Havering
LONDON BOROUGH

CABINET REPORT

8 February 2012

Subject Heading:	HRA Business Plan 2012 – 2042, HRA Budget for 2012/13 and HRA Capital Programme 2012/13 – 2014/15
Cabinet Member	Councillor Lesley Kelly Councillor Roger Ramsey
CMT Lead:	Cynthia Griffin, Group Director Culture and Communities Andrew Blake-Herbert, Director of Finance & Commerce
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Policy context:	HRA Policy and budgets
Financial summary:	To agree an HRA revenue spend budget as detailed in Appendix 1, and an HRA capital budget, detailed in Appendices 2-4.
Is this a Key Decision?	Yes
Is this a Strategic Decision?	Yes
When should this matter be reviewed?	December 2012
Reviewing OSC	Towns and Communities

The subject matter of this report deals with the following Council Objectives

Ensuring a clean, safe and green borough	
Championing education and learning for all	
Providing economic, social and cultural activity in thriving towns and villages	X
Valuing and enhancing the lives of our residents	
Delivering high customer satisfaction and a stable council tax	

SUMMARY

This report sets a budget for the Council's Housing Revenue Account (HRA). The position for 2012 onwards is different from previous years because the Government has enacted changes to the way in which Housing Revenue Accounts are set and managed, known as "Self Financing". This report therefore introduces the Council's first Self Financing Business Plan, as well as setting a budget for the first year of the Plan.

The HRA remains a ring-fenced account that is used to manage the Council's own housing stock. The proposed budget will enable the Council's Arm's Length Management Organisation, Homes in Havering, to manage the stock to a reasonable standard for the time being, and to deliver the next phase of the Council's Decent Homes Programme and will also enable the Council's retained housing services to be delivered to a reasonable standard. It further sets rents, service charges and other charges for Council tenants for the year 2012/13.

RECOMMENDATIONS

1. To agree the Housing Revenue Account Budget as detailed in Appendix 1.

2. To agree the Retained Housing Service budget as set out in paragraph 5.8, including the addition of a Housing Occupational Therapist on a fixed term basis for two years, representing growth of £40,000 in 2012/13, to work exclusively on assessing the suitability of HRA properties identified for tenants and/or prospective tenants with a disability, and specifying the necessary works, thus better matching properties and minimising delays and void periods.

3. To agree the base Management fee for Homes in Havering of £20.639m, as set out in paragraph 3.2.

4. To delegate approval of the Homes in Havering Budget and Delivery Plan to the Lead Members – Value and Housing & Public Protection, acting on

advice from the Group Directors for Finance & Commerce and Culture & Community.

5. To agree the detailed expenditure items in the 2012 – 2013 HRA Capital Programme, based on total resources of £34.338m, as presented in Appendix 2, and agree to refer the Programme to Council for final approval for expenditure.

6. To agree the proposed HRA Capital Programmes for 2013/4 and 2014/15, as set out in Appendix 3, and agree to refer the programmes to Council for final approval for expenditure ***subject to*** release of Decent Homes grant by central government in those two years.

7. To agree the detailed expenditure items in the funded HRA Capital Programme for 2013/14 to a limit of £15.78m based on the resources in the HRA Business Plan excluding the Decent Homes grant yet to be confirmed, as set out in Appendix 4, and agree to refer the programme to Council for final approval for expenditure

8. To agree that the Council retains Abercrombie House for use as temporary hostel accommodation and allocates £490,000 from the 2012/13 HRA Capital Programme to carry out internal remodelling of the building beyond the Decent Homes obligations and to reconfigure the outside space.

9. To agree that the average rent for Council properties owned by the London Borough of Havering be increased by £6.86, from £74.44 to £81.30 (9.22%) with effect from 2nd April 2012, in line with the Government's policy to restructure rents. This will mean in effect that rents are increased as set out in the table below:

	Rent 2011/12 – 52 weeks	**Rent 2012/13 – 52 weeks**	**Increase (£)**	**% increase**
Bedsit	£57.51	£63.01	£5.50	9.56%
1 Bed	£60.96	£67.56	£6.60	10.83%
2 Bed	£73.59	£80.33	£6.74	9.16%
3 Bed	£89.91	£97.31	£7.40	8.23%
4 Bed	£102.51	£110.68	£8.17	7.97%
5 Bed	£113.59	£122.20	£8.61	7.58%
Average Rent	**£74.44**	**£81.30**	**£6.86**	**9.22%**

10. To agree that the rent free weeks for 2012/13 be w/c 27th August 2012, the two weeks commencing 17th December 2012, and the week commencing 25th March 2013.

11. To agree that tenants' service charges and heating and hot water charges for 2012/13 are increased or decreased as follows:

Service Charges reviewed and recommended	2011/12 Weekly Charge – 52 weeks	2012/13 Weekly Charge – 52 weeks	Increase (decrease)	% increase (decrease)
Caretaking	£3.35	£3.41	£0.06	1.65%
Internal Block Cleaning	£0.42	£0.71	£0.29	70%
Bulk Refuse Collection	£0.46	£0.49	£0.03	6.1%
CCTV - Mobile Service	£0.55	£0.55	0	0%
CCTV - Static Service	£1.30	£1.30	0	0%
Neighbourhood Wardens	£0.98	£0.85	(£0.13)	(13.65%)
Door Entry	£1.97	£1.38	(£0.58)	(29.6%)
Ground Maintenance	£2.57	£2.57	0	0%
Sheltered Cleaning	£2.52	£2.67	£0.15	6.1%
TV access	£1.25	£1.25	0	0%
Heating	£10.85	£10.85	0	0%
Hot Water	£8.22	£8.22	0	0%

12. To agree that the service charge for homeless households accommodated in the Council's hostels is increased by 6.1% to £23.33 a week.

13. To agree that charges for high and medium demand garages are increased by 2.5% and that rents for low demand garages are frozen.

14. To agree that support charges for mobile support for older people are increased by 6.1% as follows:

Service	Weekly support charge in 2011/12 – 52 weeks	Weekly support charge in 2012/13 – 52 weeks
Support – low level	£4.83	**£5.12**
Support – medium level	£9.65	**£10.24**
Support – high level	£12.07	**£12.81**
Community support (previously called 'Itinerant round')	£1.04	**£1.10**

15. To agree that the Careline support charge for sheltered tenants be increased by 6.1% as follows:

16.

Service	Weekly support charge in 2011/12 – 52 weeks	Weekly support charge in 2012/13 – 52 weeks
Careline – sheltered tenants	£3.86	**£4.10**

17. To leave the Careline support charge for community users unchanged to avoid two increases within 12 months as the charge was last increased in September 2011.

18. To agree that Telecare support charges be increased by 6.1% as set out below:

Service	Weekly support charge in 2011/12 – 52 weeks	Weekly support charge in 2012/13 – 52 weeks
Telecare – base unit plus two sensors	£6.00	**£6.37**
Additional telecare sensor	£1.00	**£1.06**

19. To put in place transitional arrangements to correct the undercharging, by £4.18 a week, of tenants in the former Hornchurch mobile support pilot scheme, whereby the full charge will be gradually increased over the five year period 2012/13 to 2016/17 inclusive for the 13 tenants paying for this service; for 2012/13 this amounts to a weekly charge (52 weeks) of £0.84.

