriate time.” The amendment was seconded by Councillor Chas Townley.

The Proposer outlined the reasons for the amendment referencing paragraph 2.6 of the report and the demand for sheltered housing in Nailsworth.

Officers advised that they could explore other options and bring these back to Committee. But stated that by amending the decision box further may affect the land value and create a domino affect.

Councillor Steve Robinson, a Ward Member for Nailsworth explained that the GRCC had carried out a housing survey which had resulted in the need for 2 and 3 bedroomed housing and 54 affordable homes in Nailsworth.

Councillor Norman Kay proposed a further amendment to the end of paragraph c. of the decision box by the addition of the following words “with a preference for 2 or 3 bedroomed homes on site.”

The Chair raised her concerns that by changing the wording in the decision box again may affect the valuations which officers had based their recommendations.

The Officer confirmed that the further amendment may affect the valuation and delivery time and strongly recommended Members not to amend the decision box further.

The Proposer withdrew his further amendment.

The Vice-Chair reminded members that from the housing need survey 2 and 3 bedroomed properties were required across the district and future planning applications needed to comply with the Council’s housing strategy. When applications are submitted for large dwellings the Town and Parish Councils, Councillors and members of the local community should object on the grounds of the housing needs survey. He suggested that perhaps training could be provided.

Upon the vote members unanimously agreed the decision box, with the amendment to paragraph d.

**RESOLVED**

**Dryleaze Court, Wotton-Under-Edge:**

- To retain 31 bungalows and flats and associate them to Dryleaze House.**
- To dispose of the Council’s freehold interest in Dryleaze Court on the open market.**

**Ringfield Close and Park Road, Nailsworth:**

- c. To dispose of the Council's freehold interest in 26 and 28 Ringfield Close on the open market.
- d. To dispose of the Council's freehold interest in Ringfield Close on the open market. That officers investigate proactively the possibility of a partnership with a housing association to build sheltered flats on the garage site adjacent to The Ridings and that this is considered by committee alongside other options for the future of the site at the appropriate time.
- e. To redevelop the Council's properties at Tanner's Piece to provide flats for Older People.
- f. That the Head of Housing Contracts reviews the future of the general needs properties at Upper Park Road, as part of the strategy for the Council's non-traditional housing stock.

**Cambridge House, Dursley:**

- g. To retain the 4 sheltered bungalows currently associated with Cambridge House.
- h. To dispose of the Council's freehold interest in Cambridge House on the open market.

**Glebelands, Cam:**

- i. To redevelop its sheltered scheme at Glebelands
  - i. using half of the site to provide flats,
  - ii. using the other half to provide bungalows and houses through a joint venture.

**Stonehouse Schemes:**

- j. To remodel and retain Burdett House, Stonehouse.
- k. to consider the future of the sheltered scheme at Willow Road, Stonehouse as part of a wider review of the Park Estate and potential estates renewal project.
- l. To approve the proposed redevelopment schemes subject to further reports to Committee on scheme design and financial appraisal, overall 30 year plan modelling and confirmation that funding is available.

**HC.011**

**MEMBERS' QUESTIONS**

There were none.

The meeting closed at 9.50 pm.

Chair



## 2016/17 WORK PROGRAMME FOR HOUSING COMMITTEE

<b>Date of meeting</b>	<b>Matter to be considered (i.e. insert report / project title)</b>	<b>Notes (e.g. lead member and officer)</b>
20.12.16	i. Work Programme	Leads: Chair and Strategic Head Tenant and Corporate Services
	i. Performance Monitoring verbal update	Leads: Councillors Braun and Young
	ii. Non Traditional Strategy	Lead: Asset Manager
	iii. Energy Strategy	Lead: Asset Manager
	iv. Tenancy Strategy	Lead: Head of Housing Management
	v. Aids and Adapts Policy	Lead: Maintenance and Electrical Services Manager
	vi. HRA Business Plan	Lead: Task and Finish Group
	vii. Rent review	Lead: Head of Housing Management
21.02.17	viii. Budget Update	Lead: Accountancy Manager
	i. Work Programme	Leads: Chair and Strategic Head Tenant and Corporate Services
	ii. Performance Monitoring verbal update	Leads: Councillors Braun and Young
28.03.17	iii. Estate and Tenancy Management Policy	Lead: Tenancy Operations Manager
	i. Work Programme	Leads: Chair and Strategic Head Tenant and Corporate Services
	ii. Performance Monitoring verbal update	Leads: Councillors Braun and Young

### Task and Finish Groups

<b>Title</b>	<b>Membership</b>	<b>Date Established</b>
To review the effectiveness of the tenant consultation mechanisms in place	Councillors Ross, Braun, Townley, Young, Clifton, Kay and Tucker. Tenants Representatives: Ian Allan, Shirley Histed, Pat Eagle, Dave Dale, Sally Millett and Pam Blanche. Officers: Head of Housing Management and Engagement Projects & Support Officer	28 June 2016
To produce an HRA Business Plan	Councillors Kay, Townley, Job, Fryer and Skinner.	28 June 2016

### Information sheets (to be sent to committee members)

<b>Date sent (ref no.)</b>	<b>Topic</b>	<b>Notes (e.g. responsible officer)</b>
16.09.2016 H-2016/17-001	Sheltered Housing Modernisation Project Update	Sheltered Housing Project Manager

