

01 December 2017

HOUSING COMMITTEE

A meeting of the Housing Committee will be held on **TUESDAY 12 DECEMBER 2017** 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). 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 26 September 2017.
- 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
Noon on THURSDAY 7 DECEMBER 2017.
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

- 5 **WORK PROGRAMME**
To consider the work programme.
- 6 **MEMBER REPORTS**
a) Performance Monitoring
b) Housing Review Panel
- 7 **CAPITAL PROJECT MONITORING**
a) Tenant Services Capital Programme
b) Assistance to Affordable Housing Providers
c) Disabled Facilities Grants
d) Sheltered Modernisation Project
e) New Homes and Regeneration Programme
- 8 **TENANT ENGAGEMENT**
To receive a verbal update on tenant engagement.
- 9 **HOUSING REVENUE ACCOUNT (HRA) BUDGET 2018/19 AND MEDIUM TERM FINANCIAL PLAN 2018/19-2021/22**
To consider the HRA's financial position over the medium term and set a budget for the HRA for 2018/19.
- 10 **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 Darren Loftus
Councillor Phil McAsey
Councillor Jenny Miles
Councillor Tom Skinner
Councillor Debbie Young

Tenant Representatives

Ian Allan
Sadie Tazewell

HOUSING COMMITTEE

26 September 2017

7.05 pm – 8.55 pm
 Council Chamber, Ebley Mill, Stroud

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Minutes

Membership

Councillor Mattie Ross (Chair)	P	Councillor Norman Kay	P
Councillor Chas Townley (Vice-Chair)	P	Councillor Phil McAsey	P
Councillor Catherine Braun	P	Councillor Jenny Miles	P
Councillor Miranda Clifton	P	Councillor Tom Skinner	P
Councillor Colin Fryer	P	Councillor Debbie Young	P
Councillor Julie Job	P	1 vacancy	

P = Present A = Absent

Tenant Representatives

Ian Allan	P	Sadie Tazewell	P
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Other Councillors in Attendance

Councillors George Butcher, John Jones, Steve Lydon, Gary Powell and Ken Tucker.

Officers in Attendance

Strategic Head (Tenant and Corporate Services)	Maintenance & Voids Manager
Head of Housing Services	Principal Accountant
Head of Environmental Health	M & E Manager
Policy Implementation Manager	Planned Maintenance Manager
Sheltered Housing Project Manager	Democratic Services Officer
Tenancy Operations Manager	

In a mark of respect for former Councillor Elizabeth Peters all present stood for a minute's silence in her memory. Sue Griffiths and Pam Blanche (tenant representatives) and members paid tribute to all of the hard work that she had carried out as a ward member and fund raiser.

HC.012

APOLOGIES

There were none.

HC.013

DECLARATIONS OF INTEREST

There were no declarations of interest.

HC.014 **MINUTES – 20 June 2017**

The Chair moved an amendment to paragraph 1.c of the decision box to minute HC.005, this should have read “to enforce Notices of Possession Orders”. It was seconded by Councillor Catherine Braun. Upon the vote members unanimously agreed the amendment and the minutes.

RESOLVED **That the amended minutes, as above, of the meeting held on 20 June 2017 are confirmed and signed as a correct record.**

HC.015 **PUBLIC QUESTION TIME**

Questions were received from Mr M Sargent, Mr RC Baker and Mr KJ Wilkes and were answered by Councillor Mattie Ross. Mr Sargent asked a supplementary question regarding evidence of how the figure of £37,500 was reached and a reply would be sent to him. They are published on the Council’s Website using the following link: [Item 4 – Public Question Time](#).

HC.016 **WORK PROGRAMME 2017/18**

Members requested the following topics were included onto the work programme:-

- An update on the impact of Universal Credit on the HRA (March 2018)
- Draft Housing Strategy (December 2017)
- New Homes Programme Update (December 2017)
- Homelessness Guidance following the new legislation in the spring of 2018 (March 2018)
- Tenant Energy Strategy Update (linked to non-traditional homes) (March 2018)

RESOLVED **To review with officers and consider adding to the current work programme.**

HC.017 **MEMBER REPORTS**a) Task and Finish Group with Tenants

Councillor Colin Fryer confirmed that the group had met and that different lines of communication were being explored to attract younger people. An event had been arranged for tenants on 28 September 2017.

b) Performance Monitoring

One meeting had taken place and a report had been circulated to members’ today.

c) Housing Review Panel

A report had been circulated prior to the meeting.

RESOLVED **To note the reports.**

HC.018 **CAPITAL PROJECT MONITORING**

The Head of Housing Services outlined the report which covered the first quarter. Individual Managers replied to members' questions on their areas of expertise.

RESOLVED **To note the reports.**

HC.019 **BUDGET MONITORING REPORT 2017/18 – Q1**

The Principal Accountant outlined various paragraphs within the above report which included the financial positions of both the Housing Revenue Account (HRA) and General Fund budgets. The officer replied to members' questions.

RESOLVED **To note the outturn forecast for the General Fund and HRA Revenue budgets and Capital programmes for this Committee.**

HC.020 **REFURBISHMENT AND REGENERATION OF COUNCIL OWNED PROPERTIES AND ENVIRONMENT**

The Head of Housing Services outlined the above report which outlined the potential to invest in council estates over a number of years.

RESOLVED **A phased approach in line with the HRA's aspirational goals to enhance the external aspects of our properties over a number of future years to improve the aesthetics of our tenants homes.**

HC.021 **HOUSING REPAIRS AND PLANNED MAINTENANCE POLICY 2017-2020**

The Maintenance and Voids Manager outlined the above policy. He confirmed that urgent repairs (where there was risk of damage to the property) were carried out within 4 hours and non-urgent repairs within 5 working days.

RESOLVED **To approve the Housing Repairs and Planning Maintenance Policy 2017-2020 (including the Damp and Mould Policy).**

HC.022 **MEMBERS' QUESTIONS**

There were none.

The meeting closed 8.55 pm.

