



Draft Housing Capital Programme 2005/06 to 2007/08

RECOMMENDATION

1. To note and comment on the proposed draft housing capital programme for 2005/06 to 2007/08.

SUPPORTING INFORMATION

- 2.1 The Council will approve the capital programme for the 2005/06 financial year at its budget setting meeting on 2 March 2005 after consideration of the final proposals by Cabinet on 22 February 2005. The programme will include schemes financed both from service-specific allocations and discretionary corporate funding. This report deals only with the proposed uses of allocations that are specific to housing, based on 2005/06 main allocations confirmed at the point of its preparation. The overall draft capital programme will be considered by Scrutiny Management Commission on 31 January, including the proposed uses of corporate funding.
- 2.2 Most housing capital funding comes directly from the government, although there are other earmarked funding streams such as useable capital receipts and external contributions towards capital expenditure.

The Housing Allocation

- 2.3 Following its bid for resources in August 2003, the Council was notified of its allocation for 2004/05 and an indicative allocation for 2005/06 by the Government Office for the East Midlands – GOEM. The allocations are based partly on a formula – 75% of the generalised needs index – and partly on a discretionary basis. The notification letter received at that time stated that the indicative allocation for 2005/06 would be firm except for adjustments following whole or partial stock transfers or where satisfactory progress is not being made in delivering activities for which the discretionary part of the allocation was made. These factors do not apply to Derby and a further notification letter was received in December 2004 confirming that the indicative allocations previously given are now final. The letter also gives further details of the allocation methodology and details of an additional £141,000 for further private sector activity through the Single Regional Housing Pot – SRHP. Resources allocated through the SRHP were previously £664,000 for each of the two years 2004/05 and 2005/06. A copy of the new notification letter is shown at appendix 2.
- 2.4 The Council has also been notified of an allocation of specified capital grant – SCG – of £422,000 for the year 2005/06 to support expenditure on mandatory disabled facilities grant – DFG. A copy of the notification letter is shown at appendix 3.

2.5 The table below summarises the allocations for the year 2005/06 with 2004/05 also shown for comparison:

Housing Allocations	2005/06	2004/05
	£000	£000
Supported Capital Expenditure (Revenue) main allocation	3,148	3,064
Supported Capital Expenditure (Revenue) - SRHP	805	664
Borrowing for programme	3,953	3,728
Specified Capital Grant – to support DFG expenditure	422	389

Other resources

2.6 Other resources available to fund the housing capital programme include a Supplementary Credit Approval – SCA – secured in 2002/03 for a total of £80.98 million over four financial years following the creation of Derby Homes Limited. Following a further bid in April 2004, a further £16.196 million was awarded in May and the programme increased by that amount. The main changes in the profiling of this funding are summarised below:

	2002/03	2003/04	2004/05	2005/06	Total
	£000	£000	£000	£000	£000
Original Profile – bid	6,229	24,917	24,917	24,917	80,980
Revised Profile – following notification	8,435	22,700	24,865	24,980	80,980
Revised Profile – following Cabinet approval 13 January 2004	8,435	28,700	24,865	18,980	80,980
Revised Profile – following additional award of funding May 2004 and Cabinet approval June 2004	8,435	28,711	41,115	18,915	97,176
Latest Forecast	8,435	28,711	36,227	23,803	97,176

2.7 Other resources include: the Major Repairs Allowance – MRA – provided for the refurbishment of council housing; other government grants; and useable capital receipts from the sale of council housing under the Right to Buy – RTB – scheme.

Total available resources

2.8 The next table summarises all projected resources available for the three years 2005/06 to 2007/08 and a preliminary annual estimate for future years:

	2005/06	2006/07	2007/08	Future Years
	£000	£000	£000	£000
Corporate Funding Earmarked to Service				
Supported Capital Expenditure (Revenue) – main allocation	3,148	3,234	3,350	3,450
Supported Capital Expenditure (Revenue) – Private Sector Renewal – Single Regional Housing Pot	805	700	700	700
Total Supported Capital Expenditure (Revenue)	3,953	3,934	4,050	4,150
Useable Capital Receipts	945	1,000	1,050	1,100
Revenue Contribution	485	0	0	0
Total Corporate Funding Earmarked to Service	5,383	4,934	5,100	5,250
Funding Specific to Service				
Supplementary Credit Approval	23,803	0	0	0
Major Repairs Allowance	7,221	7,247	7,297	7,293
Disabled Facilities Grant	422	430	440	450
URBAN II	74	0	0	0
Total projected available resources	36,903	12,611	12,837	12,993

Spending plans

2.9 The total projected funded programme in 2005/06 is £36.903 million. The overall programme consists of the Private Sector Programme, total £4.640 million, and the Public Sector Programme dealing solely with council housing, total £32.263 million. Details are shown in Appendix 4.

Private Sector Programme

2.10 There are no mainstream borrowing resources specifically for the Private Sector Programme and it has become established practice to use approximately two-thirds of the borrowing allocation for general needs, together with all available useable capital receipts, to fund this part of the programme. The balance for general needs has increased to around three quarters in recent years following approval for increased availability of DFGs to applicants in the private sector.

