



DERBY CITY COUNCIL

**COMMUNITY REGENERATION  
COMMISSION  
14 FEBRUARY 2006**

Report of the Corporate Director –  
Resources

# ITEM 7

## Housing Capital Programme 2006/07 – 2008/09

### RECOMMENDATION

1. To approve the proposed housing capital programme for 2006/07 to 2008/09.

### SUPPORTING INFORMATION

- 2.1 The Council will approve the capital programme for the 2006/07 financial year at its budget setting meeting on 1 March 2006 after consideration of the final proposals by Cabinet on 21 February 2006. The housing capital programme will include schemes financed both from service-specific allocations and discretionary corporate funding. This report deals with the proposed uses of all available funding including the allocations that are specific to housing 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 Following a series of recommendations by the Regional Housing Board – RHB – on Investment in Housing in the East Midlands 2006 – 2008, local authorities were invited to submit bids to help in the delivery of decent homes for vulnerable households in the private sector.
- 3.2 This followed the outcome of the consultation on the proposed approach to be taken to investment and the extension of Public Service Agreement 7 – PSA7 – to cover the private sector. The targets associated with PSA7 in the private sector 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 To enable local authorities to mirror these targets, ODPM expects that they will identify such households in their own areas. It is recognised that making such a *Baseline Assessment* is not a straightforward matter. In recognition of this, the RHB

has supported a consortium of 9 authorities, led by Derby, to develop a new approach to the identification of stock condition and level of vulnerability.

- 3.4 As most authorities in the region have not yet completed their baseline assessments the RHB has, as an interim measure for 2006/07, set a *Guaranteed Allocation* for each authority based on average actual and planned spend on renewal activity during the four years 2002/03 to 2005/06. In addition to this, the RHB has made available a *Supplementary Allocation* as part of a competitive bidding process for works towards the decent homes target, including funding for the baseline assessment. The RHB has also encouraged partnership working with other local authorities.
- 3.5 Following its bid for resources, the Council has not yet been notified of its housing allocations for 2006/07 by the Government Office for the East Midlands – GOEM. Consequently all resource and expenditure estimates are provisional until the official notifications are received.
- 3.6 £3.655 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 the Guaranteed Allocation of £0.9 million and an additional bid made in November 2005 for the Supplementary Allocation of £2.755 million.
- 3.7 Within the Supplementary Allocation is funding to support the continuation of joint projects with other regional authorities to establish the Decent Homes Baseline – £160,000 – and the Decent and Safe Homes initiative – DASH – £295,000 – to improve standards in the private rented sector.
- 3.8 A further allocation of £5.425 million is also expected to be received for other renewal work – market renewal – in the Rosehill district of the city that includes the area around the Baseball Ground.
- 3.9 In a change to previous years the allocation to support private sector activity is now 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 £539,000 for the year 2006/07 to support expenditure on mandatory disabled facilities grants – DFG.
- 3.11 The table below summarises the allocations for the year 2006/07 with 2005/06 also shown for comparison:

Housing Allocations	2006/07	2005/06
	£000	£000
Supported Capital Expenditure (Capital) guaranteed allocation	900	0
Supported Capital Expenditure (Capital) supplementary allocation	2,755	0
Supported Capital Expenditure (Capital) – Market Renewal	5,425	0
Supported Capital Expenditure (Revenue)	1,000	3,953
Total Supported Capital Expenditure	10,080	3,953
Specified Capital Grant – to support DFG expenditure	539	422

3.12 In previous years the whole allocation of supported capital expenditure was available to finance public or private sector capital expenditure, and despite the majority of revenue support being available for the public sector, it had become established practice to use up to three quarters of the allocation to finance private sector activity. The bid process and allocations for 2006/07 effectively continue this split and it is proposed that the £1m SCE(R) is used solely to help finance public sector activity.

#### **Other resources**

4. Other resources include: the Major Repairs Allowance – MRA – provided for the refurbishment of council housing; other government grants; 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. Other resources available to fund the housing capital programme no longer include the additional borrowing made available following the creation of Derby Homes Limited. This will all be used in the achievement of decent homes in the public sector by March 2006.