Chair

HOUSING COMMITTEE

12 DECEMBER 2017

WORK PROGRAMME

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Date of meeting	Matters to be considered at the meeting	Notes
20.02.18	Work Programme	Leads: Chair and Director of Tenant and Corporate Services
	Member Reports a) Performance Monitoring b) Housing Review Panel	Leads: Cllrs Debbie Young & Catherine Braun Chair: Cllr Chas Townley
	Capital Project Monitoring a) Tenant Services Capital Programme b) Assistance to Affordable Housing Providers c) Disabled Facilities Grants d) Sheltered Modernisation Project e) New Homes and Regeneration Programme	Leads: Head of Contract Services Policy Implementation Manager Head of Health and Well Being Business Development Manager Business Development Manager
27.03.18	Work Programme	Leads: Chair and Director of Tenant and Corporate Services
	Member Reports a) Performance Monitoring b) Housing Review Panel	Leads: Cllrs Debbie Young & Catherine Braun Chair: Cllr Chas Townley
	Capital Project Monitoring a) Tenant Services Capital Programme b) Assistance to Affordable Housing Providers c) Disabled Facilities Grants d) Sheltered Modernisation Project e) New Homes and Regeneration Programme	Leads: Head of Contract Services Policy Implementation Manager Head of Health and Well Being Business Development Manager Business Development Manager
	Budget Reports	Lead: Accountancy Manager
	Handyperson Service – income generation opportunities	Lead: Maintenance and Voids Manager

Information sheets sent to Committee Members

Date sent and ref no.	Topic
H-2017/18-001	Non-Traditional Stock Action Plan
H-2017/18-002	Sheltered Housing Modernisation Project
H-2017/18-003	New Homes and Regeneration Programme
H-2017/18-004	Small Sites, Garages and Disposals Update
H-2017/18-005	Corporate Asset Management Strategy Action Plan
H-2017/18-006	Rent Collection Including Actions, Support and Outcomes

STROUD DISTRICT COUNCIL

**AGENDA
ITEM NO**

HOUSING COMMITTEE

12 DECEMBER 2017

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Report Title	CAPITAL PROJECT MONITORING
Purpose of Report	To inform the Committee of progress on capital projects within its remit. A - Tenant Services Capital Programme B - Assistance to Affordable Housing Providers C - Disabled Facilities Grants D - Sheltered Modernisation Project E - New Homes and Regeneration Programme
Decisions	The Committee notes the report
Consultation and Feedback	Budget setting has previously been agreed at Council. Progress has been discussed with the Tenant Reps for Housing Committee.
Financial Implications and Risk Assessment	Item A - The capital budget for 2017/18 was approved by Council in February 2017. The capital programme for ongoing major works and maintenance is funded within the HRA Medium Term Financial Plan (MTFP). This will be reviewed annually to ensure that the budget continues to support the delivery plan within the overall affordability of the HRA. A large underspend is currently being forecasted within major works. At the end of the year, any variance will be transferred to the Major Repairs Reserve and used to fund capital works in future years. Items B & C – There are no direct financial implications as this report is for information only. Any additional expenditure outside of the agreed budget must be reported separately. Items D & E – The HRA Budget 2018/19 Report includes the reprofiling of the Sheltered Modernisation and New Homes and Regeneration budget in line with the narrative of this report. Lucy Clothier, Principal Accountant Tel: 01453 754343 Email: lucy.clothier@stroud.gov.uk Risk assessment by the report author (item A) The capital programme of planned and cyclical maintenance provides relevant information of content and performance in the delivery of works. These are monitored and managed via Key Performance Indicators (KPI's).

Legal Implications	<p>The capital projects referred to are pertinent to the Council's high level strategic risks concerning housing services in particular CCR5 and CCR14.</p> <p>Item A - The Council as a landlord has a statutory duty to maintain its housing stock with this duty including the fabric of the building and heating/hot water systems. Satisfactory performance and monitoring of these contracts is therefore important to ensure compliance with this duty. Concerns have been raised about performance issues and it is understood that these are being resolved by the responsible officers with the contractors.</p> <p>Item B – The update on this part of the report repeats that provided to the September committee. As such, there are no further legal implications to report.</p> <p>Item C – The update records the Quarter 2 expenditure. As such, there are no further legal implications to report.</p> <p>Items D and E – There are no significant changes to the updates in comparison to the September report and as such the position remains that as these are ongoing projects with a range of legal implications, the cases will be considered on a case by case basis. (Ref: c2711d2811).</p> <p>K Trickey, Head of Legal Services Email: karen.trickey@stroud.gov.uk</p>
Report Author (s)	<p>Item A - Kevin Topping, Head of Housing Services Tel: 01453 754196 Email: kevin.topping@stroud.gov.uk</p> <p>Item B - Pippa Stroud, Policy Implementation Manager Tel: 01453 754099 Email: pippa.stroud@stroud.gov.uk</p> <p>Item C - Jon Beckett, Head of Health and Wellbeing Tel: 01453 754443 Email: jon.beckett@stroud.gov.uk</p> <p>Items D – Kimberley Read, Sheltered Housing Project Manager Tel: 01453 754175 Email: kimberley.read@stroud.gov.uk</p> <p>Items E - Leonie Lockwood, Business Development Manager Tel: 01453 754153 Email: leonie.lockwood@stroud.gov.uk</p>
Options	This report is a standing report for Housing Committee.
Performance Management Follow Up	Update reports are to be supplied to this committee within the timeline of the committee work programme

Background Papers/ Appendices	Appendix A - Ex-warden accommodation details log
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1.0. Item A - Tenant Services Capital Programme

1.1. Introduction

1.1.1. The following report provides an ongoing **executive summary** of the Capital Projects within the remit of the Housing Committee. The purpose of this report is to advise Committee on progress and management of the capital projects and allow members to question project managers. Reports have been tabled at June and Septembers 2017's Housing Committee where members asked for further detail within each report and for information sheets to be attached where appropriate

1.1.2. The second quarter has been completed and positions of works against budget spend are detailed in 2.1.

2.1. Current position

2.1.1. The first quarter works of the capital programme are as follows broken down by contractor:

NKS (North of the district)					
Planned works	Delivered to Date	Actual Spend	Budget	Projected Outturn	Variance
Kitchens	4	0	386,250	215,795	170,445
Bathrooms	30	47,734	386,250	457,111	(70,861)
External works	27	59,665	850,000	602,874	247,126
Disabled adaptations (Both sides of the district)	35	50,218	308,000	156,658	151,342

Mears (South of the district)					
Planned works	Delivered to Date	Actual Spend	Budget	Projected Outturn	Variance
Kitchens	47	222,481	386,250	309,506	76,744
Bathrooms	10	0	386,250	286,589	99,661
External works	0	0	850,000	832,256	17,744

Proframe (Both sides of the district)					
	Delivered to Date	Actual Spend	Budget	Projected Outturn	Variance
Doors & windows	28	42,417	515,000	534,985	(19,985)

Glevum (Both sides of the district)					
	Delivered to Date	Actual Spend	Budget	Projected Outturn	Variance
Heating & boiler upgrades	92	224,494	690,000	562,094	127,906

Mitie & Bell (Mixed sides of the district)					
	Delivered to Date	Actual Spend	Budget	Projected Outturn	Variance
Painting/communal areas	0	0	515,000	414,733	151,000

3.1. Performance

3.1.1. All works have been subject to accurate stock validation. This process ensures that work streams are undertaken in the most economically advantageous way, and limits the disturbance which may be caused to our tenants. The contractors and supply chains are now fully mobilised and delivery will be accelerated over the coming two quarters. Programmes effected by tenant refusal or the omission of elements due to validation are not routinely backfilled unless it is a viable option to do so.