20. To approve the Council's Self Financing Business Plan as set out in Appendix 5.

REPORT DETAIL

1. BACKGROUND

1.1 Changes to the financial regime

The Localism Act 2011 has changed the financial system for the management of council housing. The old system, with its notional income and expenditure accounts, and its distribution of housing subsidy across the country has gone. In its place, Government has provided freedom and independence for the management of council housing finance, in return for a one off payment of the national housing subsidy debt (and a premium for the treasury).

The new system starts in April 2012, and so the Housing Revenue Account (HRA) budget for 2012/13 looks very different from budgets in previous years. It will form Year 1 of a 30 year business plan which is designed to provide long term management of the Council's housing assets. We have more freedom to direct our resources to the best and most cost effective management of the Council's housing stock. However, we do not have complete freedom – some aspects remain centrally controlled, such as rent setting, and the use of capital receipts.

This report sets out first, what income resources the Council has available to spend on housing, and then sets out the current HRA financial position, and the finally turns to the proposed spending plans for 2012/13.

One of the central driving aims of the Council is to achieve the Decent Homes Standard for its stock and, through the HRA Business Plan to achieve this goal whilst maintaining a good quality housing service.

2. INCOME

2.1 Rents

The Council's main source of income to manage its housing stock is tenants' rents. The Government controls rents by applying a formula called "rent restructuring". While the new HRA has devolved much decision-making to local authorities, the Government has retained much control over rents so as to have an influence on the national housing benefit bill.

The rent restructuring formula was introduced by the government in 2002/03. This provides a "target rent" for each property, based on a mix of local average earnings and capital values, adjusted for the size of property. The target rent, once achieved, should ensure that council and housing association rents for similar properties in an area are at similar levels.

Since the introduction of the restructuring system in 2002/03, the date at which council and housing association rents are expected to converge has been amended by the government a few of times, but it is settled as 2015/16.

Councils with rents below target – there are many, including Havering – must meet the target rent by or as soon as possible after this date. Until meeting the target rent, there is no avoiding the fact that the national rent formula requires tenants' rents to increase by an amount above the basic annual increase amount of RPI (in September of the preceding year) + 0.5%. The government has, however, capped the steepness of the annual increase to no more than £2 a week above the RPI + 0.5% increase.

In 2011/12, the average rent in Havering was £74.44. Applying the formula of RPI (at September 2011) + 0.5% + £2, gives an increase of £6.86 a week, that is, 9.22%. This average rent in 12/13 would be £81.30.

A comparative analysis of local and London-wide rents reveals:

- council rents in Havering remain below housing association rents and significantly below private sector rents, which are running at around £157 a week for a one bedroom home to £249 for a three bedroom property

- the proposed council rent for 12/13 is still within the housing benefit caps for Havering and so the 70% of tenants on full or partial housing benefit and prospective tenants in most financial hardship will continue to be supported. The letters to be sent to all tenants notifying them of their rent and service charges for 2012/13 will also include an invitation to contact either the Council or Homes in Havering for a free benefit and financial support check

- Havering Council's rents in 12/13 will be the lowest council rents in London; in fact, Havering's 12/13 rents will be lower than the 11/12 rents charged by all other London Boroughs bar two. Therefore, as well as benefiting from the lowest rents in Havering, our council tenants will continue to enjoy the lowest rents across the capital.

What would be the impact of diverging from the formula rent increase?

Put simply, setting an average rent with less than £2 a week above RPI + 0.5% means it would take longer for Havering Council tenants to reach the target rent, and so annual rent rises above RPI + 0.5% a year would have to continue longer into the future.

The rent formula takes account of service charges in Havering *reducing* in 2012/13. In effect, the formula offsets the reduction in service charges for services that used to paid for in the rent (discussed in section 2.2 below) in the setting of the rent increase. If the Council diverged from the formula and excluded the service charge reductions, the rent increase would be around 8.5%. While the 30% of tenants not in receipt of full or partial housing benefit would see a rent increase of 52p a week less than that proposed:

- the year in which the average rent would meet the target rent would be extended by at least two years, meaning that rent increases above RPI + 0.5% would have to be imposed for at least two years more than necessary, and

- the HRA Business Plan discussed later in this report and attached at Appendix 5 would suffer a £257,000 income reduction for each of the two extra years that it would take to reach the target rent. Thus, £514,000 less would be available to invest in tenants' homes, equating to 114 new kitchens or 206 new bathrooms.

2.2 Service charges

The aim of the Council, in respect of service charges, is to ensure that those receiving the service, are paying for them. We have fully reviewed all the service charges over the past two years, and we are nearly in a position where the cost of each service can be fully recovered from the service charges raised. Work has also been done to improve the value-for-money of some services, either by reviewing the staffing and costs of the service, or by renegotiation of contracts with some service providers.

We are able to reduce the service charge for neighbourhood wardens due to a review of the service, and for door entry services due to an improved negotiated cost for this service.

We are able to freeze the cost of services for heating and hot water, and for CCTV – both mobile and fixed. Review of the TV aerial service and the grounds maintenance service has revealed that some tenants who receive these services are not currently paying for it. When these tenants' charges are included in the service charge income, these services will have their costs fully recovered.

We proposed to increase the cost of four services, where the costs are not fully recovered. These are block cleaning, sheltered cleaning, caretaking and the removal of bulk refuse.
When added together, the total changes in depooled service charges amounts to a ***reduction*** of 4.39%. The effect of adding this reduction to the rent increase, means that the overall increase in rents and services combined is an average of 8.30%.

It is proposed to increase service charges for hostel residents by 6.1% (equivalent to RPI + 0.5%). These services have not been reviewed, but when the new hostel strategy is implemented a full review of the budgets for hostels will be undertaken.

As part of the Service Charge review, there has been a reconciliation between the services provided, and those charged for. As indicated above, some services have not properly charged to tenants who receive the benefit of them, and as a result, those tenants will be charged for those services from April 2012 for the first time. This appears to have been particularly the case for two of the Tenant Management Organisations (TMOs); BETRA and PETRA tenants have not been charged for caretaking, grounds maintenance, TV aerials or door entry systems. In order to put this right, tenants of those organisations have been written to, to advise them of this oversight, and to inform them that they will be charged for those services from April 2012.

2.3 Garages

There are currently 964 garages let, and a further 1,114 empty and available to let. There are also 467 garages earmarked for demolition. The rents of our high demand garages are about the same as comparable private garages to let. There have been 126 garages let this year, of which 26 are high demand garages. It seems therefore that there is a reasonable demand for garages. Clearly there are also many garages which are difficult to let. It is therefore proposed to raise the high demand and medium demand garage rents by 2.5% and freeze the rents of the remaining low demand garages.

2.4 *Support charges – mobile support*

The sheltered resident warden service was reorganised to become a mobile support service in April 2011. A new range of charges were introduced at the same time covering the three tiers of support offered. In all cases, the charges were lower than for the resident warden service.

The support charge income met from contributions from self-payers and coverage from Adult Social Care under the former Supporting People programme does not fully cover the costs of this service, therefore, it is proposed to increase the support charges by inflation at September 2011, that is, 5.6%, plus 0.5%. This gives an increase of 6.1%.