#### **Total available resources**

5. The next table summarises all projected resources available for the three years 2006/07 to 2008/09 and a preliminary annual estimate for future years:

	2006/07	2007/08	2008/09	Future Years
	£000	£000	£000	£000
<b>Corporate Funding Earmarked to Service</b>				
Supported Capital Expenditure (Capital) – Private Sector - Guaranteed Allocation	900	900	900	900
Supported Capital Expenditure (Capital) – Private Sector – Supplementary Allocation	2,755	2,300	2,300	2,300
Supported Capital Expenditure (Capital) – Private Sector – Market Renewal	5,425	5,375	0	0
Supported Capital Expenditure (Revenue)	1,000	1,000	1,000	1,000
<b>Total Supported Capital Expenditure</b>	<b>10,080</b>	<b>9,575</b>	<b>4,200</b>	<b>4,200</b>
Useable Capital Receipts	2,141	1,648	1,230	1,260
Revenue Contributions	1,270	2,180	2,200	2,200
<b>Total Corporate Funding Earmarked to Service</b>	<b>13,491</b>	<b>13,403</b>	<b>7,630</b>	<b>7,660</b>
<b>Funding Specific to Service</b>				
Major Repairs Allowance	7,465	7,570	7,532	7,605
Disabled Facilities Grant	539	550	550	550
Urban II	500	0	0	0
External Funding – British Gas	384	0	0	0
<b>Total forecast available resources</b>	<b>22,379</b>	<b>21,523</b>	<b>15,712</b>	<b>15,815</b>

## Spending plans

- 6.1 The total projected funded programme in 2006/07 is £22.379 million. The overall programme consists of the Private Sector Programme, total £12.290 million, and the Public Sector Programme dealing solely with council housing, total £10.089 million. Details are shown in Appendix 2.

## Private Sector Programme

- 6.2 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 and Osmaston Housing Improvement Zone. Completion of an Assessment Centre for people with an alcohol dependency is also planned, financed partly by Urban II funding – £500,000

- 6.3 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 £539,000 for 2006/07. This sum provides 60% of the funding so that a contribution of 40% of total expenditure of at least £898,000 must be made following receipt of the grant. Total expenditure of the greater amount of £1.400 million in 2006/07 and subsequently is proposed in recognition of the continuing demand for these types of adaptation and to reflect previous recommendations of Community Regeneration Commission. The expenditure will include 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.
- 6.4 The Facilitation Fund – £475,000 – 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. A part of this funding in 2006/07 is committed for Home Loss payments to residents at the Derbyshire Blocks in Spondon, the Isle of Wight Blocks at Alvaston and at Britannia Court.
- 6.5 Fees – £200,000 – and the cost of land – £300,000 – for a Housing PFI scheme currently under consideration are also included in the programme.
- 6.6 The Council is currently consulting on 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. This will enable supported housing needs to be considered and prioritised against other elements of the housing capital programme, rather than against the much more limited funds available to the corporate capital programme. The housing capital programme would only support the accommodation elements of a supported housing programme, rather than any care elements. The scale of needs to deliver the accommodation elements of the Supported Accommodation Strategy has yet to be determined and prioritised, but it could eventually require a level of investment above the £200k funded from additional ring fenced capital receipts.
- 6.7 A fuller description of all activities in the private sector housing capital programme, together with the amounts proposed for each scheme in 2006/07, is given in Appendix 3.

### **Public Sector Programme**

- 6.8 The Public Sector Programme proposed for 2006/07 totals £10.089 million including the capital elements of Estates Pride. Details of individual schemes for this section of the programme will be proposed following consultation with residents. 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. The commitment to “decency plus” for all homes will be achieved by the end of 2005/06 – including the elimination of the investment backlog in all homes. The public sector programme will therefore reduce in size

following this achievement and is reflected by much lower supported borrowing approvals for 2006/07 – £1 million – and subsequently.