## STROUD DISTRICT COUNCIL

AGENDA

## HOUSING COMMITTEE

ITEM NO

27 SEPTEMBER 2016

8

<b>Report Title</b>	<b>CORPORATE ASSET STRATEGY ACTION PLAN</b>
<b>Purpose of Report</b>	For Committee to agree the action plan relating to the Corporate Asset Management Strategy.
<b>Decisions</b>	The Committee <b>RESOLVES</b> to approve the Action Plan for implementation.
<b>Consultation and Feedback</b>	Tenant Services Senior Management Team Finance Team Corporate Team
<b>Financial Implications and Risk Assessment</b>	<p>This report sets out the actions in relation to the HRA's Asset Strategy. If approved, adequate resources will need to be directed against the actions outlined in the report to achieve the intended outcomes. Resourcing implications will be considered as part of the revised HRA budget and MTFP in December 2016.</p> <p>David Stanley, Accountancy Manager Tel: 01453 754100 Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a></p> <p>The action plan has been severely affected by the recent financial overstatement and as such some of the works have had the timeline extended to ensure we are able to implement our plans effectively, efficiently and with the best outcome for the Council, our tenants and stakeholders. There remains an ongoing risk relating to government decision around the 1% reduction of rent which ends in 2020 and the possibility this may be extended which would adversely affect this plan.</p>
<b>Legal Implications</b>	<p>There are no material legal issues arising from this report.</p> <p>Alan Carr, Solicitor Tel: 01453 754357 Email: <a href="mailto:alan.carr@stroud.gov.uk">alan.carr@stroud.gov.uk</a></p>
<b>Report Author</b>	<p>Kevin Topping, Head of Housing Contracts Tel: 01453 754196 Email: <a href="mailto:kevin.topping@stroud.gov.uk">kevin.topping@stroud.gov.uk</a></p>
<b>Options</b>	None – to do nothing would create future issues in terms of budget requirement and deliverability of programmes.

<b>Performance Management Follow Up</b>	Quarterly update to members via briefing note on the status and effectiveness of the action plan.
<b>Background Papers/ Appendices</b>	Appendix A – Action Plan \\stroud.gov.uk\sdata\Shared Data\Elected Members

## **Background**

Following the Corporate Asset Management Strategy agreed by Housing Committee in June 2016 this report outlines the actions relating to the how this will be delivered. This action plan focuses on the Housing Contracts and Tenancy Management arms of the business.

## **Introduction**

This plan contains 14 elements which are:

1. Non Traditional Stock
2. Garage Stock
3. Aids and Adaptations
4. Sheltered
5. Estate regeneration
6. Voids
7. Planned/Cyclical works
8. In House Gas Provider (IHP)
9. Fuel Poverty
10. Electrical works
11. Asbestos
12. Communications
13. Decency
14. Income

All actions are risk assessed and also colour coded as:

- Green – on target
- Amber – broadly on target
- Red – serious concerns/failing

Each action has a designated officer to deliver and a feedback timetable back to Housing Committee regarding progress, It must be noted that a number of actions are subject to financial resource being available e.g. estate regeneration, Non traditional stock, planned/cyclical works and decency.

How the action will be delivered, costs in most cases and projected outcomes are also highlighted within each section

## HOUSING COMMITTEE

27 SEPTEMBER 2016

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<b>Report Title</b>	<b>HOUSING REVENUE ACCOUNT (HRA) BUDGET MONITORING REPORT 2016/17 Q1</b>
<b>Purpose of Report</b>	To inform members of the forecast 2016/17 outturn position on the Housing Revenue Account based upon the first quarter's results.
<b>Decision(s)</b>	<p><b>The Committee RESOLVES:</b></p> <ul style="list-style-type: none"> <li>a) To note the projected outturn position on the HRA for 2016/17;</li> <li>b) To approve the allocation of carry forwards and capital slippage, as shown in Table 4a of the report;</li> <li>c) To approve the reprofiled New Build and Development Programme budgets for 2016/17, as shown in Table 4b of the report.</li> </ul>
<b>Consultation and Feedback</b>	The report is based upon information provided by respective budget holders and contains a range of feedback and projections which they have provided to explain differences between budget and forecast outturn income and expenditure.
<b>Financial Implications and Risk Assessment</b>	<p>Whilst the report indicates several areas of reduced expenditure in the year, given the long-term nature of the work and the unavailability of further borrowing, longer term plans will require review and re-phasing.</p> <p>There are additional risks not fully apparent from the current data including further reductions to rents, increased sheltered voids and demolitions and costs to be incurred for introduction of pay to stay.</p> <p>David Stanley – Accountancy Manager Tel: 01453 754100 Email: <a href="mailto:david.staney@stroud.gov.uk">david.staney@stroud.gov.uk</a></p>
<b>Legal Implications</b>	As a local housing authority, the Council is under a duty to keep in accordance with proper accounting practices, a Housing Revenue Account, consisting of sums falling to be credited or debited in respect of the provision of housing and other associated housing purposes. The Council is also under a duty to prevent a debit balance on the HRA for each accounting year and in doing so must keep under review the proposals in place regarding the income and expenditure on its assets held for housing

	<p>related purposes. The Council must also revise the proposals from time to time to ensure the relevant duty continues to be met.</p> <p>Karen Trickey,  Legal Services Manager and Monitoring Officer  Tel: 01453 754356  Email: <a href="mailto:karen.trickey@stroud.gov.uk">karen.trickey@stroud.gov.uk</a></p>
<b>Report Author</b>	<p>Simon Wilkie – Interim Principal Accountant  Tel: 01453 754344  Email: <a href="mailto:simon.wilkie@stroud.gov.uk">simon.wilkie@stroud.gov.uk</a></p>
<b>Performance Management Follow Up</b>	<p>Budgets will be monitored by budget holders, supported by Finance. Budget monitoring reports will be presented to each committee as the Civic timetable permits.</p>
<b>Background Papers/ Appendices</b>	<p>Appendix A (Revenue Variations)  Appendix B (Capital Variations)</p>