4.1. Summary

4.1.1. We are committed to ensuring our resources deliver maximum value for money to the Council. We are continually reviewing our processes to ensure we work smarter with our Partners and other service areas within the Council and with this in mind budgets and delivery will continue to be monitored and reviewed in year.

2.0. Item B, Support to Social Housing Providers Capital Programme

2.1. The Council has a small General Fund capital programme that provides occasional grant assistance to housing associations, and this supplements the much greater resources available to them from the Homes and Communities Agency.

- 2.2. The Council's Affordable Housing Capital Programme comprises a mixture of recycled funding from the old Stroud Homebuy scheme which ceased in 2014, where properties then bought under the scheme have now been sold on and the grant repaid, and s.106 commuted sums where developers have paid a contribution to the provision of affordable housing elsewhere rather than providing it on-site.
- 2.3. We allocate our resources to those schemes that best meet housing need in the Stroud district in terms of type, location and tenure. However, value for money is also a consideration, and those projects that produce the greatest number of homes for the lowest grant cost are obviously more attractive.
- 2.4. At the time of writing, there was £50,000 in uncommitted funds remaining in the s.106 code, and £230,000 of former Homebuy funds being held. The residual Homebuy funds are likely to be committed to support a large-scale ExtraCare scheme for older people, should a suitable site be identified.

Recent funding allocations and forthcoming commitments are set out below:

Location	Grant	Number of units	Grant Per Unit	Provider	Date paid	Notes
Littlecombe, Dursley	£240,000	22	£11,000	SDC	July 2013	SDC regeneration site
Bisley Old Road Stroud	£130,000	23	£5,700	Stonewater	July 2014	All rented homes
Lynch Road Berkeley	£66,374	10	£6,600	Fortis	March 2016	Abnormal costs for sewer re-routing
Elm Road Stonehouse	£90,000	8	£11,300	Two Rivers	Oct 17	Off the shelf purchase
Commitments						
Stagholt Standish	£30,000	7	£4,300	Two Rivers	Feb 18	Rural site

3.0. Item C - Disabled Facilities Grants

- 3.1. The Council has a statutory duty to provide Disabled Facilities Grants (DFG) under the Housing Grants, Construction & Regeneration Act 1996. Funding is provided by Central Government for this purpose through the Better Care Fund (BCF) which is jointly administered by the County Council and Clinical Commissioning Group (CCG).
- 3.2. The DFG is a means tested grant to assist disabled occupants to remain living safely in their own homes by the provision of adaptations such as stairlifts and wet floor showers. The maximum limit for a DFG is £30,000.

- 3.3. This is a statutory function and the Council has no discretion as to the use of these funds and no control over demand as referrals must come from the County Council Occupational Therapy Service. There is no waiting list and all applications are dealt with expediently.
- 3.4. For 2017/18 a sum of £330,000 has been identified in the BCF for DFG's in the Stroud district and this is considered sufficient to meet demand based on previous expenditure. Any unspent allocation has to be returned to the BCF.

The table below illustrates the numbers of approvals and expenditure since 2015.

Year	No. of DFG's Approved	Amount Paid
15/16	27	£269,935
16/17	31	£279,710
17/18 Q1	4	£48,454
17/18 Q2	5	£35,559

4.0. Item D - Sheltered Modernisation Project Update

4.1. Red Schemes

- 4.1.1. In line with the approvals sought at Housing Committee in June 2016, good progress has been made on the red schemes. Dryleaze Court is now empty and is currently being marketed for sale.
- 4.1.2. Ringfield Close is on programme to close by January 2018. Planning permission has been secured which will deliver 11 new older persons apartments at Tanners Piece.
- 4.1.3. We are on programme to start consultation with residents from Cambridge House to re-house them in January 2018; which will be followed by Glebelands in early 2019.

4.2. Amber Schemes

- 4.2.1. In line with the recommendations of the Ark Report and outlined in previous information papers we are now able to detail the improvements for the first amber scheme to be improved as part of the programme. Sherborne House in Stonehouse was identified as the first amber scheme to be improved due to its popularity and frequent use of the communal areas, and there were no concerns raised about the future viability or suitability of this scheme for Sheltered Housing. In addition the scheme has already benefitted from a number of bedsit conversions providing a good mix of accommodation
- 4.2.2. The improvement plans proposed are in line with those outlined in the September 2016 information paper, however due to the finite budget available we have chosen to focus on the improvement items which would deliver the most value and benefit for the residents.

- 4.2.3. The use of mobility scooters has been highlighted as an important strategic focus for SDC and residents, so the modernisation project seeks to address this issue where possible. The layout of Sherborne House lends itself to enabling provision for all residents to have access to the rear of their properties using a mobility scooter by constructing an external path around the scheme. Residents will have space outside their back door to store their mobility scooter and a charging point which is connected to their individual meter. These improvements will ensure ease of access to all properties in the building and assist with the ongoing housing management of the scheme.
- 4.2.4. To improve the level of natural light in the scheme, improvements should be made to the entrance lobby, creating a brighter space for residents with improved visibility of visitors to the scheme. The corridors throughout the scheme should also be plastered and decorated with new flooring throughout.
- 4.2.5. The lounge will be upgraded by providing new furniture and furnishings, the design and colour of which has been selected by the residents following a meeting with SDC's appointed interior designer. At the meeting, residents and tenant representatives were able to choose from six mood boards with various colour schemes and designs. The kitchen which is accessed from the lounge will be made open plan and a resource room for use by residents will also be created on the opposite side of the lounge. The room can be used as a quiet space for a computer or other activities. This proposal makes use of office space which is no longer required.
- 4.2.6. The Sheltered Housing Project team have been working closely with colleagues across other service areas to align programmed works with the improvements at Sherborne House to reduce the impact to residents and provide efficiencies to SDC. Detailed proposals have been presented to the Sheltered Housing Modernisation Project Steering Group for agreement and were approved by Heads of Service.
- 4.2.7. The current works cost estimate* is £212,000, which can be accommodated within the budget secured in the Medium Term Financial Plan. The cost of this work has been profiled across 2017/18 and 2018/19 with the works due to start in January 2018 which are due to run for approximately 5 months.
**The final contract sum will be established once the project has been tendered to find a suitable contractor.*

4.3. 2018/19 & 2019/20 Programme (Amber & Green Schemes)

- 4.3.1. A programme of schemes to be improved in 2018/19 and 2019/20 will be provided at the Housing Committee meeting in February 2018 for decision and approval.

