
REPORT TO: Cabinet Member (Housing and Safer Communities)
Cabinet

DATE: 19 January 2016
3 February 2016

SERVICE AREA: Housing & Property

REPORTING OFFICER: Head of Housing & Property
(*Madeleine Bell*)

SUBJECT: **HOUSING INVESTMENT PROGRAMME 2016/17**

WARD/S AFFECTED: All

FORWARD PLAN REF: N/A

1.0 PURPOSE OF REPORT

1.1 This report reviews the latest forecast for the 2015/16 Housing Investment Programme and seeks approval for the 2016/17 outline programme.

2.0 RECOMMENDATIONS

2.1 That the latest expenditure forecast for 2015/16 be noted.

2.2 That the outline Housing Investment Programme for 2016/17 be approved.

2.3 That the Cabinet Member (Housing and Safer Communities) subsequently approves the detailed programme of planned maintenance and improvement schemes and private sector grants for 2016/17 prior to April 2016.

3.0 RECOMMENDED REASON FOR DECISION

3.1 The proposed outline programme makes best use of the resources available, enabling the Council to work towards its Corporate objectives and priorities for Housing.

4.0 ALTERNATIVE OPTION CONSIDERED AND RECOMMENDED FOR REJECTION

4.1 Not to adopt the proposed programme. This may mean that the Council fails in its

objectives and that best use is not made of the resources available to the Council.

5.0 THE REPORT

5.1 The Council's Housing Investment Programme is directed at achieving a combination of Government targets (for example, achieving and maintaining the Decent Homes Standard for all tenants' homes) and the Council's own Housing Strategy and Housing Revenue Account Business Plan targets.

5.2 The Housing Investment Programme should also be seen in the context of the Council's corporate priorities, which include "Supporting Our Communities – People's housing needs are addressed".

5.3 HOUSING INVESTMENT PROGRAMME 2015/16

5.3.1 Appendix 1 shows the 2015/16 Original Estimate at February 2015, the quarter two monitoring estimate at October 2015 and the latest forecast at December 2015. The 2016/17 proposed programme and future projections are also shown for comparison.

5.3.2 The table below shows the latest forecast outturn expenditure for 2015/16 as at December 2015.

Housing Investment Programme 2015/16

	EXPENDITURE Latest Forecast £		RESOURCES: Latest Forecast £
Planned Maintenance and Improvements	3,839,567	Major Repairs Reserve	3,956,670
Allhallowgate redevelopment	150,000	Revenue Contribution	1,446,797
Housing development	300,000	Government Grant	329,010
PV (Solar panel)	900,000	Homes & Communities Agency (HCA) grant	180,000
New Homes Purchase	525,000	Housing Capital Reserve	10,000
Capital Salaries	273,900	Housing Capital Receipts	405,000
Disabled Facilities Grants	329,010		
Emergency Repairs Fund	10,000		
TOTAL ESTIMATED EXPENDITURE FOR 2015/16	6,327,477	TOTAL ESTIMATED RESOURCES FOR 2015/16	6,327,477

5.3.3 The latest forecast for 2015/16 of £6,327k is £64k lower than the estimate previously reported in October of £6,391k, as shown in Appendix 1. The main reason for this variance is that expenditure on solar panel installations has reduced by £600k, following the Government's announcement in the Autumn Statement that Feed in Tariffs (grant funding) would be reduced from 1 January 2016. This has made it less financially beneficial to install solar panels and so the scheme has been cut short. However, offsetting this is inclusion of £525k for New Homes Purchase which is part of the £1m approved by Cabinet in November 2015; £120k of this expenditure in 2015/16 is to be funded by HCA grant.

Expenditure on Disabled Facilities Grants expenditure is forecast to be £329k. The forecast for Emergency Repairs Fund remains at £10k to reflect the latest loans that

have been granted and in anticipation of some further applications over the winter months.