During the Hornchurch mobile support pilot in 2008, an error was made in applying the mobile support charge. That is, rather than simply the resident warden charge being reduced to the mobile support charge, tenants' combined careline and mobile support charge was reduced. In effect, the careline charge was removed. This was incorrect. Correcting this will not directly impact on those tenants whose careline and mobile support charges are met by Adult Social Care, however, there are 13 tenants who directly pay for these services.

When the new mobile support charges were approved for 2011/12, a decision was made to continue to undercharge the tenants in the former Hornchurch mobile support pilot area but that after 2011/12 transitional arrangements would be put in place to amend the charges over time to bring them up to the correct level. The difference between the correct charge and the current charge is £4.18 a week (52 weeks). It is proposed to correct the difference over five years, therefore, in 2012/13, those tenants with the incorrect charge will be required to pay 1/5 of the £4.18 a week, that is, £0.84 a week (52 weeks) towards the costs of the services they receive. This will apply to 13 tenants.

2.5 ***Service charges – careline and telecare support***

With the reorganisation of both the mobile support and careline services in 2011/12, new charges for careline were introduced. This included a different careline charge for sheltered housing tenants and others. This reflected the different response arrangements and technology used. It should be noted that the proposed 2012/13 HRA capital programme, covered later in this report, makes provision for significant investment in the careline systems in the Council's sheltered scheme which is likely to reduce the rationale for the support charge differential. This will be reviewed as part of the 2013/14 rent and service charge setting process.

While the careline charge for sheltered tenants was amended in April 2011, the charge for all other careline users did not change until September 2011. Therefore, while it is proposed to increase the sheltered careline charge by inflation + 0.5%, that is, 6.1%, so as to avoid two increases within 12 months, the careline charge for others will be frozen in 2012/13.

Following a successful pilot, the Housing Service introduced a full telecare service in November 2010. Support charges were set at this time. The support charge was frozen in 2011/12. It is now proposed to increase the charges by inflation + 0.5%, that is, 6.1%.

3 EXPENDITURE

3.1 *Services*

The main area of expenditure is the management and maintenance of the council housing stock, which is currently principally undertaken by the Council's Arm's Length Management Organisation (Homes in Havering). Other management activities are carried out by the Council's Retained Housing Service. The services are split as follows:

HOMES IN HAVERING	LONDON BOROUGH OF HAVERING
Estate management	Allocations and Lettings
Rent accounting	Supported housing for the elderly
Rent and other income collection	Communications Centre
Responsive and planned maintenance	Out of hours service
Decent Homes programme	Hostel Management

3.2 The ALMO's Management Fee

The Council established the ALMO on 3rd July 2006 with a ten year Management Agreement. The purpose of the ALMO was to create an organisation focussed on the quality of the service to tenants, and who could deliver, once the organisation had achieved a two-star status as assessed by the Audit Commission, a Decent Homes programme funded by borrowing approvals granted by the Homes and Communities Agency (HCA) acting on behalf of Government.

Having an ALMO, and one which has two stars, is no longer a requirement for councils to access Decent Homes funding. The Council is therefore undertaking a consultation exercise with tenants and leaseholders to assist it to make a decision on the best way to deliver the Council's housing management services in future. The Council is consulting on two options: to bring the housing management service back "in-house" or to retain the existing arrangement with Homes in Havering. A survey of all tenants and leaseholders was sent out on 15th January, with a return date of 14th February. The survey is being undertaken by Electoral Reform Services on behalf of the Council. The Council will therefore be in a position to make a decision, with the benefit of tenants' and leaseholders' views, in either March or April.

Clearly, if the decision is that the service be brought back in house, it is likely that there will be a period of time to make new arrangements, including new budgetary arrangements. In the meantime, the proposed revenue fee for Homes in Havering is a "roll forward" management fee from 2011/12, that is, a "steady state". It simply restates the 2011/12 position with known cost increases and decreases, as follows:

2011/12 management fee	£20.113m
Inflation on contracts (March RPI – assumed 5%)	£0.356m
Staff salary increments, NI and Pension adjustments	£0.161m
Depreciation reduction	(£0.061m)
Inflation not budgeted for in 2010/11	£0.070m
2012/13 Roll forward management fee	**£20.639m**

Homes in Havering have prepared deliverable efficiencies of £480k, which do not involve service reductions. It is proposed that this sum is not removed from the fee. The savings will be removed from cost centre budgets within the HiH budget with the total amount (£480k) held as a contingency which Homes in Havering and the Council will work jointly to agree use of, if so determined.

3.3 Retained Housing Service

The retained Housing Service budget for 2012/13 will roll forward from the 2011/12 position. There is, however, one proposal for growth that it is considered will lead to a significant service improvement.

The proposal is to fund an Occupational Therapist who will augment the Occupational Therapy team in Adult Social Care. This officer will work exclusively on assessing the suitability of HRA properties for disabled tenants and or prospective tenants on the Housing Register and will draw up the necessary specifications for aids and adaptations works.

At present, under capacity in the OT can lead to delays in carrying out these assessments. Any unnecessary delay in assessing the suitability of a property and specifying the works required (a) means a disabled person in living in unsuitable accommodation for longer than necessary, and (b) adds to the loss of rent while the property is void.

Unfortunately, the Council has recently been the subject of an adverse Ombudsman judgement in a case relating to the rehousing of a disabled person. Policies and procedures are being reviewed as a direct result. At the same time, proposals to amend the Allocations Scheme are being consulted upon. Proposals to revise the Scheme will be presented to Cabinet in Spring. These should go some way to better matching property most likely to be adaptable to individual disabled people, but without the proposed additional OT officer the problem of delays in completing the specialist assessment work are likely to will remain.

Including on-costs, the Occupational Therapist would cost £40,000 a year. It is proposed to fund this additional officer for two years from April 2012. The effectiveness of this additional resource will be monitored and this will inform whether or not to continue with the post. A shorter appointment is felt unlikely to attract an officer with the required experience.

3.4 Decent Homes

The Decent Homes Standard was established by Government in February 2004, as a basic minimum standard that all social housing should achieve. At the end of 2011/12, it is forecast that the only 41.1% of Havering Council's housing stock will meet the standard. The ability to achieve the 100% target is dependent upon resources being made available. This was calculated at the time of the original bid for ALMO funding as being £112m of borrowing, including 5% for environmental works. The Council received an initial allocation of £9m for expenditure in 2010/11.

A new bidding regime was then introduced with the Council being allocated, following its revised bid, £62.7m. It was awarded £9m for 2011/12 (plus an additional £1m brought forward from the 2012/13 allocation). The Council is now expected to fund 10% of Decent Homes works from resources available within the HRA capital programme.

From 2012/13, the resources will be made available as grant rather than borrowing approval given the switch to self-financing. The allocation of £15m grant in 2012/13 is guaranteed, but the £15m tranche for 2013/14 and £23.581m for 2014/15 have yet to be confirmed.

Appendix 2 of this report sets out a detailed HRA Capital Programme for 2012/13 with the aims of:

- reducing the level of non-Decency across the stock
- carrying out essential works not related to the Decent Homes Standard, for example, legionella testing
- working towards strategic housing objectives, for example, making sheltered bedsits without their own baths/showers self-contained.

