



DERBY CITY COUNCIL

**COMMUNITY COMMISSION
15 JANUARY 2007**

Report of the Corporate Director –
Resources and Housing

ITEM 9

Housing and Social Care Capital Programme 2007/08 – 2009/10

RECOMMENDATION

1. To approve the proposed Housing and Social Care Capital Programme for 2007/08 to 2009/10.

SUPPORTING INFORMATION

- 2.1 The Council will approve the capital programme for the 2007/08 financial year at its budget setting meeting on 1 March 2007 after consideration of the final proposals by Cabinet on 20 February 2007. 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 established in 2006/07 for the allocations continues in 2007/08 following the series of recommendations by the Regional Housing Board – RHB – on Investment in Housing in the East Midlands 2006 – 2008. Local authorities were again invited to submit bids to help in the delivery of decent homes for vulnerable households in the private sector.
- 3.2 The targets associated with Public Service Agreement 7 – PSA7 – to cover the private sector remain and are to ensure that a minimum of 65% of vulnerable households live in a decent home by 2006, rising to 70% in 2010 and 75% by 2020.
- 3.3 Identification of vulnerable households through a *Baseline Assessment* is not a straightforward matter. In recognition of this, the RHB has supported a consortium of nine authorities, led by Derby, to develop a new approach to the identification of stock condition and level of vulnerability.

- 3.4 The work for this baseline assessment or joint house condition survey is now complete for Derby and the baseline established as 60% of vulnerable households living in private sector homes in the City. This is 5% below the minimum target set by the Department for Communities and Local Government – DCLG – for 2006. This will mean that a considerable amount of work will need to be carried out to bring properties in the private sector up to the decent homes standard so that DCLG's target for 2010 can be met.
- 3.5 Following its bid for resources, the Council has not yet been notified of its housing allocations for 2007/08 by the Government Office for the East Midlands – GOEM. 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 expenditure depending on the allocations received.
- 3.6 The RHB has informally indicated that there will be an overall reduction for the region of 8% but funding for the Market Renewal, the Decent and Safe Homes initiative – DASH – and Housing intelligence for the East Midlands – Hi4EM – schemes will be protected. A total of £2.551 million is expected for private sector activity through the Single Regional Housing Pot – SRHP – concerned with the achievement of decent homes for the vulnerable in the private sector. This amount includes a Guaranteed Allocation of £0.518 million and a Supplementary Allocation of £2.033 million.
- 3.7 Within the Supplementary Allocation is funding to support the continuation of the Hi4EM project with other regional authorities – £395,000 – and the Decent and Safe Homes initiative – DASH – £290,000 – to improve standards in the private rented sector.
- 3.8 A further allocation of £5.525 million is also expected to be received to continue the development of the Rosehill Market Renewal Project.
- 3.9 In line with the regime introduced in 2006/07, the allocation to support private sector activity continues to be given as a cash grant or Supported Capital Expenditure (Capital) – SCE(C) – rather than Supported Capital Expenditure (Revenue) – SCE(R). This means the Council will not have to enter into borrowing arrangements for this part of the allocation. The support for public sector housing continues as SCE(R) with revenue support from the Housing Revenue Account – HRA – through HRA Subsidy.
- 3.10 The Council is also expecting to be notified of an allocation of specified capital grant – SCG – of £550,000 for the year 2007/08 to support expenditure on mandatory disabled facilities grants – DFG.
- 3.11 The table below summarises the allocations for the year 2007/08 with 2006/07 also shown for comparison:

Housing Allocations	2007/08 £000	2006/07 £000
Supported Capital Expenditure (Capital) – General	1,866	2,030
Supported Capital Expenditure (Capital) – Hi4EM and DASH	685	455
Supported Capital Expenditure (Capital) – Market Assessment	0	50
Supported Capital Expenditure (Capital) – Gypsy and Traveller Research	0	45
Supported Capital Expenditure (Capital) – Market Renewal – Rosehill	5,525	5,523
Supported Capital Expenditure (Revenue)	1,000	1,000
Total Supported Capital Expenditure	9,076	9,103
Specified Capital Grant – to support DFG expenditure	550	539

Other resources

- 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

- The next table summarises all projected resources available for the three years 2007/08 to 2009/10 and a preliminary annual estimate for future years:

