



DERBY CITY COUNCIL

**COMMUNITY COMMISSION**  
**14 January 2008**

**ITEM 8A**

Report of the Corporate Director –  
Corporate and Adult Services

**Housing and Social Care Capital Programme 2008/09 – 2010/11**

**RECOMMENDATION**

1. To recommend to Council Cabinet the proposed Housing and Social Care Capital Programme for 2008/09 to 2010/11.

**SUPPORTING INFORMATION**

- 2.1 The Council will approve the Council's overall capital programme for the 2008/09 financial year at its budget setting meeting on 3 March 2008 after consideration of the final proposals by Cabinet on 19 February 2008. The Housing and Social Care Capital Programme will include schemes financed both from service-specific allocations and discretionary corporate funding. This report deals with the proposed uses of available funding including the allocations that are specific to housing and social care confirmed/expected at the point of its preparation.
- 2.2 Most housing capital funding comes directly from the government, although there are other earmarked funding streams such as useable capital receipts and revenue and external contributions towards capital expenditure.

**The Housing Allocations**

- 3.1 The methodology to be applied for the allocations in 2008/09 is set out in the East Midlands Regional Housing Investment Strategy 2008 – 11. Local authorities are being invited to submit bids to help in the delivery of Private Sector Housing Renewal. Priorities for this are expected to include affordable warmth programmes, independent living initiatives and the promotion of mixed communities.
- 3.2 The bidding process for 2008/09 has now been finalised by the Regional Housing Group – RHG – bids were required by 12 January 2008. Consequently all resource and expenditure estimates are provisional until the official notifications are received. At that time it will be necessary to increase or reduce planned expenditure depending on the allocations received.
- 3.3 Provisional indications from the RHG suggest that apart from the expected loss of funding for the Pilot Market Renewal projects, allocations for private sector housing over the next three years will remain broadly similar to current levels of funding. The draft programme for 2008/09 – 2010/11 has therefore been constructed on this basis.

- 3.4 The RHG funding process has changed so that the allocation for 2008/09 will not include a guaranteed allocation as has been the case for the past two years. The allocation received will therefore rely entirely on the quality of our bid. The Regional Assembly will allocate resources on the basis of the ability of Local Authorities to deliver value for money and best practice.
- 3.5 The draft programme allows for the continuation of the Decent and Safe Homes – DASH – and Housing Intelligence for the East Midlands – HI4EM – regional projects for the next year. However the RHG have not as yet given any formal indication as to their future proposals for these projects.
- 3.6 In line with the regime introduced in 2006/07 and continued in 2007/08, the allocation to support private sector activity is expected to continue to be given as a cash grant or Supported Capital Expenditure (Capital) – SCE(C) – rather than Supported Capital Expenditure (Revenue) – SCE(R). This means that the Council will not have to enter into borrowing arrangements for this part of the allocation. A part of the support for public sector housing has previously continued as SCE(R) with revenue support from the Housing Revenue Account – HRA – through HRA Subsidy. However, current indications are that SCE(R) funding from 2008/09 will be lost to Councils who have already achieved decency for their housing stock. The public sector programme has therefore been constructed assuming the loss of this funding of £1m a year. It is proposed that the loss is mitigated for three years by the use of £0.56 million external contributions including £0.534 million received from British Gas following energy efficiency measures taken in the public sector, and a revenue contribution of £0.75m from the HRA for the two years 2009/10 and 2010/11.
- 3.7 The Council is also expecting to be notified of an allocation of specified capital grant – SCG – of £700,000 for the year 2008/09 to support expenditure on mandatory disabled facilities grants – DFG.
- 3.8 The table below summarises the expected supported capital allocations for the year 2008/09 with 2007/08 also shown for comparison:

Housing Allocations	2008/09 £000	2007/08 £000
Supported Capital Expenditure (Capital) – General	3,755	2,054
Supported Capital Expenditure (Capital) – Hi4EM and DASH	465	578
Supported Capital Expenditure (Capital) – Market Renewal – Rosehill	0	5,500
Supported Capital Expenditure (Revenue)	0	1,000
<b>Total Supported Capital Expenditure</b>	<b>4,220</b>	<b>9,132</b>
Specified Capital Grant – to support DFG expenditure	700	593

#### Other resources

4. Other resources include: the Major Repairs Allowance – MRA – provided for the refurbishment of council housing; useable capital receipts from the sale of council housing under the Right to Buy – RTB – scheme and discretionary disposals of land; revenue contributions – mainly to finance Estates Pride – and external contributions.

