



Public Document Pack STROUD DISTRICT COUNCIL

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28 November 2022

HOUSING COMMITTEE

A meeting of the Housing Committee will be held on **TUESDAY, 6 DECEMBER 2022** in the Council Chamber, Ebley Mill, Ebley Wharf, Stroud at **7.00 pm**

Kathy O'Leary
Chief Executive

Please Note: The meeting is being held in the Council Chamber at Stroud District Council and will be streamed live on the Council's [YouTube Channel](#). A recording of the meeting will be published onto the [Council's website](#). The whole of the meeting will be recorded except where there are confidential or exempt items, which may need to be considered in the absence of press and public.

If you wish to attend this meeting, please contact democratic.services@stroud.gov.uk
This is to ensure adequate seating is available in the Council Chamber

AGENDA

1. **APOLOGIES**
To receive apologies of absence.
2. **DECLARATION OF INTERESTS**
To receive declarations of interest.
3. **MINUTES (Pages 3 - 10)**
To approve the minutes of the meeting held on 13 September 2022 and the minutes of the extraordinary meeting held on the 18 October 2022.
4. **PUBLIC QUESTION TIME**
The Chair of the Committee will answer questions from members of the public submitted in accordance with the Council's procedures.

DEADLINE FOR RECEIPT OF QUESTIONS
Noon on Wednesday, 30 November 2022

Questions must be submitted to the Chief Executive, Democratic Services, Ebley Mill, Ebley Wharf, Stroud and can be sent by email to democratic.services@stroud.gov.uk

5. **MEMBERS' QUESTIONS**

See Agenda Item 4 for deadlines for submission.

6. **NEW HOMES AND REGENERATION PROGRAMME UPDATE (Pages 11 - 30)**

To provide an update on the council's New Homes & Regeneration Programme, setting out the key challenges to delivering the remainder of the sites.

To present to members a Financial, Social and Corporate Viability Scheme Matrix which will provide a standardised method for appraising future sites and opportunities.

To detail the proposed funding plan and several rental charge options which may help to support delivery of the schemes.

To seek authority to remove the Orchard Road, Ebley site from the programme and review the options for future use of the site.

7. **BUDGET MONITORING REPORT 2022/23 QUARTER 2 (Pages 31 - 38)**

To present the 2022/23 forecast outturn position against the General Fund and Housing Revenue Account (HRA) revenue budgets and Capital Programme that the Committee is responsible for, in order to give an expectation of possible variances against budget.

8. **HOUSING COMMITTEE BUDGET ESTIMATES – REVISED 2022/23 AND ORIGINAL 2023/24 AND HOUSING REVENUE ACCOUNT (HRA) MEDIUM TERM FINANCIAL PLAN 2022/22 – 2026/27 (Pages 39 - 64)**

Housing Committee Budget Estimates – Revised 2022/23 And Original 2023/24 and Housing Revenue Account (HRA) Medium Term Financial Plan 2022/23 – 2026/27

9. **MEMBER / OFFICER REPORTS**

(a) Progress update on Key action plans (Cleaner Estates & Service Standards and tenant engagement) (Pages 65 - 66)

(b) Tenant Representatives (Verbal Report)

(c) Performance Monitoring (Pages 67 - 74)

10. **WORK PROGRAMME (Pages 75 - 76)**

To consider the work programme.

Members of Housing Committee

Councillor Mattie Ross (Chair)

Councillor Paula Baker

Councillor Katrina Davis

Councillor Colin Fryer

Councillor Lindsey Green

Councillor Jessie Hoskin

Councillor Lucas Schoemaker (Vice-Chair)

Councillor Nicholas Housden

Councillor Steve Hynd

Councillor Christopher Jockel

Councillor Jenny Miles

Councillor Loraine Patrick

Tenant Representatives

Becky Adams

Mike Ritcher

2022/23



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HOUSING COMMITTEE

13 September 2022

7.00 - 7.22 pm

Council Chamber

Minutes

Membership

Councillor Mattie Ross (Chair)

Councillor Paula Baker
Councillor Laurie Davies
Councillor Lindsey Green
Councillor Katrina Davis
Councillor Nicholas Housden

*= Absent

Councillor Lucas Schoemaker (Vice-Chair)

Councillor Steve Hynd
Councillor Jenny Miles
Councillor Loraine Patrick
* Councillor Colin Fryer *
* Councillor Christopher Jockel *

Officers in Attendance

Strategic Director of Communities
Interim Head of Housing Services
Head of Community Services
Project Manager Leisure, Health and Wellbeing

Accountancy Manager
Physical Activity & Health Development Manager
Democratic Services & Elections Officer

Tenant Representatives

Becky Adams

Mike Richter

The Chair, Councillor Ross, opened the meeting with an expression of sadness at the passing of Her Majesty the Queen. The Committee joined her in a minute's silence to mourn and reflect on the life and legacy of Her Majesty the Queen.

The Chair, Councillor Ross, explained that it was recommended that the meeting be restricted to essential items of business only as a mark of respect during the period of national mourning.

Councillor Baker proposed, Councillor Hynd seconded.

After being put to a vote, the Motion was carried.

HC.012 Apologies

Apologies for absence were received from Councillors Davis, Fryer, Housden and Jockel.

HC.013 Declaration of Interests

Councillor Patrick declared an interest as the ward Member for Dursley Town and did not take part in Agenda Item 4.

HC.014 Minutes

RESOLVED That the Minutes of the meeting held on 5 July 2022 were approved as a correct record.

HC.015 Play Area Consultation and Development Action Plan Recommendations

The Physical Activity & Health Development Manager introduced the report and explained that the Play Area Development Plan was approved at Community Services and Licensing Committee in February 2022 which began the review of the 32 Stroud District Council (SDC) owned play areas. She further informed the Committee of the 3 stages which needed to be completed prior to investment as detailed below:

- Stage 1 – A physical condition survey carried out by the Royal Society for the Prevention of Accidents (RoSPA).
- Stage 2 – Ethos and Leisure Net were appointed to conduct community consultation and data analysis on all play areas in the district.
- Stage 3 – The Task and Finish Group used the data from both of the external reports, conducted site visits and created the recommendations found on page 13 of the reports pack.

The Chair, Councillor Ross, commended the report and thanked the Officers for such a comprehensive consultation.

Councillor Davies proposed and Councillor Miles seconded.

Councillors Davies and Miles commended the report which was echoed by Ms Adams, Tenant Representative.

In response to Councillor Hynd it was confirmed that any play areas that were due to be repurposed would remain as a green space for community use.

After being put to a vote, the Motion was carried unanimously.

RECOMMENDED That it approve the recommendations for investment as TO COMMUNITY identified SERVICES AND LICENSING

The meeting closed at 7.22 pm

Chair



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HOUSING COMMITTEE

18 October 2022

7.00 - 8.45 pm

Council Chamber

Minutes

Membership

Councillor Mattie Ross (Chair)

Councillor Paula Baker
Councillor Katrina Davis
Councillor Colin Fryer
Councillor Lindsey Green
Councillor Nicholas Housden
Councillor Laurie Davies

*Absent

Councillor Lucas Schoemaker (Vice-Chair)

Councillor Steve Hynd
Councillor Christopher Jockel
Councillor Jenny Miles
Councillor Loraine Patrick

* *

Officers in Attendance

Strategic Director of Communities
Interim Head of Housing Services
Democratic Services & Elections Officer

Principal Accountant
Community Health & Wellbeing Manager

HC.016 Apologies

An apology for absence was received from Councillor Laurie Davies.

HC.017 Declaration of Interests

There were none.

HC.018 Public Question Time

There were none.

HC.019 Appointment of Performance Monitor

A nomination for Laurie Davies was withdrawn due to the change of Committee Membership which was due to be approved at the Full Council meeting on the 20 October 2022.

HC.020 BUDGET MONITORING REPORT 2022/23 QUARTER 1

The Principal Accountant introduced the report and explained that it had been postponed from the previous meeting due to the passing of Her Majesty, The Queen. He highlighted the significant variances of the report which included:

General fund revenue position

- There was an overall Underspend of £162k which was summarised in table 1 on page 4 of the reports pack.

General Fund Capital Programme

- This was summarised in table 2 on page 5 of the reports pack.
- Green Homes LADS Park Homes had an overspend of £90k due to slippage as part of the deadline extension.
- Warm Homes had an overspend of £40k, due to slippage costs.
- Warm Homes – Low Carbon Initiatives had a pressure of £1,000k due to becoming active after the last round of budget setting. It would be realigned throughout the next stage of the budget setting.

Housing Revenue Account Budget

- Showed an overspend of £269k which was summarised in table 3 on page 6 of the reports pack.
- There were still many uncertainties which surrounded inflation and it was predicted that costs would rise by more than what was anticipated within the budget.
- Total income showed a loss of £173k due to high number of void properties. This number had been reduced from 164 at the start of 2021 to an updated figure of 33 properties.
- Supervision and Management had an underspend of £201k due to a number of vacant posts within the Council.
- Repairs and Maintenance had an overspend of £218k due to the use of contractors to cover vacant posts and additional slippage costs as explained in 5.6 of the reports pack.
- Independent Living Modernisation had an overspend of £75k due to Council tax charges.
- The Council were expecting a rise in salaries due to the anticipated pay award and a rise in utilities and materials.

HRA Capital Programme

- £3.5m pressure showed in table 5 on page 9 of the reports pack.
- Decarbonisation Project showed a pressure of £2,742k.
- New build and Regeneration had an £840k overspend.

It was agreed to get back to Councillor Green with the following information:

- Who would be covering the overspend of £40k on item 4.4 due to slippage costs from the agent.
- Were the remaining £33k of additional costs identified in item 5.6 spent on subcontractors.
- How many of Stroud District Council's independent schemes still had the district heating system described in item 5.9.

The Interim Head of Housing gave the following answers in response to questions asked:

- Due to the volume of repair requests the Council received, they were prioritised into 3 levels. Lower priority repairs would be required to wait until they could be scheduled around the higher priority repairs and the materials could be sourced.

Councillor Hynd commended that the void properties had been reduced to 33 and were back to pre-covid levels.

It was agreed to circulate figures surrounding the effect of the void properties on rental income.

In response to Councillor Miles, the Principal Accountant explained that the new round of budget setting was currently underway and would be reported to Members at the next meeting to show any financial adjustments made to any upcoming projects.

Councillor Housden questioned whether the overspend on repairs was financially sustainable and should the service be outsourced. The Operations Manager explained that the voids contracts used contractors to complete the repairs which was then managed in house by the Repairs Team.

Councillor Schoemaker proposed and Councillor Baker seconded.

Councillors Baker and Schoemaker commended the report and the team for the results.

Councillors debated the use of subcontractors in relation to the void repairs.

After being put to a vote, the Motion was carried unanimously.

RESOLVED To note the outturn forecast for the General Fund and HRA revenue budgets and the Capital Programmes for this Committee.

HC.021 **Update on Housing Management System Procurement**

The information sheet was circulated as part of the reports pack.

It was agreed to come back to Councillor Green with answers to the following questions:

- The quality score on page 12 showed to be below the initial ratio sought, would that still be acceptable.
- How much was the Council currently spending on the multiple different systems in comparison to the new system and was the cost of the new system within budget.

HC.022 **Health and Wellbeing Plan 2022-2025**

The Community Health and Wellbeing Manager introduced the report and advised the plan had been produced to collate the Health and Wellbeing aspects contained within the Leisure and Wellbeing Strategy, Housing Strategy, Physical Activity Plan and the Council Plan into one document. She continued and provided an overview of the 5 themes listed within the plan, which were:

- Community Resilience and Wellbeing
- Healthy, Affordable Homes
- Supporting Better Mental Health
- Encouraging Physical Activity
- Healthy Ageing

Appendix

2022/23

In response to Councillor Green, the Community Health and Wellbeing Manager explained that the reason that the Daily Mile was not referenced was because this, along with other work, was being covered by other providers. Stroud District Council (SDC) were focusing on the areas that were not covered by other providers.

Councillor Jockel proposed and Councillor Fryer seconded.

Councillors Fryer, Miles and Brine commended the report.

The Interim Head of Strategic Housing Services thanked the Community Health and Wellbeing Manager and gave a brief update on pet friendly accommodation which was aiming for completion in February 2023.

The Chair, Councillor Ross commended the report and expressed her gratitude that the Council still had its own housing stock.

The Community Health and Wellbeing Manager explained, in response to Councillor Miles, that it was an aim of SDC to work towards a network approach towards the youth services much like the community Hubs have with the older generation in the Independent Living Schemes.

The Strategic Director of Communities gave a brief update on Anti-Social Behaviour (ASB) and explained that it required a multiagency approach in order to tackle which is what they were working towards.

Councillor Jockel commended the report and brought the committees attention to the key priorities that stuck out for them which were Community Resilience and Wellbeing and the Healthy, Affordable Homes.

After being put to a vote, the Motion was carried unanimously.

RESOLVED To adopt the Health & Wellbeing Plan 2022-25.

HC.023 Progress update on Key action plans (Cleaner Estates & Service Standards and tenant engagement)

A written report was circulated prior to the meeting and formed part of the reports pack.

The Interim Head of Housing explained that the satisfaction levels from the Survey of Tenants & Residents (STAR) survey were expected to have dropped across all social landlords, housing associations and local authorities.

Councillor Green raised concerns over the frequency of positions changing names and explained that it could be confusing to residents. The Interim Head of Housing agreed that they would be sticking to the term Housing Officer from then onwards and they were searching for a better term for the new Housing Hubs to avoid confusion with other Hubs in the district.

Ms Adams, the Tenant Representative, suggested Housing Community Hubs as an alternative name.

In response to Councillor Green, Ms Adams confirmed that there was a social media post from SDC regarding the survey.

Councillor Patrick commended the work completed in Oak Drive regarding the new bin stores and requested that Ubico be asked to always lock them due to fly-tipping. It was agreed for the Interim Head of Housing to take the comments back to Ubico.

HC.024 **Member / Officer Reports**

a) Tenant Representatives

Ms Adams informed the committee that they had recently undertaken a walk around the Stonehouse estates with the Housing Officer which was very informative and gave them the opportunity to meet tenants. They hoped that this would be the first of many to come.

b) Performance Monitoring Q1

A written report was circulated prior to the meeting and forms part of the reports pack.

Councillor Green requested for any suggestions to be directed to them should there be anything which required a more detailed analysis.

The Chair and the Vice-Chair commended the report.

c) Retrofit / Carbon Reduction Task and Finish Group

Councillor Jockel explained that he had circulated an updated version of the report to the committee earlier that day. They further explained that the loss of the Head of Contract Services had created continuity challenges within the project but that an interim team had been continuing the work.

The Chair and Vice-Chair commended the report.

Councillor Hynd commended the report and the importance of the project in the current climate.

HC.025 **Work Programme**

It was agreed to get back to the Tenant Representative, Ms Adams, with further information on the tenant handbook.

The chair reminded members of the upcoming housing review panel which would be taking place on Wednesday 26 October 2022.

HC.026 **Members' Questions**

There were none.

