

# Housing and Community Services Committee

Wednesday 4 March 2009 7.30pm

**Council Chamber  
Runnymede Civic Centre, Addlestone**

## Members of the Committee

Councillors P J Waddell (Chairman), H A Butterfield and Mrs R M Denby (Vice-Chairmen)  
J R Ashmore, C J Chapman, R J Edis, P A Francis, R N Jones, Mrs M Roberts and J J Wilson

## AGENDA

### Notes:

- i) Any report on the Agenda involving confidential information (as defined by section 100A(3) of the Local Government Act 1972) must be discussed in private. Any report involving exempt information (as defined by section 100I of the Local Government Act 1972), whether it appears in Part 1 or Part 2 below, may be discussed in private but only if the Committee so resolves.
- ii) The relevant 'background papers' are listed after each report in Part 1. Enquiries about any of the Agenda reports and background papers should be directed in the first instance to **Mr M L White, Administration and Leisure Department, Runnymede Civic Centre, Station Road, Addlestone (Tel: Direct Line: 01932 425623). (Email: [malcolm.white@runnymede.gov.uk](mailto:malcolm.white@runnymede.gov.uk)).**
- iii) Agendas and Minutes are available on a subscription basis. For details, please ring Mr B A Fleckney on 01932 425620. Agendas and Minutes for all the Council's Committees may also be viewed on [www.runnymede.gov.uk](http://www.runnymede.gov.uk).
- iv) In the unlikely event of an alarm sounding, members of the public should leave the building immediately, either using the staircase leading from the public gallery or following other instructions as appropriate.

## **LIST OF MATTERS FOR CONSIDERATION**

### **PART I**

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- (No reports to be considered under this heading)

## GLOSSARY OF TERMS AND ABBREVIATIONS

TERM	EXPLANATION
ACC	Surrey Adults and Community Care Services formerly known as Social Services.
ALMO	Arms Length Management Organisation. This is an organisation established specifically to manage Council stock. The properties remain Council owned and tenants retain their secure tenancies. This can provide opportunities for extra funds to meet the Decent Homes Standard if all government requirements are satisfied.
BFI	Benefit Fraud Inspectorate. The BFI is part of the DWP. Its duty is to inspect local authorities responsible for administering benefit on Housing and Council Tax. The responsibility for this function will pass to the Audit Commission from April 2008.
BHM	Balancing Housing Markets. This assessment looks at the whole housing market, considering the extent to which supply and demand are "balanced" across tenure and property size.
BME	Black and Minority Ethnic Groups. This is a collective name used by various bodies.
BNAM	'Basic Needs Assessment Model'. This is the main method for calculating affordable housing requirements suggested in Government guidance – <i>"Local Housing Needs Assessment: A guide to Good Practice"</i> .
CLG	Communities and Local Government. Government department responsible for local government and housing functions. See the CLG website at <a href="http://www.communities.gov.uk">www.communities.gov.uk</a> .
COMPACT	This is a requirement of Central Government. It entails developing an agreement between the Council and tenants or voluntary organisations about the way in which they will be consulted on the services they receive or deliver.
CPA	Comprehensive Performance Assessment. An external process to assess the quality of individual Council's Performance (set out in the Local Government White Paper 2001). It brings together evidence from a range of internal and external sources, in addition to an on site inspection, in order to arrive at an overall category.
DFG	Disabled Facilities Grant. This is a grant made available to disabled persons to provide adaptations to their property. Dependent on the type of work, it is a mandatory grant. The amount of grant awarded is subject to a test of resources of the disabled person.
DHCS	Director of Housing and Community Services.
DWP	Department of Work and Pensions (Government Department)
ESP	Existing Satisfactory Property. This scheme involved working with a Housing Association to purchase low cost housing in the private sector. Originally the scheme involved the repurchase of ex-Right to Buy Council properties. However, the scheme was broadened to include any low cost housing in the Borough.
GOSE	The Government Office for the South East. This is the local office of the Office of the Deputy Prime Minister (formerly the Department of Transport, Local Government and the Regions) for the South East region of England. Its role includes development of the Regional Housing Strategy.
HMO	House in Multiple Occupation. In general terms this is a property that is let to three or more tenants. However, for an exact definition reference must be made to the Housing Act 2004.