2.11 The Private Sector Programme proposed for 2005/06 totals £4.640 million. Priorities include the continuation of the Area Renewal Programme – £1.408 million – plus new Housing Renewal initiatives to bring empty properties back into use, improve the private rented sector and provide loan assistance, funded by the Single Regional Housing Pot – SRHP – allocation – £805,000.

2.12 Grant-aided adaptations to private sector dwellings for the benefit of disabled occupants are directly funded by government grant. The Disabled Facilities Grant – DFG – is £422,000 for 2005/06. This sum must be match funded by the Council by at least 40%, so that total expenditure of at least £703,000 must be made following receipt of the grant. Total expenditure of £1.400 million in 2005/06 is proposed in recognition of the continuing demand for these types of adaptation including the

salary of a progress chaser to help expedite grant applications. The programme is delivered in conjunction with Social Services as part of Care in the Community.

- 2.13 The Facilitation Fund – £597,000 – continues 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.
- 2.14 Fees for a Housing PFI scheme currently under consideration are also included in the programme which will need to be paid using a capital/revenue swap arrangement.
- 2.15 A fuller description of all activities in the private sector housing capital programme, together with the amounts proposed for each scheme in 2005/06, is given in Appendix 5.

Public Sector Programme

- 2.16 The Public Sector Programme proposed for 2005/06 totals £32.453 million. It is delivered for the Council by Derby Homes Limited. The programme is referred to as the Homes Pride Programme and is concerned with the repair and refurbishment of council housing throughout the city. There is a commitment to achieve the decent homes standard for all homes by the end of 2005/06, for which the government made available £81 million additional funding over four financial years from 2002/03. This standard will be achieved by 2005/06 based on former resource projections. Following a bid made in 2004 to the government an additional £16 million has been awarded which will enable decency plus to be achieved – the elimination of the investment backlog in all homes – the target for achieving this position has been revised to the end of the calendar year 2005 rather than the end of the financial year 2005/06.
- 2.17 Other resources available for the Public Sector Programme in 2005/06 are the Major Repairs Allowance – MRA – of £7.221 million and a proportion of the Supported Capital Expenditure (Revenue) – £754,000.
- 2.18 Priorities are now concerned with the achievement of decency plus. Decency means homes that:
- meet the current fitness standard
 - are in a reasonable state of repair
 - have reasonably modern facilities
 - are energy efficient.

Decency plus entails ensuring all facilities in each home are reasonably modern by replacing components so that all those in use fall within defined age limits.

- 2.19 To achieve decency plus, the main works being carried out are provision of new kitchens and bathrooms, re-roofing, PVCu windows, and installation/replacement of gas central heating systems. It is planned to spend a total of over £16 million on these items in 2005/06.

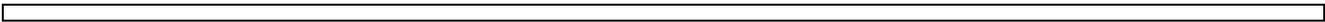
- 2.20 The programmes of refurbishment of Non -Traditional dwellings – Wimpey No Fines dwellings and Unity dwellings – are continuing in 2005/06, at £4.1 million and £4.3 million respectively, and should be complete by the revised target date.
- 2.21 A new proposal starting in 2005/06 is the provisional earmarking of funds for the refurbishment of Britannia Court, pending an assessment of other options for the site.
- 2.22 Other activities in the Public Sector Programme include crime prevention initiatives including the installation of burglar alarms – £100,000, electrical upgrades – £500,000, continuation of large and small-scale customer identified improvements under the City Housing Improvement Schemes – CHIPs – £1.2 million, and other relatively small scale repair and improvement.
- 2.23 A fuller description of all activities in the Public Sector Programme, together with the amounts proposed for each scheme in 2005/06, is given in Appendix 6.

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Background papers:

List of appendices:

- Appendix 1 – Implications
- Appendix 2 – Housing Capital Allocations 2005/06 –
Letter from GOEM
- Appendix 3 – Allocation of SCG to support expenditure on DFG –
Letter from GOEM
- Appendix 4 – Details of Funded Scheme Costs and Scheme Priorities
- Appendix 5 – Non-HRA Housing Capital Submission 2004/05
- Appendix 6 – 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 and within housing general fund budgets for private sector schemes. All capital costs are supported and will either be funded from grant – SCE(C) – or support for the revenue costs of borrowing – SCE(R).

Legal

2. There are no direct legal implications.

Personnel

3. The estimated cost of delivering of the programme has been included.

Equalities Impact

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

Corporate objectives and priorities

5. The programme is consistent with the corporate objectives of **strong and positive neighbourhoods** and **protecting and supporting people**.

NON- HRA HOUSING CAPITAL SUBMISSION 2005/06

Acquisition and Demolition of Unfit dwellings - £50k

Relates mainly to properties acquired for demolition where they have become unfit or unsafe. Formerly a substantial part of the capital programme when major slum clearance schemes were undertaken in the 1970s and 1980s. Much more limited clearance took place in the 1990s, mainly in the Pear Tree Renewal Area. Currently spending is limited to the acquisition of single properties if necessary and making them safe and/or demolishing. The budget is also used to make payments to previously untraceable recipients of Compulsory Purchase Orders - CPOs - and to make safe gable walls following demolition of adjoining properties.