The meeting closed at 8.45 pm

Chair

STROUD DISTRICT COUNCIL

HOUSING COMMITTEE

TUESDAY, 6 DECEMBER 2022

Report Title	New Homes and Regeneration Programme Update
Purpose of Report	<p>To provide an update on the council's New Homes & Regeneration Programme, setting out the key challenges to delivering the remainder of the sites.</p> <p>To present to members a Financial, Social and Corporate Viability Scheme Matrix which will provide a standardised method for appraising future sites and opportunities.</p> <p>To detail the proposed funding plan and several rental charge options which may help to support delivery of the schemes.</p> <p>To seek authority to remove the Orchard Road, Ebley site from the programme and review the options for future use of the site.</p>
Decision(s)	<p>The Committee RESOLVES to :</p> <ul style="list-style-type: none"> a) note the position of the current New Homes & Regeneration Programme. b) approve the removal of the Orchard Road site in Ebley from the New Homes & Regeneration Programme, subject to a report back to Committee on options for the future use of the site to support affordable housing. c) delegate authority to the Head of Property Services in consultation with the Accountancy Manager and the Chair and Vice Chair of Housing Committee to charge a mixture of either social rents, affordable rents capped at LHA, or affordable rents at the full 80% of market rent to maximise the funding available to the programme and assist with the long-term viability of particular sites and d) RECOMMEND to COUNCIL to approve the request for additional budget of £5.42m to be funded from capital receipts and borrowing as set out within the report to enable the council to continue with the next phase of the New Homes & Regeneration Programme.
Consultation and Feedback	<p>Consultation with stakeholders is undertaken at the relevant stages of a project. Consultation has taken place with Ward Councillors and Town/Parish Councils on schemes included within the current Capital Programme. Those Ward Councillors who have been consulted are supportive of the programme and the response from Town/Parish Councils is positive. Updates have been provided to the Chair/Vice Chair of Housing Committee and Housing Review Panel.</p> <p>Ward Councillors have been consulted on the removal of Orchard Road, Ebley from the programme, with one confirming their disappointment that it won't be used to deliver more affordable, warm homes.</p>

Report Author	Kimberley Read, New Homes & Regeneration Manager Email: kimberley.read@stroud.gov.uk			
Options	<ol style="list-style-type: none"> 1. Recommend the request for additional budget and continue with the New Homes & Regeneration Programme exploring opportunities to bridge a proportion of the funding gap through additional grant/investment. 2. Pause and de-risk the current programme with a review of costs in 6-12 months' time. The main risk of this option is the uncertainty over future building costs and time delays to the delivery of more affordable homes. 3. Cease delivery of the council's New Homes & Regeneration Programme. If this was the preferred option a further report would need to be brought back to Committee with full implications detailed. 4. Remove the Orchard Road development site in Ebley and consider the potential for using it for temporary accommodation with a report back to Committee within 6 months on the options for the future use of the site. This would mean the delay of any capital receipt from the sale to help fund the programme. 5. Remove the Orchard Road development site in Ebley from the programme and re-invest the sale proceeds into the new homes programme. 			
Background Papers	Background Paper 1: Construction Building Materials Commentary October 2022 – Government Publication			
Appendices	<p>Appendix A - Summary of New Homes & Regeneration Programme sites including number and mix of tenure</p> <p>Appendix B - Programme Project Updates</p> <p>Appendix C - Financial, Social and Corporate Viability Matrices for the remainder of the current New Homes & Regeneration Programme</p> <p>Appendix D - Impact of different rental models on the number of years to re-pay borrowing</p>			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	Yes	No	Yes

1 INTRODUCTION / BACKGROUND

1.1 The need for quality affordable housing in the Stroud district remains high and is only set to worsen in the face of the current cost-of-living crisis. The delivery of new affordable homes is also becoming increasingly challenging in the current economic market with the cost of materials and labour soaring across the construction sector. The 'Construction Building Materials Commentary October 2022' published by the Government contains a Summary of Business Conditions provided by the Bank of England. This can be found on page 13 of **Background Paper 1**. In summary the two key points relevant to this report are:

“the construction growth output weakened as high material costs, labour shortages and economic uncertainty weighed on activity and that contacts in residential construction said that planning delays and concerns about rising build costs had slowed the pace of new projects starting. In social housing new construction had been held back by budget constraints and commitments to refurbish existing properties.”

There is anecdotal evidence that some construction costs may be stabilising, though this does not appear to be consistent across the board.

- 1.2 In addition to the above challenges, Stroud District Council is at the forefront of delivering energy efficient housing, currently above Building Regulation requirements to assist the council with meeting its Carbon 2030 strategic objectives. As part of the international focus on climate change, there is also a strong focus on biodiversity net gains on new development sites which will have an impact on the density and cost of the new schemes. These requirements are strengthened by the council's draft Local Plan.
- 1.3 Previous Housing Committee reports have set out Stroud District Council's strong and successful track record of delivering good quality affordable housing within the district since 2014, having delivered 280 new affordable homes across the original and current programme. The New Homes and Regeneration Programme which is currently funded through the Medium-Term Financial Plan (MTFP) is set to deliver a further 65 homes by 2025, however, the current budget for these schemes is no longer sufficient to deliver these new homes.
- 1.4 This report provides an update on the delivery of the current programme. Key to the report is the recent and ongoing assessment of build costs and the additional budget required to deliver these new homes without having an impact on the MTFP and the overall position of the HRA. Several options have been set out for consideration by Housing Committee members in the header section of the report with the conclusion setting out officers' recommendations. This includes an option to sell Orchard Road with planning permission due to the abnormally high costs to deliver this project.
- 1.5 The report also provides a recommended approach for future development opportunities to be appraised by Housing Committee members. This has been developed into a Financial, Social and Corporate Viability Scheme Matrix and will enable members to take an informed view about the financial performance of schemes alongside any additional social and corporate value.

2 NEW HOMES AND REGENERATION PROGRAMME

- 2.1 To set this report in context, in April this year, a report was presented to Housing Committee setting out the delays and subsequent extension of time claims incurred on the delivery of the tranche 1 sites. These sites have now been delivered and all 36 new homes achieved an EPC A rating which supports the council in meeting its Carbon 2030 commitments.

Programme Delivery

Unfortunately, the delays on the tranche 1 sites had a knock-on effect to delivery of the second tranche of sites, with the New Homes & Regeneration team focussed on the successful delivery of the first projects and managing contractor performance. In addition to this, awareness and concern had begun to grow around escalating construction costs and the war in Ukraine started. These factors also contributed to the cost-of-living crisis creating instability in the economic market.

- 2.2 The timing of delivery of the new homes programme has, therefore, been re-forecast and the table below sets out the revised position. The table includes three additional affordable homes which are currently being acquired through a S106 Agreement at Symn Lane in Wotton-Under-Edge. These partly offset the loss in numbers from the recommended removal of Orchard Road, Ebley from the programme. It should also be noted that the Land adjacent to Canalside A419 will remain in the programme, until a decision is made by members for the future use of the site. Further information on the options available will be presented to committee in Spring 2023, in line with the recently approved motion to

council. A further detailed breakdown of the key project milestones, mix and tenure can be found in **Appendix A** of the report.

Table 1 - Tracking delivery of new homes programme

Scheme	2021/22		2022/23		2023/24		2024/25		2025/26	
	Original planned completion	Actual completions	Original planned completion	Actual / Reforecast completions	Original planned completion	Reforecast completion	Original planned completion	Reforecast completion	Original planned completion	Reforecast completion
Ringfield Close	5	5	15	15						
Summersfield Road	7	7								
Broadfield Road			9	9						
Symn Lane			0	3						
Orchard Road					5	0				
Gloucester/Bradley St					8	0	0	8		
Cambridge House					13	0	0	13		
Glebelands							23	23		
Queens Drive							7	0	0	7
Land at Canalside							9	0	0	9
	✓		↑		↓		↑		↑	

2.3 Costs Impacting Delivery of the Programme

2.3.1 As set out in the April report to Housing Committee, to achieve efficiencies and increase speed of delivery across the programme, the council had previously opted to procure a contractor through a Dynamic Purchasing System (DPS Framework). The successful contractor was Beard Construction and to mitigate risk to SDC the projects were split into tranches to enable the contract to be monitored using monthly KPI's under an umbrella Contract. It was structured to enable the award of subsequent tranches of schemes subject to satisfactory performance and available budget which assists with sequencing and costing advice on future projects.

2.3.2 Beard Construction have been contracted to undertake the enabling works and demolition of Cambridge House, Glebelands and Gloucester Street/Bradley Street. The costs for which have been reviewed and certified as value for money by the council's Employers Agent, Kendall Kingscott.

2.3.3 Cost Reviews

The council adopts a strong approach to financial management and seeks to control and mitigate identified risks. This risk has been mitigated through a robust costing review commissioned for each of the four separate sites at Orchard Road, Cambridge House, Glebelands and Gloucester Street/Bradley Street. These costing reviews were undertaken three times over the course of nine months to enable the team to understand and monitor movement in the market and to ensure the council could deliver the new homes within budget. To provide a high level of confidence in the costing reviews, it was agreed that these would be undertaken by both the council's Employer's Agent and main contractor, Beard Construction.

2.3.4 The outcome of the costing reviews evidenced a steep increase in construction costs which have only recently shown potential signs of stabilising. The outcome of the reviews made clear that the projects could no longer be delivered within the previously agreed budgets.

- 2.3.5 During the budget setting process for the next financial year, the team sought advice from Kendall Kingscott about likely inflation costs over the next 4 years. Currently Gloucester Street/Bradley Street, Cambridge House and Glebelands are forecast to start on site in Q2 2023. Inflation has been applied to the construction costs accordingly to mitigate against any further construction cost increases prior to start on site.
- 2.3.6 This situation is not exclusive to the council and the team have been working with several other Registered Providers who are currently facing the same challenges. They have also confirmed that it is becoming increasingly challenging to find contractors who are prepared to enter fixed price contracts and instead are seeking the inclusion of inflation clauses.
- 2.3.7 As a result of the costing reviews additional budget is being sought to deliver the remainder of the programme.
- 2.3.8 When considering other ways to achieve and evidence best value for money for the council, it has also been agreed in discussion and consultation with Kendall Kingscott to move away from the current DPS framework and re-select a contractor via a competitive tender process in the New Year, subject to budget approval.
- 2.3.9 The team are actively looking at opportunities to reduce further costs from the programme. As part of this, the specification for new homes is being reviewed to see if there are any areas where efficiencies may be made without compromising on quality. Consultation is always sought from contract services prior to any changes being made to the specification.
- 2.4 With these amendments to the programme and how it is funded there is still a requirement for additional budget in order that the council has certainty of delivery and can seek to procure a contractor. The additional budget requirements are set out clearly in Table 3 within section 4 of this report. Orchard Road has not been included following the recommendation to sell the site in paragraph 3.5.5. The figures for the Land at Canalside have not been updated due to officers exploring alternative uses for the site.
- 2.5 Programme Updates
Whilst there has been slippage, it is important to note that a significant amount of work and progress has been made on the delivery of the next sites. A position has now been reached where soft stripping can commence in January 2023 which will enable demolition from March. The current status of each of the sites is set out in Appendix B to this report.
- 2.6 Additional costs have been incurred due to the slippage of the tranche 2 sites. During the budget setting process in the previous financial year, the tranche 2 sites were programmed for demolition and therefore no provision had been made for Council Tax on the empty properties. Demolition did not take place as planned and the Council Tax costs amounted to £36k. This has been reported regularly through budget monitoring reports.

3 FINANCIAL, SOCIAL AND CORPORATE VIABILITY MATRIX

- 3.1 The Strategy for New Council Homes contains seven strategic objectives, the building blocks of the programme. The first objective is to be 'agile in assessing land opportunities and maximise existing land holdings to exploit the limited supply of land available across the district.' Part of the action plan for this objective included the requirement to develop assessment criteria for approved budgets and development opportunities which members could use as a tool for appraising sites.

- 3.2 The matrix tool has been developed in partnership with the Accountancy Manager, Head of Property Services and New Homes & Regeneration Manager and consultation has taken place with the Chair and Vice Chair of Housing Committee in addition to Housing Review Panel.
- 3.3 The matrix sets out the key financial performance measures from the appraisal tool 'SDS ProVal LS' which is used by the New Homes & Regeneration team. In the majority of cases, the sites which the council develops involves the demolition of existing poor performing assets or brownfield sites which can be complex involving a number of challenging constraints. The financial outputs of these sites can be very different to developing greenfield sites, so it is important that market value is not the only consideration, and that a balanced view is taken, which also sets out the wider social benefits of developing specific sites.
- 3.4 Therefore, in addition to the social benefits identified in the matrices, new contracts will also be assessed and scored using the Social Value Portal in line with corporate policy. There is also a section which sets out the links to key council priorities, again setting the benefits of delivering these sites in the wider corporate context.
- 3.5 A detailed Financial, Social and Corporate Viability Matrix can be found for each of the projects within **Appendix C**. Land at Canalside is not included in the matrix due to the reasons set out in paragraph 2.4 and Orchard Road is also not included due to officers' recommendations set out in paragraph 3.5.5 below.
- 3.5.1 Site Viability Comparison The matrices attached in Appendix C provide the council with an objective way to compare the financial viability of each site and decide whether to retain it in the programme.
- 3.5.2 Orchard Road, Ebley This is a former garage site owned by the council and full planning permission has been secured to construct five new affordable homes for rent. Having undertaken the Financial, Social and Corporate Viability Matrix it is very clear that the costs of developing the site are an anomaly compared to the other sites in the programme.
- 3.5.3 The viability matrix undertaken showed that the cost of delivering this site is abnormally high (£5,024 per m² compared to an average of approx. £3,500 per m² on other sites). This is due to the challenging, narrow site access, ground conditions and the requirement to retain access to the existing properties throughout the construction period.
- 3.5.4 In addition to these challenges, there is a lack of amenity, parking and material storage space which makes delivery of the site challenging and expensive for a contractor. There is also the high energy and construction standards the council delivers whilst developing small 1 and 2 bed accommodation which adds to costs.
- 3.5.5 It is recommended that this site is removed from the new build programme, but that a review of the potential for using the site to deliver temporary housing is undertaken. Further, that a report is brought back to committee within 6 months with a recommendation for its future use, so that a decision can be made to retain or dispose of it before the current planning permission expires in January 2024. A disposal would bring in a capital receipt (estimated at a minimum of £400k) which could help to fund the new build programme.

- 3.6 It is proposed that this matrix is used for future reports to support decision making around new and existing schemes. The matrix can be developed further with input from officers and members.

4 FUNDING THE NEW HOMES PROGRAMME

4.1 The New Homes Programme is funded from a variety of sources:

- Capital receipts (including mixed tenures with affordable housing in the form of shared ownership)
- External funding (from agencies such as Homes England)
- Borrowing (paid back through rental income)

This section of the report sets out the recommendations for securing the additional funding required to deliver the next phase of the programme.

4.2 Capital Receipts

4.2.1 The council utilises its Right to Buy capital receipts for the new build programme, which can be used for up to 40% of expenditure on new housing. Numbers of Right to Buy sales vary and may decline with the increase in mortgage rates. The council also utilises capital receipts from the garage and small sites disposals programme which has a few years left to complete. The council aims to maximise its use of these throughout the programme, but as they are ad-hoc receipts future amounts are not known.

4.2.2 Shared ownership sales have been used as an additional way to secure a capital receipt towards the cost of the project. A percentage of the property, typically between 25% and 75%, is sold; with the initial sale providing a capital receipt and a rental income of 2.5% of the unsold equity being charged.

