

BUSINESS SUPPORT
OVERVIEW AND SCRUTINY COMMITTEE

17 JULY 2008

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME
2008/2009

Report from: Neil Davies, Chief Executive

Authors: Derrick Singleton, Housing Services Manager
Andy McNally-Johnson, Senior Accountant

Summary

The purpose of this report is to provide Members with the detailed Housing Revenue Account Capital Programme for 2008/2009 and request that Members of this Committee endorse this programme.

Members of the Community Services Overview & Scrutiny Committee at its meeting of 15 January 2008, considered the Housing Revenue Account 2008/2009 budgets. At that time further analysis from the 2007/2008 25% stock condition was required prior to a detailed capital programme being made available, and to that end, a report would be presented to Members at a future date.

1 Budget and Policy Framework

- 1.1 The priorities relating to the Housing Revenue Account capital programme form part of Medway's performance plan.
- 1.2 The need to increase the budget over and above that originally approved by Council on 28 February 2008 means that the additional budget will have to be approved by full council on 31 July 2008 in order to fully comply with the councils budget and policy framework.

2 Background

- 2.1 Members of the Community Services Overview & Scrutiny Committee at its meeting of 15 January 2008, considered the Housing Revenue Account 2008/2009 budgets.

- 2.2 As part of that report, the 2008/2009 capital programme was given at a total of £2,891,398, which included a figure of £100,000 relating to disabled adaptations to council stock. This original budget was based upon the available in-year funding of £735,000 supported capital expenditure (borrowing) and £2,156,398 major repairs allowance. However, paragraph 5.4 of that report stated:

“The projected programme for 2008/2009 will be based upon results from the 2007 stock condition survey and the need to reach the Decent Homes Standard for all dwellings by 2010. Once, the results have been fully analysed, a briefing note will be presented to Members giving full details of works required to meet Decent Homes components by 2010, and will include details as to how the works will be funded. For the future, and the Council’s ability to meet and maintain Decent Homes Standard, it is likely that there will need to be additional contributions from both the housing revenue account working balance and the major repairs reserve.”

- 2.3 Appendix 1 gives details as to the definition of the Decent Homes Standard for information.
- 2.4 The work required in order to produce a detailed capital programme that will enable the Council to meet the Decent Homes Standard by 2010 has now been completed and summary details of the 2008/2009 programme, which is estimated to cost £5,202,615 is attached at Appendix 2. The additional financial requirement of £2,311,217 will be funded by way of contributions from housing revenue account balances as follows:

| Funding Stream | £ |
|---|------------------|
| Major Repairs Reserve | 787,609 |
| Revenue Contribution from 2008/2009 Revenue Account | 1,000,000 |
| Revenue Contribution from Housing Revenue Account Working Balance | 523,608 |
| | |
| TOTAL | 2,311,217 |

- 2.5 The request for additional funding was considered by Cabinet on 15 July 2008 and will be presented to Full Council on 31 July 2008 for formal approval.
- 2.6 This programme has been based upon the data gathered from the 25% stock condition survey carried out in 2007/2008 plus information added to the Councils housing asset management database from previous years works. This information has then been ‘cloned’ to the remaining 75% of the stock. It is the intention that a further 25% of the stock will be surveyed each year for the next three financial years, meaning that the stock will be fully surveyed by March 2011.

- 2.7 The housing asset management database is being constantly updated as works are completed and further information is gathered i.e. due to void inspections etc.
- 2.8 The 2008/2009 programme contains works that should have been completed in prior years plus works required in the current year i.e. elements that will fail as a result of their age and condition.
- 2.9 The programme has been calculated down to individual property level using an estimated average cost per element of work. All anticipated works relating to properties that have 'cloned' data on the housing asset management database, will be subject to a pre-inspection by housing surveyors prior to any works being ordered to ensure that works are not carried out unnecessarily.
- 2.10 The report regarding the operation of the housing maintenance contract presented to the Audit Committee meeting on 26 June 2008, gave recommendations on the operation of the contract, which will be implemented for the 2008/2009 programme.
- 2.11 Work programmes will be let on a rolling quarterly basis to ensure that our financial commitments are fully understood and any variations of works orders and the subsequent effect on budgets, both adverse and favourable are understood at an early stage. Quarterly progress reports will also be presented to the Business Support Overview and Scrutiny Committee.
- 2.12 The estimated works will affect 1,533 properties and a full property listing showing the works to be carried out in each property can be made available to members on request.
- 2.13 Work will be tendered in early July after the release of the first phase of works has been finalised.
- 2.14 A monthly meeting currently takes places to discuss day-to-day repairs, involving council officers, the maintenance contractor and the Medway Residents Group (MeRGe). A separate meeting regarding the capital works programme will be convened on a monthly basis to discuss all aspects of the works, including progress, budgets, tenants satisfaction, health and safety etc.

3 Consultation

- 3.1 Officers have consulted with the Medway Residents Group (M.e.R.G.e.) with regards to the detailed Capital Programme for 2008/2009.

4 Financial and legal implications

- 4.1 The financial implications regarding the funding of the 2008/2009 capital programme are detailed in paragraph 2.4.
- 4.2 There are no legal implications associated with this report.