**This report is based upon information provided by respective budget holders and contains a range of projections which are inherently uncertain, particularly at this stage of the year.**

### **Background**

1. This report provides the first budget monitoring position for the financial year 2015/16. Its purpose is to notify members of any significant forecast variances to the budget, highlight any key issues and to inform members of any actions that are required to be taken.
2. The outturn forecasts are calculated based upon a combination of the actual financial performance up to the 31 August 2016 and assessments of financial performance by 31 March 2017. At this relatively early point in the year there is inherent uncertainty as to the outcome, which may be better or worse than the current assessments. Additional clarity should be gained as the year progresses.
3. **This report should be seen as a companion to the Action Plan to maintain HRA Balances report presented to this committee. The Action Plan sets out the mitigation put in place to increase HRA balances in the current financial year as a result of the balances overstatement issue reported to members in June 2016.**
4. **The savings identified in the Action Plan have been reflected in the outturn forecasts contained within this report. The budget monitoring position also reflects a further projected underspend on capital budgets following a wider review by the Head of Housing Contracts.**

## HRA Budget – forecast outturn position

- The original HRA budget for 2016/17 was for £7.745m net expenditure (deficit) before funding and the latest budget £7.845m (deficit). The current forecast is for £4.186m less expenditure in the year resulting in net expenditure of £3.856m before funding.
- The variations are summarised in Table 1, with the greatest variances being under-spends for property works (£2.8m) and new build (£1.6m). These figures include some elements of intentional under-spend as reported separately, but overall are significantly greater. More detailed information is outlined below.

**Table 1 – HRA budget position (summary)**

Housing Committee	2016/17 Original Budget (£'000)	2016/17 Latest Budget (£'000)	2016/17 Actual to Date (£'000)	2016/17 Outturn Forecast (£'000)	2016/17 Outturn Variance (£'000)
<b>Expenditure</b>					
Supervision & Management	5,385	4,983	2,307	4,856	(127)
Sheltered Housing	903	898	292	911	13
Repairs and Maintenance	3,283	3,291	369	3,098	(192)
Gross Capital Expenditure NB&D	9,266	9,266	2,775	7,657	(1,609)
Gross Capital Expenditure - Works	7,870	7,870	141	5,095	(2,775)
Sheltered Housing Modernisation	0	0	103	476	476
Queen's Court	0	0	87	200	200
Support Service Charges	330	330	330	330	0
Other Income and Expenditure	3,192	3,692	501	3,632	(60)
<b>Gross Expenditure</b>	<b>30,229</b>	<b>30,329</b>	<b>6,905</b>	<b>26,255</b>	<b>(4,074)</b>
Income (Rents & Charges)	(22,483)	(22,483)	(8,532)	(22,399)	85
<b>Net Housing Expenditure</b>	<b>7,745</b>	<b>7,845</b>	<b>(1,627)</b>	<b>3,856</b>	<b>(3,989)</b>
Funding (Borrowing, Grants)	(6,079)	(6,179)	(76)	(6,377)	(197)
<b>TOTAL HRA</b>	<b>1,666</b>	<b>1,666</b>	<b>(1,703)</b>	<b>(2,520)</b>	<b>(4,186)</b>

(Table contains roundings.)

## Report Headlines

- The main variations identified in the report concern the reprofiled expenditure and income budgets for the New Build and Development programme (£1.609m) and Capital Works (£2.775m) budgets.
- Expenditure of £476k is forecast on the Sheltered Housing Modernisation, in line with the budget forecast for the red schemes included in the Sheltered Housing Modernisation report to Housing committee in June 2016. This will be funded from the reserve balance at the end of the year with the Funding reporting line in the Table above reflecting this position.

9. Expenditure of £200k is planned in relation to Queen's Court, which will be funded from the earmarked reserve set aside for the buy-backs on the site.
10. The net underspend on the HRA budget has a positive effect on balances. When the 2016/17 budget was approved in January 2016, it was anticipated that £1.666m would be transferred from HRA balances to support the overall HRA budget. The combination of the Action Plan and the budget monitoring position means that £2.520m is forecast to be added to HRA balances – a net change of £4.186m, as shown in the table below.

### **Table 2 – HRA balances (projected)**

Table showing HRA balances to be provided at Housing Committee.

### **Areas of risk and uncertainty**

11. Whilst there will clearly be lower net expenditure this year, there are aspects of significant risk and uncertainty for the Council not captured in these figures. Exhaustion of permitted borrowing capacity means that the Council does not have the option of further borrowing to offset any such future adverse changes. For example:
  - a. In the short-term there will be unbudgeted costs to manage and implement the "pay to stay" requirements. Whilst it is expected that the DCLG will reimburse reasonable costs, they will have to be incurred in advance.
  - b. Right to buy sales are continuing at a relatively high level and combined with planned demolitions and conversions of sheltered schemes, welfare reform and rent reductions will reduce Council income.
  - c. There is the expectation of imposition of a high value voids levy which will necessitate further property sales.
  - d. The 600 non-traditional properties are likely to require increasing maintenance and improvement expenditure in future.
  - e. There remains a risk around the Income from Rents and Service Charges. The report is forecasting a net shortfall of £85k at this early stage in the year, and will continue to be monitored closely. Assumptions concerning collection rates and void levels will need to be tested as part of the budget setting process.

## HRA Capital Programme

12. The HRA Capital programme for 2016/17 is shown in Table 3 below. For clarity, the budgets are split between work on new homes and existing stock. Slippage totaling £4.384m is expected leaving expenditure of £12.752m in the year.