	2007/08	2008/09	2009/10	Future
	£000	£000	£000	Years £000
Corporate Funding Earmarked to Service				
Supported Capital Expenditure (Capital) – Private Sector - General	1,866	1,866	1,866	1,866
Supported Capital Expenditure (Capital) – Private Sector – DASH and Hi4EM	685	290	290	290
Supported Capital Expenditure (Capital) – Private Sector – Market Renewal	5,525	0	0	0
Supported Capital Expenditure (Revenue)	1,000	1,000	1,000	1,000
Total Supported Capital Expenditure	9,076	3,156	3,156	3,156
Useable Capital Receipts	2,720	2,100	1,350	1,350
Revenue Contributions	3,436	2,263	2,250	1,286
Other Contributions	200	200	200	200
Total Corporate Funding Earmarked to Service	15,432	7,719	6,956	5,992
Funding Specific to Service				
Major Repairs Allowance	7,501	7,563	7,675	7,788
Disabled Facilities Grant	550	550	550	550
Total forecast available resources	23,483	15,832	15,181	14,330

Spending plans

6. The total projected funded programme in 2007/08 is £23.483 million. The overall programme consists of the Private Sector Programme, total £11.576 million, and the Public Sector Programme dealing solely with council housing, total £11.907 million. Details are shown in Appendix 2.

Private Sector Programme

- 7.1 Priorities include new Housing Renewal initiatives concerned with the achievement of decent homes for the vulnerable, improvement of the private rented sector and residual Area Renewal work in the Hartington Street Renewal Area. Completion of the Assessment Centre for people with an alcohol dependency is also expected in 2007/08 – £1.5m – following acquisition of the site in 2006/07.
- 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 £550,000 for 2007/08. This sum provides 60% of the funding so that a contribution of 40% of total expenditure of at

least £917,000 must be made following receipt of the grant. Total expenditure of the greater amount of £1.400 million in 2007/08 and subsequently is proposed in recognition of the continuing demand for these types of adaptation and to reflect previous recommendations of Community Commission. The expenditure will 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 Social Services as part of Care in the Community. It is expected that for 2007/08 and subsequently the general SCE (C) will not be able to be used to support the DFG allocation which means that other resources must be used for this purpose. Other available resources total £1.220 million of which £0.850 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 £1.62 million are scheduled for the Housing PFI scheme. No further “mainstream” resources are available for additional affordable housing at present so it is proposed 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 payments for the PFI scheme have ended, 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 and will need to address the likely associated funding requirement including funding of very sheltered Extra-care schemes, which are often Housing Association schemes. From 2007/08 it is proposed to bring any such future supported housing capital needs within the funded housing programme, accompanied by a £200k additional ring fencing of housing capital receipts.
- 7.5 A fuller description of all activities in the private sector housing capital programme, together with the amounts proposed for each scheme in 2007/08 – 2009/10, 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 2006/07 are the Major Repairs Allowance – MRA – of £7.501 million, Revenue Contributions – including financing for the Estates Pride Programme – £3.406 million and SCE (R) – £1 million.
- 8.3 The Public Sector Programme proposed for 2007/08 totals £11.907 million including the capital elements of Estates Pride. Individual schemes for this section of the programme already approved include a contribution to improved street lighting – £1.210 million and reconfiguration work at Osmaston Park – £180,000. Further schemes will be proposed following further consultation with residents.

- 8.4 Other priorities continue to be concerned with completion of the PVCu windows programme and repairs prior to painting – £2.25 million a year – and installation of new and replacement central heating systems – £1.2 million a year. £2 million a year has been provided for replacement kitchens and bathrooms for properties mainly on pre-war estates including those where tenants refused their installation during the Homes Pride Programme.
- 8.5 Other activities in the Public Sector Programme include adaptations to properties occupied by disabled tenants – £700,000, electrical upgrades – £600,000, one-off major refurbishments and alterations – £250,000 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 2007/08 – 2009/10, 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 Submission 2004/05 Appendix 4 – HRA Housing Capital Submission 2004/05

IMPLICATIONS

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.