- 6.9 It is expected that the addition of the Estates Pride programme will help to some extent to smooth the transition, although there will still be a marked reduction in overall capital spending in the public sector.
- 6.10 Other resources available for the Public Sector Programme in 2006/07 are the Major Repairs Allowance – MRA – of £7.465 million, Revenue Contributions – including financing for the Estates Pride Programme – £1.140 million – and part of the Supporting People windfall brought forward from 2005/06 – £100,000 – and a contribution from British Gas for energy efficiency measures carried out – £384,000.
- 6.11 Priorities are now concerned with completion of the PVCu window programme and replacement of heat-lease central heating systems. £1.5 million has been provided for replacement kitchens and bathrooms in post-war properties where tenants refused their installation during the Homes Pride Programme.
- 6.12 Other activities in the Public Sector Programme include refurbishment of Wimpey and Unity properties - £530,000, electrical upgrades – £500,000 and continuation of large and small-scale customer identified improvements under the City Housing Improvement Schemes – CHIPs – £400,000, and other relatively small scale repair and improvement. Activities in the public sector have been aligned with the relevant source of funding, predominantly the MRA, so that the profile of spend differs from the previously approved budget for 2006/07.
- 6.13 A fuller description of all activities in the Public Sector Programme, together with the amounts proposed for each scheme in 2006/07, is given in Appendix 4.

For more information contact:

Peter Morris 01332 255353 [peter.morris@derby.gov.uk](mailto:peter.morris@derby.gov.uk)  
Martin Gadsby 01332 255236 [martin.gadsby@derby.gov.uk](mailto:martin.gadsby@derby.gov.uk)  
Shaun Bennett 01332 711012 [shaun.bennett@derby.gov.uk](mailto:shaun.bennett@derby.gov.uk)

Background papers:

Investment in Housing in the East Midlands 2006 – 2008 Regional Housing Board Recommendations  
Bid Guidance – East Midlands Regional Housing Board Decent Homes for Vulnerable Households in the Private Sector – 2006/07

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				
		2006/2007 £000	2007/2008 £000	2008/2009 £000	Future £000	Total cost £000
<b>Housing Revenue Account</b>						
Kitchens and Bathrooms - post war	MRA	1,500	1,200	500	500	3,700
Kitchens and Bathrooms - pre war	MRA	100	1,000	1,500	1,500	4,100
Electrical Upgrades	MRA	500	500	500	500	2,000
Re-roofing	MRA	50	0	0	0	50
Major Refurbishments/Alterations	MRA	250	250	250	250	1,000
Refurbishment of Unity and Wimpey No Fines Dwellings	MRA	530	0	0	0	530
PVCu Windows & Doors	MRA	2,500	2,250	2,250	2,250	9,250
Gas Central Heating	MRA	1,200	1,200	1,200	1,200	4,800
Replacement of Smoke Alarms	MRA	50	50	50	50	200
Door Entry Systems - communal	MRA	150	150	150	150	600
Capitalised Salaries	MRA/SCE - R	680	680	700	710	2,770
Contingency	MRA/SCE - R	189	190	132	195	706
City Housing Improvement Plans (CHIPs)	Ext Cont/SCE - R	400	400	400	400	1,600
Adaptations for Disabled People	SCE - R	600	600	700	700	2,600
Home Essentials for Life Programme (HELP) - energy efficiency measures and insulation	Ext Cont	50	0	0	0	50
Asbestos Removal	SCE - R	100	100	200	200	600
SP Projects	RCCO	100	0	0	0	100
Estates Pride	RCCO	1,140	2,150	2,200	2,200	7,690
<b>Total Housing Revenue Account</b>		<b>10,089</b>	<b>10,720</b>	<b>10,732</b>	<b>10,805</b>	<b>42,346</b>
<b>Housing General Fund</b>						
Acquisition/Demolition of Unfit Properties	SCE - C	5	5	5	5	20
Area Renewal Programme	SCE - C	440	500	600	700	2,240
Rosehill Market Renewal	SCE - C	5,425	5,375	0	0	10,800
Decent Homes Assistance	SCE - C	955	500	500	500	2,455
Housing Needs Challenge Fund	SCE - C	300	250	150	50	750
Empty Property Assistance	SCE - C	350	350	350	350	1,400
Disabled Facilities Grants	DFG/SCE - C	1,400	1,400	1,400	1,400	5,600
Minor Repairs Grants	SCE - C	520	520	520	520	2,080
Capitalised Salaries	SCE - C	140	150	150	150	590
Facilitation Fund	SCE - C/CAP RECEIPTS	475	500	1,105	1,135	3,215
PFI Scheme	CAP. RECEIPTS	500	1,023	0	0	1,523
Supported Accommodation Strategy	CAP. RECEIPTS	0	200	200	200	600
Assessment Centre	CAP. RECEIPTS/URBAN II	1,750	0	0	0	1,750
Homelessness - Security Works (LPSA2)	RCCO	30	30	0	0	60
<b>Total Housing General Fund</b>		<b>12,290</b>	<b>10,803</b>	<b>4,980</b>	<b>5,010</b>	<b>33,083</b>
<b>Grand Total</b>		<b>22,379</b>	<b>21,523</b>	<b>15,712</b>	<b>15,815</b>	<b>75,429</b>