**Table 3 – HRA Projected Capital Outturn 2016/17**

Housing Committee Capital Schemes	2016/17 Original Budget (£'000)	2016/17 Latest Budget (£'000)	2016/17 Actual to Date (£'000)	2016/17 Outturn Forecast (£'000)	2016/17 Outturn Variance (£'000)
<b>New Build &amp; Development</b>					
Minchinhampton	0	0	9	8	8
Woolaways Refurbishment	0	0	(2)	0	0
Berkeley	0	0	(4)	2	2
Chapel Street, Cam	1,383	1,383	51	1,249	(134)
Hillside, Coaley	326	326	119	352	26
Littlecombe	0	0	4	41	41
Southbank, Woodchester	516	516	0	257	(259)
The Corriett	51	51	69	110	59
Wharfdale Way	500	500	1	0	(500)
Development - Leonard Stanley	2,227	2,227	1,388	2,273	46
Development - Top of Town Phase 1	4,052	952	(26)	47	(905)
Development - Top of Town Phase 2	0	1,300	801	1,303	3
Development - Top of Town Phase 3	0	1,300	362	1,260	(40)
Development - Top of Town	0	0	(3)	0	0
Development - Top of Town Phase 4	0	500	0	522	22
Stonehouse - Former Ship Inn site	0	0	0	23	23
Contingency	211	211	(0)	211	0
<b>TOTAL</b>	<b>9,266</b>	<b>9,266</b>	<b>2,770</b>	<b>7,657</b>	<b>(1,609)</b>



Housing Committee Capital Schemes	2016/17 Original Budget (£'000)	2016/17 Latest Budget (£'000)	2016/17 Actual to Date (£'000)	2016/17 Outturn Forecast (£'000)	2016/17 Outturn Variance (£'000)
Central Heating	670	670	(26)	670	0
Disabled Adaptations	300	300	20	300	0
Estate Works	0	0	(0)	0	0
Kitchens and Bathrooms	2,240	2,240	226	1,240	(1,000)
Major Voids	500	500	109	315	(185)
Professional Fees	50	50	64	110	60
Roofing	0	0	(3)	0	0
Scheme Renovations	0	0	1	0	0
Asbestos / Radon	400	400	86	250	(150)
Doors and Windows	500	500	189	500	0
Electrical Works	200	200	20	200	0
Damp Works	90	90	0	90	0
Renewable Heating	0	0	(570)	0	0
Non-Traditional Properties	310	310	0	100	(210)
Gas In-House Provider	0	0	0	0	0
Door entry	200	200	25	200	0
Suited Locks	140	140	0	0	(140)
Gas installs	0	0	0	0	0
External Works	2,250	2,250	141	1,100	(1,150)
Lifts	20	20	0	20	0
<b>TOTAL Other Schemes</b>	<b>7,870</b>	<b>7,870</b>	<b>282</b>	<b>5,095</b>	<b>(2,775)</b>
<b>TOTAL Capital Expenditure</b>	<b>17,136</b>	<b>17,136</b>	<b>3,052</b>	<b>12,752</b>	<b>(4,384)</b>

(The table contains roundings.)

### Allocation Carry Forwards and Capital slippage from 2015/16

13. As highlighted in the HRA Outturn report presented to the committee in June 2016, a decision on carry forwards and capital slippage requested by budget holders was deferred until the September meeting owing to the HRA balances position.
14. Given the forecast outturn highlighted in Table 1 above and notwithstanding the risks facing the HRA budget in the current financial year, it is proposed that the carry forwards and capital slippage are approved by the committee, as set out in the table below.
15. Further changes to the New Build and Development Programme budgets are also proposed and largely reprofile the expenditure and income budgets of particular schemes in the light of the 2015/16 outturn position and revised projections reflected in the outturn forecasts within this report.

**Table 4a – Carry Forwards/Capital Slippage**

<b>Budget</b>	<b>Amount (£'000)</b>
<b>Revenue Carry Forwards</b>	
Allocations Team	15.0
Performance and Improvement Team	61.0
Tenant Participation	6.2
Tenancy Fraud	4.2
	<b>86.4</b>
<b>Capital Slippage</b>	
Chapel Street, Cam	39.0
Littlecombe	7.3
Southbank, Woodchester	65.1
The Corriett	59.9
Wharfdale Way	5.7
Development-Leonard Stanley	46.2
Non-Traditional Properties	68.0
	<b>291.2</b>
<b>TOTAL impact on Balances</b>	<b>377.6</b>

**Table 4b – New Build and Development Programme – budget reprofile**

<b>Housing Committee Capital Schemes</b>	<b>2016/17 Original (£'000)</b>	<b>2016/17 Reprofiled (£'000)</b>	<b>Change (£'000)</b>
<b>New Build &amp; Development</b>			
Minchinhampton			
Woolaways - Leonard Stanley	2,227	2,273	46
Woolaways - Top of Town, Phase 1		47	47
Woolaways - Top of Town, Phase 2	4,052	1,303	(2,749)
Woolaways - Top of Town, Phase 3		1,260	1,260
Woolaways - Top of Town		0	0
Woolaways - Top of Town, Phase 4		522	522
The Corriett, Cam	51	110	59
Fishers Road, Berkeley		2	2
Hillside, Coaley	326	352	26
Southbank, Woodchester	516	257	(259)
Chapel street, Cam	1,383	1,249	(134)
Littlecombe			0
Littlecombe - additional units		41	41
Fountain Crescent			0
Bridgend/Wharfdale Way, Stonehouse	500	23	(477)
New Homes and Regeneration Contingency	211	211	0
<b>Sub total New Homes</b>	<b>9,266</b>	<b>7,650</b>	<b>(1,616)</b>