HOMES AND COMMUNITIES AGENCY (HCA)	This is the National Housing Agency for England. It is a Government Agency and has replaced the Housing Corporation.
HRA	Housing Revenue Account. This is a statutory account that sets out the expenditure and income arising from the provision of social housing by the Local Authority as a landlord. Expenditure in the HRA includes repairs and improvements, and management expenses. Income is mainly from rents. HRA subsidy is a significant item in the HRA.
LDF	Local Development Framework. Government replacement for the Local Plan.
LSP	Local Strategic Partnership – Leads on the Community Strategy.
NROSH	The National Register of Social Housing (NROSH) is a system for collecting social housing data on individual properties directly from local authorities and housing associations.
PFI	Private Finance Initiative. A long-term contractual private/public partnership under which the private sector takes on the risks associated with the delivery of public services in exchange for payments tied to agreed standards of performance. This can provide an opportunity to raise extra funds for investment in housing stock. Several Councils are currently acting as pathfinders.
PPG3	Planning Policy Guidance. This is Guidance issued by the Secretary of State detailing National Planning Policy within existing legislation. There are many examples of Guidance and PPG3 is the one that is the most relevant to housing. This sets out the requirements relating to the provision of affordable housing.
RARP	Runnymede Accommodation Referral Panel. This group has been established to assess the accommodation requirements of people with mental health, learning disability and physical disabilities. The group considers each individual case and makes a recommendation as to the level of support required.  Representatives on the group include the following:  Officer from the Borough Council's Housing Department. Officer from the Community Support Team (Social Services). Officer from the Community Mental Health Team (Social Services/Health). Occupational Therapist.
RCRA	Runnymede Council Residents Association, formerly the Tenants' and Leaseholders Services Group. This group was formed in February 1999. The members of the group are Council Tenants and Leaseholders. They meet prior to each Housing and Community Services meeting to consider policy and management issues that impact on Tenants and Leaseholders.
RHB	Regional Housing Board. The RHB has been established by the Government to prepare and oversee the Regional Housing Strategy. The Strategy for the region will set out the approach to housing investment and give a clear framework for spending decisions. One RHB exists for the whole of the South East of England.
RSL	Registered Social Landlord. This is a Housing Association which is entitled to bid for Social Housing Grant. The RSL is established for the purpose of the provision, construction, improvement or management of social housing and is a not for profit organisation.
RTB	Right to Buy. The regulations that allow Council tenants to purchase the freehold or leasehold of their home.

SAP	Standard Assessment Procedure. This is the Government's procedure for assessing the energy efficiency of a property.
SHG	Social Housing Grant. This is the main public subsidy paid to Registered Social Landlords by Central Government, through the Homes and Communities Agency to finance new homes. It can be used to pay for rented schemes as well as low cost home ownership schemes.
SMART	How targets should be set if they are to be effective – Specific, Measurable, Achievable, Realistic, Timely.
SNHSG	The Special Needs Housing Strategy Group was established to look at the level of housing needed by people with special needs. This includes those with mental health problems, learning disabilities, physical disabilities, young people leaving care, victims of domestic violence, those with drug and alcohol problems, and older people. The group has representatives from a number of different agencies. The Chairman from each of the Local Special Needs Forums is also represented on the Special Needs Housing Strategy Group.
TPAS	Tenant Participation Advisory Service. The independent tenant advisers. Their role is to help tenants understand the complexities of the stock options and to audit the Council's statements and figures.

1. FIRE PRECAUTIONS

The Chairman will read the Fire Precautions which set out the procedures to be followed in the event of fire or other emergency.

2. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP

3. MINUTES

To confirm and sign, as a correct record, the Minutes of the meeting of the Committee held on 14 January 2009. These Minutes are included in the March 2009 Summons/Minutes Book.

4. APOLOGIES FOR ABSENCE

5. DECLARATIONS OF INTEREST

If Members have an interest in an item please record the interest on the form circulated with this Agenda and hand it to the Legal Representative or Committee Administrator at the start of the meeting. A supply of the form will also be available from the Committee Administrator at meetings. Members who have previously declared interests which are recorded in the Minutes to be considered at this meeting need not repeat the declaration when attending the meeting. Members need take no further action unless the item in which they have an interest becomes the subject of debate, in which event the Member must leave the room if the interest is personal and prejudicial.

6. HOUSING CAPITAL PROGRAMME (DF)

1. Purpose of Report

1.1 **Review and update the housing capital programme and consider the resources available to finance the programme;**

1.2 **Report on subsidy for disabled facility grant expenditure in 2009/10; and**

1.3 **Report on the level of "Capital Allowance" to enable housing capital receipts to be retained locally for housing purposes rather than paid to the Government pool.**