5.4 HOUSING INVESTMENT PROGRAMME 2016/17

5.4.1 The table below shows the outline programme for 2016/17.

	Proposed Estimated Expenditure £		Resources £
Planned Maintenance & Improvements	4,148,470	Major Repairs Reserve	4,210,530
Unadopted Road Improvements	250,000	Revenue Contribution	2,699,350
Allhallowgate redevelopment	2,106,460	Government grant	329,000
Housing development	911,330	Homes & Communities Agency (HCA) grant	957,000
New Homes Purchase	775,000	Housing Capital Receipts	595,000
Capital Salaries	270,620	Housing Capital Reserve	30,000
Disabled Facilities Grant	329,000		
Emergency Repair Fund	30,000		
TOTAL EXPENDITURE	8,820,880	TOTAL RESOURCES	8,820,880

A detailed programme of works will be submitted to the Cabinet Member (Housing and Safer Communities) for approval prior to April 2016.

5.4.2 Planned Maintenance & Improvements and other HRA schemes

The Council achieved the Decent Homes Standard for 100% of tenants' homes (except where tenants opted out of works) by the end of 2008/09 and programmes of work since then have and will concentrate on maintaining the stock at or above the Decent Home Standard.

Work has continued to be carried out at properties where a tenant has refused Decent Home Standard improvement work in previous years, when circumstances have changed to allow this.

The proposed programme of Planned Maintenance work for 2016/17 will aim to maintain the whole housing stock at, or above, the Government's Decent Homes Standard, undertake works that will prevent future non-decency and continue the investment in the hostels and sheltered housing complexes as required, within the resources outlined here

The outline programme for planned maintenance for 2016/17 is broadly in line with the original programme for 2015/16 and includes an inflationary increase in the budget. The significant increase in expenditure between the two years is largely due to the significant expenditure on the redevelopment at Allhallowgate in 2016/17 and increased spend on the development of housing on former garage sites, as well as the agreed scheme for the purchase of homes to add to the HRA stock.

The HIP plan of work for the next 5 years is still being re-examined in light of the impact of the government's requirement for a 1% cut in social housing rent and expenditure decisions recently taken, (e.g. Unadopted Roads maintenance).

The detailed plan for 2016/17 will be dependent upon the outcomes of this review and it is therefore proposed that both the summary breakdown of HIP work that has historically accompanied this report and the detailed information be submitted to the Cabinet Member (Housing and Safer Communities) before April 2016.

Currently no further expenditure is included for solar panel installations. Due to the reduction in the Feed in Tariff funding available, it will be necessary to re-evaluate the benefits of continuing with this programme.

It should be noted that there have been applications to the HCA for grant for each of the new build properties on the former garage sites, the Allhallowgate redevelopment and the house purchases. The HCA have recently confirmed that these applications have all been successful and as such the required contribution from HRA revenue has decreased in relation to the housing development (£267k grant) and Allhallowgate (£510k grant) projects, whilst the total available to fund new homes purchases across 2015/16 and 2016/17 has increased to £1.3m (£1m capital receipts and £300k HCA grant).

In addition to the activity listed above, active consideration is being given to the acquisition of newly built properties provided pursuant to S106 agreements. It is envisaged that the properties will be marketed as shared ownership although some may be retained and added to the stock of Council owned homes. Given the sums involved a further report will be submitted Cabinet Member (Housing and Safer Communities).

5.4.3 Private Sector Grants

The budget for mandatory Disabled Facilities Grants included in 2016/17 is set at £329k, marginally higher than the original estimate for 2015/16. The Council is expecting to receive Government grant of £329k to meet the full cost.

It is anticipated that demand for Disabled Facilities Grants will remain high, and the number of schemes going forward could put pressure on the £329k budget. An update on the position will be provided in the mid-year report to Cabinet in November 2016. In 2015/16, Government funding for Disabled Facilities Grants formed part of the Better Care Fund and Harrogate's grant allocation increased such that it should cover the full expenditure budget. Funding for the Emergency Repairs Fund is to continue to come from the Housing Capital Reserve rather than from HRA capital receipts. This is because the regulations have changed such that there is now a cost to the General Fund for using HRA capital receipts for General Fund expenditure. Using the capital reserve avoids this cost.

6.0 REQUIRED ASSESSMENTS AND IMPLICATIONS

6.1 The following were considered: Financial Implications; Human Resources Implications; Legal Implications; ICT Implications; Strategic Property/Asset

Management Considerations; Risk Assessment; Equality and Diversity (the Public Sector Equality Duty and impact upon people with protected characteristics). If applicable, the outcomes of any consultations, assessments, considerations and implications considered necessary during preparation of this report are detailed below.