Area Renewal Programme - £1.408m

Declarations of Renewal Areas or non-statutory Housing Improvement Zones to secure housing, environmental and socio-economic improvements in deprived inner city areas.

Housing Renewal – Single Regional Housing Pot, SRHP - £805k

Additional bid based funding for new forms of Housing Renewal including rehabilitation of empty properties, improvement of the private rented sector and loan assistance.

Disabled Facilities Grants, DFGs - £1.400m

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 - £250k

Grant aided repairs and improvements to dwellings occupied by older low-income homeowners to enable them to “stay put”.

Capitalised Salaries - £130k

Charging to the capital programme the salaries of staff directly involved in the development and implementation of private sector housing programmes.

Facilitation Fund - £509k

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 schemes, mainly in partnership with Housing Associations, for example a self-build scheme at Sinfin, the provision of new homes at Bedford Street and schemes to provide additional affordable housing at Mickleover, Radbourne Gate, and Littleover, Heatherton. Other activity has included working in partnership with Social Services to provide extensions to make homes suitable to be used for fostering children. Current commitments include schemes for rent with Walbrook, Raglan, Home and Tuntum Housing Associations – a total of 52 units.

PFI Scheme - £88k

Currently, a scheme is under consideration for the building of 150 new units of social housing under the government’s Private Finance Initiative. Any consultancy and legal fees associated with the scheme are estimated at £100k – mainly payable in 2004/05 – plus a contribution to the scheme of about £700k over the next four years.

HRA HOUSING CAPITAL SUBMISSION 2005/06

Kitchens and Bathrooms – post-war – North - £7.557m

Installation of new kitchens and bathrooms to post-war homes in the north of the city

Kitchens and Bathrooms – post-war – South - £3.745m

Installation of new kitchens and bathrooms to post war homes in the south of the city

Kitchens – pre-war - £900k

Installation of new kitchens to pre-war homes where required across the city

Bathrooms – pre-war - £500k

Installation of new bathrooms to pre-war homes where required across the city

DPC - £500k

Installation of new damp proof courses

Installation of Burglar Alarms - £100k

Installation of electronic intruder alarm systems

Electrical Upgrades - £500k

Upgrades to electrical systems to the current regulations including some rewires

Britannia Court - £700k

Work to bring the bed-sits and flats up to the decent homes standard, re-roofing and some structural alterations to convert up to six bed-sits into one or two bedroom flats. The proposal is provisional only pending an assessment of other options for the site.

Re-roofing - £850k

Replacement roof coverings to pre-war homes owing to age and to some post-war homes owing to poor roof design

Asbestos Removal - £350k

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

Refurbishment of Wimpey No Fines Dwellings - £4.1m

External wall insulation, attractive render system and new PVCu double glazing

Refurbishment of Unity Dwellings - £4.3m

Replacement of external walls with brick/block construction and full internal refurbishment

Pre-war Full Modernisations – including conversion of 4/5 bedroom dwellings - £1.5m

Internal improvements including new kitchen, bathroom, rewiring, internal dry lining, new PVCu windows, redecoration and parking

PVCu Windows – £1.0m

Installation of PVCu double glazed windows to all dwellings

Gas Central Heating - £800k

Installation of energy efficient gas central heating systems in all dwellings that either do not have an existing heating system or have one that is over 15 years old. Replacement of old, inefficient, communal heating systems.

Replacement Heatlease - £800k

Replacement of old electric storage heating systems with energy efficient gas central heating systems.

City Housing Improvement Plans – CHIPs – large scale - £880k

Customer identified environmental improvement work to public sector housing estates – for example erection of fencing and provision of parking spaces.

City Housing Improvement Plans – CHIPs – small scale - £320k

Customer identified small-scale environmental improvement work to public sector housing estates – for example, minor landscaping including provision of shrubbery.

Adaptations for Disabled People - £700k

Adaptations to the homes of disabled people to enable them to live independently and avoid the need for residential or hospital care.

Installation of Smoke Alarms - £200k

Installation of hard-wired smoke alarms across the City as required

Crime Prevention Measures - £70k

Installation of security measures including window locks, lights, gates and CCTV cameras

Communal Door Entry Systems - £250k

Replacement of communal door entry systems at sheltered schemes, flats and so on

IT Development - £35k

New IT equipment to enable more efficient commissioning of the Public Sector programme, including provision of hand-held computers and completion of the repairs call centre

Conversion of Sheltered Accommodation - £25k

Converting unpopular bed-sits within sheltered housing schemes into one or two bed units

Capitalised Salaries - £908k

Capitalisation of salaries of staff involved in the development/implementation of public sector housing programmes.

Help Scheme - £200k

Energy efficiency improvements and free benefits advice where required following the achievement of decency – normally includes increasing loft insulation to 250mm and provision of free low energy light bulbs.

Supporting People Environmental Improvements - £350k

Improvements to Sheltered Housing schemes, for example:

Max Road Extension - £65k

Extension to the common room at Max Road Sheltered Housing Scheme

Miscellaneous Capital Costs - £58k

Payment of professional and consultancy fees