Appendix 3 gives a proposed three year programme, 2012/13 to 2014/15 inclusive, based on the allocated Decent Homes grant.

Appendix 4 gives a detailed programme for 2013/14 based on known resources only, that is, revenue funding available from the self-financing business plan excluding Decent Homes grant yet to be confirmed. It is important to approve the 2013/14 programme in this form, with onward transmission to Council for final approval, to enable Homes in Havering and/or the retained Housing Service to commit spend beyond the end of 2012/13 during the 2012/13 and before confirmation of the future Decent Homes resources. This has a number of significant benefits, notably, (a) it enables better economies of scale, (b) it will avoid an unnecessary break in capital works around the end of 2012/13 / beginning of the 2013/14, and (c) tenants can be given more information.

3.5 Self Financing

The long awaited reform of Council housing finances is being implemented from 2012/13 onwards. Instead of the national subsidy system into which Havering regularly paid housing subsidy, there will be a new financial system which will encourage long term active management of the Council's assets. In return for being able to retain rental surpluses, the Council will be required to make and service a one-off sum of £166.2m to Central Government on 28th March 2012.

This debt settlement figure is based on rented housing stock of 9,958 which excludes 62 properties already approved for demolition and thus unable to provide a rental stream to support debt. This represents average debt of **£16,691** per dwelling.

Debt Settlement

Under self financing each local authority with housing stock has been assigned a borrowing limit – effectively a cap – by central government. The borrowing limit for Havering Council is £210m based on a discounting rate of 6.5 per cent.

As noted above, the Council is required to make a one-off payment of £166.2m as its share of the national housing debt being transferred to stock-holding local authorities. This is less than the £210m cap, however, the Council already has housing debt of £23.5m, largely the result of recent Decent Homes borrowing approvals. As this is less than the difference between the one-off debt settlement payment and the cap, there is ‘headroom’ to borrow some £20.3m more up to a limit of £210m. The Council is not obligated to borrow up to the cap, nor should it wish to use to headroom borrowing is it required to do so at the start of the 30 year business plan. HRA borrowing up to the cap level is available at any time during the lifetime of the HRA Business Plan, unless central government makes any changes to this policy.

The HRA Business Plan and capital programmes do not assume any additional borrowing above the debt settlement and existing borrowing. Therefore, the net HRA debt position would be the opening debt settlement of £166.2m plus existing HRA debt of £23.5m = £189.7m total HRA debt.

Allowances within the Debt Settlement for Management, Maintenance and Major Repairs including Disabled Aids and Adaptations

The government’s calculation of Havering Council’s opening debt settlement included an uplift of the assumed costs of management, maintenance and major repairs which have been taken into account before calculating the resources available within the Council’s HRA to pay off debt. These ‘allowances’ have been increased to an average of £2,025 per dwelling per year for management and maintenance, and £1,138 per dwelling for major repairs, with a greater recognition of the need for disabled aids and adaptations, making total of 15.65% uplift on allowances.

Rent

The government has set a target date of 2015/16 for local authority and housing association rents to converge at a target rent. That is, the similar properties should have similar rents across landlords in the same area. The notional HRA for Havering held nationally has, to date, included a guideline rent for the borough that it should be at to meet the convergence target date.

The self financing model assumes a guideline rent of £87.40 for 2012-13 which is an increased of 7.52% compared with 2011-12 guideline rent. The guideline rent is then increased by 0.5% for subsequent years. The rental income is adjusted by RTB sales and assumes a void rate of 2%.

Caps and Limits

Increases in rents are limited by a government prescribed formula, that is, that the average rent increase should be no more than RPI + 0.5% + £2 each year. Rents for individual properties should move towards the converged target rent while, when all added together, still mean the average rent does not exceed an increase of RPI + 0.5% + £2 a week. This means, depending on the starting rent, it will take some local authorities longer than others to reach target rents.

Because council rents in Havering have historically been low, there is more ground to make up to reach the target rent than for many other local authorities. The rent setting formula does not allow for large enough increases each year to reach the target rent level by 2015/16 – the government's target date. Previously, the difference between the rent the formula allowed, the rent the government's convergence model dictated was provided for through the 'caps and limits' elements of the HRA subsidy system.

With the switch to self-financing, there is no longer an HRA subsidy system for the government to use to make good this difference. The opening debt settlement calculation, however, has effectively rolled up the value of the difference between the capped rent and the government's modelled rent for Havering for each year until the convergence deadline of 2015/16.

For authorities meeting the target rent by or before the 2015/16 target date, inclusion of the rolled up figure in the opening debt settlement calculation makes the demise of the 'caps and limits' regime neutral. However, because in Havering's case under the old system we would have expected subsidy relief under 'caps and limits' to continue until actual rents converged, anticipated as 2017/18 at the very earliest, we will in fact lose out by around £1.7m. Despite representations on this by the Council, the government has not been willing to amend this element of the new system. Thus, it is now for the Council to act to minimise the impact of this loss.

Sections 2.1 and 2.2 of this report included a detailed discussion of this year's rent increase and service charge changes. The Council's decision to reduce a series of service charges in 2012/13, gives a one-off opportunity within the government's rent formula to lift rents towards the target rent more quickly than otherwise. This means the £1.7m loss can be reduced by some £514,000. This equates to 114 new kitchens or 206 new bathrooms that can now be funded.

Right to Buy

The Government's model of Self Financing assumes a level of Right to Buy sales in each local authority Business Plan. The self financing model reduces the assumed level of stock by assumed number of Right to Buy sales over the period**.** An average of 15.6 RTB sales per year is assumed for Havering Council over the 30 year period**.**

Treasury management

The model provides allowances for treasury management of £144k, an increase of £89k compared with the current subsidy system**.**

Self Financing Business Plan

All the figures discussed above have been built into our own Self Financing Business Plan, which is set out at Appendix 5. This will be reviewed annually with a new budget set accordingly.

4. THE FINANCIAL POSITION IN 2011 – 2012

4.1 The Housing Revenue Account is forecasting an in year surplus at 31st March 2012, of £1,638m. This will be added to existing reserves and the current budgeted contribution to reserves and will therefore create balances in the HRA at the end of 2011/12 of £6,109m:-

Item	**£000's**
Balances brought forward 01.04.11	(4,193)
Return of HiH 2009/10 surplus	(20)
Budgeted contribution to reserves 2011/12	(258)
Forecast outturn	(1,637)
Forecast balances 31.3.13	**(6,109)**

Note: the total is rounded

Appendix 1 provides further details on the forecast outturn.

5. BUDGET STRATEGY FOR 2012/13

5.1 Rents

The main income to the Housing Revenue Account is tenants' rents. Rents will be raised in 2012-13 in line with the Government's guideline rent of 9.22%, an average of £6.86 per week. The rent increase is now retained locally, and will be available for local services. This report also contained proposals on service charges, with some being frozen, and some reduced where there have been efficiencies in managing the service, and some increased, where deficits were being made.