5 Recommendations

- 5.1 That Members endorse the Housing Revenue Account detailed capital programme for 2008/2009.
- 5.2 Members agree that quarterly progress reports will be presented to the Business Support Overview and Scrutiny Committee giving both activity progress against that targeted and financial progress against budget.

Lead officer contact

Derrick Singleton
Housing Services Manager
Level 2, Gun Wharf
(01634) 333517
derrick.singleton@medway.gov.uk

Andy McNally-Johnson
Senior Accountant
Level 2, Gun Wharf
(01634) 333552
andy.mcnallyjohnson@medway.gov.uk

Appendices

Appendix 1 - Definition of the Decent Homes Standard
Appendix 2 - Housing Revenue Account 2008/2009 Capital Programme
Summary

Background papers

The Housing Revenue Account Budget 08-09 committee report presented to Community Services Overview & Scrutiny Committee, 15 January 2008.

A Decent Home: Definition and Guidance for Implementation, published by CLG 7 June 2006.

The Decent Homes Standard – A Definition

In order to be decent a home should be **warm, weatherproof and have reasonably modern facilities.**

The definition of what is a decent home has been updated to reflect the Housing Health and Safety Rating System (HHSRS) which replaced the Housing Fitness Standard on 6 April 2006. Landlords will find it helpful to refer to the two volumes of statutory guidance on HHSRS¹. The general principles of application have been expanded as set out in paragraph 3 below and paragraphs 4 and 5 clarify what properties are covered by the Decent Home standard.

A decent home meets the following four criteria:

1) It meets the current statutory minimum standard for housing

1.1 Dwellings which fail to meet this criterion are those containing one or more hazards assessed as serious ('Category 1') under the HHSRS.

2) It is in a reasonable state of repair

2.1 Dwellings which fail to meet this criterion are those where either:

- one or more of the key building components are old and, because of their condition, need replacing or major repair;
- or
- two or more of the other building components are old and, because of their condition, need replacing or major repair.

3) It has reasonably modern facilities and services

3.1 Dwellings which fail to meet this criterion are those which lack three or more of the following:

- a reasonably modern kitchen (20 years old or less);
- a kitchen with adequate space and layout;
- a reasonably modern bathroom (30 years old or less);
- an appropriately located bathroom and WC;
- adequate insulation against external noise (where external noise is a problem); and
- adequate size and layout of common areas for blocks of flats.

Housing Act 2004, Part 1. Statutory Guidance has been given to local authorities under section 9 – the HHSRS Operating Guidance and Enforcement Guidance – and is available from DCLG and at www.communities.gov.uk/hhsrs

3.2 A home lacking two or fewer of the above is still classed as decent, therefore it is not necessary to modernise kitchens and bathrooms if a home meets the remaining criteria.

4) It provides a reasonable degree of thermal comfort

4.1 This criterion requires dwellings to have both effective insulation and efficient heating. It should be noted that, whilst dwellings meeting criteria 2, 3 and 4 are likely also to meet criterion 1, some Category 1 hazards may remain to be addressed. For example, a dwelling meeting criterion d may still contain a Category 1 damp or cold hazard.

Source: A Decent Home: Definition and guidance for implementation, June 2006 Update published by CLG

Housing Revenue Account – 2008/2009 Capital Programme Summary

| Work Class | Work Type | Work Element | Projected Spend | Number of Units | Unit Cost |
|-----------------------|----------------------------------|--------------|-------------------|-----------------|-----------|
| | Communal Bathrooms Total | | £11,250 | 30 | £375 |
| | Communal Doors Total | | £9,900 | 33 | £300 |
| | Communal Kitchens Total | | £16,500 | 33 | £500 |
| | Communal Lifts Total | | £160,000 | 1 | £160,000 |
| Communal Total | | | £197,650 | 97 | |
| | External Doors Total | | £272,600 | 391 | £697 |
| | External Roofs Total | | £712,110 | 1,110 | £642 |
| | External Walls Total | | £7,560 | 360 | £21 |
| | External Windows Total | | £37,500 | 15 | £2,500 |
| External Total | | | £1,029,770 | 1,876 | |
| | Internal Bathrooms Total | | £811,900 | 534 | £1,520 |
| | Internal Electrics Total | | £129,280 | 97 | £1,333 |
| | Internal Heating Total | | £973,100 | 475 | £2,049 |
| | Internal Kitchens Total | | £1,797,400 | 473 | £3,800 |
| Internal Total | | | £3,711,680 | 1,588 | |
| | Other Disabled Adaptations Total | | £100,000 | 0 | |
| | Other Fees & Contingencies Total | | £163,515 | 0 | |
| Other Total | | | £263,515 | 0 | |
| | Grand Total | | £5,202,615 | 3,561 | |

| FUNDING STREAMS | |
|--|-------------------|
| Total Expenditure | £5,202,615 |
| Financed By: | |
| - Supported Capital Expenditure (SCER) | £735,000 |
| - Major Repairs Allowance 2008/2009 | £2,156,408 |
| - Major Repairs Reserve | £787,601 |
| - Capital Expenditure from 2008-2009 Revenue Account (C.E.R.A) | £1,000,000 |
| - Capital Expenditure from Revenue Account Working Balance | £523,605 |
| Total Funding | £5,202,615 |