

## HOUSING INVESTMENT PROGRAMME 2002: OUTCOME OF CONSULTATION AND PROPOSED AMENDMENTS

Report of the Director of Policy

### SUMMARY OF REPORT

- 1.1 As part of the Council's Budget and Policy Framework, this report is now presented to the Council Cabinet. The previous report, of 23 April 2002, outlined the Government Office for the East Midlands (GOEM) revised guidance to local authorities on the annual submission of the Housing Investment Programme (HIP), including the Housing Strategy and Housing Revenue Account (HRA) Business Plan. The Cabinet agreed to proceed with the consultation proposed.  
*Paragraph 5.1*
- 1.2 That consultation has been conducted, including stakeholder and residents' events, discussion at each Area Panel, consultation with Council tenants and further discussion with GOEM officers.  
*Paragraphs 5.2 and 5.3*
- 1.3 It is recommended owing to the revised Government guidance and the very significant changes to way the Council's housing responsibilities are now organised and managed, the Council should submit a revised Housing Strategy and HRA Business Plan based on the extensive consultation.  
*Paragraphs 2 to 4.2*
- 1.4 The findings from this round of consultation indicate that the issues covered in the existing Housing Strategy should be strengthened to reflect emerging local issues, including:
  - better linkage of housing investment to neighbourhood regeneration
  - promotion of community involvement in housing-related regeneration
  - promotion of home-ownership options amongst existing and emerging households unable to buy in the unsubsidised housing market
  - development of cross-boundary working with surrounding councils to meet housing need
  - need for a black and minority ethnic housing strategy
  - need for a more co-ordinated approach to tackling anti-social behaviour across tenures
  - need to meet the housing and related needs of asylum seekers and refugees
  - development of an empty properties strategy.*Paragraph 5.4 and Appendix A*

- 1.5 A review of the wider regional and national housing and policy context indicates that the following additions should be made to the current Housing Strategy:
- greater linkage with regional issues including reference to the Government's *Your regions, your choice: Revitalising the English regions* white paper
  - development of arrangements for joint commissioning of housing association schemes with the Housing Corporation to maximise discretionary Social Housing Grant allocations to schemes in Derby
  - prioritisation of brown-field development in line with Government guidance and the Council's Local Public Service Agreement (LPSA)
  - research into the housing needs and aspirations of key workers.

***Paragraph 5.5 and Appendix B***

- 1.6 Further discussion with the Government Office indicates the need to amend the Strategy with regard to resource identification and allocation. Key amendments proposed include:
- more detail on anticipated resources for housing purposes earmarked in the Derwent New Deal Delivery Plan and available from SRB and other sources
  - discussion of the assumptions underlying the split of the housing capital programme between Council housing improvement, private sector improvement and renewal and support for housing association development
  - discussion of new freedoms and flexibilities for private sector renewal to be brought in under the Regulatory Reform Order

***Paragraph 5.6 and Appendix C***

- 1.7 The Council is still required to produce an HRA Business Plan as part of the HIP Submission even though management of the Council's stock has been delegated to Derby Homes. This is because the Council retains control of the HRA. It is proposed that the Board of Derby Homes be asked to approve its business plan in a format that means the document can also act as the authority's HRA business plan. This will result in amendments to include:
- objectives for Derby Homes clearly showing how these link to the Council's strategic housing objectives and corporate objectives
  - full update on selection of the arm's length management option
  - greater detail of principles underlying expenditures of additional resources within the stock maintenance strategy
  - updated HRA financial plan taking account of rent restructuring
  - Derby Homes' organisation and operating budgets
  - incorporation of the Front Line Housing Management Best Value Improvement Action Plan.

***Paragraphs 5.7 and 5.8, and Appendix D***

## **OPTIONS CONSIDERED**

2. The following options are available to the Council. Each has been considered:
- submit an unamended Housing Strategy and HRA Business Plan, with an additional brief summary report highlighting performance against last year's action plan
  - amend only the Housing Strategy
  - amend only the HRA Business Plan
  - revise both the Housing Strategy and HRA Business Plan and report on performance against last year's action plan.