2. Background Information

- 2.1 The housing capital programme sets out the allocation of resources between:
- The renovation or improvement of council housing (the "housing improvement programme").
  - The improvement of private sector housing occupied by low income households ("Runnymede Renewal").
  - The provision of additional affordable housing ("Homes First").
- 2.2 A key aim of the capital programme is to help deliver housing priorities. It also acts as a tool to monitor progress and report performance.
- 2.3 The Committee last considered the housing capital programme in March 2008 and an updated version was reported with the Financial Forecast approved by the Council in December 2008. The housing capital programme is not a static document and is updated to take account of Committee decisions, and available resources.
- 2.4 Since the late 1980s almost all new social housing has been provided by Registered Social Landlords (RSLs). In addition local authorities were given the option of transferring their stock to RSLs. One of the main reasons for this is that RSLs, being in the private sector, can raise private finance for new schemes and for investing in stock transferred from local authorities outside the constraints of public expenditure control and the Public Sector Borrowing Requirement. Government grant for new affordable housing is directed mainly to the RSL sector accordingly.
- 2.5 This Committee approved the Housing Strategy Statement 2006-2011 at its meeting in November 2006.
- 2.6 The Private Sector Renewal Strategy was approved in July 2003. It is currently being updated following completion of the strategic housing market assessment and the private sector stock condition survey and will be reported to this Committee later this year.
- 2.7 The HRA Business Plan is the long-term management and stock maintenance plan for the Council's housing stock. The updated HRA Business Plan covering the period 2008-2013 (including the supporting 30-year financial model) was approved by this Committee in September 2008. The stock maintenance and financial elements of the plan are updated regularly.
- 2.8 The Council has a target of enabling the provision of 500 new affordable housing units over the period 2006 to 2011. Regular reports are made to this Committee on progress.
- 2.9 A separate report on the Agenda suggests a response to the DCLG consultation paper on changes to the revenue and capital rules for new housing. At this stage, the housing capital programme has not been amended to take account of any opportunities that this proposed relaxation in the rules brings.
- 2.10 The order of this report is to first review the sources of finance for housing capital activities (section 3), then look at more detail at each section of the housing capital programme (sections 4 to 6), and then to revenue whether the "capital allowance" is sufficient to allow the Council to (as far as possible) retain capital receipts locally.
3. Sources of finance for the housing capital programme in Runnymede
- 3.1 An updated copy of the housing capital programme is set out in Appendix 'A'. The housing capital programme is funded from the following sources:
- Capital expenditure on the existing housing stock is financed from the Major Repairs Allowance and from resources within the HRA (section 1 of the programme).

- Schemes for the redevelopment of existing stock are delivered in partnership with RSLs using the site land values and the ability of RSLs to attract Government grant and to borrow to finance the cost of works (section 2).
  - Private Sector Renewal – financed partly from Government grant for disabled facilities grants (DFG) expenditure (up to a maximum limit), with the remainder from our capital receipts (section 3).
  - New affordable housing – grants Runnymede Borough Council makes to RSLs are financed firstly from any developers' contributions that we hold, but the bulk of the programme is paid for from our capital receipts (section 4).
- 3.2 The prudential system for local authority capital finance enables local authorities to borrow to finance capital expenditure where it is prudent to do so and the cost of borrowing is affordable. The principle of affordability has always been a key driver in setting the capital and revenue budgets of Runnymede Borough Council. The ability to borrow under the prudential system for new affordable housing is strictly limited by the impact that the associated borrowing costs would have on the revenue budgets.

#### Central Government support for our housing capital programme

- 3.3 Runnymede Borough Council receives limited direct Government support for housing functions generally. Indeed, for the management of the housing stock there is a payment (in 2009/10 of some £6.35 million) of assumed revenue surplus over to the Government. The capital receipt pooling rules also require the payment of 75% of receipts from right to buy sales to the Government.
- 3.4 The only direct capital funding support received is a Government subsidy towards the cost of mandatory DFG expenditure. The maximum subsidy allocated to Runnymede for 2009/10 is explained in Section 5 of this report.
- 3.5 An important Housing Strategy policy is to actively seek further Government funding as and when the opportunity arises.

#### Central Government support for new affordable housing

- 3.6 Social housing grants to RSLs and, in limited circumstances, direct to developers is provided through the Homes and Communities Agency (the successor body to the Housing Corporation). The level of funding to be provided to each area is determined by the Homes and Communities Agency who have regard to the Regional Housing Strategy investment priorities.
- 3.7 In the past the Housing Corporation invited Registered Social Landlords (RSL) to bid every two years for social housing grant. However, this arrangement was felt by many to lack flexibility and often failed to take advantage of sudden opportunities. In May 2008 the then Housing Corporation introduced a system of regular and continuous market engagement whereby RSLs can bid for schemes at any time.
- 3.8 The Councils RSL partners have continued to make bids and over the last three years funding has been obtained for the following schemes –

Wapshott Road	£5,407,500
Franklands Drive	£4,116,000
Freemantles School	£744,000
Roakes Avenue	£2,097,000
St Annes School Site	£700,000

- 3.9 Funding was also made available by the Housing Corporation for the Civic Offices site, Safeways and Blays Lane but unfortunately because these schemes have not progressed the funding has been withdrawn. It is intended that when these schemes move forward the RSLs will be encouraged to re-submit bids for the schemes.
- 3.10 An important Housing Strategy policy is to encourage RSL partners to make bids to the Housing Corporation for funds for all new affordable housing schemes. If funding is not

available from the Housing Corporation then, in some circumstances, local funds may be made available from the Runnymede housing capital programme.