4.4. Ex-Warden Accommodation

- 4.4.1. The ex-warden accommodation at George Pearce House, Grange View, Malvern Gardens and Hamfallow Court are all currently on site and have a contract completion date of 16th February 2018. The ex-warden

accommodation details log provides an update on action taken to date. This was previously distributed to Housing Committee on 29th March 2016 and the updated copy is available in appendix A of this report.

- 4.4.2. Negotiations with the specialist housing provider for the remaining three properties at Grove Park Road, Archway Gardens and Willow Road were not as successful as first hoped and they are only interested in Willow Road. The Tenancy Operations Manager is currently exploring whether there are any other specialist housing providers who may be interested in these properties.

4.5. Communication

- 4.5.1. The third issue of the Sheltered Modernisation News was distributed at the end of October. The fourth issue is due to be distributed in January 2018. Due to the sensitive nature of the information, Members requiring information on re-housing and numbers of voids are asked to contact officers direct.

5.0. Item E - New Homes and Regeneration Programme

5.1. Introduction / Background

- 5.1.1. Stroud District Council has an objective to invest in 150 new Council homes by March 2018 and has also approved the regeneration of 3 sites where defective Woolaway properties are to be replaced with new homes providing a total target delivery number of 236 homes.
- 5.1.2. In addition to the construction of new homes, the programme includes the properties purchased from Hanover in 2013/14 and the conversion of the ex warden's properties funded through the Sheltered Housing Modernisation Project.
- 5.1.3. An additional budget of £700,000 was approved at Strategy and Resources on the 13 June, with 30% of that budget funded from right to buy receipts, to purchase properties on the open market.
- 5.1.4. By the end of the financial year 226 homes will have been delivered, leaving 10 homes to reach the target of 236. Budget remains for a further 19 homes dependent upon build costs for the remaining projects and therefore the target of 236 is currently projected to be exceeded.

5.2. Programme

5.2.1. The table below sets out the schemes within the programme.

Scheme	No. replacement units	No. additional Units	Total No. of Units	Status
New Homes Completed				
Hanover, Dursley	0	18	18	Completed
Ex Warden conversions	0	11	11	Completed
Minchinhampton Woolaways	35	0	35	Completed
Top of Town, Stroud -Phase 1	14	8	22	Completed
Littlecombe, Dursley	0	22	22	Completed
Leonard Stanley Woolaways	19	32	51	Completed
Top of Town – Phase 2	8	5	13	Completed
The Corriett, Cam	0	6	6	Completed
Fisher’s Road, Berkeley	0	4	4	Completed
Hillside, Coaley	2	2	4	Completed
Top of Town – Phase 3	10	2	12	Completed
Chapel Street, Cam	0	14	14	Completed
Top of Town – Phase 4	3	3	6	Completed
Sub Total	91	127	218	
Completions by Year End				
Ex Warden conversions	0	4	4	On site
Property purchases	0	4	4	Sales agreed on 3
Sub Total	0	8	8	
Balance of Programme				
The former Ship Inn site , Bridgend	0	9	9	Design Stage
Southbank, Woodchester	4	1	5	Design Stage
Site to be identified	0	5	5	Design Stage
Sub Total	4	15	19	
Grand Total	95	150	245	

5.2.2. The homes that have been replaced were all defective properties that had reached the end of their economic life and therefore would have been lost to our stock numbers if new homes had not been built.

5.2.3. With regard to the right to buy receipts budget, solicitors have been instructed for the purchase of 3 properties. There remains a small budget available and the purchase of a further 1 bed property may be possible.

5.3. Balance Of Programme

5.3.1. The former Ship Inn site is in the design stage. Feedback from highways has resulted in some changes and the reduction of units on the site from 10 to 9. The revised scheme is being reviewed by planning and highways prior to a planning application being submitted within the next few months with work starting in 2018/19. This is later than planned due to this being a challenging site to develop with various issues on the site (e.g. ground conditions, location

within an industrial heritage conservation area, highway considerations and the fact that the site is located on the canal).

- 5.3.2. The scheme to develop 5 homes at Southbank, Woodchester, is still in contract but has experienced delays due to drainage issues for the site and issues with the contractor. We now have a settlement claim from the original contractor to consider. Once we have finalised issues with them, we aim to retender the scheme, subject to financial viability. A figure has been included within our budget for 2018/19 for the scheme.
- 5.3.3. Various alternative sites are still being considered for the balance of the remaining budget, which again has been moved to 2018/19.

Ex-Warden Accommodation Update

Scheme	Accommodation	Works Undertaken	Converted	Let	Comments
Archway Gardens	3 bed flat	NONE	N	N	Awaiting decision.
Ashcroft House	1 bed flat	No conversion needed - flat added to scheme	N	Y	
Ashwell House	3 bed bungalow	Converted to 2 flats	Y	Y	
Broadfield Road	3 bed flat	NONE	N	N	Option appraisal followed by consultation.
Burdett House	3 bed bungalow	Converted to 2 flats	Y	Y	
Chapel Lane	1 bed flat	No conversion needed - flat added to scheme	N	Y	
Concord	3 bed flat	Converted to 2 flats	Y	Y	
Draycott	3 bed house	Converted to 2 flats	N	Y	
Dryleaze House	3 bed house	Converted to 2 flats	Y	Y	
George Pearce House	3 bed flat	ON SITE – converting to 2 flats	ON SITE	N	Completion in February 2018.
Grange View	3 bed house	ON SITE – converting to 2 flats	ON SITE	N	Completion in February 2018.
Grove Park Road	2 bed flat	NONE	N	N	Awaiting decision.
Hamfallow Court	3 bed flat	ON SITE – converting to 2 flats	ON SITE	N	Completion in February 2018.
Hazelwood	3 bed house	Let by housing provider (refurbished)	N	Y	Contract in place with social housing provider.
Jenner Court	3 bed flat	Converted to 1 flat/office	Y	Y	
Malvern Gardens	3 bed flat	ON SITE – converting to 2 flats	ON SITE	N	Completion in February 2018.
Sherborne House	3 bed bungalow	Converted to 2 flats	Y	Y	
Springfields Court	3 bed house	Rented as 3 bed house - general needs	N	Y	
St Nicholas Court	3 bed house	Converted to 2 flats	N	Y	
The Beeches	3 bed flat	Converted to 2 flats	Y	Y	
The Corriett	3 bed house	Developed site (no longer exists)	N/A	N/A	
Trinity Drive	3 bed house	Converted to 2 flats	Y	Y	
Vizard Close	3 bed house	Converted to 2 flats	Y	Y	
Walter Preston Court	3 bed house	Let by housing provider (refurbished)	N	Y	Contract in place with social housing provider.
Willow Road	3 bed flat	Converted 1 flat & office	Y	Y	A housing provider is interested in letting the office space if it is converted to a general needs flat. The cost of undertaking this conversion would need to be recovered over the 5 year term of the lease. Awaiting decision.