## **RECOMMENDATIONS**

- 3.1 To revise both the Housing Strategy and HRA Business Plan in line with the outcome of the consultation
- 3.2 To highlight performance against the action plans submitted last year in both documents.

## **REASONS FOR RECOMMENDATIONS**

- 4.1 The Government Office for the East Midlands has issued revised HIP guidance. This means that the Council's submission should be amended to ensure it meets the new *fit for purpose* standard.
- 4.2 In addition, the organisation and management of Derby City Council's Housing Service has undergone significant change since the last HIP submission in July 2001. This itself would have merited updating the Housing Strategy and HRA Business Plan regardless of the new guidance. Recent changes include:
- management of the Council's housing stock has been delegated to the newly formed Derby Homes arm's length organisation
  - the housing functions retained by the Council now form part of the Policy Directorate within the Chief Executive's Department giving greater scope for linkage with the neighbourhood renewal and management agendas
  - the Council has introduced a new governance structure
  - the Council's front-line housing management service has been inspected and has been found by the Audit Commission to be excellent. The HRA Business Plan must now incorporate the key elements of the Best Value Improvement Action Plan
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## **MATTER FOR CONSIDERATION**

- 5.1 At the meeting of 23 April 2002, the Executive received a briefing report on the revised guidance from the Government Office for the East Midlands on this year's Housing Investment Programme submission. The key difference

this year is that the Housing Strategy and the HRA Business Plan should be *fit for purpose*. That is, they must, in the Government Office's view, be of a sufficient standard to guide the housing-related activity of the Council and its partners over the coming 3-5 years.

- 5.2 At this meeting, the Executive noted that development of the Housing Strategy needs to follow the Council's Budget and Policy Framework, and that in addition, its review would be subject to detailed consultation with stakeholders and residents. That consultation, which has now been completed, comprised the following stages:
- one-day stakeholder event attended by 58 representatives of local housing associations, surrounding local authorities, other Derby City Council departments, and other statutory agencies and voluntary sector groups
  - one-day resident consultation event, with 27 residents from all tenures and backgrounds. Residents were selected from the Derby Pointer, Derby Association of Community Partners, housing associations' residents groups and voluntary groups in the city
  - consultation with Derby City Council residents through the City Housing Consultation Group held between the Council, the Derby Homes Board and Council tenant and leaseholder representatives
  - consultation with local communities by means of a presentation and question-and-answer session at each of the five Area Panels.
- 5.3 At each event, consultees were asked to consider the Council's current Housing Strategy with a view to recommending additions and/or amendments.
- 5.4 The consultation proved extremely productive. The consultation exercises with stakeholders, residents and Area Panels highlighted a series of issues which will need to be covered in greater detail in this year's Housing Strategy. These are listed in Appendix A.
- 5.5 In addition, the national and regional housing context has been considered and the implications for the Housing Strategy and HRA Business Plan reviewed. This appreciation of the broader context is vital as the Government expects each local authority's Housing Strategy to reflect not only local, and authority-wide issues, but the sub-regional, regional and national housing context as well. The implications of this review are listed in Appendix B.
- 5.6 From further discussion with the Government Office, it is recognised that, from this year onwards, the Strategy will need to include greater detail on resource identification and allocation, and option appraisal. The implications for the Housing Strategy and HRA Business Plan review are given in Appendix C.

- 5.7 It is proposed to revise the HRA Business Plan as a result of the creation of Derby Homes and the need to make clear the linkages between Derby Homes and the Council, notably with regard to how Derby Homes' activities are meeting the Council strategic housing objectives. The Derby Homes Business Plan will incorporate the required changes. It will be drawn up by Derby Homes in consultation with the Director of Policy and in accordance with Government guidance on HRA Business Plans.
- 5.8 The key issues to be included in this year's revised HRA Business Plan are listed in Appendix D. The appendix also gives a summary of the Derby Homes Business Plan.