4.3 Brownfield Land Release Fund (BLRF)

This funding has already been secured towards the infrastructure costs of the four sites as set out in the table below. It should be noted that the funding totalling £50,000 for Orchard Road will need to be returned if agreement from committee results in the removal of the site from the programme.

Table 2 – Summary of BLRF funding secured

Scheme	BLRF Secured £
Gloucester Street/Bradley Street	62
Orchard Road	50
Cambridge House	94
Glebelands	215
Total	412

4.4 Homes England

4.4.1 The council can submit a bid to Homes England to secure funding through the 2021-26 Affordable Housing Programme which can be done throughout the course of the programme via the Continuous Market Engagement (CME) route. There are

specific funding conditions attached to the Affordable Housing Programme which are set out in the Capital Funding Guide.

4.4.2 Important to note are the changes to the shared ownership product under the new Homes England programme. Shared owners will now be able to staircase in 1% tranches (previously 10%) and the council will be responsible for the repairs and maintenance of the homes for the first 10 years, currently this is the shared owner's responsibility from the outset. It is recommended that if Homes England funding is to be sought, then this would be on the rented properties only. This would allow the council to continue with the current form of shared ownership rather than the new model, which would create several administrative and cost implications.

4.5 Borrowing

4.5.1 Any remaining funding required after capital receipts (including Right to Buy receipts) and external grant money are utilised, is funded through borrowing. Borrowing costs including interest and repayment of the debt must be funded from the HRA, with the rental income from the new properties being used to cover this. If the rental income is unable to cover these costs it would need to be subsidised from the rents of the wider HRA which would have an adverse financial impact on the HRA.

4.5.2 As the cost of development rises, the amount needing to be borrowed is also likely to increase, but the rental income is not necessarily increasing at the same rate. The interest rate at which the council borrows (usually from the Public Works Loans Board at a favourable rate compared to the market) is also increasing, putting further pressure on the use of the rental income. This will impact the number of years it takes to repay the loan, whilst still being affordable within the income from the scheme.

4.6 Considering a wider mix of rental income

4.6.1 The capital costs of the projects are paid back by the rental income of the new properties and therefore different models of rent will affect the repayment period of the loan and viability of the sites. **Social rent** is calculated using a formula based on the January 1999 value of a property and was historically referred to as 'target rent'. **Affordable rent** was introduced by Homes England in an earlier funding round and allows housing providers to charge up to 80% of the market rent, at this time social rent wasn't funded by the Agency and schemes were unviable without this funding.

4.6.2 Homes England are now encouraging bids for homes at social rents, but due to the lower rental income with which to repay the cost of building the scheme, much higher subsidy is required to make the scheme viable. If Homes England funding was able to cover the difference in rental income through upfront grant subsidy, it may be possible to offer some of the new rented housing at social rents rather than affordable rents.

4.6.3 The committee has previously adopted the policy of capping affordable rents at the Local Housing Allowance (LHA) where they exceeded this figure, for new build schemes. It is recommended that members now also consider revising this approach in line with Homes England's changing funding offer, allowing more flexibility with rent setting, but with the option to charge the **full 80% market rent** in circumstances where developments require a higher rental income to support the cost of delivery.

4.6.4 In these cases, the full 80% market rent would be eligible under Universal Credit and Housing Benefit and applicants would be fully aware of the proposed rent prior to bidding for the property. It is felt that the higher rent can be justified on the new build programme where a high-quality energy efficient home reduces the monthly costs of running the property. It is not proposed to have a mixture of rent options on each site, however, a different rental model may be applied to different schemes; for example, Cambridge House may be 80% of market rent and Glebelands may be social rent with some shared ownership.

4.6.5 To enable Housing Committee to understand the impact these different rents have on the number of years it takes to repay the borrowing; a table has been included in **Appendix D**.

4.7 The revised budget required is set out in table 3 below, with the planned approach to funding the cost of the schemes set out in table 4.

Table 3 – Original budget against revised budget position

Scheme	Original Total Budget Approved £	Revised Total Budget Required £	Difference between original and revised position
Gloucester/Bradley St	1,785	2,511	+726
Glebelands	4,532	6,889	+2,357
Cambridge House	2,751	4,274	+1,523
Queens Drive	1,225	2,034	+809
Land at Canalside	1,816	1,816	0
Total	12,109	17,524	+5,415

Table 4 – Planned approach to funding schemes

Site	SDC Capital Receipts	Independent Living Modernisation Capital Receipts	Right to Buy Receipts	Brownfield Land Release Funding	Estimated Homes England Subsidy	Total Subsidy Scheme	Total Subsidy Per Unit	Total Scheme Borrowing	Loan Repaid Year
Gloucester Street	845		369	62		1,276	160	1,235	49
Glebelands	400	1,500		215	1,133	3,248	141	3,641	47
Cambridge	1,250			94	867	2,211	170	2,063	50
Queens Drive	450		610			1,060	151	974	47
Total	2,945	1,500	979	371	2,000	7,795		7,913	

4.8 The table above assumes the use of capital receipts and that the council is successful in securing £2m of subsidy from Homes England. In the event the council is not successful in its bid, the additional funding would need to be found from future capital receipts including land disposal and right to buy receipts.

5 KEY RISKS TO DELIVERY OF THE PROGRAMME

5.1 New build sites generally have many associated risks which can differ from site to site. The key risks to delivering the programme within the timescales are:

- Failure to obtain planning permission – delays are currently being experienced due to the slow response from statutory bodies.
- Increasing build costs in addition to supply of labour and materials.
- Unknown ground conditions which affect the drainage strategy/costs to deliver the site.
- Legal agreements and statutory authorities such as utility suppliers.
- Ecology (including surveys which are time specific, and any associated licences which may be required from Natural England).

5.2 The team are aware of these risks and seek to actively manage them throughout the duration of the project (for example undertaking additional costing reviews and forecasting inflation costs) though it should be remembered that sometimes they can be beyond the council’s control.

6 CONCLUSION

6.1 It is recommended that officers continue to utilise a mixture of funding streams to support delivery of the programme and that the committee notes an increase in the number of years to repay the borrowing for the programme, and the exceptional increase in building costs now faced in the delivery of schemes.

6.2 It is also recommended that Orchard Road is removed from the programme and a review of the potential, for using the site to deliver temporary housing is undertaken. Further, that a report is brought back to committee within 6 months with a recommendation for its future use, so that a decision can be made to retain or dispose of it before the current planning permission expires in January 2024, with any capital receipt used towards the funding of the New Homes & Regeneration Programme.

6.3 Members are also recommended to delegate a flexible approach to rent setting for schemes to officers, which might now include social rent, affordable rents capped at LHA and full 80% market rent. These will be considered on a site-by-site basis subject to the locality and financial performance of the scheme, ensuring that higher rents are only charged where it is the only option in bringing the site forward in the programme.

6.4 The revised programme for approval by Housing Committee is as follows, noting that further reports will be brought to committee on the Land adjacent to the A419 and Orchard Road.

Table 5 – Summary of programme and budgets for approval

Development	Revised Total Scheme Costs and Budget for Approval £	Number of Years to Repay the Borrowing
Gloucester Street/Bradley Street	2,511	49
Glebelands	6,889	47
Cambridge House	4,274	50
Queens Drive	2,034	47
Land Adjacent to A419	1,816	Subject to review
Total Budget Requested	17,524	

6.5 This represents an additional £5.42m compared to the current budget already approved and contained within the MTFP. It is recommended, therefore, that the revised budgets for the New Homes and Regeneration Programme be recommended for approval to Full Council in

order that the council has certainty of delivery and can seek to procure a contractor. This will enable the continued delivery of much needed affordable homes, at a time when the country faces a cost-of-living crisis, during which time the housing shortage is expected to become more acute.

7. IMPLICATIONS

7.1 Financial Implications

This report sets out the cost and delivery changes to the New Homes and Regeneration Programme. As set out in Table 3 (para 4.7), the increase in cost for the schemes in phase 2 is £5.4m. It is proposed that this is funded from £2m grant income (to be confirmed), £2m of capital receipts and £1.4m of borrowing. This funding mix is subject to change as further funding becomes available.

The New homes programme is funded through a combination of capital receipts, external grant funding and borrowing. In order to prevent the cost of new homes impacting on the Medium Term Financial Plan it is important to ensure that the cost of borrowing can be supported from the new rental income generated from the housing. As the cost of new housing increases, the rental income remains the same and so in order to keep the loan repayments affordable, they have needed to be repaid over a longer period of time. Table 5 (para 6.4) sets out that based on the current costs and funding, these schemes will now take approximately 47-50 years to repay based on current assumptions.

This increase is in part due to the increased cost and also partly due to an increase in interest rates on borrowing. Rents on new properties are currently charged at affordable rents, but capped at the Local Housing Allowance rate. As set out in the report (para 6.3) members may choose to charge more in rents on the new housing, which due to the high energy efficiency rates, have lower running costs. By charging up to full affordable rents (80% of market rents) the borrowing could be repaid sooner, which would reduce risk and also provide a financial benefit to the HRA sooner, as once the borrowing is paid off the rental income would support the wider HRA.

The cost and financing of the schemes will continue to be monitored and reported to Housing Committee as part of the capital programme.

Lucy Clothier, Accountancy Manager

Tel: 01453 754343 Email: lucy.clothier@stroud.gov.uk

7.2 Legal Implications

Under Section 8 of the Housing Act 1985 (the Act) the council have a duty to consider the needs of the district with respect to the provision of further housing accommodation. They may provide housing accommodation by erecting houses or converting buildings into houses, on land acquired by them for the purposes of this duty.

With regards to the proposed option to dispose of land at Orchard Road, Ebley if this is land held for the purpose of providing housing, under Section 32 of the Act the council may require the consent of the Secretary of State unless the disposal falls within the provisions of the General Housing Consents 2013.

It is recommended that officers work with colleagues in Procurement and One Legal to prepare the documents required to run a competitive tender for the procurement of contractors to undertake the construction of any new housing units.

One Legal

Tel: 01684 272016 Email: legalservices@teWKesbury.gov.uk

7.3 **Equality Implications**

There are not any specific changes to service delivery proposed within this decision.

7.4 **Environmental Implications**

The following sets out details of significant implications identified by officers:

The specification for the council's new homes aims to achieve a minimum SAP rating of 86 resulting in an EPC B rating. As set out in 3.1 the council achieved a much higher SAP rating on the first 36 new homes to be delivered in the programme, achieving an EPC A rating. It is intended that this should be replicated across the remainder of the programme. This is a significant step towards meeting the targets set in SDC's Carbon Neutral 2030 Strategy and we will continue to work with contractors to develop ways of meeting our 2030 Stretch goals. The specification of our new homes is above Building Regulations standard and complies with Local Plan policy.

Some of the features which have been included within the specification to support the environmental aspects are: the inclusion of air source heat pumps; recyclable kitchens; and ecological enhancements, including bird/bat boxes, bug hotels and hedgehog holes in all fencing.

New Homes & Regeneration Programme

Key Project Milestones	Feasibility/Legal/Design/Pre-Planning Consultation/Surveys	Planning Submission & Determination	Detailed Design/Procurement/Mobilisation/Discharge Planning Conditions	Start on Site & Construction	Practical Completion
Summersfield Road	Complete	Complete	Complete	Complete	Complete
Broadfield Road	Complete	Complete	Complete	Complete	Complete
Ringfield Close	Complete	Complete	Complete	Complete	Complete
Gloucester Street/Bradley Street	Complete	Complete	In Progress	Slippage from Aug 22 to Jul 23	Slippage from Jul 23 to Jul 24
Orchard Road	Complete	Complete	In Progress	Slippage from Aug 22 to Jul 23	Slippage from May 23 to Jul 24
Cambridge House	Complete	Complete	In Progress	Slippage from Nov 22 to Jul 23	Slippage from Oct 23 to Aug 24
Glebelands	Complete	Complete	In Progress	Slippage from Jan 23 to Jul 23	Slippage from Apr 24 to Oct 24
Queens Drive	In Progress	Jan 23 - Jun 23	Jul 23 - Mar 24	Apr-24	Apr-25
Land Adjacent to Canalside A419 (formerly known as the former Ship Inn)	Officers are continuing to review options for the site - delivery forecast towards the end of the programme in 2024/25 until recommendations are made to Housing Committee in Spring 2023				

Proposed Mix of Units	Affordable Rent	Shared Ownership	Older Person's Shared Ownership	Total No of Units	Total No of Persons
Summersfield Road COMPLETE	4 x 1 bed 2 person flat 2 x 2 bed 4 person house 1 x 3 bed 5 person house (Total 7)	0	0	7	21
Broadfield Road COMPLETE	7 x 1 bed 2 person bungalow 2 x 2 bed 3 person bungalow (Total 9)	0	0	9	20
Ringfield Close COMPLETE	4 x 1 bed 2 person flat 7 x 2 bed 4 person house 4 x 3 bed 5 person house (Total 15)	1 x 2 bed 4 person house 2 x 3 bed 5 person house (Total 3)	2 x 2 bed 3 person bungalow (Total 2)	20	76
Gloucester Street/Bradley Street	5 x 2 bed 4 person house 3 x 3 bed 5 person house (Total 8)	0	0	8	35
Orchard Road	2 x 1 bed 2 person flat 2 x 2 bed 4 person house 1 x 3 bed 5 person house (Total 5)	0	0	5	17
Cambridge House	6 x 2 bed 4 person house 7 x 3 bed 5 person house (Total 13)	0	0	13	59
Glebelands	8 x 1 bed 2 person flat 7 x 2 bed 4 person house 2 x 3 bed 5 person house (Total 17)	3 x 2 bed 4 person house 3 x 3 bed 5 person house (Total 6)	0	23	81
Queens Drive	2 x 1 bed 2 person flat 2 x 2 bed 4 person house 3 x 3 bed 5 person house (Total 7)	0	0	7	27
Land at Canalside A419	2 x 1 bed 2 person flat 3 x 2 bed 4 person house 1 x 3 bed 5 person house (Total 6)	2 x 2 bed 4 person house 1 x 3 bed 5 person house (Total 3)	0	9	34
Totals	88	11	2	101	370

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PROGRAMME PROJECT UPDATE

Symn Lane, Wotton-Under-Edge - the council have reached commercial agreement to acquire three new homes, subject to contract, under a Section 106 agreement. This was to ensure their delivery with no other RP's interested in acquiring them. This will provide three additional homes, comprising two affordable rent and one shared ownership property. Completion of the homes is due later this year with the contracts due to be completed around the same time.

Gloucester Street/Bradley Street, Wotton-Under-Edge - has full planning permission for the construction of eight new affordable rented homes. The site includes four empty properties, two located on Gloucester Street and two on Bradley Street. The existing homes would have required significant investment to improve the standard of accommodation and during the exploration of options for the homes; an opportunity arose to provide additional new affordable housing on the site. The site is currently fenced off and several ecology and ground investigation surveys have been ongoing. Unfortunately, there was a fire at one of the empty properties on Gloucester Street, which has now been made safe and EW Beard Ltd. will be demolishing all four of the properties in March 2023. In the meantime, the New Homes and Regeneration team are de-risking the project by progressing detailed design and liaising with statutory undertakers to develop the drainage and road designs. A start on site is forecast in Q2 of 2023 with completion anticipated in Summer 2024.