Key: Orange = Works Planned Green = Works Complete/Property Let Yellow = Consider Alternative Use

STROUD DISTRICT COUNCIL

AGENDA

HOUSING COMMITTEE

ITEM NO

12 DECEMBER 2017

9

Report Title	HOUSING REVENUE ACCOUNT (HRA) BUDGET 2018/19 AND MEDIUM TERM FINANCIAL PLAN 2018/19 – 2021/22
Purpose of Report	To consider the HRA's financial position over the medium term and set a budget for the HRA for 2018/19.
Decision(s)	<p>The Committee RECOMMENDS to Strategy & Resources that:</p> <p>(1) The revised HRA budget for 2017/18 and original budget for 2018/19 are approved; and</p> <p>(2) The movement to and from balances and capital reserves as detailed in Appendices B and C are approved; and</p> <p>(3) That from 1 April 2018:</p> <ul style="list-style-type: none"> i) Social rents and affordable rents are decreased by 1% (equivalent to 81p at the average rent level), as calculated in accordance with legislation ii) Garage rents are increased by 3% iii) Landlord sheltered housing service charges are increased by 3% iv) Other landlord service charges are increased by 3%; and <p>(4) That the HRA Capital Programme for 2017/18 to 2021/22, as detailed in Appendix C, are included in the Council's Capital Programme</p>

Consultation and Feedback	Budget holders and senior managers
Financial Implications and Risk Assessment	<p>The report sets out the medium term financial forecast for the HRA over the next 4 years. Revenue and Capital budgets have been reviewed with the MTFP maintaining minimum balances of £1.5m over the medium term. Whilst the overall level of expenditure across the HRA is reducing from £22.7m to £21.5m, the continued 1% reduction in social rents places the HRA under significant financial pressure.</p> <p>The HRA's MTFP is financed in part through use of reserves and capital receipts. There is some risk to the HRA around the timing of capital receipts to fund elements of the capital programme. This may mean the HRA has to amend its spending plans during subsequent financial years.</p> <p>A number of risks and uncertainties remain with the MTFP forecasts, and these are set out in paragraphs 7.2 to 7.13 in the report.</p> <p>Whilst there has been an announcement concerning social rents for a 5-year beyond from 2020/21 (CPI +1%), uncertainty remains beyond this period. The 3- year financial plan is being updated, but a useful graph is included in the report highlighting the impact of a change in social rent assumptions (CPI +1% continuing over the 30 years, vs CPI only beyond 2025).</p> <p>David Stanley – Accountancy Manager Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p>
Legal Implications	<p>This report forms part of the budget setting process for 2018/19. In order to set its budget, the Council is required (amongst other things) to calculate its estimated expenditure and income which will be charged / allocated to its Housing Revenue Account. This element of the budget setting process is addressed within this report.</p> <p>With regard to recommendation (3) in January 2017, it was resolved by the Committee that a review should be undertaken of the Council's social rent setting options and for there to be a report back to Committee in June 2017. Pending completion of this review and consideration of the options by the Committee, the recommendations in the current report set out rent proposals in line with the Welfare Reform and Work Act 2016 which requires the Council to reduce social housing rents payable by individual tenants by 1% each year from 2016 to 2019.</p>

	<p>Consistent with the legal requirements regarding the setting of the budget, it is essential that the Committee (taking account of the professional finance advice provided) is satisfied that its recommendations for the revised year's HRA budget and next year's budget are appropriate. (Ref: rc2711d2811)</p> <p>K Trickey, Head of Legal Services Email: karen.trickey@stroud.gov.uk</p>
Report Author	<p>Lucy Clothier, Principal Accountant Tel: 01453 754343 Email: lucy.clothier@stroud.gov.uk</p>
Options	<p>a) Reduce or increase capital and revenue expenditure b) Reduce dwelling rents c) Reduce or increase landlord service charges</p>
Performance Management Follow Up	<p>Budget Monitoring report to Housing Committee in March 2018 Outturn report to Strategy and Resources in May 2018</p>
Background Papers/ Appendices	

1. Executive Summary

- 1.1 It is recommended that social and affordable rents be decreased by 1% (equivalent to 81p per week at the average rent level), as calculated in accordance with legislation.
- 1.2 Increases of 3% are proposed for garage rents, general needs service charges and sheltered housing service charges, in line with inflation.
- 1.3 The budget proposals included in this report would enable the Council to set a balanced budget for 2018/19. This includes a transfer from HRA General Reserves of £0.125m.
- 1.4 HRA balances are planned to be maintained at £1.5m over the MTFP period.
- 1.5 However, the longer term position is greatly affected by external factors such as nationally set rent guidance and additional legislation.

2. HRA Budget and Medium Term Financial Plan

- 2.1 The MTFP proposes a revenue expenditure budget of £22.710m in 2018/19, funded by income of £22.535m and use of reserves, including earmarked reserves, of £0.175m. This reduces to an expenditure of £21.532m in 2021/22.