5.2 Balances

It can be seen from paragraph 4.1 that balances are scheduled to be a healthy £6.109m at 31st March 2012. It can also be seen from Appendix 1 that they are scheduled to be £5.831m at 31st March 2013. Balances are significantly more healthy than they have been in recent times – having fallen to £371k at the end of 2008/09. They will provide a solid platform for the new self financing system.

5.3 Overall HRA budget

The overall HRA budget structure will be different from 2012/13, most notably because housing subsidy has now been abolished. This can be seen in Appendix 1 where the payment of housing subsidy in 2011/12 of £10.152m has now disappeared. In its place, we will have to meet the interest costs of our new borrowing. This is shown in the line HRA asset management (capital charges) where the outgoings for this item are now £9.249m.

5.4 These changes to the HRA budget, set out in Appendix 1 and summarised for the retained Housing Service and Homes in Havering below, will lead to a sustainable service, and will achieve further improvements in the balances contained within the HRA. Appendix 1 shows detailed budget proposals. It can be seen that retention of a contingency is proposed – good practice for an account the size and complexity of the HRA. A general contingency of £400,000 is proposed.

5.5 A summary of the changes in the HRA budget from 2011/2012 to 2012/13 is set out in simple terms below:

Housing Revenue Account	**2011/12**	**2012/13**
	£000	**£000**
Income		
Balance Brought Forward	(4,193)	(6,109)
Budgeted Contribution (to)/from reserves	(258)	278
Underspend 11/12 Projected	(1,638)	-
HIH surplus	(20)	-
Net HRA Funding (rents, subsidy and other income, debt charges)	(32,098)	(37,916)
Spend	2,109	2,256
Bad Debt Provision	300	318
Contingency	396	400
Revenue contribution to Capital	9,180	14,302
Homes in Havering Management Fees – excludes additional elements, see paragraph 3.2 above	20,114	20,640
Balance Carried Forward	(6,109)	(5,831)

Retained Housing – HRA budget in 2012/13

5.6 The Retained Housing Budget for 2012/13 will be as follows:

	Current Budget 2011/12	Budget 2012/13 rounded
Havering Telecare Centre	364,590	411,330
Retained Sheltered Accommodation	676,150	676,150
Retained Housing Services	**1,040,740**	**1,087,480**
Housing Offices Accommodation	77,550	77,550
HRA Administration	1,443,370	1,466,140
Head Of Service	86,960	86,960
Information,Performance & IT	131,490	131,490
Head of Service	**1,739,370**	**1,762,140**
Commercial Property portfolio	(1,453,640)	(1,573,540)
Lettings	426,680	426,680
Stock Appraisal	10,120	10,120
Hostels	148,230	88,140
Needs and Service Development	414,930	454,930
Housing Needs & Strategy	**(453,680)**	**(593,670)**
Total Retained Housing Service – funded from the HRA	**£2,326,430**	**£2,255,950**

Homes in Havering budget for 2012/13

5.7 Homes in Havering's total budget consists of its management fee, as outline in section 3.2 above, and a number of other elements. Homes in Havering's overall budget for 2012/13 in given in the following table, with the equivalent 2011/12 figures for comparison:

	2011/12	**2012/13**
	£000's	**£000's**
Management fee – refer to section 3.2 for details	20,113	20,639
Capitalisation of spend – included in capital budget in Appendix 2	540	540
Further resources as estimated by Homes in Havering		
Capital fees – included in capital budget in Appendix 2	1,351	1,885
Water commission	348	348
Tenants insurance commission	220	220
Other income	35	35
Total resources	**22,607**	**22,667**

5.8 For noting, the capital fees available for Homes in Havering over the lifetime of the Decent Homes funding have been calculated at 6.5% of Decent Homes and non-Decent Homes capital expenditure. This reflects the economies of scale in capital scheme management possible across a greatly expanded programme. Following completion of Decent Homes spend from 2015/16 onwards, the capital fees level will need to be reviewed.

5.9 Under the terms of the management agreement with HiH, the Council has to approve the HiH budget and delivery plan. It is proposed that these detailed approvals are delegated to the Lead Members for Value and Housing & Public Protection – on advice from the group Directors for Finance & Commerce, and Culture & Community – as has happened in previous years.

6 CAPITAL BUDGET – HRA 2012-2013 – 2014/15

6.1 *HRA Capital Programme – 2012/13 to 2014/15 capital resources*

With the introduction of HRA self-financing, it is now possible to plan capital investment beyond a one year time horizon. Previously, the programme was almost entirely subject to the annual subsidy settlement from central government in which the Major Repairs Allowance, MRA, and Supported Capital Expenditure – Revenue settlements were set.

There are still uncertainties in the programme. Performance of the HRA Business Plan year-to-year will determine how much revenue income is available for use as capital, and, more substantively, although the 2012/13 allocation of Decent Homes grant is agreed, the final two tranches are not.

With these caveats, the resources projected for use in the HRA capital programme over the period 2012/13 to 2014/15 are laid out in the table below. It should be noted that it is assumed that no capital receipts available to the Council will be applied to the HRA capital programme over this three year period.

	2012/13	**2013/14**	**2014/15**	**TOTAL**
Funding source	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Decent Homes grant	15,000	15,000	23,581	53,581
Revenue funding	14,303	15,580	17,245	47,128
Major Repairs Reserve*	4,712	0	0	4,712
Leaseholder contribution	200	200	200	600
Mayor of London's Targeted Funding Stream**	123			123
TOTAL	**34,338**	**30,780**	**41,026**	**106,144**

* The Major Repairs Reserve, MRR, consists of HRA capital resources unspent in previous years

** This funds management of, and some works arising from, the Briar Road estate renewal

The Major Repairs Reserve has arisen principally over the last three years as a result of two main factors (a) significant efficiencies made by Homes in Havering through works procurement, notably relating to improvements to the tower block on the Waterloo Road estate, and (b) the Council's decisions regarding the priority and phasing of various works, for example, it was decided in 2011/12 not to spend resources allocated to the conversion of three sheltered schemes to extra care housing. These resources have been carried forward into 2012/13.

The MRR is allocated to a variety of schemes, with expenditure in full anticipated in 2012/13. It would not be in the Council's interest to have significant capital resources unallocated and/or in reserve at the time when the HCA will make its decisions about the 2013/14 and 2014/15 Decent Homes allocations.

6.2 ***Proposed 2012/13 programme***

Considerable work has been carried out by Homes in Havering and the retained Housing Service to draw up a detailed capital programme for 2012/13.

As well the resources arising from the Decent Homes allocation, it is worth noting that 2012/13 sees an increase between the previous Major Repairs Allowance and the Revenue Funding now available within the HRA Business Plan. This is a direct result of uplifts in allowances applied to all housing authorities within their self-financing settlements and efficiencies within HiH/LBH HRA revenue budgets. This gives the HRA capital programme around an additional £4.5m. Care has been taken to apportion this uplift between Decent Homes priorities and other non-Decent Homes strategic priorities in a similar ratio to the use of the previous MRA resources. The split of MRA resources between Decent Homes and other local priorities was known to the Homes and Communities Agency (HCA) when they allocated the borough Decent Homes monies and so we can assume they will find our approach acceptable.

The draft 2012/13 HRA capital programme is set out at Appendix 2.

