



DERBY CITY COUNCIL

**COMMUNITY COMMISSION**  
**20 January 2009**

Report of the Corporate Director –  
Corporate and Adult Services

# ITEM XX

## **Housing and Social Care Capital Programme 2009/10 – 2011/12**

### **RECOMMENDATION**

1. To approve the proposed Housing and Social Care Capital Programme for 2009/10 to 2011/12.

### **SUPPORTING INFORMATION**

- 2.1 The Council will approve the Council's overall capital programme for the 2009/10 financial year at its budget setting meeting on 2 March 2009 after consideration of the final proposals by Cabinet on 17 February 2009. 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 total provisional budget for the East Midlands region for Private Sector Renewal and Regeneration for 2009/10 is £26.8 million. East Midlands Regional Assembly – EMRA – was asked by Communities and Local Government – CLG – to make its recommendations regarding 2009/10 allocations to individual Local Authorities for Private Sector Renewal and Regeneration by 1 December 2008. Due to the very tight timescales for this year's allocation process, the Regional Housing Group – RHG – delegated to its Working Group, in liaison with the RHG chair, responsibility for developing and administering an appropriate methodology for these recommendations. RHG agreed that this should be in line with CLG's advice – as simple as possible and potentially using nationally available data rather than information provided directly by Local Authorities. A formula-based approach was therefore developed reflecting such factors as vulnerable households in non-decent homes, and the percentage change in all vulnerable households over recent years.

- 3.2 The formula-based approach was used to provisionally allocate £20m across the East Midlands Region, with the remainder being available for specific bids and the continuation of sub-regional working and research, including the Decent and Safe Homes – DASH – and Housing Intelligence for the East Midlands – Hi4EM – projects. The Council has again been asked if we will hold these funds, total £700,000, on EMRA's behalf.
- 3.3 In early November the Council was notified of the formulaic distribution of £20m across the region and that its provisional allocation for 2009/10 is £1,384,291, compared with nearly £4 million for the current year. The notification recognizes that some authorities spending plans may require more or less than the provisional allocations and there is scope for increased and reduced allocations. Increased allocations can be made available to authorities with sound plans for delivery. The RHG has welcomed such proposals, particularly from authorities working effectively with partners such as Home Improvement Agencies or with plans to do so. Representations were made by the deadline of 21 November regarding the inadequacy of the provisional allocation and a proposal made for increased funding.
- 3.4 Further recommendations by RHG were to be submitted to the Government in week commencing 1 December, after which time the final allocation for 2009/10 would be notified to the Council. This funding will 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 the allocation.
- 3.5 Bids for funds from the funding to be held on EMRA's behalf have also been made to enable the continuation of DASH – £250,000 and Hi4EM – £230,371. These funding streams are also SCE(C). The revised funding amount has been provisionally set at £3,470, 250 to include DASH and the assumed £700,000 sub-regional working and research pot, of which an amount will be allocated to Derby for the continuation of Hi4EM. It is anticipated that further funding, in the region of £500,000, will also be made available to the Council as part of a pilot regional loan fund for the East Midlands which is currently being established. The four authorities participating in this pilot, which includes Derby, Nottingham, Leicester and Mansfield, will, it is anticipated, be allocated a share of £2 million for each of the years 2009/2010 and 2010/2011 to fund loans for vulnerable homeowners who cannot access commercial finance to repair and improve their homes. All these amounts are as firm as possible at this stage but they are all still subject to ministerial approval. The Council has also been notified of an allocation of £669,000 for expenditure on mandatory Disabled Facilities Grants – DFGs.
- 3.6 The private sector programme has been constructed assuming this revised level of funding in 2009/10 and the following two years. Consequently, all resource and expenditure estimates are provisional until the official notifications are received following ministerial approval. At that time it will be necessary to increase or reduce planned expenditure depending on the actual allocations received.
- 3.7 Support for public sector housing has previously been at the rate of £1m a year as SCE(R) with revenue support from the Housing Revenue Account – HRA – through

HRA Subsidy. However, SCE(R) funding from 2008/09 has been lost to Councils who have already achieved decency for their housing stock. The loss of this funding has been mitigated in the current year by the use of £0.8 million contributions including £0.534 million received from British Gas following energy efficiency measures taken in the public sector, and in 2009/10 and 2010/11 by a revenue contribution of £0.75m from the Housing Revenue Account – HRA.