Table 1 – Summary of HRA MTFP

	2017/18 Base £000s	2017/18 Revised £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
Dwelling rents	(21,106)	(21,106)	(20,829)	(20,443)	(20,925)	(21,384)
Other income	(1,957)	(1,859)	(1,706)	(1,579)	(1,606)	(1,627)
Total Income	(23,063)	(22,965)	(22,535)	(22,022)	(22,531)	(23,011)
Expenditure	16,451	16,890	17,369	17,490	17,748	17,247
Other costs	9,197	8,067	5,341	3,954	4,281	4,285
Total expenditure	25,648	24,957	22,710	21,444	22,029	21,532
Transfers to/(from) EMR	503	1,586	(50)	394	696	(263)
Transfer to/(from) General Reserves	(3,088)	(3,578)	(125)	184	(194)	1,742
HRA General Reserves Balance c/f	2,125	1,635	1,510	1,694	1,500	3,242

2.2 A more detailed analysis of the HRA MTFP can be found in Appendix B

3. Proposed Rent and Service Charges 2018/19

- 3.1 In the MTFP social and affordable rents for 2018/19 have been reduced by 1% in line with the legislation. This reduces average rents by £0.81 per week, from £81.52, to £80.71.
- 3.2 During the four year period of rent reduction set out in the Housing and Planning Act, rents must be set with at least a 1% rent reduction. Members could choose to reduce rents by more than 1%. Each additional 0.5% reduction would reduce the average weekly rent for tenants by £0.41 per week, or £21.32 per year, and decrease dwelling rent income to the HRA by approximately £104k per year. If Members chose to implement further reductions, the corresponding amount would need to be funded from reductions in existing services.
- 3.3 On becoming vacant, dwellings at social rent are being relet at the Target Rent, a national rent calculation for social housing which is designed to give fair and consistent rents across all local authority and housing association stock. Currently 88% of tenants have rents below the Target Rent. Of those, the average difference is £2.21 per week. This is equivalent to loss of income of approximately £474k per year. This figure will reduce as dwellings become void and are relet, but as existing tenancies will be unaffected it will be a very gradual change.
- 3.4 Shared ownership rents are set to increase in line with the inflationary uplifts set out in each lease.
- 3.5 As set out in Appendix A, all fees and charges are recommended to increase by 3%, in line with inflation.
- 3.6 A review of landlord service charges will be undertaken by Housing Services, starting in 2018, to ensure charges reflect the cost of providing the services.

- 3.7 Garage income is expected to reduce to nil over 2018/19 and 2019/20 as garages are taken out of use, as approved by Housing Committee.

4. Self Financing Debt and Interest Rates

- 4.1 The HRA has now reached its debt cap, having utilised the full available headroom awarded as part of the self financing determination. Therefore no further borrowing is currently possible, with any further investment in new or existing stock needing to come from existing resources (eg budget savings), or capital receipts.
- 4.2 The Autumn Budget announced the ‘lifting of borrowing caps for councils in areas of high affordability pressure’. The detail of this is not yet known, but it is expected that any additional borrowing capacity will be awarded through a bidding arrangement with DCLG, and would be phased over a number of years. Further detail will be given to members when it is available. Members should also be mindful that the cost of any additional borrowing would need to be funded from income associated with the borrowing. Otherwise subsidy would be needed from other resources, therefore reducing existing services.
- 4.3 It is recommended to continue to pay only interest on the £102.5m of borrowing the HRA has taken. A £2m loan is due for repayment in 2018/19, and should members wish to repay this loan, equivalent savings would need to be found within the MTFP which would significantly affect the delivery of services.

5. Pay and Price Inflation

- 5.1 In line with the Budget Strategy report to Strategy and Resources Committee in October 2017, future years price inflation has been provided for in the MTFP at a rate of 1%.
- 5.2 Provision has been made in the HRA MTFP for price inflation on major contracts at a rate of 3%.

Table 2: Summary of pay and price inflation in the MTFP

	2019/20 £000s	2020/21 £000s	2021/22 £000s
Revenue Contract/Non-Pay Inflation	102	207	316
Capital Works Contract Inflation	136	290	432
Pay Inflation (1% increase)	33	66	100
Total	271	564	848

6. Material Assumptions Made in the HRA MTFP

- 6.1 The MTFP forecast is made under a number of assumptions. The main ones of note are summarised below:

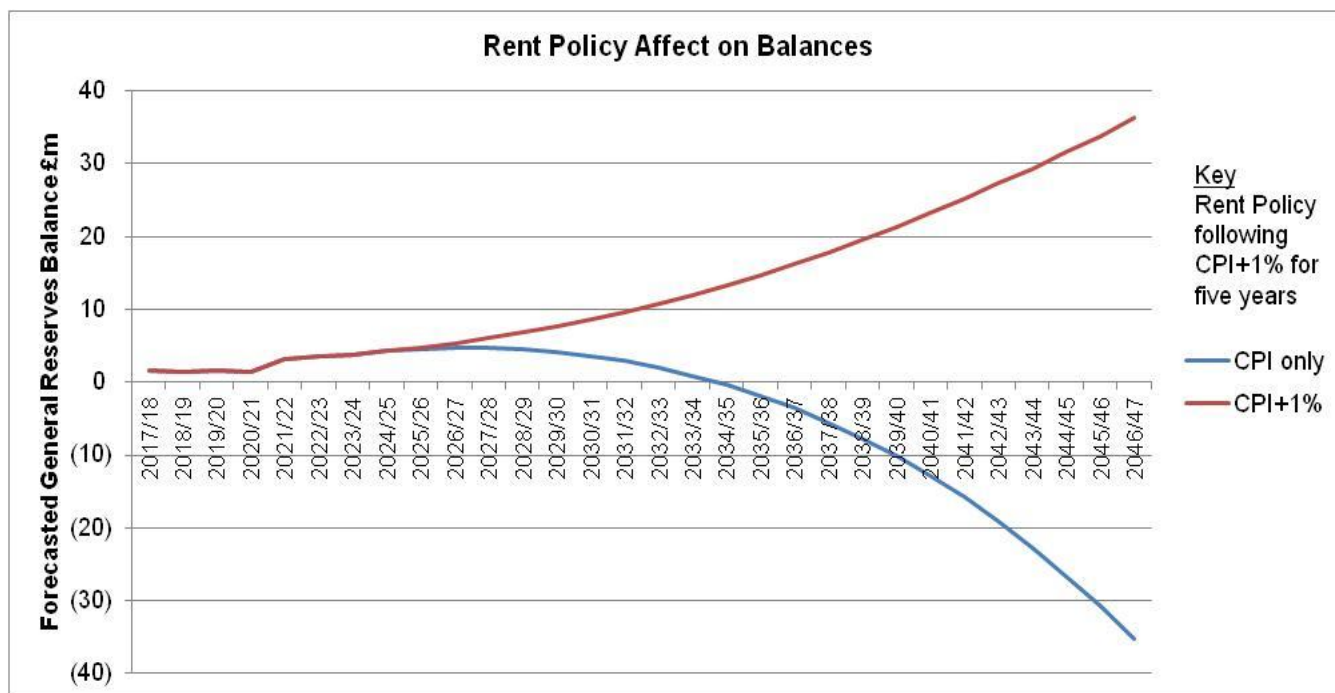
- Rents are decreased by 1% across all social and affordable rented housing stock. On average this will reduce rents by 81p per week, or £42.12 per year.
- Void levels of 2% in general needs, and 5% in sheltered housing properties are assumed (in schemes not affected by the Sheltered Housing Modernisation Programme).
- 30 Right to Buy sales a year have been assumed in terms of rent loss
- HRA balances will be maintained at £1.5m over the MTFP period in order provide resilience against the negative financial impact of future legislative changes.