<b>Income</b>	<b>2016/17 Original (£'000)</b>	<b>2016/17 Reprofiled (£'000)</b>	<b>Change (£'000)</b>
Minchinhampton - Sales and other income		(525)	(525)
Littlecombe - Sales and other income			
Littlecombe, additional - sales and other income			
Leonard Stanley - sales income	(951)	(884)	67
Wharfdale way receipt	(500)		500
Top of Town - sales income	(310)	(276)	34
HCA grant committed	(880)	(839)	42
HCA grant uncommitted	(111)		111
Chapel Street,cam - uncommitted sales income	(242)		242
<b>Total income</b>	<b>(2,994)</b>	<b>(2,524)</b>	<b>470</b>
Gross Expenditure	9,266	7,650	(1,616)
<b>Net Expenditure</b>	<b>6,272</b>	<b>5,126</b>	<b>(1,146)</b>

STROUD DISTRICT COUNCIL

AGENDA  
ITEM NO

HOUSING COMMITTEE

27 SEPTEMBER 2016

11

<b>Report Title</b>	<b>TENANT SERVICES COMPENSATION POLICY</b>
<b>Purpose of Report</b>	For Committee to agree the revised policy which was first introduced in November 2013.
<b>Decisions</b>	The Committee <b>RESOLVES</b> to approve the revised Tenant Services Compensation Policy.
<b>Consultation and Feedback</b>	Tenant Services Senior Management Team (12/7/16) Tenant and Residents Forum (5/9/16) Corporate Team (22/8/16)
<b>Financial Implications and Risk Assessment</b>	<p>The report outlines an update to the Compensation Policy which can be met from existing resources.”</p> <p>David Stanley – Accountancy Manager Tel: 01453 754100 Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a></p> <p>The Policy provides relevant information and guidance on what does and does not attract compensation for service failure in line with statutory requirements, the fact that we have a robust policy reduces risk of challenge and vexatious complaints.</p>
<b>Legal Implications</b>	<p>It is understood that this report is simply intended to provide a general guide for Tenants Services Officers who deal with complaints and on the situation when compensation may be appropriate. In most cases the level of compensation will need to be determined on a case by case basis within a statutory framework and as such management approval within the team will be required.</p> <p>Karen Trickey Legal Services Manager and Monitoring Officer Tel: 01453 754369 Email <a href="mailto:karen.trickey@stroud.gov.uk">karen.trickey@stroud.gov.uk</a></p>
<b>Report Author</b>	Kevin Topping, Head of Housing Contracts Tel: 01453 754196 Email: <a href="mailto:Kevin.topping@stroud.gov.uk">Kevin.topping@stroud.gov.uk</a>
<b>Options</b>	Continue with the current policy which is no longer reflective of the current position of the service.

<b>Performance Management Follow Up</b>	12 month review via briefing note to members on status and effectiveness of the policy in light of any legislative or other impacts.
<b>Background Papers/ Appendices</b>	Appendix A – Policy and Procedure

## **1.0. Background**

- 1.1. Tenant Services is constantly seeking to improve and deliver its business effectively, efficiently and in a timely manner. Co-regulation legislation places an emphasis on effective complaint handling and learning from feedback, it is therefore seen as good practice within the industry to have a clear compensation policy.
- 1.2. This policy is for managers to use when dealing with a complaint. Compensation would only be offered where there has been a proven failure in service delivery or when we are obliged by statute to pay compensation.

## **2.0. Benefits**

- Clear guidance for managers when handling a serious complaint, ensuring consistency of complaint responses across the service
- Reduced risk of Ombudsman involvement
- Promote excellent customer service across Tenant Services
- Long term value for money savings as a result of improved service delivery
- Stricter guidelines ensure staff will be in a stronger position when dealing with vexatious complainants.

## **3.0 Outcomes**

- The document content has been reduced by 9 pages
- Clearly defined what is the policy and what is the procedure
- Removed irrelevant items such as full legislative text
- Brought clarity to roles and responsibilities
- Changed compensation claims to compensation assessments as a claim implies failure
- Stripped out nonsense amounts e.g. for every extra day you wait for a repair, you will get another £2 or £3 per day for the inconvenience incurred from loss of heating and hot water. These will now be assessed on a case by case basis which is reasonable, proportionate and reflective of any disruption.
- Changed arrears check to council debt check in terms of off setting any compensation payments
- Neighbour nuisance – more ownership goes back to the tenant to resolve in the first instance in line with the redesign of our service
- Tenants and Residents forum at their meeting on 5 September 2016 unanimously supported the revised document

## STROUD DISTRICT COUNCIL

AGENDA

## HOUSING COMMITTEE

ITEM NO

27 SEPTEMBER 2016

**12**

<b>Report Title</b>	<b>ACTION PLAN TO MAINTAIN HRA BALANCES OVER THE MTFP PERIOD</b>
<b>Purpose of Report</b>	For Committee to acknowledge that officers operating under delegated authority have instigated the action plan to increase the level of HRA balances available during 2016/17.
<b>Decisions</b>	The Committee <b>RESOLVES</b> to note the Action Plan.
<b>Consultation and Feedback</b>	Tenant Services Senior Management Team Finance Team Corporate Team
<b>Financial Implications and Risk Assessment</b>	<p>The report sets out an Action Plan to reduce expenditure in 2016/17 and later financial years as part of the strategy on maintain HRA balances over the medium term.</p> <p>Planned staff savings of £90k have been achieved through delaying the recruitment process for certain roles within tenant services, with further savings identified if recruitment is delayed further.</p> <p>The majority of the 2016/17 planned savings relate to a reduction in the current year's expenditure on Cyclical Maintenance and External Capital works with a planned reduction in spend of £795k.</p> <p>The report also sets out potential capital receipts following assets sales. Subject to timing, £185k is anticipated in 2016/17 with further sites identified in the report that may generate more substantial capital receipts in future years.</p> <p>The HRA budget will be subject to a separate budget monitoring report, with the budget and MTFP being reviewed and a revised version being presented to Housing Committee in December 2016. Planned savings identified in the Action Plan will then be confirmed and budgets adjusted accordingly.</p> <p>David Stanley, Accountancy Manager Tel: 01453 754100 Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a> The risk is at such a high level it has been recorded</p>