6.3 ***Three year programme***

With the greater ability to predict capital resources arising from the HRA self-financing business plan, notwithstanding the remaining uncertainty regarding the latter years of Decent Homes funding, it is possible to put together a three year capital programme.

There are advantages in setting a longer term capital programmes where at all possible as this allows for (a) larger / longer contracts which can afford better economies of scale, (b) programmes to continue across financial years without undue interruption, and (c) greater certainty for tenants.

The draft three year programme is set out in Appendix 3.

6.3 ***Funded 2013/14 programme***

Appendix 4 gives a detailed programme for 2013/14 based on known resources only, that is, revenue funding available from the self-financing business plan excluding Decent Homes grant yet to be confirmed. It is important to approve the 2013/14 programme, with onward transmission to Council for final approval, in this form to enable Homes in Havering and/or the retained Housing Service to commit spend beyond the end of 2012/13 during the 2012/13 and before confirmation of the future Decent Homes resources. This has a number of significant benefits, notably, (a) it enables better economies of scale, (b) it will avoid an unnecessary break in capital works around the end of 2012/13 / beginning of the 2013/14, and (c) tenants can be given more information.

6.4 ***Hostel Strategy***

Abercrombie House

At its meeting of 9 February 2011, Cabinet approved the outcome of the strategic hostels review. The report stated that at a later date there would be a second phase of the review that would consider options for reproviding Abercrombie House.

In the intervening period, officers have considered the future of Abercrombie House in some detail and it is now felt that retention of substantial provision in the northern half of the borough is desirable and that Abercrombie House, with some reconfiguration and improvements beyond the Decent Homes Standard, could provide this.

At the time of the February 2011 Cabinet report on the strategic hostels review, the presumption was that Abercrombie House would be included within the Hilldene North redevelopment area. An element of the receipt would then be earmarked for reprovision. However, it is now clear that with careful remodelling of the grounds to amend the access route and parking arrangements, the impact of retaining Abercrombie House, and the consequent loss of land to the Hilldene North redevelopment, can be minimised so as not the compromise this important new build site. The anticipated receipt foregone will be more than offset by the fact that Abercrombie House can be improved from HRA capital receipts, thus there would be no call on the receipt from the sale of Hilldene North.

Discussions between the Council and the development partners for the Hilldene North site, Countryside Properties and Notting Hill Housing Group, have made clear that the Council wishes to remove the land constituting the Abercrombie House site from the Hilldene North site. Countryside and Notting Hill Housing Trust have confirmed that they are happy with this proposal.

A range of alternative means of providing temporary hostel accommodation in the borough was considered as part of the strategic hostels review reported to Cabinet in February 2011. Of note, the cost of new build provision to replace all the Council’s hostels was at the time estimated at £4 – 5 million. Though work to estimate the costs of a smaller new build scheme to replace just Abercrombie House has not be conducted, it would be reasonable to assume this would cost at least half this amount, say, £2 – 2.5 million. These costs would have to be met in full by the Council should the Council itself develop the scheme. Alternatively, the Council could engage a housing association partner to deliver this part of the strategy. However, it is very unlikely that external grant funding would be available for temporary accommodation, given that the national affordable housing programme administered by the Homes and Communities Agency, HCA, is aiming to maximise general needs affordable accommodation. It would also not be prudent to assume a housing association could self-fund such a scheme given that our development partners have already signed development contracts with the HCA predicated on significant use of their own resources to stretch the national grant funding they have already been allocated.

Abercrombie House is anticipated to require £490,000 for reconfiguration and works beyond Decent Homes. This amount is represented in the provision for hostels works including in the proposed HRA capital programme in Appendix 2. In addition, Abercrombie House would require around £450,000 - £490,000 Decent Homes works. These works are budgeted for under the Decent Homes element of the proposed HRA capital programme. Thus, reconfiguration and improvement of Abercrombie is far more cost-effective than new build. It is proposed therefore that Cabinet resolve to retain and refurbish Abercrombie House, as the Council's second site for temporary accommodation.

7 CONCLUSION

7.8 The budget for 2012/13 is the first opportunity that the Council has had to plan income and expenditure on a long term basis. The Self Financing Business Plan (Appendix 5) shows that the Council is able to maintain and improve its stock and provide good quality housing services throughout the life of the plan, as long as the Government honours its commitment to provide the full Decent Homes Funding. The Housing Revenue Account budget, which is the first year of the 30-year Business Plan and which is set out in this report is a prudent budget, designed to maintain a decent level of service, and inject further resources into a programme of capital investment in the housing stock that will eventually achieve the Decent Homes standard for our housing stock. The HRA will also move to a more stable financial future, with a reasonable level of balances.

IMPLICATIONS AND RISKS

8. Financial implications and risks:

HRA Revenue

8.1. This whole report largely concerns the Financial Implications and risks concerning the setting of the HRA budget for 2012/13, and the proposals for the 30 year Self Financing Business Plan. The HRA is sufficiently healthy to enable:-

- reserves of an estimated £5.831m at the end of 2012/13
- retaining a base contingency of £400k.

8.2. There are risks associated with any HRA budget, but it is felt these can be managed. The ALMO has had the opportunity to review its resource requirement for 2011/12. Capitalisation – an approach to help a previously poor revenue position is now at a reasonable level of £540k. On repairs, there are unbudgeted volume risks, but these can be managed by use of capital contingency. The dwelling rents budget has been set assuming current rent collection projections. The commercial rental income budget has been set after liaison with the Head of Property Services.

HRA Capital Budget

8.3 The table in paragraph 6.1. gives a confirmed resource position for 2012/13, and underpins the detailed Capital Budgets given in Appendix 2 and 3.

9 Legal implications and risks:

9.1 Any local authority that owns housing stock is obliged to maintain a Housing Revenue Account. The HRA is a record of revenue expenditure and income relation to an authority's own housing stock. The items to be credited and debited to the HRA are prescribed by statute. It is a ring fenced account within the authority's General Fund, which means that local authorities have no general discretion to transfer sums into or out of the HRA.

9.2. Section 76 Local Government and Housing Act 1989 places a duty on local housing authorities: (a) to produce, and make available for public inspection, an annual budget for their HRA which avoids a deficit; (b) to review and if necessary, revise that budget from time to time and (c) to take all reasonably practicable steps to avoid an end-of-year deficit. The proposed HRA budget fulfils these requirements.

9.3 The Localism Act 2011 requires all local authorities as part of the ending of the current financial system, to move to a Self Financing system of calculating the Housing Revenue Account Budget. It will further require the London Borough of Havering to pay £162.2m to Government on 28th March 2012, and the Council will incur financial penalties, including interest if the payment is not made.

8 Human Resources implications and risks:

8.1 None specific.

9 Equalities implications and risks:

9.1 An equalities impact assessment has been carried out. Of note, the proposed rent increases are essentially dictated by central government through their rent restructuring formula. Furthermore, best practice and guidance dictates that service charges should be set at a level which covers the cost of providing the service to which the charge relates. Therefore, the Council cannot operate in an unfettered way within regard to the rents and service charges it sets. That said, the Council has examined the proposals in this report from an equalities perspective. The key findings are as follows:

- 71.74% of council tenants are in receipt of Housing Benefit/Local Housing Allowance. The proposed rents and service charges eligible for housing benefit are within the housing benefit caps for Havering, therefore those in most financial hardship, which can include particular minority groups, will be protected

- the proposals in this report include the recruitment of an Occupational Therapist who will work exclusively with tenants and prospective tenants to identify the right adaptations and deliver installations more quickly. A budget of £550,000 a year for adaptations is proposed for the coming three years

- the capital programme makes available resources to bring forward works to make the remaining sheltered bedsits with shared bathrooms / showers fully self-contained. This will advantage this section of the community who are people over the age of 55.