#### **Total available resources**

5. The next table summarises all projected resources available for the three years 2008/09 to 2010/11 and a preliminary annual estimate for future years:

	2008/09	2009/10	2010/11	Future Years
	£000	£000	£000	£000
<b>Corporate Funding Earmarked to Service</b>				
Supported Capital Expenditure (Capital) – Private Sector - General	3,755	3,755	3,755	3,755
Supported Capital Expenditure (Capital) – Private Sector – DASH and Hi4EM	465	0	0	0
Supported Capital Expenditure (Capital) – Private Sector – Market Renewal <i>(Note 1)</i>	3,348	0	0	0
<b>Total Supported Capital Expenditure</b>	<b>7,568</b>	<b>3,755</b>	<b>3,755</b>	<b>3,755</b>
Useable Capital Receipts/Service Reserves	1,125	1,955	1,250	1,250
Revenue Contributions	2,800	3,100	3,100	646
Other Contributions <i>(Note 2)</i>	1,310	150	200	200
<b>Total Corporate Funding Earmarked to Service</b>	<b>12,803</b>	<b>8,960</b>	<b>8,305</b>	<b>5,851</b>
<b>Funding Specific to Service</b>				
Major Repairs Allowance	7,729	7,847	7,982	8,120
Disabled Facilities Grant	700	700	700	700
<b>Total forecast available resources</b>	<b>21,232</b>	<b>17,507</b>	<b>16,987</b>	<b>14,671</b>

#### *Notes*

1. There is no new allocation of SCE(C) for Rosehill in 2008/09 – it is anticipated that £3.348m will be available from previous years under-spends

2. Other Contributions in 2008/09 include British Gas Funding £0.534m and Group Repair Contributions £0.75m in hand. Group Repair Contributions to be received in year only are anticipated for future years.

## **Spending plans**

6. The total projected funded programme in 2008/09 is £21.232 million. The overall programme consists of the Private Sector Programme, total £9.593 million, and the Public Sector Programme dealing solely with council housing, total £11.639 million. Details are shown in Appendix 2.

### **Private Sector Programme**

- 7.1 Priorities include Housing Renewal initiatives concerned with the achievement of decent homes for the vulnerable, improvement of the private rented sector, residual Area Renewal work in the Hartington Street Renewal Area and continuing work in Rose Hill.
- 7.2 Grant-aided adaptations to private sector dwellings for the benefit of disabled occupants are directly funded by government grant. The SCG to support the Disabled Facilities Grant – DFG – is expected to be £700,000 for 2008/09. This sum provides 60% of the funding so that a contribution of 40% of total expenditure of at least £1,167,000 must be made following receipt of the grant. Total expenditure of the greater amount of £1.4 million in 2008/09 and subsequently is proposed to continue in recognition of the continuing demand for these types of adaptation and to reflect previous recommendations of Community Commission. The expenditure will continue to include the salary of a progress chaser to help expedite grant applications. The programme is delivered in conjunction with Corporate and Adult and Children and Young People Services as part of Care in the Community. It is understood that general SCE (C) cannot be used to support the DFG allocation which means that other resources must be used for this purpose. Other available resources total £1.325 million of which £0.7 million are required for DFGs if the total of £1.4 million is to be maintained.
- 7.3 The Facilitation Fund was created to provide financing to enable schemes such as affordable housing developments to be undertaken in conjunction with or by a partner organisation, usually a Housing Association, rather than direct provision by the Council. However, in 2007/08 and 2008/09 payments totalling £1.665 million are scheduled for the Housing PFI scheme. No further “mainstream” resources are available for additional affordable housing at present and it was previously agreed that such schemes will be added to the programme following future receipts from disposals of land, in line with established practice. In 2009/10 after most payments for the PFI scheme have been made, it should be possible to reinstate the facilitation fund financed by forecast available mainstream resources at a level of £0.5 million.
- 7.4 The Council is currently implementing a Supported Accommodation Strategy including the funding of very sheltered Extra-care schemes, which are often Housing Association schemes. Approval for additional capital receipts was given to help provide the additional funding required. A project to re-model Rebecca House, a former Council sheltered housing scheme, has been approved starting in the current financial year and scheduled for completion in 2009/10 at a total cost of £0.85m. This scheme is included in the public sector programme.