	on the Excelsis system as CCR82. The action plan is designed to mitigate the loss in 2016/17 by massive cuts in deferment of works on the capital programme. Staff savings, sales of assets and reducing spend in other budget areas identified in the report. Future programmes will be affected over the MTFP and this is being worked through with finance colleagues.
<b>Legal Implications</b>	<p>The Council is under a duty to prevent a debit balance on the HRA for each accounting year and in doing so must keep under review the proposals in place regarding the income and expenditure on its assets held for housing related purposes. The Council must also revise the proposals from time to time to ensure the relevant duty continues to be met.</p> <p>Karen Trickey  Legal Services Manager and Monitoring Officer  Tel: 01453 754369  Email: <a href="mailto:Karen.trickey@stroud.gov.uk">Karen.trickey@stroud.gov.uk</a></p>
<b>Report Author</b>	<p>Kevin Topping, Head of Housing Contracts  Tel: 01453 754196  Email: <a href="mailto:Kevin.topping@stroud.gov.uk">Kevin.topping@stroud.gov.uk</a></p>
<b>Options</b>	Members can accept the Action Plan as detailed in the report. If members do not endorse elements of the Action Plan, then alternative savings will need to be identified to bring HRA balances back to a reasonable level.
<b>Performance Management Follow Up</b>	The committee will receive regular updates on the Action Plan through the Finance reports in December 2016 and February 2017.

## **1.0. Introduction**

- 1.1. As previously reported to Strategy & Resources, Housing, and Audit & Standards committees during June and July that the HRA opening balance for 2015/16 had been incorrectly overstated by £909k as part of the budget setting process. This added to pressure on the HRA from issues such as rent reductions, the stock condition survey and the likelihood of property sales under the proposed high value levy.
- 1.2. In the context of the reduced level of balances available within the HRA, the impact of this error is substantial and once advised of the issue, colleagues from Tenant Services and Asset Management started an immediate review of areas of work that could mitigate the effect of this on the business.

## **2.0. Action Taken**

- 2.1. Tenant Services immediately put a hold on all recruitment which has had a substantial effect on our service delivery at a time when the redesign of the service should have been fully complete. This has generated immediate financial savings of £90,906. It should be noted that this has caused uncertainty and concern for staff within the service.
- 2.2. Having made almost £91k worth of staff savings, which are not sustainable, we are now recruiting those posts. Further work has also been undertaken to review all budgets:
  - Tenant Involvement budget of £106,000 reduced by £15,000.
  - The capital programme has been reviewed and re-profiled to increase the level of HRA balances during 2016/17 as follows:
    - Reduction of Planned/cyclical works (Painting) - £250k
    - External works (Roofing 61 - Flat roofing 34 and general building 63) - £545k

**TOTAL - £810,000**

## **3.0. Impacts**

- 3.1. Delaying the capital programme affects 357 homes during 2016/17 and recovery will take several years in catch up works. This may lead to some reputational and certainly financial risk. This is highlighted on the corporate risk register. The Asset Operations Manager, with support from unit managers, is currently profiling works for the next 5 years and beyond to accommodate the impact of this as well as the planned delivery and areas of concern that have been highlighted from our recent stock condition survey.
- 3.2. Members should be aware that deferment is not a cancellation of works, however, the more elements we put into future years the greater the financial impact is on the HRA. We must ensure that we align ourselves with the HRA business plan, the medium term financial plan, the corporate asset strategy and the finance 30 year model.



#### 4.0. HRA Assets

4.1. Asset Management have looked at bringing forward disposal of sites and revisions to the New Build Programme as follows:

Site	Current position	Outcome
Former Ambulance Station	Sale agreed, solicitors instructed	Capital receipt £185k in 2016/17
Fountain Crescent, W-U-E	A revised planning application for market housing will be made in August/September when marketing will start. The site has been offered to Registered Providers on a preferential basis as a mechanism to use the Council's Right to Buy (RTB) receipts.	£700k-£900k capital receipt, plus potential to deploy RTB receipts and avoid interest payments. Current plan means completion by March 2017

#### 5.0. Risks

- 5.1. Not included in the service reduction mentioned above, there is also the issue of £9M backlog of repairs works which have been identified from the stock condition survey, these works are currently being addressed through our medium to long term plans for our stock but will continue to become more critical as time progresses especially with an ageing stock which requires more intensive and costly care. Without sufficient budget to consider regeneration of our stock over the 30 years of our business plan and beyond we would ultimately fail our tenants and reduce the core value of our ongoing housing stock.
- 5.2. The longer term outlook for the HRA is also challenging. Rents are relatively low with social rents set to fall annually by 1% over the next 3 years. Further pressures remain on rental income with the expectation of an increasing level of RTB sales, sheltered scheme voids/demolitions, potential need to undertake sales of higher-value properties to help fund the extension of RTBs to Housing Association Tenants, and the continued impact of welfare reform (particularly Universal Credit).
- 5.3. It should also be noted the Head of Housing Contracts has facilitated a review of all capital budgets resulting in a reduction in the capital programme. This is referred to in more detail in the **Housing Revenue Account (HRA) Budget Monitoring Report 2016/17 Q1** to this committee. This is due to the risk and uncertainty around the impact of government policy over the coming months. Therefore, there is a need to not only address the immediate impact on HRA balances, but to ensure that an adequate level of balances is maintained over the medium term plan period.