Orchard Road, Ebley - see paragraph 3.4.2 of the report.

Cambridge House, Dursley – is a former sheltered housing scheme which is empty. The council have secured full planning permission for thirteen new homes for affordable rent. The site is currently fenced off and awaiting demolition in March 2023 which will be undertaken by EW Beard Ltd. In the meantime, the New Homes and Regeneration team are in the process of discharging several pre-commencement planning conditions and will be taking the same approach as Gloucester Street/Bradley Street, by de-risking the project and progressing detailed design by liaising with statutory undertakers to develop the drainage and road designs. A start on site is forecast in Q2 of 2023 with completion anticipated in Summer 2024.

Glebelands, Cam - is a former sheltered housing scheme which is empty. The council have secured full planning permission for twenty-three new affordable homes, to provide a mix of affordable rent and shared ownership. The site is currently fenced off and awaiting demolition in March 2023 which will be undertaken by EW Beard Ltd. In the meantime, the New Homes and Regeneration team are in the process of discharging several pre-commencement planning conditions and will be taking the same approach as Gloucester Street/Bradley Street and Cambridge House, by de-risking the project and progressing detailed design by liaising with statutory undertakers to develop the drainage and road designs. A start on site is forecast in Q2 of 2023 with completion anticipated in Autumn 2024.

Queens Drive, Cashes Green - is a former garage site owned by the council. The site is fenced off ready for development and the access issues have now been resolved enabling the scheme to be progressed further. A planning application is due to be submitted in early 2023. The site is likely to provide seven new homes for affordable rent. Councillors are aware of the proposals and will be kept up to date as the design is developed further.

Land adjacent to the A419 Canalside - (previously known as the former Ship Inn Site), Stonehouse - members will be aware that this site remains in the new build programme until officers present alternative options for the use of the site in Spring 2023 in consultation with Stonehouse Town Council and the local community. It should be noted that no further activity has taken place on the site from the New Build team since the Council motion was approved to look at options for a suitable use for the site. As this site is not currently being progressed for development, the scheme budgets remain the same and have not been revised to reflect the current cost of delivering the site.

Financial, Social and Corporate Viability Matrices

(for the remainder of the current New Homes & Regeneration Programme)

SCHEME SUMMARY	Site Name	Gloucester Street/Bradley Street	Glebelands	Cambridge House	Queens Drive
	Site Location	Wotton-Under-Edge	Cam	Dursley	Cashes Green
	Scheme Overview	Four empty SDC properties which would have required significant investment to improve the standard of accommodation.	Former sheltered housing scheme currently void following the outcome of the Ark Report identifying the site as a 'red scheme' no longer fit for purpose.	Former sheltered housing scheme currently void following the outcome of the Ark Report identifying the site as a 'red scheme' no longer fit for purpose.	Former garage site owned by SDC.
	Summary of Units & Tenures	<u>Affordable Rent</u> 5 No 2 bed 4 person houses 3 No 3 bed 5 person houses Scheme Total - 8 affordable homes (35 persons)	<u>Affordable Rent</u> 8 No 1 bed 2 person flats 7 No 2 bed 4 person houses 2 No 3 bed 5 person houses <u>Shared Ownership</u> 3 No 2 bed 4 person houses 3 No 3 bed 5 person houses Scheme Total - 23 affordable homes (81 persons)	<u>Affordable Rent</u> 6 No 2 bed 4 person houses 7 No 3 bed 5 person houses Scheme Total - 13 affordable homes (59 persons)	<u>Affordable Rent</u> 2 No 1 bed 2 person flats 3 No 2 bed 4 person houses 2 No 3 bed 5 person houses Scheme Total - 7 affordable homes (26 persons)
Corporate Strategic Approval	Approval of Housing Committee, Director of Resources, Director of Communities, Head of Housing, Head of Housing Contracts, Head of Property Services, Head of Strategic Housing Services	Approval of Housing Committee, Director of Resources, Director of Communities, Head of Housing, Head of Housing Contracts, Head of Property Services, Head of Strategic Housing Services	Approval of Housing Committee, Director of Resources, Director of Communities, Head of Housing, Head of Housing Contracts, Head of Property Services, Head of Strategic Housing Services	Approval of Housing Committee, Director of Resources, Director of Communities, Head of Housing, Head of Housing Contracts, Head of Property Services, Head of Strategic Housing Services	
FINANCIAL SUMMARY	Total Scheme Cost vs. Market Sales Value	101.90%	115.28%	112.23%	136.21%
	Build Cost per m2	£3,502	£3,755	£3,566	£3,778
	Subsidy required to re-pay loan over 30 years	£1,640,266	£4,238,299	£2,860,117	£1,313,094
	Number of Years to Repay Borrowing Based on Proposed Subsidy Below	49	47	50	47
	Proposed Subsidy Sources & Amounts:	-	-	-	-
	Brownfield Land Release Fund (BLRF)	£62,000	£215,000	£94,000	
	SDC Capital Receipts	£845,000	£400,000	£1,250,000	£450,000
	Independent Living Capital Receipts		£1,500,000		
	Right to Buy Receipts	£369,000			£610,000
	Homes England		£1,133,333	£866,667	
TOTAL SUBSIDY PER AFFORDABLE RENTED UNIT	£160,000	£191,078	£170,000	£151,000	
TOTAL SCHEME SUBSIDY	£1,276,000	£3,248,333	£2,210,667	£1,060,000	
SOCIAL VALUE	Social Benefits	Contributing to a vibrant and healthy community by increasing new affordable homes and reducing the running costs to tenants.	Contributing to a vibrant and healthy community by increasing new affordable homes with a variety of tenures and reducing the running costs to occupants.	Contributing to a vibrant and healthy community by increasing new affordable homes and reducing the running costs to tenants. The development of this site will also include the renovation of the play space directly to the west of the site.	Contributing to a vibrant and healthy community by increasing new affordable homes and reducing the running costs to tenants.
	Economic Benefits	Providing contributions to the local economy and economic growth that supports social outcomes, by encouraging a diverse base of suppliers including SME's and securing added value to contracts.	Providing contributions to the local economy and economic growth that supports social outcomes, by encouraging a diverse base of suppliers including SME's and securing added value to contracts.	Providing contributions to the local economy and economic growth that supports social outcomes, by encouraging a diverse base of suppliers including SME's and securing added value to contracts.	Providing contributions to the local economy and economic growth that supports social outcomes, by encouraging a diverse base of suppliers including SME's and securing added value to contracts.
	Environmental Benefits	Protecting, promoting and enhancing the environment by going above industry standards and achieving high energy ratings.	Protecting, promoting and enhancing the environment by going above industry standards and achieving high energy ratings.	Protecting, promoting and enhancing the environment by going above industry standards and achieving high energy ratings.	Protecting, promoting and enhancing the environment by going above industry standards and achieving high energy ratings.
SDC PRIORITIES	Links to Council Priorities	1. Strategy for New Council Homes 2. Housing Strategy 3. Carbon 2030 Strategy	1. Strategy for New Council Homes 2. Housing Strategy 3. Carbon 2030 Strategy	1. Strategy for New Council Homes 2. Housing Strategy 3. Carbon 2030 Strategy	1. Strategy for New Council Homes 2. Housing Strategy 3. Carbon 2030 Strategy

*Although the Social Value and SDC Priorities identified above are all similar, this will not necessarily be the case for future opportunities so still provides a useful comparison.

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Impact of different rental models

Scheme	Number of Years to Re-pay Borrowing		
	Affordable Rent (Capped at Local Housing Allowance)	Affordable Rent (Full 80% Market Rent)	Social Rent (100% Target Rent)
Gloucester Street	49	26	71
Glebelands	47	33	50
Cambridge House	50	33	81
Queens Drive	47	29	86

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STROUD DISTRICT COUNCIL

HOUSING COMMITTEE

TUESDAY, 06 DECEMBER 2022

Report Title	Budget Monitoring Report 2022/23 Quarter 2			
Purpose of Report	To present the 2022/23 forecast outturn position against the General Fund and Housing Revenue Account (HRA) revenue budgets and Capital Programme that the Committee is responsible for, in order to give an expectation of possible variances against budget.			
Decision(s)	The Committee RESOLVES To note the outturn forecast for the General Fund and HRA revenue budgets and the Capital Programmes for this Committee			
Consultation and Feedback	Budget holders have been consulted about the budget issues in their service areas. The feedback has been incorporated into the report to explain differences between budgets and actual income and expenditure.			
Report Author	Jon Coldridge, Principal Accountant Tel: 01453 754030 Email: jon.coldridge@stroud.gov.uk			
Options	None			
Background Papers	None			
Appendices	None			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	No	No	No

1. INTRODUCTION

- 1.1 The purpose of this report is to notify members of any known significant variations to budgets for the current financial year, highlight any key issues, and to inform members of any action to be taken if required.

2. Summary

- 2.1 The General Fund revenue position shows an expected underspend of (£158k) below budget, as shown in Table 1. The General Fund capital forecast shows a net capital programme variance of £0k
- 2.2 The HRA is currently expected to have a revenue overspend of £559k and a net capital programme variance of £0k.

3. General Fund Revenue Budget Position

- 3.1 Council approved the original General Fund revenue budget for 2022/23 in February 2022. The latest budget for Housing Committee, following carry forwards from 2021/22, is £1,098k.

3.2 The budget monitoring position for the service at Quarter 2 shows an underspend of (£158k), as summarised in Table 1.

Table 1: General Fund Revenue Budgets

	Para Refs	2022/23 Original Budget (£'000)	2022/23 Revised Budget (£'000)	2022/23 Forecast Outturn (£'000)	2022/23 Reserve Transfers (£'000)	2022/23 Outturn Variance (£'000)
Housing Committee						
Housing Advice	3.3	562	553	421	0	(132)
Housing Strategy	3.4	166	333	265	43	(25)
Private Sector Housing		163	213	212	0	(1)
Housing General Fund Total		890	1,098	897	43	(158)

3.3 Housing Advice and Homelessness – (£132k) underspend

The cost of temporary accommodation is currently expected to be (£132k) lower than budget. The bulk of this (£100k), relates to reduced forecast Bed and Breakfast expenditure where it anticipated fewer referrals will be made within year. There has also been a forecast loss of income of £30k for reimbursement of housing benefit. The remaining (£62K) being additional grant funding of received from the Department for Levelling up, Housing and Communities (DLUHC).

This cost could fluctuate throughout the year and will continue to be monitored closely.

3.4 Housing Strategy – (£25k) underspend

The (£25k) variance within Housing Strategy relates to work grant funded by the DLUHC using previously received grants.

4. General Fund Capital Programme

4.1 The Housing General Fund Capital Programme was approved by Council in February 2022. This has subsequently been revised to £6,963k after slippage from 2021/22. This includes revised capital budgets due to reprofiling of capital programmes over financial years as included in the Budget Setting report.

4.2 The following table gives a breakdown of the programme.

Table 2 – Housing Committee Capital Programme

	Para Refs	2022/23 Original Budget (£'000)	2022/23 Revised Budget (£'000)	2022/23 Forecast Outturn (£'000)	2022/23 Outturn Variance (£'000)
Housing Capital Schemes					
Disabled Facilities Grant Scheme		350	350	350	0
Green Home LADS Park Homes	4.3	0	90	90	0
Green Homes LADS 3		1,030	945	945	0
Health through Warmth Grants		200	200	200	0
Home Upgrade Grant - Sustainable Warmth		4,218	4,133	4,133	0
Private Sector Housing Loans		15	15	15	0
Temporary Accommodation		0	190	190	0
Warm Homes	4.4	0	40	40	0
Warm Homes-Low Carbon Initiatives	4.5	0	1,000	1,000	0
Housing General Fund Capital Schemes TOTAL		5,813	6,963	6,963	0

5. Housing Revenue Account Budget Position

- 5.1 The original net Housing Revenue Account (HRA) budget for 2022/23 is a transfer to reserves of £1,008k, as approved by Council in February 2022.
- 5.2 The monitoring position for the service at Quarter 2 shows a projected net overspend of £559k (2.1%) of gross spend against the current budget, following a proposed net transfer to earmarked reserves of (£90k), as shown in Table 3 (below).
- 5.3 The Forecast Outturn position includes estimates of the increased gas and electricity costs that have been calculated in response to the overall national utility price rises. These have been calculated based on a combination of actual usage rates / prices for the first 6 months of the year and historical usage rates at the new contract rate prices (capped for winter rates) for the second 6 months of the year, in line with the recent utility contract agreements. The actual impact of these rises within the HRA is an increase in Gas cost of £150k 530% and Electricity £195k 295%.
- 5.4 The Forecast Outturn position also includes an increase in respect of the pay award (which is determined nationally). This has been agreed with an additional £1,925 applied to all grades and backdated to 01 April 2022.

Table 3 – HRA Revenue Summary

	Para Refs	2022/23 Original Budget (£'000)	2022/23 Revised Budget (£'000)	2022/23 Forecast Outturn (£'000)	2022/23 Reserve Transfers (£'000)	2022/23 Outturn Variance (£'000)
Housing Committee						
Dwelling rents and service charges		(23,615)	(23,615)	(23,604)	0	10
Other charges and income		(644)	(644)	(687)	0	(43)
Provision for bad debt		200	200	200	0	0
Total Income	5.5	(24,058)	(24,058)	(24,091)	0	(33)
Supervision and management	5.6	4,538	4,538	4,334	0	(204)
Repairs and maintenance	5.7	5,294	5,294	5,826	0	532
Independent Living service	5.8	692	692	871	0	179
Other expenditure	5.9	575	575	626	0	51
Independent Living Modernisation	5.10	452	452	487	0	35
Total Expenditure		11,551	11,551	12,143	0	592
Support Service Charges from the GF		2,408	2,408	2,408	0	0
Interest payable/receivable		3,359	3,359	3,359	0	0
Provision for repaying debt		1,012	1,012	1,012	0	0
Revenue funding of capital programme (Depn & RCCO)		7,894	7,240	7,240	0	0
Total Other Costs and Income		14,673	14,019	14,019	0	0
Total Net Expenditure		2,166	1,512	2,071	0	559
Transfers to/(from) HRA earmarked reserves		(1,158)	(90)	(90)	0	0
Transfers to/(from) HRA general reserves		(1,008)	(1,422)	(1,422)	0	0
Total Housing Revenue Account		0	0	559	0	559

Note: table may contain rounding differences

5.6 **Income – (£33k) additional income**

During the course of the last financial year the number of empty council house properties undergoing works to make them ready to be let significantly reduced from 164 at the start of 2021/22 to 71 at the year end. The Property Care team have worked exceptionally hard over this period and during the first quarter of 2022, and have reduced the figure further to 30-35, which is now in line with pre pandemic levels.

The hard work of the Property Care team and its contractors assisted through additional targeted resources has meant we are continuing to reduce the recent historical backlog. Material and labour supply chains still remains uncertain, and we will continue monitor how this may impact on workstreams.

As a result of the reduction in the voids there has been an increase in let properties and therefore rental income.

Garage rents are expected to be higher than budgeted but will continue to reduce in line with the approval to review the use of all garage sites.