- 3.11 The schemes supported directly by the Homes and Communities Agency are not shown in the Runnymede capital programme.

Other Government housing schemes

- 3.12 The Council has in the past been successful in attracting funds from specific Government schemes (e.g. key worker and starter home initiative schemes). There are also funds available from the "Recycled Capital Grant Fund" that allows RSLs to retain a proportion of the proceeds from sales of their DIYSO stock for use in Runnymede.

- 3.13 Members will be aware that the government have announced a range of measures over the past few months in response to the difficulties in the housing market. These initiatives, reported to this Committee in November 2008, included a mortgage rescue scheme and a new "HomeBuy Direct" shared equity product. The government also announced that:

*"Social rented housing is vitally important at this time – not only because of urgent unmet need, but also because of the contribution to the economy made by Government-supported construction. However, current market conditions are impacting upon housing providers' ability to deliver new affordable housing schemes. A reduction in developer contributions (S106 schemes) and reductions in the proceeds from low cost home ownership sales (including staircasing receipts from sales in previous years) are making it hard to maintain delivery within current efficiency targets."*

- 3.14 The Government has announced that social housing money should be spent now to meet these immediate economic and social needs and ensure that more homes are delivered this year and next, rather than wait up to three years for new social homes to be delivered.
- 3.15 The Government therefore brought forward £400m from their 2010/11 affordable housing budget to be spent on new social housing in 2008/09 and 2009/10.
- 3.16 The impact of bringing forward this funding has already been apparent in that our RSL partners have been able to access subsidy for the scheme at St Annes School in Virginia Water, and Homebuy Direct funds for Pretoria Road and Roakes Avenue in Chertsey.

Local capital receipts

- 3.17 Local capital receipts are the main local source of funding for the private sector renewal and new affordable housing elements of the capital programme.
- 3.18 However, the Government requires local authorities with housing stock to pay a proportion of their housing capital receipts over to a Government pool (known as capital receipts pooling). For sales of council houses, 75% of the capital receipts generated from right to buy (RTB) must be paid to the Government pool. There are some expenses and allowances that can be made to reduce the sum payable to the government pool. One of the allowances is being able to offset a proportion of ex-council dwellings sold under the RTB that are repurchased to enable site redevelopment. A number of properties were repurchased as part of the Wapshott Road development in 2007/08, and using the allowance from these means that a significantly reduced contribution to the government pool will be made this year.
- 3.19 Local authorities are able to retain receipts from other housing sales as long as they are used to finance affordable housing and regeneration schemes. The housing capital programme is based on retaining the maximum possible amount of locally generated capital receipts to use on housing and regeneration projects.
- 3.20 It is emphasised that local capital receipts are not assured. The RTB receipts are dependant on an average of 2 sales being achieved each year. Other housing capital receipts are dependent on a certain level of staircasing being achieved from the Council's DIYSO stock holding and land sales. Land sales are a particularly

important source of funds and, as in the case of the sale of the Roakes Avenue site, can be for considerable sums.

#### Developers contributions and the planning system

- 3.21 Developer contributions arise from developers making a financial contribution rather than providing on site affordable housing at their development sites. This option has been discouraged as the opportunities for providing housing on other sites at an equivalent cost was simply not possible. However, in certain limited circumstances it may now be appropriate to take a contribution in lieu of affordable housing. Any such contributions will enable schemes to be financed elsewhere.
- 3.22 The planning tariff system for new schemes that requires developers to pay a set sum towards infrastructure was introduced in April 2008. However, at present the tariff regime is calculated separately from that for affordable housing. It is proposed as part of the new Local Development Framework to include a mechanism for requesting contribution for affordable housing for schemes under 15 units and from commercial schemes. It is not yet clear whether this will generate significant sums, but all contributions will be available to supplement the new affordable housing programme.

#### 4. Housing Improvement Programme

- 4.1 The housing capital programme (Appendix 'A') shows the latest available figures for the capital repair and improvement works including the budget for 2009/10 approved at the January meeting of this Committee.
- 4.2 The budget for following years is consistent with the HRA Business Plan.
- 4.3 There is the possibility of capital schemes for a major refurbishment at the Beomonds sheltered housing scheme, and improvement works to the Ashdene hostel. At this stage it is too early to predict the scale and cost of works. However, the cost of these possible projects will be met from within the overall housing capital programme and from additional housing capital receipts as appropriate.