Capital works are currently being reprogrammed on this basis to deliver in future years once the financial position has been fully established.

## **6.0. Summary**

- 6.1. The total amount of savings achieved to address the financial overstatement of £909,000 are as follows:

### **Savings immediate and intermediate together £1,085,906**

<b>Staff savings</b>	<b>90,906</b>
<b>Reduction in Tenant Involvement budget</b>	<b>15,000</b>
<b>External works</b>	<b>545,000</b>
<b>Reduction of planned/cyclical works</b>	<b>250,000</b>
<b>Sale of former ambulance site</b>	<b>185,000</b>
<b>TOTAL SAVINGS</b>	<b>1,085,906</b>

## **7.0. Impact on HRA Balances**

- 7.1. The table below shows the potential impact of the Action Plan savings on HRA balances should they be delivered in full. The first table shows that balances at the end of 2015/16 were £1.907m. As a result of the Action Plan savings outlined in the report, balances are projected to be £1.036m at the end of 2016/17.
- 7.2. The table also shows the planned level of HRA Earmarked Reserves after allowing for the £1.2m transfer to reserves as approved in the 2016/17 budget.
- 7.3. It should be noted that the level of HRA balances and reserves will change during the year as outturn forecasts are updated and expenditure eligible to be funded from the reserves is incurred. Members will receive regular updates on the level of HRA balances in the Q1 and Q3 budget monitoring reports.

Jan 2016 Briefing Note Action Plan

	2015/16 Outturn (£'000)	2016/17 Original (£'000)	2016/17 Revised (£'000)	2016/17 Revised (£'000)
<b>HRA BALANCES</b>				
HRA Balance b/f	3,370	3,235	1,907	1,907
Change in Balances	(1,463)	(1,666)	(1,889)	(871)
<b>HRA Balance c/f</b>	<b>1,907</b>	<b>1,569</b>	<b>18</b>	<b>1,036</b>

Jan 2016 Briefing Note Action Plan

	2015/16 Outturn (£'000)	2016/17 Original (£'000)	2016/17 Revised (£'000)	2016/17 Revised (£'000)
<b>EARMARKED RESERVES</b>				
Earmarked Reserves b/f	1,517	0	0	0
New Build & Regeneration	(1,517)	0	0	0
IT Project	0	0	0	0
Sheltered Housing	0	650	650	650
Queens Court	0	200	200	200
Estates Redevelopment	0	350	350	350
<b>Earmarked Reserves c/f</b>	<b>0</b>	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>

<b>Report Title</b>	<b>POOLED RIGHT TO BUY (RTB) RECEIPTS REPORT</b>
<b>Purpose of Report</b>	To inform the Committee of developments and options for pooled RTB receipts and recommend future action.
<b>Decision(s)</b>	<p><b>The Committee RESOLVES that:</b></p> <ol style="list-style-type: none"> <li>1. The Council not withdraw from the Pooled RTB agreement (at this stage).</li> <li>2. Any new quarterly RTB receipts be repaid to the Department of Communities and Local Government (DCLG) at inception until there is a clear requirement for their application.</li> <li>3. The expected utilisation of balances (currently £2m) be regularly reviewed and once further information is available, the desirability of repaying any sums from the balance be considered (on recommendation of the s151 Officer).</li> </ol>
<b>Consultation and Feedback</b>	Tenant Services, Senior Management Team, Finance Team, Planning Strategy, Asset Management, Business Development Manager, KPMG, Capita, Corporate Team.
<b>Financial Implications and Risk Assessment</b>	<p>Delay in repayment of funds to DCLG carries a risk of interest charges at 4% over base pa. This is equivalent to c. £100k for each year's receipts.</p> <p>Inappropriate action to utilise the receipts could involve net costs to the Council and potential disallowance on subsequent audit.</p> <p>Simon Wilkie, Interim Principal Accountant Tel: 01453 754344 <a href="mailto:Simon.wilkie@stroud.gov.uk">Simon.wilkie@stroud.gov.uk</a></p>
<b>Legal Implications</b>	The relevant agreement between the Council and the DCLG completed in June 2012 permits the Council to retain RTB receipts for expenditure on the provision of social housing units. The agreement can be ended by the Council on it giving 3 months' notice to the DCLG and subject to repayment of outstanding receipts and interest etc. It is apparent from the agreement that the Council may give the