7. Risks and Uncertainties

- 7.1 The HRA faces a number of risks and uncertainties, both external to the Council and internal changes.
- 7.2 Pay award – pay inflation has been included at 1% in line with the Budget Strategy. Should the pay award be higher than this, the MTFP would be affected. A pay contingency is included in the revenue budget for 2018/19 which could cover any shortfall in budget in the short to medium term.
- 7.3 Capital receipts – the MTFP includes the use of capital receipts to fund the New Build and Development Programme and the Sheltered Housing Modernisation. Should these assets not be sold, or sold for a lower price than expected, alternative funding would need to be allocated for the schemes to progress as planned. However, should a higher capital receipt be achieved, this would provide additional funding for other projects.
- 7.4 Rents - it is now known that after the four year rent reduction (the final year of which is 2019/20), rents will return to the previous rent guidance of Consumer Price Index (CPI) + 1%. Although it is positive that the rental increase is agreed, members should be mindful that rent guidance has previously been changed at short notice.

The current 30 year Delivery Plan includes the continuation of CPI+1% rent increases over the 30 year period, which may not be sustainable in the long term. Above inflationary rental increases in affordable housing, could mean that rents move closer to market rents, leaving them no longer affordable for existing and future tenants.

The below graph shows the impact on HRA general reserves should rents be linked to CPI only from 2025/26. CPI is assumed at 2%.



7.5 This shows the risk posed by a difference in rent of only 1% per year.

7.6 Although a significant risk over the longer term, it does not represent a considerable risk over the medium term as balances are forecasted to remain above the minimum recommended balance of £1.5m until 2032/33. Nevertheless it should be considered as part of the full review of the HRA 30 year position.

7.7 Higher Value Asset Sales – the sale of vacant social housing with the proceeds being returned to Government to fund the extension of Right to Buy in Housing Associations.

The regulations have not yet been published, but it is expected that an amount will be payable to Government based on the value of SDC housing stock. It is expected that it will be determined locally how this funding is raised, and therefore it will not necessarily be funded through the sale of the higher value housing. The financial value is not yet known.

As details have not yet been announced, no allowance has been included in the MTFP for 2018/19. An assumption that rental income will be lost on 12 sales per year has been included from 2019/20.

7.8 Rent caps – it has been announced that the Local Housing Allowance (LHA) cap will no longer be applicable to social housing, but it is not yet known if/what system would replace it.

7.9 Universal Credit – the full impact of Universal Credit is not yet known. An allowance for £100k additional provision for bad debt (from £100k to

£200k per year) is included in the MTFP for three years from 2018/19 to allow for non payment of rents and charges.

- 7.10 Fixed term tenancies – the requirement to review tenancies every five years (with allowances for tenants with a disability or school age children) will impact on the way tenancies are managed. It could also lead to an increase in Right to Buys as tenants are able to exercise their Right to Buy after three years and some tenants may wish to purchase the property before their tenancy expires.
- 7.11 Right to Buy Receipts – the MTFP shows that 2018/19 will be the final year of the Council's New Homes and Regeneration Programme. The Sheltered Modernisation Programme will provide some new housing, but much of the programme will not be eligible for the use of RTB receipts as it is improving existing dwellings.

Members approved an additional budget of £700k in 2017/18 in order to utilise RTB receipts. The limited ability to finance the remaining 70% of build costs means that the HRA is unlikely to be able to fully utilise all Right to Buy receipts going forward.

Where possible partnerships will be made with Registered Providers (RPs) to provide additional housing locally, but this still leaves the HRA at risk of having to repay any receipts not spent within the time frame, plus interest. This includes any receipts allocated to RPs, where they have experienced delays and have not met RTB deadlines.

Although it is hoped that any repayment of RTB receipts won't be required, there is a real risk that if internal spend is delayed, or if partnerships with RPs experience set backs, RTBs receipts may need to be returned with interest payments.

- 7.12 Interest rates – the HRA is largely sheltered from interest rate changes in the medium term as all of the current borrowing is at fixed interest rates. As loans become repayable, advice will be sought from our treasury advisors on the most advantageous approach to refinancing.
- 7.13 Insurance – The current insurance contract is due to be retendered in October 2018. It is currently expected that the cost of provision will increase due to the level of claims made in recent years. The HRA could consider lowering the insurance provision, and 'self insuring' for smaller claims. This could lower premiums, but would mean that additional spend would be required in repairs and maintenance. This will be reviewed as part of the retendering process.

8. **30 Year Finance Position**

- 8.1 A full review of the HRA 30 year position will be undertaken by the Housing Service, supported by finance, over the upcoming year in order to ensure the Housing service remains sustainable over the longer term.

9. Capital Programme

- 9.1 A capital programme totalling £12.482m is proposed for 2018/19, reducing to £7.755m in 2021/22.
- 9.2 The Major Works budget has remained largely in line with the current programme. This programme will be reviewed using updated data from the ongoing stock condition surveys as part of the full 30 year position review.
- 9.3 A full breakdown of the capital programme can be found in Appendix C

10. New Homes and Regeneration Programme

- 10.1 Despite the ongoing challenging financial environment, the Council remains committed to the New Homes and Regeneration Programme, and is on course to meet its target of 236 new homes.
- 10.2 The budget proposal for 2018/19 includes the reprofiling of the budget, with £3.004m now expected to be delivered in 2018/19.
- 10.3 Further detail of the programme can be found in the Capital Project Monitoring report, also being reported to Housing Committee.