#### 5. Private sector renewal policy - Runnymede Renewal

- 5.1 Section 3 of the housing capital programme sets out the latest projections for capital expenditure supporting the Runnymede Renewal policy. The resources required for the improvement grant element of Runnymede Renewal have been updated based on the latest available projections of demand for grant. However, the grant policy will need to be revisited in the light of the information contained in the recent Stock Condition survey and this may produce variations in grant requirement.
- 5.2 The reasons for the significant fall in demand for disabled facilities grants (DFG) in 2007/08 were reported to this Committee in March 2008. The expenditure in 2007/08 was £237,032, much lower than the £377,000 spent on DFG in 2006/07.
- 5.3 The latest projection for expenditure on DFG in 2008/09 is £350,000. This is still lower than Officers would normally expect. Therefore, the budget for 2009/10 has been set at £400,000.
- 5.4 The Government has announced the allocations of the subsidy that they will pay towards DFG expenditure in 2009/10. The subsidy allocation is £270,000 (the same as for 2008/09) and this will finance some of the grant expenditure set out in the programme. The remainder of the funds for private sector renewal will come from capital receipts.

#### 6. Local funding for the new affordable housing capital programme

- 6.1 The funds available for new affordable housing in Runnymede are set at £1,500,000 a year over the period 2007/08 to 2011/12. This sum will be topped-up by new receipts generated for housing land sales arising from stock management decisions.

Any unspent budget is carried forward for use in the following year. The projects to be financed from this provision, where firm commitments have been given, are set out in section 4 of the housing capital programme.

- 6.2 The sum for new affordable housing included in the budget for 2012/13 is provisionally set at £1,000,000. This is for indicative purposes at this time.
- 6.3 The scarce Runnymede capital funds are treated as the last recourse and only be made available once all other sources of funding have been exhausted. The first call on local funds is likely to be to support schemes that were not successful under the bidding rounds with the Housing Corporation, or schemes that need to commence before a new bid can be made.
7. Capital receipts pooling and the Capital Allowance
- 7.1 The rules for pooling housing capital receipts are summarised in the following table:

Type of receipt	Pooling rate	Options for the Council
	%	
Sale of council houses through Right-to-Buy	75	Must be paid to the Government pool
Other dwelling sales (e.g. for DIYSO stock)	75	May be retained for use on housing and regeneration projects, but only if there is sufficient "Capital Allowance"
Land sales (e.g. Pinefields)	50	May be retained for use on housing and regeneration projects, but only if there is sufficient "Capital Allowance"

- 7.2 Therefore, to retain the housing capital receipts from the sales of other (i.e. non Right to Buy) dwelling sales and land sales, a "Capital Allowance" must be available.
- 7.3 The capital allowance is the Government control mechanism that enables local authorities to retain local housing capital receipts rather than pay into the government pool. The control exercised by the capital allowance is to ensure that capital receipts retained locally are used only to finance affordable housing or regeneration projects.
- 7.4 The Government rules require a local authority to have sufficient capital allowance to cover a capital receipt **at the time** the receipt is received. If the available capital allowance is less than a capital receipt, the balance will be subject to pooling. The rules do not allow the capital allowance to be retrospectively increased. Therefore, it is vital that the capital allowance is kept at a sufficient level to avoid the possibility of having to pay over a proportion of local capital receipts.
- 7.5 The capital allowance mechanism has been in place since April 2004. The Runnymede capital allowance commenced with a resolution to spend £1.75m made in March 2004, since topped up with £4.5m in June 2005 and £7.5m in March 2007 (both in expectation of the Roakes Avenue receipt), and £3.25m last year (in anticipation of the Pinefields receipt). These have been sufficient to allow Runnymede to retain all the capital receipts from DIYSO sales, the Roakes Avenue receipt, and other land sales to date.
- 7.6 The current level of the capital allowance is expected to be sufficient to cover routine receipts from expected DIYSO and land sales. It remains important to check that potentially fast moving projects do not get caught in the pooling arrangements. However, it is not necessary at this time to request Members to approve a top-up to the Capital Allowance.