## **FINANCIAL IMPLICATIONS**

- 6.1 The quality of the Council's Housing Investment Programme submission directly influences the discretionary element of the Council's Single Capital Pot allocation. It is thus vital to maintain the Council's 'well above average' ranking of its Housing Strategy.
- 6.2 The Government Office has signalled that authorities who they judge to have produced a *fit for purpose* Housing Strategy and HRA Business Plan will only be required in future years to produce brief updates highlighting key changes in local circumstances and performance against the action plan until such time as a more thorough revision is required. Thus, if the Council's submission is assessed as fit for purpose, then significant officer time will be freed up in subsequent years to focus on delivery the strategy.

## **LEGAL IMPLICATIONS**

7. None arising directly from this report.

## **PERSONNEL IMPLICATIONS**

8. None arising directly from this report.

## **ENVIRONMENTAL IMPLICATIONS**

9. The emphasis within the revised HIP Submission on bringing all socially rented homes up to a decent standard, coupled with the Council's approach to promoting energy efficiency in the private sector will have significant impacts on energy use in the city.

## **EQUALITIES IMPLICATIONS**

10. The Housing Strategy needs to specifically address the needs of all Derby's communities. The consultation process has highlighted the need to develop a black and minority ethnic (BME) housing strategy. It is planned to submit a draft BME strategy with the HIP submission. This

strategy will be used to assist housing associations bid to the Housing Corporation for funds to develop housing tailored to the needs of Derby's BME groups.

Background papers: None

<b>Regeneration</b>	
	Make explicit the linkage between neighbourhood management and regeneration, and housing demand
	Make links between private sector and public sector housing investment at the neighbourhood level
	Promote community involvement in regeneration, including maximising training, employment and capacity building opportunities
	Explore options for remodelling low demand neighbourhoods
<b>Meeting housing needs and aspirations</b>	
	Develop a more co-ordinated approach to promoting home-ownership, to include consideration of shared-ownership, low-cost home-ownership and cash incentive schemes
	Develop cross-boundary working with surrounding authorities – to cover special needs and general needs housing schemes
	Promote city centre living – including identifying target markets
	Make provision for keeping housing need and demand data up-to-date
	Encourage better mix of properties across the whole city including loft apartments, bungalows, 1-bed houses
<b>Meeting specific housing needs and emerging markets</b>	
	Develop a black and minority ethnic housing strategy
	Conduct research into the housing needs and aspirations of key workers
	Promote floating support for vulnerable groups
	Develop a co-ordinated strategy for tackling anti-social behaviour (ASB)
	Research the need for ‘multiple needs’ accommodation for individuals for whom current accommodation options are unsuitable
	Develop co-ordinated approaches to deal with the housing and related needs of asylum seekers and refugees
<b>Improving stock condition across all tenures</b>	
	Monitor progress towards the decent homes standard across all social landlords
	Develop empty properties strategy – link tenure of properties brought back into use to the requirements of the local housing market
	Publicise the Council’s energy efficiency grants / initiatives more widely