Scheme	Source of Funding	Cost				
		2007/2008 £000	2008/2009 £000	2009/10 £000	Future £000	Total cost £000
Housing Revenue Account						
Kitchens and Bathrooms - post war	MRA	1,000	500	500	500	2,500
Kitchens and Bathrooms - pre war	MRA	1,000	1,500	1,500	1,500	5,500
Damp-proofing		200	200	200	200	800
Electrical Upgrades	MRA	600	600	600	600	2,400
Re-roofing	MRA	100	100	100	850	1,150
Major Refurbishments/Alterations	MRA	250	250	250	250	1,000
PVCu Windows & Repairs Prior to Painting	MRA	2,250	2,250	2,250	1,500	8,250
Central Heating	MRA	1,200	1,200	1,200	1,200	4,800
Replacement of Smoke Alarms	MRA	200	100	100	100	500
Door Entry Systems - communal	MRA	150	150	150	150	600
Capitalised Salaries	MRA/SCE - R	680	700	710	720	2,810
Contingency	MRA/SCE - R	71	113	215	318	717
Adaptations for Disabled People	SCE - R	700	700	700	700	2,800
Asbestos Removal	SCE - R	100	200	200	200	700
Estates Pride	RCCO	3,406	2,263	2,250	1,286	9,205
Total Housing Revenue Account		11,907	10,826	10,925	10,074	43,732
Housing General Fund						
Acquisition/Demolition of Unfit Properties	SCE - C	5	5	5	5	20
Rosehill Market Renewal	SCE - C	5,525	0	0	0	5,525
DASH and Hi4EM	SCE - C	685	290	290	290	1,555
Assistance to Vulnerable Householders	SCE - C	800	800	800	800	3,200
Housing Needs Challenge Fund	SCE - C	220	220	220	220	880
Empty Property Assistance	SCE - C	350	350	350	350	1,400
Disabled Facilities Grants	DFG/CAP RECEIPTS	1,400	1,400	1,400	1,400	5,600
Minor Repairs Grants	SCE - C	341	341	341	341	1,364
Capitalised Salaries	SCE - C	150	150	150	150	600
Facilitation Fund	CAP RECEIPTS/CONT	0	0	500	500	1,000
PFI Scheme	CAP RECEIPTS/CONT	370	1,250	0	0	1,620
Supported Accommodation Strategy	CAP RECEIPTS	200	200	200	200	800
Assessment Centre	CAP RECEIPTS/CONT	1,500	0	0	0	1,500
Homelessness - Security Works (LPSA2)	RCCO	30	0	0	0	30
Total Housing General Fund		11,576	5,006	4,256	4,256	25,094
Grand Total		23,483	15,832	15,181	14,330	68,826

Scheme Title	2007/08 £'000	2008/09 £'000	2009/10 £'000	Detail
Housing Private Sector				
Acquisition/Demolition of Unfit Properties	5	5	5	Acquisition and making safe of single dwellings together with payments to previously untraceable recipients of Compulsory Purchase Orders.
Rosehill Market Renewal	5,525	-	-	Market renewal for the Rosehill district of the city including the area around the Baseball Ground.
DASH and Hi4EM	685	290	290	The Decent And Safe Homes Scheme - DASH - is a regionally based scheme initially set up to provide training to landlords across the region on the requirements of the housing act 2004 and now concentrating on the development of regional landlord accreditation schemes. Housing intelligence for the East Midlands - Hi4EM - is a data mapping project and the development of a website for monitoring of progress on achieving decent homes targets.
Assistance to Vulnerable Householders	800	800	800	Project to target vulnerable people in non-decent homes for assistance.
Housing Needs Challenge Fund	220	220	220	Project will target non-decent properties for acquisition and refurbishment for us by vulnerable households. The project, in particular, supports the Homelessness Strategy in assisting with the reduction in use of Bed and Breakfast accommodation and in making greater use of the private rented sector for discharging homelessness duties.
Empty Property Assistance	350	350	350	Empty Property Assistance provides loan funding for the refurbishment and return to use of long term, dilapidated empty properties. It is generally only available to new, or potential new owners of such properties where renovation without aid would not be viable.
Disabled Facilities Grants	1,400	1,400	1,400	Grant aided adaptations to private sector dwellings for the benefit of disabled occupants. Programme delivered in conjunction with Social Services as part of Care in the Community.
Minor Repairs Grants	341	341	341	Grant aided repairs improvements to dwellings occupied by older low-income homeowners to enable them to stay put.
Capitalised Salaries	150	150	150	Charging to the capital programme the salaries of the staff directly involved in the development and implementation of private sector housing programmes.
Facilitation Fund	-	-	500	First created in the early 1990s following the government's desire for councils to take an enabling role rather than direct provision. It has been used to help finance a number of affordable housing schemes, mainly in partnership with Housing Associations, for example a self-build scheme at Sinfen, the provision of new homes at Bedford Street and schemes to provide additional affordable housing at Mickleover, Radbourne Gate, and Littleover, Heatherton. No further schemes are proposed for 2007/08 and 2008/09 since over £1.6m is needed in those years for the affordable housing scheme to be provided through the PFI scheme.
PFI Scheme	370	1,250	-	A scheme is under progress for the building of 150 new units of social housing under the government's Private Finance Initiative.
Supported Accommodation Strategy	200	200	200	Funding for Supported Accommodation Strategy including very sheltered Extra-care schemes. The housing capital programme will fund only the accommodation elements, rather than any care elements.
Assessment Centre	1,500	-	-	Construction of a new Night Shelter together with an Assessment Centre for people with alcohol dependency
Homelessness - Security Works (LPSA2)	30	-	-	Security works being carried out to 60 properties per year to the end of 2007/08. These works will include a menu of different security measures to fit the situation and include where necessary new front and or back doors, spy holes, lifelines, panic alarms, fireproof letter boxes, PIR alarms.
Total	11,576	5,006	4,256	