- 3.8 The table below summarises the expected supported capital allocations for the year 2009/10 with 2008/09 also shown for comparison:

Housing Allocations	2009/10 £000	2008/09 £000
Supported Capital Expenditure (Capital) – General	2,520	3,790
Supported Capital Expenditure (Capital) – Hi4EM and DASH	480	465
Supported Capital Expenditure (Capital) – Regional Loan Fund	500	-
<b>Total Supported Capital Expenditure</b>	<b>3,500</b>	<b>4,255</b>
<b>Specified Capital Grant – to support DFG expenditure</b>	<b>669</b>	<b>661</b>

## Other resources

- 4.1 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.
- 4.2 Useable capital receipts from the sale of Council houses have diminished dramatically in 2008/09 such that availability in 2009/10 and the following two years is forecast at £150,000 a year compared with previous forecasts of over £1 million a year. The reduction is due to a sharp decline in sales due to the current economic climate and greater restrictions on lending by banks and other lenders.

- 4.3 The useable capital receipts will be used to support DFG expenditure in the private sector capital programme.

### Total available resources

5. The next table summarises all projected resources available for the three years 2009/10 to 2011/12 and a preliminary annual estimate for future years:

	2009/10	2010/11	2011/12	Future Years
	£000	£000	£000	£000
<b>Corporate Funding Earmarked to Service</b>				
Supported Capital Expenditure (Capital) – Private Sector – General	2,520	2,520	2,520	2,520
Supported Capital Expenditure (Capital) – Private Sector – DASH and Hi4EM	480	0	0	0
Supported Capital Expenditure (Capital) – Private Sector – Regional Loan Fund	500	500	0	0
<b>Total Supported Capital Expenditure</b>	<b>3,800</b>	<b>3,320</b>	<b>3,320</b>	<b>2,520</b>
Useable Capital Receipts/Service Reserves	1,005	150	150	650
Revenue Contributions	4,000	2,800	959	0
Other Contributions	335	318	292	249
<b>Total Corporate Funding Earmarked to Service</b>	<b>5,340</b>	<b>3,268</b>	<b>1,401</b>	<b>899</b>
<b>Funding Specific to Service</b>				
Major Repairs Allowance	7,814	8,023	8,232	8,439
Disabled Facilities Grant	669	700	700	700
<b>Total forecast available resources</b>	<b>17,323</b>	<b>15,011</b>	<b>12,853</b>	<b>12,558</b>

### Spending plans

6. The total projected funded programme in 2009/10 is £17.323 million. The overall programme consists of the Private Sector Programme, total £5.355 million, and the

Public Sector Programme dealing solely with council housing, total £11.968 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 for which funding was provided in previous years.
- 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 £669,000 for 2009/10. This sum formerly provided 60% of the funding so that a contribution of 40% of total expenditure needed to be made following receipt of the grant so that total expenditure of at least £1,115,000 would have been required. The requirement to contribute a further 40% to the grant funding has been removed, although it is proposed to continue the established practice of recent years to provide for total expenditure of £1.4 million in 2009/10 in recognition of the continuing demand for these types of adaptation and to reflect previous recommendations of Community Commission. Due to the much lower amount of useable capital receipts available, it will be necessary in 2009/10 to use up to £200,000 of the general SCE(C) to support the DFG allocation, as well as other resources such as the additional £200,000 capital receipts previously allocated for extra care – more details are given in paragraph 7.4. This means that certain types of DFG will need to be financed by using the general SCE(C) such as level access showers, and that there will be less general SCE(C) available for other purposes. This will apply in 2010/11 and 2011/12 to a greater extent – up to £400,000 – if expenditure of £1.4 million on DFGs is to be maintained in those years since there are no further extra care capital receipts forecast to be available for this purpose. Expenditure at this level for the next three years is also dependent on the continued materialisation of useable capital receipts and group repair contributions at the rate of £150,000 a year from each source and the SCE(C) allocation being at the projected levels, otherwise some scaling back may be necessary. The expenditure will continue to include the salary of a progress chaser to help expedite grant applications. This part of the programme is delivered in conjunction with Corporate and Adult and Children and Young People Services as part of Care in the Community.
- 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 2008/09 and 2009/10 payments totalling £1.7 million have been 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 and other resources, in line with established practice. Other resources, mainly s.106 contributions totalling around £1.5 million are available and

proposals for an affordable housing programme will be reported separately. In future years, probably after 2011/12, it may be possible to reinstate the facilitation fund financed by forecast available mainstream resources at a level of up to £0.5 million, provided that the sale of Council houses and the availability of useable capital receipts increase significantly by that time.