Issue for inclusion in revised Housing Strategy	Reason for inclusion
<b>Corporate Context</b>	
<p>Linkage of Housing Strategy with:</p> <ul style="list-style-type: none"> <li>• Neighbourhood Renewal Strategy</li> <li>• DCP 20/20 vision</li> <li>• Council's Corporate Plan</li> <li>• Crime and Disorder Strategy</li> <li>• Health Improvement and Modernisation Programme</li> <li>• Anti-poverty Strategy</li> <li>• Council's Capital Strategy</li> </ul>	<p>To demonstrate that the Council is utilising housing investment to meet cross-cutting priorities agreed by the Council and its partners</p>
<b>Wider Priorities - regional</b>	
<p>Need to reflect regional priorities as contained the Regional Housing Strategy for the East Midlands and the Housing Corporation's Regional Investment Policy</p>	<p>The Government Office is increasingly considering housing issues from a regional perspective, this is in line with the broader thrust of the Government's white paper on regional issues <i>Your region, your choice: Revitalising the English regions</i></p> <p>The Housing Corporation now allocates funding to housing associations on a totally discretionary basis. Its priorities for exercising its discretion are given in its Regional Investment Policy. The Council must ensure that local housing associations are bidding for developments which meet these criteria if they are to be successful. The Housing Strategy, therefore, must demonstrate how the Council will enable housing associations to meet these criteria.</p> <p>The Corporation's investment priorities for Derby are:</p> <ul style="list-style-type: none"> <li>• <b>regeneration</b> – the Council is developing a joint commissioning process to focus Corporation investment in the most disadvantaged areas as identified in the Council's Neighbourhood Renewal Strategy</li> <li>• <b>black and minority ethnic needs</b> – the Council is currently redrafting its BME Housing Strategy – a draft will be submitted with the Housing Strategy this year</li> <li>• <b>supported housing</b> – the Housing Strategy will include a full update of the Housing and Community Care Strategy which itself will be revised later in year with the development of a Supporting People Strategy</li> </ul>



<b><i>Wider Priorities – national</i></b>	
<p>The following issues of national significance will be considered from the Derby perspective:</p> <ul style="list-style-type: none"> <li>• Need for additional affordable housing units</li> <li>• Brownfield development</li> <li>• Homelessness</li> <li>• Asylum seekers</li> <li>• Home Ownership initiatives</li> <li>• Key Workers</li> <li>• BME Housing</li> <li>• Low Demand (Choice Based Lettings)</li> <li>• Cross Tenure Regeneration</li> <li>• Teenage Parents</li> <li>• Supported Housing</li> </ul>	<p>All these issues are, to a greater or lesser extent, relevant to Derby. Most notably:</p> <ul style="list-style-type: none"> <li>• brownfield development has been prioritised as a local public services agreement (LPSA) target</li> <li>• the need for additional affordable homes has been strengthened by the findings of Housing Needs and Market Study (HNMS) 2001</li> <li>• the HNMS indicated the continuing preference amongst a majority of Derby residents for owner-occupation, yet local house prices having been increasing at a rate of 11% per year for the last two years. The Housing Strategy must clearly lay out how the Council will promote home-ownership amongst those unable to afford local prices</li> </ul>

Issue	Amendment required
Resources available for meeting strategic housing objectives	<p>Identify resources available specifically for housing-related activities through the Derwent New Deal, SRB and Neighbourhood Renewal Fund</p> <p>Make clear the basis for assigning the Council's housing investment between the three principal areas of capital investment – improvement of Council houses, improvement and renewal of private sector housing, and support for housing association development</p>
Priorities for Action	<p>Need to justify the relative importance and priorities for action</p> <p>Clarify and emphasise priorities for action</p>
Analysis of Investment / Activity Options	<p>Need to consider future private sector renewal investment in context of the freedoms and flexibilities for private sector improvement brought in under the Regulatory Reform Order 2002</p> <p>Discuss the principles underlying the modernisation expenditure made available through arms length housing management</p> <p>Joint commissioning between the Council and the Housing Corporation which will, with the Corporation's final approval, see the development of a three year funding programme for redevelopment of and new housing development in the areas prioritised in the Council's Neighbourhood Renewal Strategy and Anti-Poverty Strategy</p>

## Appendix D: Proposed HRA Business Plan amendments

<b>Key issues to be included in updated HRA Business Plan</b>
Objectives for Derby Homes clearly showing how these link to the Council's strategic housing objectives and corporate objectives
Full update on selection of the arm's length management option
Greater detail of principles underlying expenditures of additional resources within the stock maintenance strategy
Updated HRA financial plan taking account of rent restructuring
Derby Homes' organisation and operating budgets
Incorporation of the Front Line Housing Management Best Value Improvement Action Plan

### DERBY HOMES BUSINESS PLAN 2003-4 DRAFT SUMMARY

#### **1 Introduction**

This document is the Derby Homes Business Plan. It sets out its mission statement, objectives and strategies, together with its key priorities and resources. It also acts as Derby City Council's HRA Business Plan. It does this by outlining the strategic options, showing linkages to Derby's housing strategy and setting out an asset management plan.