Scheme Title	2007/08 £'000	2008/09 £'000	2009/10 £'000	Detail
Housing Public Sector				
Kitchens and Bathrooms - post war	1,000	500	500	Installation of new kitchens and bathrooms to post-war homes
Kitchens and Bathrooms - pre war	1,000	1,500	1,500	Installation of new kitchens and bathrooms to pre-war homes
Damp-proofing	200	200	200	Installation of new damp proof courses
Electrical Upgrades	600	600	600	Upgrades to electrical systems to the current regulations including some rewires
Re-roofing	100	100	100	Replacement roof coverings to pre-war homes owing to age and to some post-war homes owing to poor roof design
Major Refurbishments/Alterations	250	250	250	Major capital works to modernise, refurbish, convert or extend homes, usually on a one-off basis while vacant and not part of any large programme or area scheme.
PVCu Windows & Repairs Prior to Painting	2,250	2,250	2,250	Installation of PVCu double glazed windows to all dwellings
Gas Central Heating	1,200	1,200	1,200	Installation of energy efficient gas central heating systems in all dwellings that either do not have an existing heating system or replacement of old, inefficient, heating systems.
Replacement of Smoke Alarms	200	100	100	Installation of replacement hard-wired smoke alarms.
Door Entry Systems - communal	150	150	150	Replacement of communal door entry systems at sheltered schemes, flats.
Capitalised Salaries	680	700	710	Capitalisation of salaries of staff involved in the development/implementation of public sector housing programmes.
Contingency	71	113	215	Contingent sum to cover un-foreseen expenditure
Adaptations for disabled People	700	700	700	Adaptations to the homes of disabled people to enable them to live independently and avoid the need for residential or hospital care.
Asbestos Removal	100	200	200	Detailed surveys to identify locations of asbestos to keep the asbestos register up to date and the selective removal of any presenting a risk to tenants
Estates Pride	3,406	2,263	2,250	5 year estate improvement programme to include works such as tree planting, landscaping, street lighting and parking improvements.
Total	11,907	10,826	10,925	

**HOUSING CAPITAL PROGRAMME 2007/08
FINANCING OF THE PROGRAMME
GLOSSARY OF TERMS**

Supported Capital Expenditure – Capital Expenditure which is supported by the Government following the introduction of a new prudential capital finance system from 2004/05.

Supported Capital Expenditure (Capital) – SCE(C) – A cash grant is received from the Government to finance the Capital Expenditure.

Supported Capital Expenditure (Revenue) – SCE(R) – Where Capital Expenditure is financed by borrowing and the Government meets the cost of the borrowing.

Disabled Facilities Grant – Specified Capital Grant – SCG – Subsidy towards expenditure on both mandatory and discretionary Disabled Facilities Grants – DFGs.

[The allocation is made following a bid for resources and provides 60% only of the financing for expenditure on DFGs, with the remainder coming from useable capital receipts. The anticipated allocation of £550,000 will therefore support expenditure of £917,000 although the proposal is to spend a total of £1.4million to reflect demand and previous recommendations of Community Commission.]

Useable Capital Receipts – the proportion of capital receipts that are available to finance new capital expenditure following the disposal of Housing Assets – mainly sale of Council Dwellings under the Right to Buy – RTB – Scheme and sale of Housing Land

Revenue Contributions – Contributions from Revenue Accounts of the Council to finance Capital Expenditure.

Other Contributions – Contributions received from external sources – for example owner contributions to group repair schemes and sums received for planning obligations under s.106 of the Town and Country Planning Act 1990.

Major Repairs Allowance – MRA – An allowance paid by the government for repair and improvement of council housing. The allowance is **ring-fenced** – can only be used for the purpose for which it is provided.