An allowance for non payment of rents is included in the Provision for Bad Debt line. The amount is not yet known and it is hoped that this can be reduced during the year through proactive support for tenants including sustainable payment arrangements to maintain tenancies.

Income levels will continue to be monitored.

5.7 **Supervision and Management – (£204 k) underspend**

During 2021/22 and early 2022/23 a number of posts became vacant and are actively being recruited for through the due process. While these posts are in the process of recruitment, performance of the service has been strong. Taking into account vacancy and recruitment across the quarter and a reduction in IT software purchase and upgrades the underspend is estimated to be (£128k).

5.8 **Repairs and maintenance – £532k overspend**

There were also a number of posts that became vacant in 2021/22 within Property Care. These vacancies are currently actively being recruited for in order to maintain service delivery. Taking into account vacancy and recruitment across the quarter the underspend is estimated to be (£205k).

Where trade posts have remained vacant additional costs are being recorded for sub-contractors in order to maintain work patterns. Further work is being undertaken by the property care team to establish the impact of inflation as well as the costs of labour and materials in respect of the overall service position. The estimated variance of for sub-contractors is £332k which is a combination of current working sub-contractor requirements and also cover for vacant trade posts.

Capacity for delivering voids remains high as a result of which the variance has increased by £162k. A further £75k increased variance relates to council tax on voids which will reduce as the number of voids decrease.

Additional slippage expenditure of £140k where costs exceeded the insured value are carried forward from 2021/22. Predominantly this relates to exceptional costs of making safe, rebuilding the property and reinstating surrounding properties following an incident in Newport.

5.9 Independent Living Service - £179k overspend

The £179k overspend is due to the high increased costs of both Gas and electric supply within the independent living properties for which tenants have been protected against for 2022/23.

5.10 Other Expenditure - £51K overspend

The £51k overspend is due to the high increased costs of electric supply within the communal areas of flat blocks for which tenants have been protected against for 2022/23.

5.11 Independent Living Modernisation - £35k overspend

The overspend relates to Council Tax charges in respect of buildings at Glebelands and Cambridge House which are due to be demolished. Phase 1 extension of time costs, increase in build costs, Covid and Brexit have all contributed to delays in the programme. It is anticipated that the demolition will start in January 2023.

5.12 Transfers to/from Earmarked reserves

The earmarked reserve transfers included in the budget are shown in the table below.

The transfer from the Independent Living Modernisation is in line with the approved budget.

Further changes to this position are likely, including for the Transformation and Retrofit reserves. This will be reported in later budget monitoring reports.

Table 4 – HRA Earmarked Reserves – budgeted transfers

Earmarked Reserves	Opening Balance	Transfer in	Transfers out	Closing Balance
	(£'000)	(£'000)	(£'000)	(£'000)
Independent Living Modernisation	2,987	1,000	(1,100)	2,887
Estate Redevelopment	1,170	0	(1,170)	0
HRA General Contingency	100	0	0	100
HRA Carry Forwards	100	0	(100)	0
Provision for repayment of debt	1,885	1,012	0	2,897
Transformation	377	39	(39)	377
Retrofit	168	0	(168)	0
	6,787	2,051	(2,577)	6,261

6. HRA Capital Programme

6.1 The HRA capital programme has been revised to £16.389k for 2022/23. This includes revised capital budgets due to reprofiling of capital programmes over financial years as included in the Budget Setting report.

6.2 The following table gives a breakdown of the current capital programme.
Table 5 – HRA Capital

Capital Summary	Para Refs	2022/23 Original Budget (£'000)	2022/23 Revised Budget (£'000)	2022/23 Forecast Outturn (£'000)	2022/23 Outturn Variance (£'000)
Central Heating		1,181	648	648	0
Disabled Adaptations		155	155	155	0
Kitchens and Bathrooms		1,446	1,696	1,696	0
Major Works		464	515	515	0
Compliance		434	344	344	0
Doors and Windows		509	644	644	0
Electrical Works		499	471	471	0
Environmental Works		515	515	515	0
Door Entry		217	217	217	0
External Works		2,515	2,515	2,515	0
Fire Risk Works		490	490	490	0
Decarbonisation Projects		0	2,883	2,883	0
Total Major Works		8,425	11,093	11,093	0
IT Systems		0	435	435	0
Total Other Capital Works		0	435	435	0
Southbank, Woodchester		0	0	0	0
New Homes Contingency		50	50	50	0
Canal side: Corner of A419/Downton Rd (Former Ship Inn site)		284	0	0	0
Glebelands		4,508	358	358	0
Cambridge House		2,764	198	198	0
Broadfield Road, Eastington		0	95	95	0
Orchard Road, Ebley		762	0	0	0
Queens Drive, Cashes Green		488	26	26	0
Ringfield Close, Nailsworth		0	1,342	1,342	0
Summersfield Road, Minchinhampton		0	0	0	0
Gloucester St and Bradley St, WuE		1,665	94	94	0
Completed Schemes		50	50	50	0
Total New Build and Development		10,571	2,213	2,213	0
Independent Living Modernisation		648	648	648	0
Total Independent Living Modernisation		648	648	648	0
Acquisitions		2,000	2,000	2,000	0
Opportunity Land Acquisition Pot		0	0	0	0
Total Acquisitions		2,000	2,000	2,000	0
Total Capital Expenditure		21,644	16,389	16,389	0

6.3 **Major Works – no reported variance**

6.4 Major works programmes are all currently expected to deliver to budget. following a reprofiling of the capital programme.

6.5 **Other Capital Works – no reported variance**

£435k is allocated for the implementation of a new Housing IT system.

6.6 **New Build and Regeneration – on target**

Construction is complete at Broadfield Road and Ringfield Close and an assessment of closure costs and the outturn position is underway. These sites have delivered a total of 29 affordable properties (24 affordable rent, 3 shared ownership and 2 Older person's shared ownership). The final project costs and outturn position will be reported in a future budget monitoring report when the assessment of closure costs is complete.

6.7 **Independent Living Housing Modernisation – no variance reported**

The Independent living modernisation programme is on target for 2022/23.

6.8 **Acquisitions – on target**

No properties were purchased in quarter two however further properties have been identified to add to the general needs housing stock and work will continue to find properties and/or land to increase housing offered by the council.

This budget is opportunity led, and may not be used in full in each financial year.

7. **IMPLICATIONS**

7.1 **Financial Implications**

This report is of a financial nature, reporting on previous financial activities and expected forecasts. Potential financial pressures are detailed in the report.

Lucy Clothier, Accountancy Manager

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7.2 **Legal Implications**

There are no legal implications arising from this report and the recommendation.

One Legal

Tel: 01684 272017 Email: legal.services@onelegal.org.uk

7.3 **Equality Implications**

There are not any specific changes to service delivery proposed within this decision.

7.4 **Environmental Implications**

There are no significant implications within this category.

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STROUD DISTRICT COUNCIL
HOUSING COMMITTEE
TUESDAY, 6 DECEMBER 2022

Report Title	Housing Committee Budget Estimates – Revised 2022/23 And Original 2023/24 and Housing Revenue Account (HRA) Medium Term Financial Plan 2022/23 – 2026/27			
Purpose of Report	To present to the committee the revised budget estimates for 2022/23 and the original estimates for 2023/24			
Decision(s)	<p>The Committee RECOMMENDS to Strategy & Resources and Council that:</p> <p>a) The revised General Fund Housing revenue budget for 2022/23 and original budget 2023/24 are approved</p> <p>b) The Fees and Charges list in Appendix A is approved</p> <p>c) The revised HRA revenue budget for 2022/23 and original budget 2023/24 are approved</p> <p>d) The movement to and from HRA balances and capital reserves as detailed in Appendix C and section 11 are approved</p> <p>e) That from 1 April 2023:</p> <p style="padding-left: 20px;">i. Social rents and affordable rents are increased by 7%, in line with national rent guidance</p> <p style="padding-left: 20px;">ii. Garage rents are increased by 7%</p> <p style="padding-left: 20px;">iii. Landlord service charges are increased by 7%, except Independent Living Scheme charges and district heating charges which are increased as set out in Appendix B</p> <p>f) That the General Fund Housing Capital Programme, as detailed in Section 4Error! Reference source not found., be included in the Council’s Capital Programme</p> <p>g) That the HRA Capital Programme for 2022/23 to 2026/27, as detailed in Appendix D, be included in the Council’s Capital Programme.</p>			
Consultation and Feedback	Budget holders and senior managers Member briefing			
Report Author	Lucy Clothier, Accountancy Manager Tel: 01453 754343 Email: lucy.clothier@stroud.gov.uk			
Options	Recommend to Strategy and Resources: a) Reduced or increased capital or revenue expenditure b) Reduced dwelling rents c) Reduced or increased landlord service charges and garage rents			
Background Papers	None			
Appendices	Appendix A – General Fund fees and charges Appendix B – HRA rents and service charges Appendix C – HRA MTFP Appendix D – HRA Capital Programme and funding			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	No	No	No	No

1. Background

- 1.1 The Medium Term Financial Plan (MTFP) Update report to Strategy and Resources Committee in September 2022 set out the way in which the Council would approach setting budgets for the forthcoming financial year.
- 1.1 The Committee's service revenue budgets have been prepared in accordance with the budget framework set out in the Budget Strategy report. They are presented in draft format and are subject to further change as the budget setting process progresses. Any subsequent changes will be included in the MTFP report to Strategy and Resources and Council.
- 1.2 **It would be helpful where members have questions on matters of detail if they could be referred to the report author or the appropriate service manager before the meeting.**

2. Summary

- 2.1 This report sets out the revised budgets for 2022/23 and the proposed base budgets for 2023/24 for General Fund Housing and the Housing Revenue Account (HRA).
- 2.2 General Fund Housing
- 2.3 The proposed revised budget for 2022/23 is £1,122k. This includes an adjustment for the pay uplift for 2022/23 of £24k and £253k of earmarked reserve funded items. The proposed budget for 2023/24 is £930k, with reserves transfers of £26k.
- 2.4 Updated fees and charges are included in Appendix A.
- 2.5 The capital programme is proposed to be revised to £6,963k in 2022/23, with a base budget of £365k in 2023/24.
- 2.6 Housing Revenue Account
- 2.7 A revised budget for 2022/23 to take into account the pay award in 2022/23, and an amendment for depreciation costs, includes a transfer from HRA general reserves of £1,611k. A transfer from general reserves of £1,873k will be needed to fund the proposed budget for 2023/24.
- 2.8 It is proposed that weekly rents increase by 7%. Service charges for Independent Living and district heating systems to increase to reflect the cost of gas and electricity (at a protected rate), with other charges and garage rents to increase by 7% in line with rents.
- 2.9 The revised capital programme for 2022/23 is £16,389k, with a proposed base budget in 2023/24 of £25,710k.
- 2.10 Due to the increase in costs and protected levels of income, the current financial position of the HRA is not sustainable, with significant savings needed to be found to bridge the gap between expenditure and income.
- 2.11 A balanced budget can be maintained in the short term, and the Strategic Director will lead a full review of the service, in consultation with members and tenants, in order to find a long term solution.

3. General Fund Housing

- 3.1 Members will be aware from both the 2022/23 budget and MTFP (approved in February 2022) and the MTFP Update reports, the Council is facing a number of financial challenges in 2023/24 and future years. A budget deficit has been forecast due to anticipated reductions in the level of Government funding and inflationary/cost pressures across the Council's services.

- 3.2 The original budget for General Fund Housing was £890k, which has been revised to £1,122k following a carry forward of £253k from 2021/22 and an adjustment to the 2022/23 pay award of £24k.
- 3.3 It is proposed that the original budget for 2023/24 be set at £930k, which includes items funded by transfers from reserves of £26k, as set out in Table 1.

Table 1 – Summary of General Fund Housing Budget

	2022/23 Revised Estimate £k	2023/24 Original Estimate £k
Base Budget	890	1,122
Virements/adjustments	208	(216)
Recurring changes:		
Pay increases	24	31
Proposed budget adjustments		(7)
Net Service Budget	1,122	930
Transfers to/from reserves	(253)	(26)
Net Service Budget (after Reserve Funding)	869	903

- 3.4 The pay increase of £24k in 2022/23 relates to the pay award of £1,925 backdated to 1 April 2022 (which is higher than the 2.75% included in the base budget). In 2023/34 a salary uplift of 5% is included, in line with the Budget Strategy. Also included within this is the reversal of the additional 1.25% National Insurance contribution.
- 3.5 There are some proposed budget adjustments within the budget for next year, as set out in the following table.

Table 2 – Summary of proposed budget adjustments

	£k	
Homelessness grant	0	A homelessness grant from the Department for Levelling Up, Housing and Communities (DLUHC) was expected to end in the MTFP, but this is now expected to continue into 2023/24. Although there is no change to the budget, there is a positive impact compared to the MTFP assumptions.
Temporary Accommodation	(9)	A planned reduction to the temporary accommodation budget
Other minor changes	2	
Total	(7)	

4. General Fund Housing Capital

- 4.1 The base capital budget for 2022/23 is £5,813k. The proposed revised budget is £6,963k following capital slippage from 2022/23, with an addition of a new grant funded scheme: Warm Homes – Low Carbon Initiatives. The proposed base budget for 2023/24 is £365k. Should any new external funding become available for supporting energy efficiency

measures in private housing, a bid would be considered and reported to Housing Committee.

4.2 Table 3 below sets out the full capital programme.

Table 3 - General Fund Housing Capital Programme

	Base Budget 2022/23 £000s	Current Budget 2022/23 £000s	Base Budget 2023/24 £000s
Disabled Facilities Grant Scheme	350	350	350
Green Home LADS Park Homes	0	90	0
Green Homes LADS 3	1,030	945	0
Health through Warmth Grants	200	200	0
Home Upgrade Grant - Sustainable Warmth	4,218	4,133	0
Private Sector Housing Loans	15	15	15
Temporary Accommodation	0	190	0
Warm Homes	0	40	0
Warm Homes-Low Carbon Initiatives	0	1,000	0
Total	5,813	6,963	365

5. Housing Revenue Account (HRA)

- 5.1 The HRA base budget for 2022/23 has a transfer from HRA general reserves of £1.008m. The proposed revised budget for 2022/23 has a transfer from general reserves of £1.612m with additional budget requirement identified for the salary uplift and revised depreciation.
- 5.2 The base budget for 2023/24 has expenditure of £29.346m funded by income of £26.260m and a transfer from earmarked reserves of £1.213m, leaving a transfer from general reserves required of £1.873m.
- 5.3 Table 4 shows a summary of the budget changes from 2022/23 to 2023/24. It should be noted that some of these changes were previously planned and so do not represent a significant change from the long term position. There are, however, a number of inflationary pressures that do affect the long term position.
- 5.4 Further detail on the changes is included in the sections after the table. The impact of these changes on the MTFP is shown in section 11.