- the capital programme makes provision for upgrades to Abercrombie House hostel, in addition to the other hostel for which funding is already available. This will ensure homeless households who are arguably experiencing some of the most severe housing needs in the borough will benefit from modern facilities and standards

- the business plan at Appendix 5 advises that the Government's final Decent Homes funding, totalling £38m, is due to be received in the last two years of the Decent Homes Programme (2013/14 and 2014/15). This is not guaranteed and so there remains a risk that the Council may not receive this funding in full. Not receiving all the funding would delay three elements of our decent homes programme: non-traditional homes improvements, new kitchens and bathrooms, and sheltered housing improvements. This would have an impact on families, older people and socio-economically disadvantaged households and work would be prioritised to take account of the longest term non-decent properties and homes occupied by vulnerable households.

BACKGROUND PAPERS

Housing Revenue Account Budget Report
HRA Rents, Tenants Service charges and Heating & Hot Water Charges
Equalities Impact Assessment

APPENDIX 1 – HRA revenue budget

Cost Centre	Cost Centre Description	Period 06 11-12 (forecast)	Current Budget (2011-12)	Adjustments	Budget 2012-13 rounded	Comments
A28000	Communication Centre	358,791	364,590	46,742	411,330.00	Loss of one off (set up) Supporting People Grant (£67k) which was offset by annual inflation increase of 6.1% in Careline charges.
A28010	Retained Sheltered Accommodation	667,929	676,150	-	676,150.00	
BB80	**Retained Housing Services**	**1,026,720**	**1,040,740**	**46,742**	**1,087,480**	
A28100	Housing Offices Accommodation	81,061	77,550	-	77,550.00	
A28120	HRA Administration	1,423,928	1,443,370	22,770	1,466,140.00	Additional budget to cover HRA Accountancy support
A28130	Head Of Service	105,254	86,960	-	86,960.00	
A28140	Information, Performance & IT	125,960	131,490	-	131,490.00	
BB81	**Head of Service**	**1,736,204**	**1,739,370**	**22,770**	**1,762,140**	
A28200	Commercial Property portfolio	(1,556,336)	(1,453,640)	(119,900)	(1,573,540.00)	£153k increase in HRA shops income which was offset by £33k rise in Business Rates
A28220	Lettings	290,877	426,680	-	426,680.00	
A28230	Stock Appraisal	10,103	10,120	-	10,120.00	
A28240	Hostels	85,595	148,230	(60,092)	88,140.00	Annual rent rise of 9.22%
A28250	Needs and Service Development	515,786	414,930	40,000	454,930.00	New post for Occupational Therapist
			-			
BB82	**Housing Needs & Strategy**	**(653,975)**	**(453,680)**	**(139,992)**	**(593,670)**	

A28300	Rents & Service Charges	(44,308,332)	(43,193,060)	(3,305,854)	(46,498,910.00)	Annual Rent rise of 9.22%
A28310	HRA Asset Management (Capital Charges)	904,060	937,260	8,312,050	9,249,310.00	Under Self Financing, council will be taking debt of £166.2m which will result in rise of £8.5m in interest charges. This will be offset by cash receipt of £168k from above assumed RTB sales (8) in self financing which will be used to reduce debt.
A28320	Debt Charges	504,110	504,110	99,934	604,040.00	An rise in debt charges as a result of increase in HRA borrowing.
A28330	Housing Subsidies	9,879,074	10,152,360	(10,152,360)	-	From 2012-13 housing subsidy will be replaced with self financing. As a result, there will be no subsidy payment to DCLG.
A28340	Misc Financial Transactions	(271,845)	(273,390)	-	(273,390.00)	
	Revenue Contribution to Capital	9,179,610	9,179,610	5,122,390	14,302,000.00	Allocated to Capital programme in line with HRA Business plan which includes £400k from revenue contribution for Door Entry Replacement.
A28350	HRA Contingency	396,000	396,000	4,000	400,000.00	Support Charges (CSSA) for 2012-13 yet to be calculated, so included in general contingency.
A28360	Appropriations To/From Reserves	(242,372)	(242,360)	(535,680)	(778,040.00)	Balance requirement for Capital programme taken from reserves
A28370	FRS 17 - HRA Adjustments (Pension Costs)	99,490	99,490	-	99,490.00	
BB83	**Rent Accounting & Financial Transactions**	**(23,860,205)**	**(22,439,980)**	**(455,520)**	**(22,895,500)**	
Subtotal Retained HRA service budget						
A28400	HIH Almo Management	20,113,550	20,113,550	526,000	20,639,550.00	
					-	
BB84	**Management of HRA stock**	**20,113,550**	**20,113,550**	**526,000**	**20,639,550**	

NET TOTAL		**(1,637,707)**	**-**	**-**	**-**	
	Summary impact on Balances					
	Balance Brought Forward from 2010/11	(4,193,209)			(6,108,987)	
	(Surplus)/ Deficit based on period 6 outturn	(1,637,707)				
	Planned contribution to Reserve	(258,070)				
	Planned contribution from Reserve				277,610	
	HIH Surplus for 2010/11 will be sent to LBH	(20,000)				
	Total (Surplus)/Deficit for year	**(6,108,987)**			**(5,831,377)**	

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Appendix 2 – 2012/13 HRA Capital Programme

HRA Capital Programme 2012/13	Total spend	Number of homes receiving works	Works	Fee level applicable	Fees available to HiH
	£'000s	number	£'000s	%	£'000s
Decent Homes					
Windows - excluding tower blocks	1,632	326	1,532	6.5	100
Kitchens (& boiler where failure)	7,788	1,731	7,313	6.5	475
Heating	2,160	1,200	2,028	6.5	132
Electrical	1,080	1,234	1,014	6.5	66
Doors Only	1,620	540	1,521	6.5	99
Doors Only - completion of 2011/12 programme	199	66	199	0.0	0
Roofs	1,482	185	1,392	6.5	90
Roofs - completion of 2011/12 programme	118	15	118	0.0	0
Bathrooms	1,365	546	1,282	6.5	83
Insulation	58	116	54	6.5	4
Non traditional Remedial Works to houses	1,467	105	1,377	6.5	90
Tower block refurbishment – including windows	3,554	254	3,337	6.5	217
Sheltered housing and hostels decent homes works	1,560	345	1,465	6.5	95
Total Decent Homes	**24,083**		**22,632**		**1,451**
Additional capital works					
Major Voids	550		516	6.5	34
Structural	785		737	6.5	48
Electrical upgrade - not DH-related	250		235	6.5	15
Tower block works beyond Decent Homes	1,487		1,396	6.5	91
Communal works including concrete works	750		704	6.5	46
Capitalisation	500		500	0.0	0
Total Additional Capital Works	**4,322**		**4,089**		**233**
Environmental Improvements					
Legionella	180		180	0.0	0
Fencing / boundary walls	50		50	0.0	0
Drainage	75		75	0.0	0
Asbestos Removal	150		150	0.0	0