## Scheme Details - Housing General Fund

## Appendix 3

Scheme Title	2006/07 £'000	2007/08 £'000	2008/09 £'000	Detail
<b>Housing Private Sector</b>				
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.
Area Renewal Programme	440	500	600	Declarations of Renewal Areas or non-statutory Housing Improvement Zones to secure housing, environmental and socio-economic improvements in deprived areas.
Rosehill Market Renewal	5,425	5,375	-	Market renewal for the Rosehill district of the city including the area around the Baseball Ground
Decent Home Assistance	955	500	500	Project to target vulnerable people in non-decent homes for assistance.
Housing Needs Challenge Fund	300	250	150	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	520	520	520	Grant aided repairs improvements to dwellings occupied by older low-income homeowners to enable them to stay put.

Capitalised Salaries	140	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	475	500	1,105	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. A part of this funding in 2006/07 is committed for Home Loss payments to residents at the Derbyshire Blocks in Spondon, the Isle of Wight Blocks in Alvaston and at Britannia Court.
PFI Scheme	500	1,023	-	Currently, a scheme is under consideration for the building of 150 new units of social housing under the government's Private Finance Initiative.
Supported Accommodation Strategy	-	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	1,750	-	-	Construction of a new Night Shelter together with an Assessment Centre for people with alcohol dependency
Homelessness - Security Works (LPSA2)	30	30	-	Security works being carried out to 60 properties per year. 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.
<b>Total</b>	<b>12,290</b>	<b>10,803</b>	<b>4,980</b>	

Scheme Details - Housing Revenue Account

Appendix 4

Scheme Title	2006/07 £'000	2007/08 £'000	2008/09 £'000	Detail
<b>Housing Public Sector</b>				
Kitchens and Bathrooms - post war	1,500	1,200	500	Installation of new kitchens and bathrooms to post-war homes
Kitchens and Bathrooms - pre war	100	1,000	1,500	Installation of new kitchens and bathrooms to pre-war homes
Electrical Upgrades	500	500	500	Upgrades to electrical systems to the current regulations including some rewires
Re-roofing	50	-	-	Replacement roof coverings to pre-war homes owing to age and to some post-war homes owing to poor roof design
Asbestos Removal	100	100	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
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.
Refurbishment of Wimpey No Fines Dwellings	110	-	-	External wall insulation, attractive render system and new PVCu double glazing
Refurbishment of Unity Dwellings	420	-	-	Replacement of external walls with brick/block construction and full internal refurbishment
PVCu Windows & Doors	2,500	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. Replacement of electric storage heater systems and old, inefficient, communal heating systems.
City Housing Improvement Plans (CHIPs)	400	400	400	Customer identified environmental improvement work to public sector housing estates

Adaptations for Disabled People	600	600	700	Adaptations to the homes of disabled people to enable them to live independently and avoid the need for residential or hospital care.
Replacement of Smoke Alarms	50	50	50	Installation of replacement hard-wired smoke alarms.
Door Entry Systems - communal	150	150	150	Replacement of communal door entry systems at sheltered schemes, flats.
Home Essentials for Life Programme (HELP)	50	-	-	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.
Capitalised Salaries	680	680	700	Capitalisation of salaries of staff involved in the development/implementation of public sector housing programmes.
Contingency	189	190	132	Contingent sum to cover un-foreseen expenditure
SP Projects	100	-	-	Improvements to Sheltered Housing schemes, for example improving communal kitchens
Estates Pride	1,140	2,150	2,200	5 year estate improvement programme to include works such as tree planting, landscaping, street lighting and parking improvements.
<b>Total</b>	<b>10,089</b>	<b>10,720</b>	<b>10,732</b>	