Table 4 – Summary of HRA Budget Changes

	Para	Budget Changes 2022/23
Transfer to reserves 2022/23 - base		1,008
Pay Award Adjustments	7.1	190
Depreciation amendment	9.4	414
Transfer to reserves 2021/22 - revised		1,612
Rents and service charges	6	(2,212)
Pay and Price inflation:		
Contract Inflation	7.2	407
Utilities	7.4	786
Insurance Adjustments	7.3	82
Pay Inflation	7.1	261
NI Adjustments	7.1	(45)
Service changes:		
Tenant Support Fund	8.2	200
Staffing	8.3	167
Disrepair claims	8.4	40
Property Care (excl staffing)	8.5	531
Compliance	8.7	(147)
Cyclical maintenance programme	8.8	(596)
Revenue funding of major works	8.10	911
Regeneration	8.11	(52)
Independent Living	8.12	(15)
Voids	8.13	(137)
Consultant costs	8.11	(70)
Property Services	8.11	(50)
IT	8.14	(73)
Central changes:		
Interest receivable	9.1	(180)
Vacancy Savings	9.2	(140)
Provision for repaying debt	9.3	14
Depreciation/Transfer to MRR	9.4	330
Support Service Charges	9.5	291
Other minor changes (net)		(42)
Transfer from reserves 2022/23		1,873

6. Proposed Rents and Service Charges 2023/24

- 6.1 Rents and service charges provide the funding for all services provided within the landlord service, including tenancy management and the maintenance of the housing.
- 6.2 Appendix B set out the proposed increases in rents and charges for the HRA.
- 6.3 Dwelling rents

- 6.4 Ordinarily rents, which are regulated by the Regulator of Social Housing, would be permitted to increase by up to the Consumer Price Index (CPI) plus 1%. CPI at September was 10.1%, which would have allowed rents to be increase by up to 11.1%.
- 6.5 Following a consultation, it has been announced by the Government that rents for social and affordable housing will be capped at a 7% increase.
- 6.6 A 7% increase, would increase the average weekly rent from £88.81pw to £95.02pw, an increase of £6.21pw.
- 6.7 On becoming vacant, dwellings at social rent are being relet at the Formula Rent (also known as 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. It is currently expected that the Formula rent will increase by the full inflationary uplift of 11.1%, but this is not yet confirmed.
- 6.8 Currently 64% of tenants have rents below the Formula Rent (a decrease from 68% last year), with average rents £1.33 per week less that the Formula Rent. This figure has been gradually reducing as dwellings become void and are relet, but as existing tenancies will be unaffected it is a very gradual change. If Formula Rents rise by 11.1% and current rents increase by 7%, all tenants will be paying less than Formula Rent, with an average difference of £5.07 per week. This equates to approximately £1.2m per year.
- 6.9 Members could choose to implement Social Rents at above Formula/Target Rent on relet (up to 5% on General Needs and 10% on Sheltered properties), but this is not being proposed at this time.
- 6.10 Shared ownership rents
- 6.11 Shared ownership rents must increase by the inflationary uplifts set out in each lease. Shared ownership rents increase by the Retail Price Index (RPI) plus 0.5%, but not all are based on the same month. For those based on September RPI, the increase will be 13.1% (12.6% RPI plus 0.5%). Although it is not possible to amend the rents due to the lease agreement, it would be possible to support shared owners as well as tenants in any welfare support (ie the tenant support fund), if desired.
- 6.12 District Heating charges
- 6.13 There are five Independent Living schemes which have district heating systems, where a central boiler provides heat and hot water for all of the residential units and the communal area. In this instance Stroud District Council pays for the gas and recharges the cost to the tenants.
- 6.14 At budget setting for 2022/23 it was expected that the cost of gas would increase, however it was not known how much and members chose to protect tenants from the increase in costs in the short term. The average weekly charge to tenants for the district heating system is £7.38.
- 6.15 The cost of gas has risen enormously, and based on the current unit cost of gas, the actual average weekly charge would need to be in the region of £54 per week. This cost is reduced until March 2023 with government support, but as the supply of gas is through the council, it is capped at a commercial rate, rather than the lower residential rate. It is not known if government support for commercial supply will extend beyond March 2023.
- 6.16 If the charges to tenants were based on the expected cost of gas with a residential cap, to prevent tenants being penalised for their heating being provided by the council, the average charge would be £28.09pw. This assumes a reduction in usage of 10%.
- 6.17 Any decision to charge tenants less than the full cost will require subsidy from the wider HRA. At the average charge of £28.09pw the subsidy required would be in the region of £220k.

6.18 Independent Living Scheme charges

6.19 The cost of providing services in Independent Living has increased, in particularly for staff costs due to the pay uplift and the cost of electricity. It is suggested that in line with the district heating system charges, electricity is capped at the residential rate. As electricity usage in the schemes has also been recalculated there are different uplifts between each scheme.

6.20 Independent Living Scheme charges are eligible for Housing Benefit and Universal Credit. It is proposed that tenants on protected (reduced) service charges are increased by the average uplift across all schemes of 14%.

6.21 In line with the district heating charges, by not passing on the full cost of electricity within the charges, there will be an element of subsidy provided by the wider HRA.

6.22 A full list of charges is included in Appendix B.

6.23 Garage rents and service charges

6.24 It is proposed that garage rents and all other service charges increase by 7% in line with rents.

7. **Pay and Price Inflation**

7.1 In line with the MTFP Update, future years pay inflation has been provided for in the MTFP at a rate of 5%. There has also been an adjustment to the 2022/23 budget for the pay award which has been agreed at £1,925 (an increase from the 2.75% included within the base budget). The additional employers National Insurance contribution of 1.25%, which was added for 2022/23, has now been reversed out.

7.2 Non pay contract inflation, particularly across repairs and maintenance contracts, has been included at 10%.

7.3 The cost of insurance premiums has risen considerably. This is in part due to inflationary uplifts across the insurance sector, but has also been affected by claims made against the policy.

7.4 The cost of gas and electricity has risen significantly and has been included in the budget at the current contract price.

7.5 These charges will continue to be monitored and if necessary will be updated before the budget proposals go to Strategy and Resources and Council. If this occurs, an additional report or a briefing note will be issued to Housing Committee.

8. **Service Changes**

8.1 There are a number of changes to the service budgets for 2022/23.

8.2 It is recognised that although the increase in rents and charges to tenants have been capped where possible, the increases are higher than in many other years and at a time when many households are facing financial pressures. All rents and most service charges (with the exception of district heating as this is equivalent to other tenants having to pay directly to heat their homes) are eligible for Universal Credit and Housing Benefit, but there may be tenants who are not eligible for benefits or who have reached the benefit cap. A tenant support fund of £200k has been included within the proposed budget, in order to support tenants and shared owners. This pot will reduce to nil over a period of up to four years, with the details of eligibility to be determined. If some, or all, of this pot is used to fund discretionary housing payments, approval will be needed from the Secretary of State (since

Discretionary Housing Payments are a General Fund function and so can't be automatically paid from the HRA). There is no reason to assume that approval wouldn't be given.

- 8.3 The new Head of Housing post has been included within the ongoing budget, partially funded from removing the Tenancy Operations Manager. Three fixed term Senior Housing Officers have also been included for a period of up to two years.
- 8.4 The number of disrepair claims remains high and work continues to reduce the number of claims through both the maintenance programme and robust reporting. Any funding paid in disrepair claims reduces funding available for the maintenance programme.
- 8.5 High inflation has significantly affected the cost of maintenance provided through Property Care. The cost of materials and subcontractors has increased by more than the cost of inflation, pushing up the overall resource needed to provide the same level of works.
- 8.6 Property Care is also affected by the pay award in 2022/23 and the assumed pay uplift for 2023/24, and this is included within the Pay Inflation line.
- 8.7 The one year large increase in radon works in 2022/23 comes out in 2023/24, although this is partially offset by an increase in fire works. These are part of planned programmes and the budgets fluctuate annually.
- 8.8 There is expected to be an increase in pressure from the Housing Ombudsman and Social Housing Regulator, particularly with respect to damp and mould. Any additional costs associated with this will need to come from existing budgets.
- 8.9 The current cyclical maintenance programme comes to a planned end in 2022/23 and so is removed from the budget for 2023/24. There will be a short break before the next programme starts, in line with the lifespan of the materials used.
- 8.10 The continued large investment in capital works on the housing stock needs additional revenue funding to fund the costs as the capital funding is depleted. This was planned over the longer term, but increased costs have meant that it is required earlier than previously expected.
- 8.11 The Regeneration posts, which were agreed for a period of two years, end in 2022/23. There are also planned reductions in consultant costs and the small sites budget.
- 8.12 Some savings have been made in Independent Living in order to try and offset some of the additional cost of electricity in communal areas.
- 8.13 The revenue budget for voids has been reduced, with the bigger part relating to reduced payment of council tax on void properties. Although the revenue cost of voids has reduced, there are still a high number of voids needing significant works in the capital voids budget.
- 8.14 The investment in a new IT system is expected to assist in reducing the ongoing cost of IT services.

9. Central Changes

- 9.1 Interest received is expected to increase despite reducing levels of reserves, due to the recent increase in interest rates.
- 9.2 In order to help balance the budget this year, a vacancy saving has been assumed of £140k. This will not prevent vacant posts being filled, but represents an assumption that there will be some vacant posts across the year. The vacancy savings have been higher than this in recent years.
- 9.3 The provision for repayment of debt is due to increase by £14k. This is in line with the proposal agreed by Housing Committee to repay the existing borrowing (predominantly the self financing debt) over 60 years.

- 9.4 The depreciation charge is due to increase by an estimated £330k. The amount set aside for depreciation gets transferred to the Major Repairs Reserve and is used to fund capital works and doesn't have any impact on the long term position. The budget for 2022/23 has also been amended to reflect current property values (on which depreciation is based).
- 9.5 There is an increase of £291k in the support service charges from the General Fund to the HRA. These charges cover all of the central services provided by the wider council, such as the HRAs share of HR, IT, finance etc, as well as a contribution towards the running of Ebley Mill. This increase is largely due to the pay award for 2022/23 and 2023/24 and the cost of electricity. The HRA's share of the Fit For The Future project is also included within this cost. This will be funded from the earmarked reserve set aside.

10. Earmarked Reserves

- 10.1 The following table sets out the budgeted transfers to and from earmarked reserves in 2022/23 and 2023/24.
- 10.2 The Independent Living Modernisation programme continues as planned.
- 10.3 Due to pressures on HRA general reserves to fund services to tenants over 2022/23 it is recommended that the funding put aside for Estate Redevelopment is redesignated and returned to HRA general reserves. There are no commitments against this funding.
- 10.4 The funding put aside towards retrofit will be used in 2022/23 as the budget now incorporates an ongoing energy efficiency works programme.

Table 5 – Summary of HRA Earmarked Reserve Transfers

	2022/23				2023/24			
	Opening Balance £k	Transfers in £k	Transfers out £k	Closing Balance £k	Opening Balance £k	Transfers in £k	Transfers out £k	Closing Balance £k
Independent Living Modernisation	2,987	1,000	(1,100)	2,887	2,887	1,000	(2,160)	1,727
Estate Redevelopment	1,170	0	(1,170)	0	0	0	0	0
Transformation	377	39	(39)	377	377		(53)	324
HRA General Contingency	100	0	0	100	100	0	0	100
Provision for repayment of debt	1,885	1012	0	2,897	2,897	1,026	0	3,923
Retrofit	168	0	(168)	0	0	0	0	0
Carry forwards	100	0	(100)	0	0	0	0	0
Total Earmarked Reserves	6,787	2,051	(2,577)	6,261	6,261	2,026	(2,213)	6,074

11. HRA Medium Term Financial Plan (MTFP) and 30 Year Position

- 11.1 The Medium Term Financial Plan presented to Council in February 2022 set out that ongoing savings of £1m needed to be found across the service in order to have a balance position over 30 years. Unfortunately, costs have risen significantly, particularly across revenue repairs and capital works where costs have risen by more than general inflation. This combined with lower than inflation rent increases widens the budget gap further.
- 11.2 It also brings forward the need to either make savings in expenditure or increase income. A balanced budget can be set for 2023/24 and is currently expected in 2024/25, although by 2024/25 general reserves are expected to be lower than the recommended balance.

11.3 The Medium Term Financial Plan based on the details of budget setting for 2023/24 included within this report is shown in Table 6 below. This also includes the forecast position of the HRA for 2022/23, as reported at this committee meeting.

Table 6 – HRA Medium Term Financial Plan Summary

	2022/23 Revised £k	2023/24 Forecast £k	2024/25 Forecast £k	2025/26 Forecast £k	2026/27 Forecast £k
Income	(24,058)	(26,260)	(27,592)	(28,406)	(28,923)
Expenditure	11,741	12,890	13,607	13,812	13,536
Support service charges from the GF	2,408	2,699	2,833	2,917	2,962
Other income and expenditure	11,611	13,757	13,067	18,352	18,043
Total Housing Revenue Account	1,702	3,086	1,915	6,675	5,617
Transfers to/(from) earmarked reserves	(90)	(1,213)	(458)	(1,330)	(53)
Transfers to/(from) general reserves	(1,612)	(1,873)	(1,457)	(5,345)	(5,564)
Total Housing Revenue Account	0	0	0	0	0
General Reserves					
Opening balance	4,560	3,571	1,698	242	(5,104)
Transfers to/(from)	(1,612)	(1,873)	(1,457)	(5,345)	(5,564)
Forecast HRA overspend 2022/23	(547)				
Review of EMRs	1,170				
Closing Balance	3,571	1,698	242	(5,104)	(10,668)

11.4 A full breakdown of the MTFP can be found in Appendix C.

11.5 The steep decline in reserves can largely be attributed to the increase in the cost of maintenance and major works, including the energy efficiency works. As the cost has risen beyond the capital funding (plus the borrowing already approved for the programme), additional funding is required from revenue. This is included in the 'Other income and expenditure' table above. These costs are not currently supportable from the rental income and expected external grant income.

11.6 Due to the scale of the financial pressure the Strategic Director, alongside the new management team, will lead a full review of the financial and operational position of the service, in consultation with members and tenants.

11.7 This review will start immediately and is likely to take considerable time in order to ensure it is robust and is able to fully consider the balance between rents and charges to tenants, maintaining and improving the housing, and offering the correct level of housing support to tenants.

11.8 The full review will be included in the budget setting papers to Housing Committee in December 2023, although there will be consultation with members prior to this. It may also be necessary to adjust service budgets in year to maintain a balance position in the short term.

12. Borrowing

12.1 The HRA currently has borrowing of £107.633m, of which £97.717m is externally borrowed (from the Public Works Loans Board) and £9.916m is internally borrowed (ie reducing the reserves held by the HRA).

12.2 Additional borrowing of £19.219m is planned for the existing New Build and Development Programme. This has increased from previous assumptions due to the increase in costs set out in Section 15.

12.3 Borrowing of £17.106m is planned for the energy efficiency works programme, as has been previously reported.

13. Material Assumptions Made in the HRA MTFP

13.1 The MTFP forecast is made under a number of assumptions. The key assumptions of note are summarised below:

- Rents will rise by CPI +1% for one year, and then reduce to CPI only
- Void levels of 1.75% in general needs and 4% in Independent Living. This is a reduced void rate from 2022/23 (where it was 2% and 5% respectively) and reflects the positive work being undertaken in reducing voids.
- Inflation of 3% for 2024/25 and 2% thereafter
- 25 Right to Buy sales a year have been assumed in terms of rent loss (this is a reduction from 30)
- Major works have been included on a standard replacement basis, plus the retrofit programme approved by Housing Committee in September 2021.
- The existing borrowing held (primarily self financing debt) is to be repaid (through an annual provision made) over 60 years, with the new retrofit borrowing and new build and development borrowing to be repaid over 30/40+ years depending on the affordability of the scheme.