- 7.7 Care is taken to show that our capital expenditure plans for housing and regeneration projects is consistent with the resolutions made to top-up the capital allowance. This is important to avoid the possibility of challenge from our external auditor that resolutions made are merely a device to avoid having to pay receipts over to the Government pool. The Government have interpreted the terms "housing and regeneration" widely, and this is very helpful. Therefore, a large range of schemes financed from capital receipts can be counted as spend on housing and regeneration projects. This includes major repairs and improvements to our housing stock, improvement grants, our estate redevelopment programme, and our affordable housing programme. Taken together, these programmes substantially meet the resolutions to spend in the medium term.
8. Council Policy
- 8.1 The Council's housing policies are set out in the Housing Strategy Statement 2006-2011 and the Sustainable Community Strategy and Strategic Plan. This report is consistent with these over-arching policy documents.
9. Legal Implications
- 9.1 The rules for the pooling of housing capital receipts are set out in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and subsequent amendments.
- 9.2 The rules for the Local Government capital finance system generally are set out in the Local Government Act 2003 and associated Regulations.
10. Risk Management
- 10.1 The housing capital programme is based on a number of assumptions. The combined impact of the Government policy of Council Tax capping and pooling of capital receipts means that the availability of local funding is strictly limited. The capital funds that can be applied to the housing capital programme rely on flows of capital receipts from asset disposals.
- 10.2 The principal risks associated with the housing capital programme are:
- That Government funding for new affordable housing may be concentrated on other areas and that resources for schemes in Runnymede will be limited.
  - It may not be possible to achieve the amount of local capital receipts necessary to pay for our capital programme
- 10.3 Our approach to minimising this risk will be to -
- Lobby for a realistic level of funding from the Regional Housing Board.
  - Seek additional funding from the Government (through capital grant).
  - Work with our RSL partners to obtain the maximum amount of funding from the Housing Corporation.
  - Pursue all available opportunities to obtain specific Government grants.
  - Work with RSL partners to identify opportunities to provide schemes with very low or no grant.
  - Monitor sales of housing stock and of housing land closely to ensure that we do not overstretch ourselves or make promises that we cannot deliver

**OFFICERS' RECOMMENDATION that –**

**the revised housing capital programme, as set out in Appendix 'A', be approved.**

## **(TO RESOLVE)**

### Background Papers

1. Announcement from the DCLG for Disabled Facility Grant subsidy made 10 December 2008 (DF)
2. Letter from GOSE to CEO on DFG allocations, dated 11 December 2008 (DF)
7. CHANGES TO THE REVENUE AND CAPITAL RULES FOR NEW COUNCIL HOUSING – CONSULTATION PAPER FROM THE DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT (DHCS)

#### **1. Purpose of Report**

- 1.1 The purpose of this report is to request Members to respond to the recent Consultation Paper issued by the Department of Communities and Local Government on proposed changes to the revenue and capital rules for new Council housing.**

#### 2. Background Information

- 2.1 The Department of Communities and Local Government (DCLG) issued a consultation paper on 21 January 2009 on proposals for removing some disincentives to local authority investment in new council housing within the current financial framework. These include changes to both revenue and capital rules.
- 2.2 Responses to the consultation paper are required to be submitted by 17 April 2009.
- 2.3 A copy of the Consultation Paper has been placed in the Members' Room. It is also available from the DCLG website at <http://www.communities.gov.uk/documents/housing/pdf/capitalruleschanges.pdf>
- 2.4 The accompanying DCLG press release describes the consultation paper as 'new freedoms to increase Council house-building'.

#### 3. Purpose of the Consultation

- 3.1 In July 2007, the Housing green paper, *Homes for the future, more affordable, more sustainable*, said "*Where councils choose to invest their own money in new [housing] supply, we think they should be able to keep the income and capital returns from those additional homes.*".
- 3.2 At present, the council housing finance system redistributes the revenue (through Housing Revenue Account Subsidy) and capital returns (through pooling) from new and existing housing on the same basis. Neither pooling nor the Housing Revenue Account Subsidy distinguishes between homes which were built in the past with potentially a large element of central Government financial support and new homes, which represent a largely local investment.
- 3.3 The DCLG propose changes to the treatment of income from new homes to exclude them from the Housing Revenue Account Subsidy system. This would in effect make the properties invisible to the subsidy system whilst leaving them within the Housing Revenue Account.
- 3.4 These changes would remove two major financial disincentives to local authority investment in new housing. This consultation document sets out how the DCLG propose to make these changes and seeks views.

#### 4. Impact of the Proposals

- 4.1 The HRA subsidy system calculates a sum of money payable to or from the Government, based on assumptions in national formulae about what each council needs to spend and what income it should raise from rents.