Prevention of Anti Social Behaviour	100		100	0.0	0
Playground Equipment	90		90	0.0	0
Environmental improvements - contingency	260		260	0.0	0
Works to redundant garage sites not earmarked for housing development	150		150	0.0	0
CCTV equipment	50		50	0.0	0
Total Environmental Improvements	**1,105**		**1,105**		**0**
Planned Preventative Maintenance					
External Refurbishment	1,500		1,408	6.5	92
Common & Sheltered					
DDA Fire Protection	200		188	6.5	12
Hostels	490		460	6.5	30
Upgrade to door entry systems	400		400	0.0	0
Sheltered Alarm Call System and Fire Alarms upgrade	385		385	0.0	0
Conversion to Royal Jubilee Court bedsits	350		329	6.5	21
Careline Equipment	50		50	0.0	0
Sheltered conversions above Decent Homes	550		516	6.5	34
Hidden Homes	200		188	6.5	12
Total Common and Sheltered	**2,625**		**2,516**		**109**
Energy Efficiency					
Stock Condition Surveys 10%	30		30	0	0
Total Energy Efficiency	**30**		**30**		**0**
Aids & Adaptations					
Aids & Adaptations	550		495	11	0 – HiH 55 – Social Care
Briar Estate Renewal Project					
Project Costs	123		123	0	0
TOTAL PROGRAMME	**34,338**		**32,399**		**1,885**

Appendix 3 – 2012/13 – 2014/15 three year HRA capital programme

Revenue funding within the HRA Business Plan, leaseholder contribution and Decent Homes grant at allocated levels, though unconfirmed in 2013/14 and 2014/15

HRA Capital Programme	2012/13	2013/14	2014/15
	£'000s	£'000s	£'000s
Decent Homes			
Windows – excluding tower blocks	1,632	1,632	900
Kitchens – including boiler replacement where failure	7,788	7,917	8,636
Heating	2,160	2,160	2,400
Electrical	1,080	1,080	2,025
Doors Only	1,620	1,620	1,025
Doors Only – completion of 2011/12 programme	199	0	0
Roofs	1,482	1,482	3,480
Roofs - completion of 2011/12 programme	118		
Bathrooms	1,365	1,365	3,600
Insulation	58	58	55
Remedial works to non-traditionally constructed houses	1,467	1,467	6,000
Tower block refurbishment – including windows	3,554	4,125	3,000
Sheltered housing and hostels decent homes works	1,560	750	2,041
Total Decent Homes	**24,083**	**23,656**	**33,162**
Additional capital works			
Major Voids	550	500	575
Structural	785	300	250
Electrical upgrade – not Decent Homes related	250	150	234
Tower block works beyond Decent Homes	1,487	922	500
Communal works including concrete works	750	177	1,000
Capitalisation	500	500	500
Total Additional Capital Works	**4,322**	**2,549**	**3,059**
Environmental Improvements			
Legionella	180	180	180
Fencing / boundary walls	50	50	110
Drainage	75	70	130
Asbestos Removal	150	150	200
Prevention of Anti Social Behaviour	100	50	50
Playground Equipment	90	75	90
Environmental improvements – contingency	260	400	200

Works to redundant garage sites not earmarked for housing development	150	100	200
CCTV equipment	50	50	50
Total Environmental Improvements	**1,105**	**1,125**	**1,210**
Planned Preventative Maintenance			
External Refurbishment	**1,500**	**1,500**	**1,700**
Common & Sheltered			
DDA Fire Protection	200	10	50
Hostels	490	0	0
Upgrade to door entry systems	400	0	0
Sheltered Alarm Call System and Fire Alarms upgrade	385	0	0
Conversion of Royal Jubilee Court bedsits	350	0	0
Careline Equipment	50	50	50
Sheltered conversions above Decent Homes – excluding Royal Jubilee Court counted separately	550	1,110	1,000
Hidden Homes	200	200	215
Total Common and Sheltered	**2,625**	**1,370**	**1,315**
Energy Efficiency			
Stock Condition Surveys 10%	**30**	**30**	**30**
Aids & Adaptations			
Aids & Adaptations	**550**	**550**	**550**
Briar Estate Renewal Project			
Project Costs	**123**	**0**	**0**
TOTAL PROGRAMME	**34,338**	**30,780**	**41,026**

Appendix 4 – funded 2013/14 HRA capital programme

Revenue funding within the HRA Business Plan and leaseholder contribution, no Decent Homes grant

	2013/14				
HRA Capital Programme	**Total spend**	**Number of homes receiving works**	**Works**	**Fee level applicable**	**Fees available to HiH**
	£'000s	**number**	**£'000s**	**%**	**£'000s**
Decent Homes					
Windows - excluding tower blocks	830	166	779	6.5	51
Kitchens (& boiler where failure)	1,990	442	1,868	6.5	121
Heating	737	410	692	6.5	45
Electrical	622	711	584	6.5	38
Doors Only	236	79	222	6.5	14
Roofs	920	115	864	6.5	56
Bathrooms	830	332	779	6.5	51
Insulation	51	102	48	6.5	3
Non traditional Remedial Works to houses	922	66	865	6.5	56
Tower block refurbishment	920	66	864	6.5	56
Sheltered housing major works	600	120	563	6.5	37
Total Decent Homes	**8,656**		**8,128**		**528**
Additional capital works					
Major Voids	500		469	6.5	31
Structural	300		282	6.5	18
Electrical upgrade - not DH-related	150		141	6.5	9
Tower block works beyond Decent Homes	922		866	6.5	56
Communal works including concrete works	177		166	0	11
Capitalisation	500		500	0	0
Total Additional Capital Works	**2,549**		**2,424**		**125**
Environmental Improvements					
Legionella	180		169	0.0	11
Fencing / boundary walls	50		47	0.0	3
Drainage	70		66	0.0	4
Asbestos Removal	150		141	0.0	9
Prevention of Anti Social Behaviour	50		47	0.0	3
Playground Equipment	75		70	0.0	5
Environmental improvements -	400		376	0.0	24

contingency					
Works to redundant garage sites not earmarked for housing development	100		94	0.0	6
CCTV equipment	50		47	0.0	3
Total Environmental Improvements	**1,125**		**1,056**		**0**
			0		0
Planned Preventative Maintenance					
External Refurbishment	1,500		1,408		92
Common & Sheltered					
DDA Fire Protection	10		9		1
Careline Equipment	50		50		0
Sheltered conversions above Decent Homes	1110		1,042		68
Hidden Homes	200		188		12
Total Common and Sheltered	**1,370**		**1,286**		**84**
Energy Efficiency					
Stock Condition Surveys 10%	30		30	0	0
Total Energy Efficiency	**30**		**30**		**0**
Aids & Adaptations					
Aids & Adaptations	550		495	11	0 – fees for use by Adult Social Care
TOTAL PROGRAMME	**15,780**		**14,828**		**773**