14. Risks and Uncertainties

14.1 The HRA still faces a number of risks and uncertainties over the medium to long term. These include:

14.2 Inflation – if the cost of works continues to rise at a higher rate than the inflationary uplift on rents and charges, this could further affect the funding available to run the service and deliver works on the properties.

14.3 Right to Buy Receipts – there is a risk that the development programme could slip, or some schemes may not be possible to deliver. Therefore, because of changes to timing, receipts could need to be repaid. This risk has reduced following a change in the retention agreement, allowing a longer period to use Right to Buy receipts.

There is also a potential risk that the receipts may not be sufficient to fund the capital programme over the longer term. If this were to happen, alternative funding would need to be found. This could include Homes England grant funding.

14.4 Interest Rates - the HRA is largely sheltered from increases in interest rates in the short 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.

As new borrowing is taken out for the new homes programme and for the energy efficiency programme, the HRA will be subject to the market rates at the time of borrowing.

Investment income is directly linked to interest rates on balances held. Lower interest rates would reduce the investment income, higher interest rates would increase the amount the HRA receives on reserve balances.

- 14.5 Stock Condition – the information held on the condition of the stock continues to grow, with data being collected regularly. As more data is collected, the longer term forecasts are revised and could mean that more, or less, spend is required compared to the current forecast.
- 14.6 Staffing – the ability to attract and retain staff, especially in specialist areas such as development, repairs and maintenance and tenancy management, is extremely important. Any significant gaps could result in a reduced service to tenants, and/or a financial pressure in recruiting agency staff.
- 14.7 Internal Council Changes – any major changes to the Council could impact on the HRA medium/long term position. This could include benefits in reduced HRA contributions as well as pressures from higher costs.

15. HRA Capital Programme

15.1 The proposed capital programme includes a revised budget for 2022/23 is £16,389k, and a budget for 2023/24 of £25,710k.

15.2 A full breakdown of the capital programme and capital financing is included in Appendix D

15.3 Major Works

15.4 The Major works programme has been reprofiled in line with current programmes. This includes a significant programme of energy efficiency works.

15.5 Following the successful bids for Decarbonisation Demonstrator and Wave 1 grant funding, a bid has been submitted for Wave 2 funding. This budget includes £4.355m of works included within this bid, of which £1.696m would be funded from grant income. If this funding bid is not successful either alternative funding will need to be found, or some or all of the works will need to be delayed until funding is available.

15.6 New Homes and Regeneration Programme

15.7 The development programme has been recosted and reprofiled, in line with the New Homes and Regeneration Update paper, presented to this committee.

15.8 The total additional budget required is £6.2m (£5.4m on the phase 2 sites, plus £0.8m for Ringfield Close in Phase 1). This has been funded from a combination of existing capital receipts and additional borrowing. The increase borrowing, with no increase in rental income, has meant that the new loans will take longer to pay off (as they calculated so that they are supported only by the rental income to minimise the impact on funding for works on existing properties).

15.9 Acquisitions of Land and Housing

15.10 The budget allocation for acquisition of land and housing continues in line with the previous agreed programme. There is a one off budget of £3m for the acquisition of land which can be used if any opportunities arise. Any unused allocation will carry forward to the following year.

15.11 There is an annual £2m budget for the purchase of housing. This funding pot is also opportunistic, and it is not necessarily expected that this will be spent in full in each and every year. As this is an annual recurring budget any unallocated underspends each year would not carry forward to the next year, unless a specific case is made.

15.12 Independent Living Modernisation

15.13 The Independent Living Modernisation programme has been reprofiled across financial years, but the overall project remains on target and within the allocated funding.

16. IMPLICATIONS

16.1 Financial Implications

This report sets out the draft General Fund and HRA budgets relating to the Committee for 2022/23 and 2023/24. This will form part of the budget setting process to be considered by Strategy and Resources Committee and Council in February 2023.

Lucy Clothier, Accountancy Manager

Tel: 01453 754343 Email: lucy.clothier@stroud.gov.uk

16.2 Legal Implications

None directly arising in respect of the budget estimates and revisions other than to note that this report forms part of the budget setting process for 2022/23 which involves the Council calculating capital and revenue estimates for its General Fund.

The Council have a duty to consider the needs of the district with respect to the provision of housing Under Section 8 of the Housing Act 1985 (the Act). They may make reasonable charges for the tenancy and occupations of their houses which shall be reviewed from time to time, and may make such changes to those rents as circumstances may require.

One Legal Tel: 01684 272017 Email: legal.services@onelegal.org.uk

16.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

16.4 Environmental Implications

There are no significant implications within this category. The HRA capital programme includes a significant amount of works to increase energy efficiency of the housing.

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Housing Committee
Private Housing - Caravan Site Licensing
Schedule of Fees and Charges from 1 April 2023

Description of Charge	Charge April 2022 - March 2023		Charge April 2023 - March 2024		Change %
	£ Exc VAT	£ Inc VAT	£ Exc VAT	£ Inc VAT	
	Caravan Site Licensing Fee (VAT exempt) hourly rate charge	49.60	49.60	57.47	

Private Housing - Caravan Site Licensing
Schedule of Fees and Charges from 1 April 2023

Proposed increase in fee/charge from previous year
15.9%

Basis of charge (eg full cost recovery, statutory charge, subsidised service)
cost recovery

Details of any discretionary discounts or concessions
none

Has any benchmarking or consultation been undertaken?
none

Equality Impact Assessment
none

Budget Impact
none

Housing Committee

Private Housing - HMO Licensing

Schedule of Fees and Charges from 1 April 2023

Description of Charge	Charge April 2022 - March 2023		Charge April 2023 - March 2024		Change %
	£ Exc VAT	£ Inc VAT	£ Exc VAT	£ Inc VAT	
Application for Licence Fee for HMO	262.00	262.00	288.00	288.00	9.9%
Management & Enforcement Fee for HMO - (only applicable once licence approved and due to be paid before licence issued)	614.00	614.00	688.00	688.00	12.1%

Housing Committee
Private Housing - HMO Licensing
Schedule of Fees and Charges from 1 April 2023

Proposed increase in fee/charge from previous year

Basis of charge (eg full cost recovery, statutory charge, subsidised service)
Full cost recovery as legislatively mandated

Details of any discretionary discounts or concessions
none

Has any benchmarking or consultation been undertaken?
None legislatively set process for calculating

Equality Impact Assessment
none

Budget Impact
none costs covered

Housing Committee

Private Housing - Immigration Accommodation Certificate

Schedule of Fees and Charges from 1 April 2023

Description of Charge	Charge April 2022 - March 2023		Charge April 2023 - March 2024		Change %
	£ Exc VAT	£ Inc VAT	£ Exc VAT	£ Inc VAT	
	Immigration Certificate	122.92	147.50	133.40	

Housing Committee
Private Housing - Immigration Accommodation Certificate
Schedule of Fees and Charges from 1 April 2023

Proposed increase in fee/charge from previous year
8.5%

Basis of charge (eg full cost recovery, statutory charge, subsidised service)
Cost recovery

Details of any discretionary discounts or concessions
none

Has any benchmarking or consultation been undertaken?
none in this year

Equality Impact Assessment
none

Budget Impact
none

Proposed HRA Rents and Service Charges 2023/24

Draft Proposed level of rents and service charges (on a weekly basis over 52 weeks)	Current 2022/23 £	Proposed 2023/24 £	Increase/ Decrease £	Increase/ Decrease %
Rents				
Dwelling rents (average)	88.81	95.02	6.21	7.0%
Garage rents (excl VAT which is chargeable to non tenants only)	13.83	14.80	0.97	7.0%
Landlord service charges (charged where applicable)				
TV relay (communal aerials-basic IRS)	0.40	0.43	0.03	7.0%
TV relay (communal aerials-comprehensive IRS)	0.98	1.05	0.07	7.0%
Cleaning charges (average)	2.72	2.91	0.19	7.0%
District heating (average)	7.38	28.09	20.71	280.6%
Water charges (average)	2.87	3.07	0.20	7.0%
Scooter store	1.92	2.05	0.13	7.0%
Independent Living service charges				
Archway Gardens	22.10	26.31	4.21	19.0%
Ashcroft House	39.18	39.18	0.00	0.0%
Ashwell House	22.52	24.81	2.29	10.2%
Broadfield Road	12.64	15.66	3.02	23.9%
Burdett House	28.09	35.57	7.48	26.6%
Chapel Lane	31.88	36.72	4.84	15.2%
Concord	27.63	31.99	4.36	15.8%
Draycott	25.39	32.97	7.58	29.9%
Dryleaze Court/Dryleaze House	23.92	25.79	1.87	7.8%
George Pearce House	17.17	20.75	3.58	20.9%
Glebelands	13.53	16.20	2.67	19.7%
Grange View	28.92	30.78	1.86	6.4%
Grove Park Road	26.06	27.99	1.93	7.4%
Hamfallow Court	32.85	36.76	3.91	11.9%
Hazelwood	34.47	34.70	0.23	0.7%
Jenner Court	23.41	26.37	2.96	12.6%
Malvern Gardens	25.96	35.47	9.51	36.6%
Sherborne House	26.70	35.04	8.34	31.2%
Springfields Court	21.62	25.45	3.83	17.7%
St Nicholas Court	26.66	27.91	1.25	4.7%
Tanners Piece (1 bedroom)	15.69	21.43	5.74	36.6%
Tanners Piece (2 bedroom)	20.41	27.88	7.47	36.6%
The Beeches	29.49	34.07	4.58	15.5%
The Corriett	22.87	26.73	3.86	16.9%
Vizard Close	33.89	39.56	5.67	16.7%
Walter Preston Court	30.11	31.61	1.50	5.0%
Willow Road	23.11	24.97	1.86	8.0%
Tenants in all schemes on protected rate	27.44	31.28	3.84	14.0%

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HRA Medium Term Financial Plan 2022/23 to 2026/27

	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2025/26 Forecast
Income					
Dwelling rents and service charges	(23,615)	(25,827)	(27,122)	(27,960)	(28,482)
Other charges and income	(644)	(634)	(610)	(594)	(596)
Provision for bad debt	200	200	140	148	154
Total Income	(24,058)	(26,260)	(27,592)	(28,406)	(28,923)
Expenditure					
Supervision and management	4,642	4,925	5,228	5,310	5,188
Repairs and maintenance	5,362	5,452	5,725	5,914	6,057
Independent living service	711	1,284	1,349	1,389	1,419
Other expenditure	575	789	829	854	871
Independent living modernisation programme	452	440	477	346	0
Total Expenditure	11,741	12,890	13,607	13,812	13,536
Other income and expenditure					
Support service charges from GF	2,408	2,699	2,833	2,917	2,962
Revenue Funding of Capital Programme (Depreciation and RCCO)	7,240	9,552	8,048	12,847	12,214
Provision for repayment of debt	1,012	1,026	1,184	1,309	1,424
Interest payable/receivable	3,359	3,179	3,835	4,197	4,406
Total other income and expenditure	14,019	16,456	15,900	21,269	21,005
Net HRA Expenditure and Income	1,702	3,086	1,915	6,675	5,617
Transfers to/(from) earmarked reserves	(90)	(1,213)	(458)	(1,330)	(53)
Transfers to/(from) general reserves	(1,612)	(1,873)	(1,457)	(5,345)	(5,564)
Total Housing Revenue Account	0	0	0	0	0

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HRA Capital Programme 2022/23 - 2026/27

Capital Programme	2022/23 Original Budget £k	2022/23 Revised Budget £k	2023/24 Original Budget £k	2024/25 Forecast £k	2025/26 Forecast £k	2026/27 Forecast £k
Central Heating	1,181	648	2,136			
Disabled Adaptations	155	155	155			
Kitchens and Bathrooms	1,446	1,696	487			
Major Works	464	515	879			
Compliance	434	344	196			
Doors and Windows	509	644	1,169			
Electrical Works	499	471	668			
Environmental Works	515	515	1,830			
Door Entry	217	217	44			
External Works	2,515	2,515	3,651			
Fire Risk Works	490	490	122			
Decarbonisation Projects	0	2,883	0			
Major Works				6,933	16,919	16,090
Total Major Works	8,425	11,093	11,337	6,933	16,919	16,090
IT Systems	0	435	0	0	0	0
Total Other Capital Works	0	435	0	0	0	0
New Homes Contingency	50	50	50	50	50	0
Canal side: Corner of A419/Downton Rd (Former Ship Inn site)	284	0	0	1,816	0	0
Glebelands	4,508	358	3,580	2,951	0	0
Cambridge House	2,764	198	3,201	875	0	0
Broadfield Road, Eastington	0	95	0	0	0	0
Orchard Road, Ebley	762	0	0	0	0	0
Queens Drive, Cashes Green	488	26	15	1,795	199	0
Ringfield Close, Nailsworth	0	1,342	0	0	0	0
Gloucester St and Bradley St, WuE	1,665	94	1,875	542	0	0
May Lane, Dursley	50	50	0	0	0	0
Total New Build and Development	10,571	2,213	8,721	8,029	249	0
Independent Living Modernisation	648	648	652	988	931	0
Total Independent Living Modernisation	648	648	652	988	931	0
Acquisitions	2,000	2,000	2,000	2,000	2,000	2,000
Opportunity Land Acquisition Pot	0	0	3,000	0	0	0
Total Acquisitions	2,000	2,000	5,000	2,000	2,000	2,000
Total Capital Expenditure	21,644	16,389	25,710	17,950	20,099	18,090

Appendix D

Capital Financing	2022/23 Original Budget £k	2022/23 Revised Budget £k	2023/24 Original Budget £k	2024/25 Forecast £k	2025/26 Forecast £k	2026/27 Forecast £k
Revenue Funding (including earmarked reserves)	1,716	648	2,631	988	5,645	4,868
Major Repairs Reserve	6,432	9,939	8,130	5,933	8,328	7,345
Capital Receipts (including Right to Buy receipts)	2,959	2,813	4,264	1,218	660	600
Grant Funding	309	1,589	3,065	1,000	0	0
Borrowing	10,228	1,400	7,619	8,811	5,466	5,277
Total Funding	21,644	16,389	25,709	17,950	20,099	18,090



STROUD DISTRICT COUNCIL

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HOUSING COMMITTEE OFFICER REPORT

Cleaner Estates/ Tenant Engagement Update:

Fly-tipping Pilot

The pilot for collecting fly-tipped items started on 8 November. The Site Officers are collecting across the district every Monday and to date, have filled four skips. As from next month the cost of this operation will be collated and fed back at future Housing Committees.

Consultation

We are currently arranging consultation with tenants at 102 -108 St Georges to consider a refuse enclosure to replace the beige bag system. The beige bag system has always been contentious, and we will continue to look at ways of improvement across the district

Tenant Engagement

A further session of Tenant Café Conversations is booked for the 01 December. We held successful Walkabout sessions in October with Councillors attending every one. Further walkabouts are intended for January and the team will be texting local tenants to invite them along.

Headline data for Star Survey results are in and as expected, the results are lower than they were in 2019. Further details regarding this will follow at the next Housing Committee.