- 4.2 As a result, if a local authority builds or acquires a new dwelling, the allowances for that council increase only by the running costs associated with the new property – principally the allowances for management, maintenance and major repairs. The assumed rental income for the property will inevitably exceed the assumed need to spend as prescribed by these allowances, and the difference is deemed to be a surplus. These surpluses, accumulated across an authority's Housing Revenue Account, must be paid to the government. For Runnymede, the surplus in 2009/10 will be £6.45 million.
- 4.3 The proposal is to exclude new council homes from the HRA subsidy system. This would increase a council's retained rental income by, in effect, the difference in the subsidy formulae between the allowances and the assumed rents for those properties.
- 4.4 The impact of the provisions would depend on the allowances that a particular property attracts and its guideline rent. Aggregated nationally, management, maintenance and major repairs allowances are equivalent to around 72% of assumed rental income. For Runnymede, the spending allowances represent about 52% of rental income.
- 4.5 The receipts from HRA properties sold under the right-to-buy provisions are normally subject to the capital receipt pooling rules. These require 75% of the receipts to be paid to the government. The consultation paper proposes that a property built or acquired under these new arrangements is excluded from the capital receipt pooling rules, provided the receipts are used for affordable housing and regeneration projects. This is the exemption which currently applies to other housing land and dwellings not sold under the right-to-buy provisions
- 4.6 The consultation paper precedes the Government review of the HRA that is due to report later this year.

## 5 Response to the Consultation Paper Questions

- 5.1 The consultation paper asks 7 questions under the following set of headings:
- Properties to be covered by the agreements
  - The process for securing government agreement for excluding properties from the HRA Subsidy system, and the DCLG criteria for assessing applications, and
  - Rules on capital receipts
- 5.2 Each set of questions is introduced, followed by the question, a commentary on the Runnymede specific implications, and the suggested response.

### Properties to be covered by the Agreements

- 5.3 The DCLG propose that the following types of properties should qualify to be held outside of the HRA subsidy system:
- new build properties (the most likely source of new supply)
  - properties purchased or otherwise acquired
  - derelict or uninhabitable properties brought back into use as a result of significant council investment
- 5.4 The intention is to allow a council to retain the return from its own investment in new housing, but only for properties which have required a large local investment to bring back into use. Therefore, the following types of properties should not qualify for exclusion from the subsidy system:
- properties which are temporarily vacated to allow refurbishment or remodelling work to take place
  - properties which are vacant whilst awaiting minor works to make them suitable for occupation
  - social housing transferred from one social landlord to another.

- 5.5 The DCLG ask 2 questions under this heading:

**QUESTION 1: Given the objectives of the policy, what types of properties should qualify to be excluded from the HRA subsidy system and pooling requirements?**

**Commentary:** Ideally all our properties (new and existing) should be excluded from the HRA subsidy system and pooling requirements. However, there is no prospect of the government agreeing to this at this time. Therefore, the proposals for the property types to be held outside of the HRA subsidy system (see paragraph 5.3) seem consistent with the objectives of the policy.

**Suggested response:** The proposals in the consultation paper seem consistent with the objectives of the policy.

**QUESTION 2: In your view, what types of properties should not qualify to be held outside the HRA subsidy system and pooling requirements?**

**Commentary:** As question 1, but the types of property not qualifying are listed in paragraph 5.4.

**Suggested response:** The proposals in the consultation paper seem consistent with the objectives of the policy.

#### The Process for Securing Government Agreement

- 5.6 The consultation paper sets out the broad process for obtaining an agreement from the DCLG for excluding schemes or bundles of schemes from the HRA Subsidy system. This process is termed in the consultation paper as seeking a "section 80B agreement" and an "exclusion agreement".
- 5.7 Agreements will allow for a reasonable level of variation in delivery, for example in the number and types of properties to be covered and the timing of starts and completions. However, agreement is unlikely to be granted for early speculative outlines of schemes.
- 5.8 Applications should contain sufficient information about the properties to establish that they will meet the criteria for exclusion. Applications should include details about the scheme, including design and quality standards, rents and allocations policies. The application is expected to include evidence that appropriate local decision-making processes have been applied, including a robust options appraisal, and that the option chosen offered value for money.
- 5.9 Agreements will only be issued for properties which conform to all Government policies regarding council housing, including rents and allocations policies, and the application is expected to include such commitments.
- 5.10 The Government will ask the Homes and Communities Agency to review all applications for a section 80B agreement, and to advise the Secretary of State as to whether applications meet the criteria for exclusion. Decisions will be made by the Secretary of State.

**QUESTION 3: Do you think that that the proposed process for applying for a section 80B exclusion is the right one to adopt? If not, what would be a better alternative?**

**Commentary:** It is disappointing that the DCLG propose that a local authority has to apply for section 80B exclusions. This indicates that the government expect to strictly control the application process and the granting of agreements, and also a general unwillingness to trust local authorities.