#### **2 Objectives**

This plan sets out the mission statement and objectives of Derby Homes, which seeks to make a difference by improving council housing and continuing to provide excellent housing management services. We aim to provide good quality housing and - by working with tenants and other key partners, to help create sustainable communities and estates.

#### **3 Background**

Derby City Council has been developing and providing housing since 1920. The number of dwellings rose to a peak of 25,500 in 1981 and now stands at 15,500, with most of the reduction being due to sales to sitting tenants. The management and improvement of the whole of the Council's stock was contracted to Derby Homes in April 2002.

#### **4 Option Appraisal**

The formation of Derby Homes Limited followed an option appraisal study conducted in 2001. This identified the formation of an "arms length housing management organisation" as a viable route to enable the Council's stock to be improved to the decent homes standard. This was the Council's preferred option and was endorsed by a Yes vote of 88% of tenants.

#### **5 Strategic Links**

This plan links to Derby's housing strategy, the City Council's Capital Strategy, the Derby 2020 Vision statement and the strategies of other key partners. The additional investment that Derby Homes is able to attract provides new opportunities to develop local employment and training

initiatives and contribute to neighbourhood renewal.

**6 Service Environment**

In order to develop our business plan, we have undertaken an analysis of the service environment in which we are operating. We are working with our partners to strengthen our analysis of the local housing market and share this analysis with tenants and other housing providers and agencies.

**7 Housing Service**

Providing homes that are managed properly, are in a good condition and meet the aspirations of current and future tenants is crucial to our future success. We provide a decentralised 'on the spot' housing management services and operate specialist teams to look after our stock and provide a wide range of services to meet tenants' diverse needs.

**8 Maintenance Strategy**

Derby has a planned approach to maintenance based on accurate stock condition information. We undertake 80% of all work on a planned basis to deal with known or anticipated problems of disrepair rather than making excessive use of responsive repairs. The additional £81m in "arms length" capital resources available in 2002 –06 will be spent in a proper and timely manner in order to bring stock to the decent homes standard.

**9 Estate Sustainability**

We recognise the fundamental importance of responding to contemporary aspirations in terms of both the quality of our stock and the quality of life within areas of council housing. We are increasing our marketing of the council housing product to overcome errors of perception and developing plans to tackle the sustainability of some of our oldest estates.

**10 HRA Financial Plan**

The HRA Business Plan Expenditure Model has been used to produce 30-year financial projections. These are based on existing and planned resources and explicit future year assumptions. In considering the future of our oldest estates we will utilise the model to carry out option appraisals. We also set out our approach to rent restructuring to be achieved by 2012.

**11 Improvement**

There are arrangements in place to work with tenants to review our services, benchmark them, set and monitor improvement targets and report on progress. We have set out a series of key actions to improve efficiency, enhance customer service, raise housing quality and sustain the value of investment in our housing assets

**12 Derby Homes Organisation and Budgets**

We are developing an organisation that is capable of carrying out this extensive programme of building works and service improvements. This plan sets out our management and staffing structure and the Operating Budget available to Derby Homes based on the management fee receivable from Derby City Council.

**13**

**Business Development Plan**

In order to fulfil this programme Derby Homes needs to modernise the way it works, develop the use of information and communication technology, further develop its staff and training resources and plan and organise itself in a businesslike manner. This plan sets out how Derby Homes intends to do this, using resources arising from efficiency gains in ways agreed with the City Council that will enable Derby Homes to be a viable organisation.