- 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, is proposed for 2009/10 at a total cost of £0.55 million. The scheme was originally planned to cost £0.85 million but has been revised from the original specification and will now be fully funded by a contribution from the HRA rather than using other capital resources. This scheme is included in the public sector programme. The reduced scale proposal will not provide for an extra care scheme but will refresh the existing provision to allow continued use of the facility. This is consistent with Community Commission's approval to a previous recommendation that supported housing needs are considered and prioritised against other elements of the housing and corporate capital programmes. It is proposed that the £200,000 additional capital receipts previously allocated for this purpose are now made available for the private sector capital programme to support DFGs as outlined in paragraph 7.2
- 7.5 Two Extra Care schemes are currently being developed in the City representing 114 of the total target of 240 units to be developed over a 3 year period. A scheme at Tomlinson Court, Alvaston will provide 38 units of accommodation for which the City Council has committed £100,000 towards total development costs of £5.53 million. The £100,000 is being met from the Adult Social Services National Care Standards Capital Programme with the remainder of the funding being provided by the Department of Health - £3.77 million and the housing provider Housing 21 - £1.66 million. An additional Extra Care scheme at Broadway, Allestree will provide 76 units, with the full capital build cost being met by the housing provider. These schemes were included in the Older Persons Housing Strategy report approved by Cabinet in October 2007.
- 7.6 A fuller description of all activities in the private sector housing capital programme, together with the amounts proposed for each scheme in 2009/10 – 2011/12, 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 2009/10 include the Major Repairs Allowance – MRA – of £7.814 million and Revenue Contributions for financing the Estates Pride Programme – £2.250 million. The public sector has lost SCE(R) of 1m a year from 2008/09, this funding no longer being available for

authorities who have achieved decency for their dwelling stock. This funding was used mainly to finance disabled adaptations in council housing so its loss could impact on other areas of the public sector programme although other funding is available to help mitigate the loss in 2009/10 and 2010/11. In the longer-term, other funding may be available, depending on policies adopted by the Council and Derby Homes and on the outcome of the current review of Council Housing Finance being undertaken by CLG and HM Treasury. In a recent paper, CLG states that despite the competing demands for HRA funding, given the mandatory nature of the DFG, the provision of adaptations should remain a priority.

- 8.3 The Public Sector Programme proposed for 2009/10 totals £11.968 million including the capital elements of Estates Pride. Individual schemes for this section of the programme already completed or approved include a contribution to improved street lighting – £0.975 million, reconfiguration work at Osmaston Park – £200,000, works at Sussex Circus and Sunny Hill Community Centre – total £450,000, a two year allocation to Local Housing Boards – total £600,000, Estate-based Environmental Improvements – £1.7 million and refurbishment of all play areas within Council estates – £450,000. Proposals for 2009/10 include further Environmental Improvements as detailed in Appendix 5 – £1.6 million and further allocations to Local Housing Boards and Housing Focus Group – total £300,000.
- 8.4 Other priorities continue to be concerned with completion of the PVCu windows and doors programme – over £2 million next year and over £1.5million in 2010/11. Installation of new and replacement central heating systems – £1.2 million a year for the next two years, increasing thereafter. The replacement systems are mainly to replace electric storage heaters and an additional £0.75m has been made available from HRA reserves to accelerate this process. It is anticipated that £0.30m will be spent in 2008/09 with the remaining £0.45m being included in the 2009/10 programme. Over £1.6 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, the re-modelling of Rebecca House will be funded entirely by a contribution from the HRA following the production of a revised specification.
- 8.5 Other activities in the Public Sector Programme include adaptations to properties occupied by disabled tenants – £700,000, electrical upgrades – £500,000 and increasing, one-off major refurbishments and alterations – over £500,000 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 2009/10 – 2011/12, 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

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**IMPLICATIONS****Financial**

1. As set out in the report. Capital costs that are supported will be funded from grant – SCE(C). 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.