- 7.5 A fuller description of all activities in the private sector housing capital programme, together with the amounts proposed for each scheme in 2008/09 – 2010/11, is given in Appendix 3.

### **Public Sector Programme**

- 8.1 The public sector programme is delivered for the Council by Derby Homes Limited and is concerned with the repair and refurbishment of council housing and their surroundings throughout the city.
- 8.2 Resources available for the Public Sector Programme in 2008/09 include the Major Repairs Allowance – MRA – of £7.729 million, Revenue Contributions for financing the Estates Pride Programme – £2.800 million. The additional ring-fenced capital receipts provided towards the funding of Extra-Care schemes are being used towards the funding of the re-modelling of Rebecca House. It is likely that the public sector will lose SCE(R) of 1m a year from 2008/09, although other funding is available to help mitigate the loss in the short to medium term. In the longer-term, it will be necessary to review and align priorities with funding available at that time.
- 8.3 The Public Sector Programme proposed for 2008/09 totals £11.639 million including the capital elements of Estates Pride. Individual schemes for this section of the programme already approved for 2008/09 include works at Sussex Circus and Sunny Hill Community Centre – total £500,000 and an allocation to Local Housing Boards – £300,000. Further schemes for approval proposed following further consultation with residents include Estate-based Environmental Improvements – £1.9 million, refurbishment of all play areas within Council estates – £200,000, and repairs to fencing and garden works to vacant homes – £200,000.
- 8.4 Other priorities continue to be concerned with completion of the PVCu windows and doors programme – about £2.2 million a year for the next two years – and installation of new and replacement central heating systems – about £1.2 million a year. Around £1.8 million a year has been provided for replacement kitchens and bathrooms for properties mainly on pre-war estates, but also including those post-war homes where tenants refused their installation during the Homes Pride Programme. As noted above, an Extra-Care scheme is being created by the re-modelling of Rebecca House as part of the Council's Supported Accommodation Strategy.
- 8.5 Other activities in the Public Sector Programme include adaptations to properties occupied by disabled tenants – around £700,000, electrical upgrades – around £600,000, one-off major refurbishments and alterations – around £450,000 and other relatively small scale repair and improvement works.
- 8.6 A fuller description of all activities in the Public Sector Programme, together with the amounts proposed for each scheme in 2008/09 – 2010/11, is given in Appendix 4.

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Background papers:	Investment in Housing in the East Midlands 2006 – 2008 Regional Housing Board Recommendations
List of appendices:	Appendix 1 – Implications Appendix 2 – Details of Funded Scheme Costs and Scheme Priorities Appendix 3 – Non-HRA Housing Capital Scheme Details 2008/09 Appendix 4 – HRA Housing Capital Scheme Details 2008/09

<b>IMPLICATIONS</b>
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**Financial**

1. Revenue implications of the schemes will be met from within the Housing Revenue Account for public sector schemes. Capital costs that are supported will be either funded from grant – SCE(C) – or support for the revenue costs of borrowing – SCE (R). Other capital funding is available from useable capital receipts, revenue contributions and external contributions.

**Legal**

2. There are no direct legal implications.

**Personnel**

3. The estimated costs of delivering the programme have been included.

**Equalities impact**

4. Private sector schemes are mainly concerned with improvements to secure housing, environmental and socio-economic improvements in deprived inner city areas. Schemes in both sectors include improvements to housing for the vulnerable, including disabled and older people, enabling them to live independent lives.

**Corporate objectives and priorities for change**

5. The proposals are intended to be consistent with corporate objectives and priorities.