	<p>monies to another body for the purposes of “contributing towards the costs of providing social housing” providing that the Council ensures that the social housing is for the benefit of the district (i.e. situated in the district or, over which the Council has nomination rights). In practice taking account of other relevant legislation, there are limits on whom the Council may transfer the money to ensure that the receipts are expended within the 3 year time limit. For example, the money may only contribute up to 30% of the costs of providing the social housing; the Council must provide details of the number of starts on site of certain construction type works relating to the social housing upon which the money is being expended and this would still have to be done if the money was given to another body to provide social housing; failure to provide such returns (or for instance, failure of the body undertaking the works, to spend the money in time) would require the capital receipt to be paid by the Council to the government plus interest, such rates being punitive. Consequently, to avoid the Council still being liable for repayment and also the interest, the Council would need to be satisfied that the body to whom the monies were to be given was able to start works on site by the deadline for expenditure and of course also actually able to secure completion (and use as social housing) within a reasonable period. Further social housing is defined in the agreement as ‘low cost rental accommodation’ (i.e. not shared ownership) for those whose housing needs cannot be met on the open market. Thus it may include “affordable rent” as well as “social rent” properties. However, the Government guidance which refers to using RTB receipts only refers to providing “new affordable rent” properties. This is notable because the authorised providers of affordable housing are local authorities (which term does not for example include parish / town councils in this instance); or registered providers of social housing (in this case, statute sets out the various requirements which need to be met to become registered). Thus it would not appear possible to provide the RTB receipts to a body which is not a registered provider of social housing as they could not provide “affordable rent” housing.</p> <p>Karen Trickey, Legal Services Manager and Monitoring Officer</p>
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	Tel: 01453 754369 Email: <a href="mailto:Karen.trickey@stroud.gov.uk">Karen.trickey@stroud.gov.uk</a>
<b>Report Author</b>	Simon Wilkie, Interim Principal Accountant Tel: 01453 754344 <a href="mailto:Simon.wilkie@stroud.gov.uk">Simon.wilkie@stroud.gov.uk</a>
<b>Options</b>	Unused pooled funds may either be held for the maximum of three years and returned or repayed earlier to avoid 4% interest pa.
<b>Performance Management Follow Up</b>	RTB status is to be updated and advised quarterly.
<b>Background Papers/ Appendices</b>	Appendices A and B

**Note: This paper provides projections which are best estimates and subject to variation due to future occurrences.**

### **Status overview**

1. In June 2012 Stroud District Council entered an agreement with DCLG which allows SDC to set aside a part of the proceeds from RTB sales for investment in replacement units (whether by the authority directly or by passing on to Registered Providers – ‘RPs’). Amounts not so applied have to be returned to DCLG if not used within three years. As the funds cannot be applied in any other way, the only budgetary impact of such repayment is any associated interest cost, as interest is charged at 4% over base pa.
2. The rules around the scheme are complex including that:
  - The receipts may only fund a maximum of 30% of the cost.
  - The units may not receive other grant.
  - It cannot be used to replace old social units which are demolished.
3. In common with other authorities, SDC is now finding that the retained amounts cannot be used, given the complex requirements of the scheme and the necessity of finding the remaining 70% of the costs in the challenging economic environment.
4. Initial projections provided to Housing and Development Panel earlier in the year were that repayment for 2016-17 would be around £25k. Unfortunately, this initial projection was incorrect for a number of reasons which only became apparent after a much more detailed analysis was undertaken and liaison with CLG, Capita and our external auditors (KPMG).
  - The projection made use of an incorrect assumption around qualifying expenditure on schemes,

- the data used in this projection contained errors in assessment of the actual level of funds,
  - the projection incorrectly annualised the effect of repayment rather than paying quarterly
5. After adjusting for these the liability increased to £670k (including £82k interest). However, SDC has worked to revise development funding arrangements to increase the qualifying spend. This has reduced the projected repayment for the year to £325k (including £40k interest) as shown in Appendix A.
  6. Apart from the repayable sums, SDC currently has c. £2m of available pooled receipts due for progressive repayment over the subsequent three years. These would fund £8.7m of development but the HRA does not have such additional headroom, so most of the receipts cannot be used by the authority. The main alternative would be to pass the funds to RPs as 30% of expenditure they incur with their own funds. The likely demand is still being assessed, but given the restrictions on using the funds and the economic impact of changes such as rent reductions it may not be possible to identify sufficient projects to use all the funds available.

### **Recommendations arising**

7. As it is likely that there will be scope to apply at least a portion of the receipts in future, it is not recommended that SDC withdraw from the scheme at this stage. However, given the large pool of unused funds, it is recommended that new quarterly receipts be returned from October onwards until a requirement is established. This will avoid any interest charges on these funds but leave options open for future retention and use if any suitable opportunities are found. This could save £100k in interest costs each year compared to holding the funds for 3 years.
8. The return of quarterly receipts will not affect the existing pool of £2m of receipts. The projected take-up of these funds should be regularly reviewed and if evaluation does not identify sufficient opportunities for their use, SDC should also plan for early return of funds for which there is little prospect of application. This would reduce the potential interest liability (several hundred thousand pounds) over subsequent years should the funds fail to be applied.

### **Information on potential options**

9. **Rescheduling of HCA grant.** 1-4-1 grant cannot be combined with HCA grant. However, if homes are eligible for 1-4-1 funding this funding can be more financially advantageous. Contact with the HCA was initiated by the Chief Executive and taken forward to agreement to reschedule £190k of HCA grant and substitute 1-4-1 funds on 9 units. This will be of significant benefit to SDC in reducing this year's liabilities.

## **10. Potential for funding social housing provision by RPs**

Initial work with RPs found that open market purchases by RPs to be funded by 1-4-1 grant were not financially viable at local market prices. The option of combining 1-4-1 grant with land sales is now being tested and a potential take-up of £500k of grant (over a development lifecycle) has been indicated for the Fountain Crescent site.

Whilst figures will need confirmation, this is an encouraging initial indication of a demand for 1-4-1 grant, which would allow SDC to obtain incremental affordable rental units in the district without having to provide the balancing 70% of costs itself.

**11. Heylo Housing Ltd** The possibility of giving grant to Heylo has been considered. Heylo would purchase second-hand properties from the private sector and lease them back to SDC. Tenant Services and Finance advised against this option, in view of high costs, high rents, possible poor standards, resource demands and the adverse impact on HRA finances. (More information is provided in Appendix B)

**12. Provision of £1m additional funds from the General Fund** This option is also under consideration and there are varying options as to how this could be implemented to the greatest advantage, given that DCLG regulations prevent addition of 1-4-1 grant to revenue sourced funding.