6.2 Risk assessment:

The Council's management of its Housing Investment Programme addresses risk in the following ways:

Planned Maintenance programme: the risk of serious cost escalation is slight as the scheme is closely controlled through regular monitoring. The cost of schemes is known when tenders are received and contracts awarded. If costs should increase, the programme of works is adjusted to keep within budget. Delaying schemes until the next financial year is allowable for schemes that take longer than projected, providing that the resources can also be carried forward to the next financial year.

Private Sector Loans and Grants: Disabled Facilities Grants are a mandatory service that the Council must provide. Annual grant is received from the Government that contributes towards these payments (from 2015/16 this will be part of the Better Care Fund), with the balance having to be met by the Council. Careful monitoring is carried out through the year to prevent budgets being exceeded and to ensure that spend is on target for discretionary loans and grants.

6.3 Equality and diversity:

An Equality and Diversity Impact Assessment has been undertaken and the impact of this proposal on race, disability and gender equality in the local community or in the Council is set out below.

Equality and diversity is taken into consideration when setting and spending the Housing Investment Programme budget each year to ensure that all council tenants receive fair and equitable treatment. This also extends to the private sector where grants and loans are available for dwellings requiring adjustments or other works to bring homes up to required safe standards.

7.0 CONCLUSIONS

- 7.1 This report sets out the latest projections for the 2015/16 Housing Investment Programme, together with outline proposals for capital expenditure on the 2016/17 Housing Investment Programme. The Cabinet Member (Housing and Safer Communities) will receive regular reports on progress, both formally at mid-year and informally on a more frequent basis.

<p>OFFICER CONTACT: Please contact Madeleine Bell (Head of Housing & Property) if you require any further information on the contents of this report. The officer can be contacted at Scottsdale House, Springfield Avenue, Harrogate HG1 2HR, by telephone on 01423 500600 ext.58352 or by email at madeleine.bell@harrogate.gov.uk</p>
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APPENDIX 1

A comparison of expenditure programmes and projections 2015/16-2018/19

2015/16 Original Estimate Feb 2015 £	2015/16 Latest Estimate Oct 2015 £	2015/16 Latest Forecast Dec 2015 £	<i>Please see Appendix 3 for explanation of budget headings.</i>	2016/17 Original Estimate £	2017/18 Projected Estimate £	2018/19 Projected Estimate £
Resources						
326,000	329,010	329,010	Government Grant	329,000	329,000	329,000
0	60,000	180,000	Home & Communities Agency	957,000	0	0
3,956,670	3,956,670	3,956,670	Major Repairs Reserve	4,210,530	4,287,580	4,374,670
0	0	405,000	Housing Capital Receipts	595,000	0	0
30,000	10,000	10,000	Housing Capital Reserve	30,000	30,000	30,000
2,412,970	2,035,897	1,446,797	Revenue Contributions	2,699,350	469,590	472,310
6,725,640	6,391,577	6,327,477	Total Resources	8,820,880	5,116,170	5,205,980
Expenditure						
			Planned Maintenance & Improvements			
4,184,770	3,839,567	3,839,567	Improvements, Refurbishments and Adaptations	4,148,470	4,233,840	4,320,920
1,300,000	150,000	150,000	Allhallowgate redevelopment	2,106,460	0	0
600,000	300,000	300,000	Housing development	911,330	0	0
0	0	525,000	New Homes Purchase	775,000	0	0
0	0	0	Unadopted Road Improvements	250,000	250,000	250,000
0	1,500,000	900,000	Solar panel installations	0	0	0
284,870	263,000	273,900	Capital Salaries	270,620	273,330	276,060
			Private Sector Grants/Loans			
326,000	329,010	329,010	Disabled Facilities Grants	329,000	329,000	329,000
30,000	10,000	10,000	Emergency Repairs Fund.	30,000	30,000	30,000
6,725,640	6,391,577	6,327,477	Total Expenditure	8,820,880	5,116,170	5,205,980