A Stroud District Council (SDC) tenant was invited on to the Social Housing Quality Resident Panel. On 29 March 2022 the Social Housing Quality Resident Panel was launched, bringing together social housing residents from across the country so they can directly share their views with the government and ministers on the approach to driving up the quality of social housing.

The Minister for Rough Sleeping and Social Housing has already met with residents across the country, and many residents took part in discussions where the government were developing the measures set out in the [social housing white paper](#). The new panel will be a way for tenants across the country to get involved in the work to drive up social housing quality.

REPORT SUBMITTED BY	Michelle Elliott, Housing Manager
DATE	28 November 2022

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Performance Monitoring Report Q2: Housing Committee




Date of Meeting	Tuesday, 25 th October 2022	
Attendees	Members: Lindsey Green, Laurie Davies & Katrina Davis Officers: Keith Gerrard, Rachel Brain, Helen Scullard, Alison Fisk, Maria Hickman, Steve Miles, Pippa Stroud	
Performance Update (See report below/attached)		
Council Plan Priorities (see performance management system)	Summary:	Progress & RAG Status
	Action Plans:	7 On Target
	See detailed report below.	0 Not started
	<i>Actions where no information has been provided will be highlighted</i>	1 Overdue
		0 Completed
Council Plan Performance Indicators or Milestones (see performance management system where applicable)	Summary:	Progress & RAG Status
	Milestones:	4 On Target
		0 Not started
		0 Overdue
		2 Completed
	Performance Indicators:	14 On Target
		0 Not Started
		2 Overdue
		0 Completed
Reports being presented to this Committee associated with Council Plan:		
Service Area Indicators (not covered in Council Plan)		
Risks	Corporate Risk Register presented to Audit & Standards Committee. <i>List any relevant Service specific risks.</i>	
Relevant finance issues		
Any other service issues considered at the meeting (eg staffing / resources)		
Follow up (any issues for consideration at the next meeting)		





Any issues of significant concern to be reported to Audit and Standards	
Any actions/recommendations for the Committee	
Report submitted by	Lindsey Green & Katrina Davis
Date of report	23 November 2022

Please complete and return to the Democratic Services ASAP for circulation to the Committee

PART1 - PRIORITY INDICTAORS


CW2: Affordable homes: Build affordable, energy efficient homes and deliver high quality services for all tenants by investing in the renovation of existing council homes and meet a range of housing needs for those who experience disadvantage and creating a culture of tenant engagement and empowerment.

Code	Action Required / Description	Deadline	Lead Officer	Status	Last Monitored	Comments
» CDPCW2.1a	Number of new affordable Council homes completed p.a.	N/A	Alison Fisk	Target: 24  Actual: 24	September	Annual figure achieved in June 2022 of 24 new homes (comprised 9 new homes at Broadfield Road and 15 new homes at Ringfield Close). Annual targets were entered in the incorrect year (started in 2020/21 - shifted along a year to reflect actual delivery from 2021/22).
Performance Members Comments:						
» CDPCW2.1b	Number of new affordable homes completed p.a. by partners	N/A	Pippa Stroud	Target: 120  Actual: 245		
Performance Members Comments:						
CW2.2	Invest £30m over the next 5 years to repair, maintain and invest in current council housing stock and bring empty council homes back into use as soon as possible.	31/03/2026	Helen Scullard	On Target 	13/10/2022: Quarter 2	13/10/2022: Quarter 2: we have our investment plan and this is ongoing work. Reducing void times is a high priority and we are making progress in reducing the number of voids at any one time and the length of time void
Performance Members Comments: It is great to see the average void times decreased but we have to note that they are only averages. It would be great to meet the team at Littlecombe.						
» CDPCW2.2a	Spend per council property in upper quartile compared with peers	N/A	Helen Scullard	Target: Actual: 626.62	September	This figure is the outturn repair cost divided by the number of properties. There is no valid information about quartiles, as high or low spend does not necessarily indicate good or poor performance
Performance Members Comments:						
» CDPCW2.2b	Empty property (void) ready to let turnaround time in upper quartile compared with peers	N/A	Helen Scullard	Target: Actual:		We currently have limited benchmarking information but we hope to have this for the next quarterly report. While data quality on void turnaround times is being reviewed we know that performance is improving. The new IT system will in future resolve these data issues.


<p>Performance Members Comments: If we are currently unable to measure performance through benchmarking. It is therefore difficult to measure performance at this stage and peer benchmarking is required as a priority. IT systems are not likely to be in place for quite some time.</p>						
CW2.4	Provide more opportunities for resident involvement in housing decisions through delivery of the Charter for Social Housing Residents and our continuing commitment to build on resident involvement opportunities.	31/03/2023	Helen Scullard	On Target 	13/10/2022: Quarter 2	13/10/2022: Quarter 2: We continue to hold tenant engagement events such as walkabouts, hubs, and specific consultations on local issues. Our newly appointed tenant engagement officer has experienced a personal crisis and this will impact on some of our planned work. We will take action to continue as much as possible
<p>Performance Members Comments:</p>						
» CW2.4.2	Cross service tenants' scrutiny panel established with half yearly report to HC on work programme delivery.	30/12/2022	Helen Scullard	On Target 	N/A	13/10/2022: the panel has been set up and continues to receive training and support from TPAS
<p>Performance Members Comments:</p>						
» CDPCW2.4a	80% of tenants are satisfied with the training they receive	N/A	Helen Scullard	Target: 80  Actual: 80	September	we have had positive feedback from tenants attending events
<p>Performance Members Comments: It is great to see so much engagement with tenants and communities. We need to find other ways to engage and it would be great to see more reach out on social media where there is likely to be more engagement from younger tenants.</p>						
» CDPCW2.4b	80% of tenants are satisfied with the quality and relevance of SDC tenant events they attend	N/A	Helen Scullard	Target: 80  Actual: 80		
<p>Performance Members Comments:</p>						
» CDPCW2.4c	10% increase in the overall number of tenants engaged, including all consultation events, scrutiny panels and performance management activity. Baselines to be confirmed	N/A	Helen Scullard	Target: Actual:	September	figures are not yet available, we do not have systems to record tenant engagement yet and are relying on a rather cumbersome spreadsheet
<p>Performance Members Comments:</p>						

» CDPCW2.4d	Increase the number of tenants engaged who are under 30 years old, including all consultation events, scrutiny panels and performance management activity. Baselines to be confirmed	N/A	Helen Scullard	Target: Actual:	September	We do not currently have any means of recording the ages of tenants attending events or responding to consultations. This will be incorporated into our new IT system. We are prioritising attracting younger tenants into participation and engagement events
Performance Members Comments:						


EC3: Sustainable Construction and Retrofit: Work with partners to retrofit our council housing stock and other public sector buildings, and investing in the skills and capacity in the local economy so all buildings across the district can become energy efficient

EC3.1	Agree a costed plan to retrofit all council homes as necessary and begin the first phase of delivery to realise optimum emission reductions and achieve an average Energy Performance Certificate (EPC) rating C across all council homes by 2030.	31/03/2024	Helen Scullard	Overdue 	13/10/2022: Quarter 2	13/10/2022: Quarter 2: There have been supply and performance issues with one of our contractors. However these issues are being addressed and we expect to complete Wave 1, although perhaps behind our original schedule. We will be applying for Wave 2 funding to continue the programme
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Performance Members Comments:

» CDPEC3.3a(C)	Number of enquiries to Warm & Well Advice line	N/A	Maria Hickman	Target: 100  Actual: 464	June	464 enquiries, as the cost of living crisis rises we are seeing more enquiries for help
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Performance Members Comments:







» CDPEC3.3b(C)	Number of measures installed through Warm & Well Scheme	N/A	Maria Hickman	Target: 18  Actual: 11	June	ii measures installed this quarter, which is slightly lower than expected due to changes to ECO 4 and the start of new funding streams through the sustainable warmth bids
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Performance Members Comments:

The figures of people that have enquired against the number of measures installed seems to be quite a difference. Enquiries far outpace the numbers that go on further for work. People are reaching out for help but numbers who qualify are much lower. It is appreciated that funding may be a sticking point.





PART 2 – OTHER INDICATORS

CW2: Affordable homes: Build affordable, energy efficient homes and deliver high quality services for all tenants by investing in the renovation of existing council homes and meet a range of housing needs for those who experience disadvantage and creating a culture of tenant engagement and empowerment.

CW2.1	Deliver new affordable homes across the District, through planning policy and work with partners including community-led housing groups, housing associations and via our own New Homes Programme, which will deliver EPC-A rated properties in line with our Strategy for New Council Homes 2020-2024.	31/03/2024	Pippa Stroud	On Target 	03/10/2022: Quarter 2	14/10/2022: Quarter 2: Local plan is progressing towards Inquiry 2.1a New Council Homes Delivery - targets achieved for this financial year. Slippage likely in the next financial year (23/24) due to delays on the Phase 1 programme as a result of Brexit/Covid. In addition, construction costs have continued to increase, in order to mitigate and minimise risk to SDC, further cost evaluations have been undertaken for the Phase 2 projects. The total scheme costs now exceed the current approved budgets, therefore a report will be provided to Housing Committee in December requesting approval for the new budget position in order to deliver the affordable homes in the remainder of the programme.
» CW2.2.1	A rolling 5-year investment plan is agreed (as part of the MTFP) • Quarterly actual delivery tracks 5-year investment plan	31/03/2026	Helen Scullard	Completed 	N/A	
CW2.3	Prioritise the prevention of homelessness by delivering the Next Steps Accommodation Programme and invest in temporary accommodation and specialist support, including working with partners countywide to develop the specialist housing and support needed.	31/03/2024	Pippa Stroud	On Target 	03/10/2022: Quarter 2	03/10/2022: Quarter 2: Gloucester City homes has acquired the Ministers House and tendered works contract.
» CW2.3.1	Gloucester City Homes has now acquired the Minister's house and will be carrying out refurbishment works.	31/03/2024	Pippa Stroud	On Target 	N/A	12/10/2022: The accommodation is anticipated to be available from February 2023
» CDPCW2.3a	Increase the number of homeless cases prevented by 25% p.a.	N/A	Pippa Stroud	Target:  Actual: 13		
» CDPCW2.3b	Reduce the number of households in temporary accommodation after 56 days by 25% pa	N/A	Pippa Stroud	Target:  Actual: 24		

CW2.5	Continue to invest and deliver the programme to modernise our Independent Living homes for older people.	31/03/2026	Alison Fisk	On Target 	12/10/2022: Quarter 2	12/10/2022: Quarter 2: Grange View completed on schedule. Procurement exercise complete for both contractor, and CDM services. Resident consultation carried out at Burdett House.
» CDPCW2.5	Number of Independent Living Schemes modernised	N/A	Alison Fisk	Target: 2 Actual: 2	September	The first of the 3 schemes to be modernised during 2022/23 is on schedule. The consultation process is now starting for the 2nd scheme this year.

EC3: Sustainable Construction and Retrofit: Work with partners to retrofit our council housing stock and other public sector buildings, and investing in the skills and capacity in the local economy so all buildings across the district can become energy efficient

Code	Action Required / Description	Deadline	Lead Officer	Status	Last Monitored	Comments
» EC3.1.1	Agree an investment plan to retrofit council homes	31/03/2023	Helen Scullard	Completed 	N/A	
» CDPEC3.1	Number of homes retrofitted each year (Average 470 / year)	N/A	Helen Scullard	Target: Actual:		
» CDPEC3.1 (C)	Tonnes of carbon saved through council home retrofit i) cumulative since April 2019, ii) in previous quarter	N/A	Helen Scullard	Target: Actual:	September	we do not have this information yet, Severn Wye will be making the calculations at the end of each stage of the retrofit process
Performance Members Comments: It is appreciated that this information is not easy to provide, however the overall EPC once works are carried out will be able to provide an overall idea. Consideration is being given to sharing this information with tenants. Carbon saving will only be estimated.						
EC3.3	Develop partnerships, provide advice, and support local action to help private home owners and businesses meet the retrofit challenge (CN2030 BE2, BE7 and BE8)	31/03/2023	Rachel Brain	On Target 	18/10/2022: Quarter 2	18/10/2022: Quarter 2: Warm and Well and Innovate to Renovate partnerships continue to deliver and progress domestic retrofit. Business support is less well provided for with the LEP making some efforts and Severn Wye rounding up their Target 2030 service.
» EC3.3.1	Annual reporting on capacity to service the district's businesses and homes with support for retrofit. Baseline drawn from the first annual report due Feb 2022.	31/03/2022	Rachel Brain	On Target 	N/A	18/10/2022: In addition to extra officers, hosted at SDC Innovate to Renovate funds are developing a dedicated website for private homeowner retrofit support.
» EC3.3.2	Establish a working group to consider Retrofit Centre for Excellence and establish aims, objectives and identified projects (working group in place Summer 2022, work plan identified by Jan 2023).	30/01/2023	Rachel Brain	On Target 	N/A	18/10/2022: Outcomes from the Local Partnership supported assurance review expected next quarter. A new commission under Innovate to Renovate funds is realising work with the Building Services Research and Information Association through London South Bank University to provide further insights on leveraging private investment in retrofit.

» CDPEC3.3	Number of successful projects and schemes in the district to help private home owners and businesses meet the retrofit challenge	N/A	Rachel Brain	Target: Actual:		
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EC6: Renewable energy: Increase the proportion of energy generated by renewable sources in the district and work on decarbonizing existing networks.

Code	Action Required / Description	Deadline	Lead Officer	Status	Last Monitored	Comments
EC6.4	Deliver key low carbon demonstrator projects, including a project for 7 homes in Draycott, Cam.	31/03/2023	Helen Scullard	On Target ■	13/10/2022: Quarter 2	13/10/2022: Quarter 2: tenders are being prepared for this project with the aim of starting on site in January 2023

STROUD DISTRICT COUNCIL
HOUSING COMMITTEE
6 DECEMBER 2022
WORK PROGRAMME 2022/23

Date of meeting	Matter to be considered	Notes (e.g Lead Member/Officer)
31.01.2023	Older Persons Strategy 2023-26	Service Delivery Manager (Independent Living)
	Tenant Handbook Update	Housing Manager
	Results from the Survey of Tenants & Residents (STAR) survey	Housing Manager
	Empty properties delivery plan	Head of Housing Services
	Anti-Social Behaviour Policy	Head of Community Services
	Member/Officer Reports a) Progress update on Key action plans (Cleaner Estates & Service Standards and tenant engagement) b) Tenant Representatives	Lead Member/Officer
28.03.2023	Social Housing Decarbonisation Fund	Head of Housing Services
	Budget Monitoring Q3	Principal Accountant
	Rents and Service Charges Strategy	Head of Housing Services, Principal Accountant
	HRA Delivery Plan Update	Head of Housing Services
	Member/Officer Reports a) Progress update on Key action plans (Cleaner Estates & Service Standards and tenant engagement) b) Performance Monitoring Q3 c) Tenant Representatives	Lead Member/Officer

Items to be considered at a future meeting

- Tenancy Agreement (part of the de-pooling project) (2023)

Future Information Sheets:

- Updated Local Plan Affordable Housing Policies (2022)– Head of Strategic Housing Services (interim)
- Review of the Gloucestershire private sector housing survey 2022 – Housing Renewal Manager
- Social Housing Regulation Bill - Head of Housing Services (January 2023)

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