11. Sheltered Housing Modernisation

- 11.1 Budgets have been included in the MTFP for the Sheltered Modernisation Project. In 2018/19 the budget is to progress the development of new flats on the Tanners Piece site and to complete the modernisation works at Sherborne House, and two other green/amber sites.
- 11.2 The programme continues to be funded by a mix of revenue contributions, capital receipts (linked to the sheltered sites), and RTB receipts where eligible.

Table 3 – Sheltered Housing Summary

	2017/18 £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
Expenditure					
Revenue Costs	406	579	457	477	29
Red schemes - capital	31	1,700	13	0	1,500
Other schemes - capital	588	359	298	462	336
	1,025	2,638	768	939	1,865
Financed by					
Revenue - earmarked reserves	600	2,128	464	539	115
Capital receipts - sheltered	262		300	400	1,300
RTB receipts	163	510	4	0	450
	1,025	2,638	768	939	1,865

11.3 The capital receipts financing line includes the capital receipts for the sale of Ringfield Close, Dryleaze Court and Cambridge House. Should these capital receipts not be realised, alternative funding would need to be found.

11.4 Funding has been allocated in the MTFP to finance the current five year programme, but further funding will need to be allocated in future years if members wish the project to continue.

11.5 Further detail on the Sheltered Modernisation Project can be found in the Capital Project Monitoring report, also being reported to Housing Committee.

Proposed Level of HRA Rents and Service Charges 2018/19

Proposed level of rents and service charges (on a weekly basis over 52 weeks)	Current 2017/18 £	Proposed 2018/19 £	Increase/Decrease £	Increase/Decrease %
Rents				
Dwelling rents (average)	81.52	80.71	-0.81	-1%
Garage rents (excl VAT which is chargeable to non tenants only)	12.09	12.45	0.36	3%
Landlord Service Charges (charged where applicable)				
TV relay (communal aerials – basic IRS)	0.34	0.35	0.01	3%
TV relay (communal aerials – comprehensive IRS)	0.86	0.89	0.03	3%
Cleaning charges (average)	2.37	2.45	0.08	3%
District heating (average)	7.62	7.85	0.23	3%
Water charges (average)	2.51	2.59	0.08	3%
Sheltered Housing	23.98	24.70	0.72	3%

HRA Medium Term Financial Plan 2017/18 to 2021/11

	2017/18 Base £000s	2017/18 Revised £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
Income						
Dwelling rents	(21,106)	(21,106)	(20,829)	(20,443)	(20,925)	(21,384)
Non dwelling rents	(395)	(395)	(228)	(114)	(116)	(118)
Charges for services and facilities	(1,184)	(1,086)	(1,020)	(1,007)	(1,032)	(1,051)
Contributions towards charges	(378)	(378)	(458)	(458)	(458)	(458)
Total Income	(23,063)	(22,965)	(22,535)	(22,022)	(22,531)	(23,011)
Expenditure						
Repairs and maintenance	3,657	3,642	3,667	3,774	3,874	3,909
Supervision and management	5,007	4,940	5,155	5,252	5,384	5,390
Special services	2,531	2,604	2,743	2,660	2,686	2,244
Depreciation	5,156	5,604	5,604	5,604	5,604	5,604
Debt management costs	0	0	0	0	0	0
Provision for bad debt	100	100	200	200	200	100
	16,451	16,890	17,369	17,490	17,748	17,247
Other income and expenditure						
RCCO	5,406	4,276	1,549	146	475	481
HRA share of CDC	315	315	304	304	304	304
Interest payable	3,501	3,501	3,513	3,532	3,532	3,532
Investment income	(25)	(25)	(25)	(28)	(30)	(32)
Provision for repayment of debt	0	0	0	0	0	0
Total Expenditure	9,197	8,067	5,341	3,954	4,281	4,285
Transfers to/from reserves						
Transfers to/(from) earmarked reserves	503	1,586	(50)	394	696	(263)
Transfers to/(from) general reserves	(3,088)	(3,578)	(125)	184	(194)	1,742
Total Transfers to/from reserves	(2,585)	(1,992)	(175)	578	502	1,479
Net revenue position	0	0	0	0	0	0

	2017/18 Base £000s	2017/18 Revised £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
General Reserves						
Opening balance	5,213	5,213	1,635	1,510	1,694	1,500
Transfers (to)/from	(3,088)	(3,578)	(125)	184	(194)	1,742
Closing balance	2,125	1,635	1,510	1,694	1,500	3,242

HRA Capital Programme 2017/18 to 2021/22

HRA Capital Programme	2017/18 Base £000s	2017/18 Revised £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
Major Works						
Central Heating	690	690	710	732	754	777
Disabled Adaptations	308	308	315	324	334	344
Kitchens and Bathrooms	1545	1545	1,590	1090	1123	1156
Major Works	515	515	424	382	394	406
Asbestos/Radon	453	453	257	263	271	279
Doors and Windows	515	515	530	546	563	580
Electrical Works	206	206	212	219	0	0
Damp Works/Insulation	124	124	127	131	135	81
Non-Traditional Properties	340	340	350	361	371	383
Door Entry	206	206	212	219	225	0
Suited Locks			148	0	0	0
External Works	1700	1700	1,750	1803	1857	1913
Lifts			32	33	0	0
Total Major Works	6,602	6,602	6,657	6,103	6,027	5,919
New Homes and Regeneration						
Woolaways-Top of Town Phase 3	401	203				
Woolaways-Top of Town Phase 4	1,206	485				
Southbank, Woodchester	578	8	992			
Chapel Street, Cam	579	535				
New Homes Contingency	250	17	578			
Ship Inn	1,500	19	1,434			
RTB Acquisitions		700				
Total New Homes and Regeneration	4,514	1,967	3,004	0	0	0
Sheltered Housing Modernisation						
Red Scheme - Tanners Piece	780	31	1,700	13		
Red Scheme - Glebelands						1,500
Ex Warden Conversions	523	515				
Green/Amber Schemes	63	74	359	298	462	336
Total Sheltered Housing Modernisation	1366	620	2,059	311	462	1,836
Total HRA Capital Programme	12,482	9,189	11,720	6,414	6,489	7,755

	2017/18 Base £000s	2017/18 Revised £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
HRA Capital Funding						
Revenue Funding (including depreciation)	10,562	7,286	7,153	5,750	6,079	6,005
Right to Buy Receipts	283	541	510	4		450
HRA Capital Receipts	1,312	1,246	1,555	300	400	1,300
HCA Grant Funding	325	116	198			
HRA Reserves			2,304	360	10	
Borrowing						
Total Capital Funding	12,482	9,189	11,720	6,414	6,489	7,755