It seems that there would be a significant Officer time commitment involved in making an application, and answering the questions that the Homes and Communities Agency will inevitably ask. This would be at the expense of actually getting on with schemes that provide homes for people. There would, of course, be no guarantee that an application would be approved,

As an alternative to this application system, the DCLG could instead build into government guidance the standards that authorities would be expected to comply with. Authorities are bound to follow such government guidance and this would remove the need for the application process.

**Suggested response:** The proposal for authorities to have to seek approval from the Homes and Communities Agency is not supported. It would add an extra and unnecessary layer of bureaucracy on both local authorities and the Homes and Communities Agency.

Authorities should be free to exclude new and acquired properties from the HRA Subsidy system as a matter of course. If the government wishes to make conditions about the types of schemes that it would support, it could do this more efficiently by way of issuing guidance.

**QUESTION 4: What factors should be taken into account by the Secretary of State in considering whether to enter into an agreement to exclude properties?**

**Commentary:** As question 3.

**Suggested response:** We would encourage the government to allow local authorities as much flexibility as possible in using this concession. This will enable authorities to create schemes that fit local circumstances and needs. Therefore, the government is encouraged not to require the proposed detailed application process, but instead set out the basic factors that are absolutely required in government guidance.

If the government insist on the application process, the factors should be clearly stated and as simple as possible. The factors should be clear and simple to evidence and present. In particular, local authorities should have reasonable assurance that a proposed scheme will be successful before carrying out work that proves abortive.

**QUESTION 5: What terms and conditions do you think should be included in exclusion agreements?**

**Commentary:** As question 3.

**Suggested response:** We would again encourage the government not to adopt a complex system.

However, if the government insist on the application process, the terms should be clearly stated, as simply as possible.

Rules on Capital Receipts

- 5.11 The 2007 Housing "Green Paper" proposed that councils should keep the full capital receipt of new build properties subsequently sold under Right to Buy. At present, 75 per cent of those receipts are paid to Government.
- 5.12 The consultation paper states that pooling is unfair for new local authority properties which are financed wholly locally. A council currently risks losing most of its own capital investment if a tenant exercises their statutory Right to Buy, but would of course still retain any debt associated with the investment.
- 5.13 The DCLG propose changes to the pooling regulations that would allow councils to retain all of the receipts from a subsequent sale of a property covered by a section 80B

agreement, provided that the receipts are used for affordable housing and regeneration projects. This is the same as the current relaxation for receipts arising from the sale of vacant housing land and other housing assets that are not dwellings.

**QUESTION 6: Do you agree that properties excluded from the HRA subsidy system under section 80B should also be exempted from the requirements to pool capital receipts?**

**Commentary:** The "pooling" of our capital receipts from the sale of dwellings under the right-to-buy scheme is not supported by the Council. Although there have been a relatively low level of sales through right-to-buy, the Council has still had to pay £1.333m to the government pool since the pooling arrangements began in April 2004.

**Suggested response:** The "pooling" of our capital receipts from the sale of dwellings (new and existing) under the right-to-buy scheme is not supported in any case. However, the proposals in the consultation paper seem consistent with the objectives of the policy.

**QUESTION 7: Do you agree with the proposed conditions attached to the exemption from pooling, which require receipts to be used for affordable housing and regeneration?**

**Commentary:** This seems an unnecessary complication to the system. It also presupposes that there is no debt to repay in respect of the sold dwelling, or that the financing of the project came from "housing" receipts".

The proposals do not seem to recognise that the capital cost of the properties may have been (in full or part) financed from borrowing. It would seem logical that the repayment of such borrowing would be the first call on receipts from the sale of the properties concerned.

This proposal generally seems to display a lack of trust in local authorities, and a desire for central control and prescription.

**Suggested response:** No. Local authorities should be free to use capital receipts on local priorities as set out in their sustainable community strategies. Furthermore, the proposal does not seem to cater for the need to repay debt on the property sold.

6. Other Issues

- 6.1 The consultation paper states that the Government expect to see a robust options appraisal and offering value for money. However, it is not clear what this means in terms of the detail required in the application. In particular, the particular definition of value for money may mean a number of things.
- 6.2 It is not clear whether applications to the Homes and Communities Agency for section 80B agreement for new properties could be combined with an application for capital subsidy.

7. Financial Implications

- 7.1 For Runnymede Borough Council, the difference between rent and spending allowances in the HRA Subsidy system averages £2,100 a property. The "surplus" from a property can be used to support prudential borrowing. The Council is able to borrow from the government at around 4% for long-term loans and this equates to allowing a borrowing figure of £52,500 to break-even. It is clearly not possible to build a property for this sum, and therefore some other element of subsidy would still be required from the government. This would be the case even if the land was already available (i.e. "free") within the HRA.
- 7.2 The Homes and Communities Agency currently consider that local authority borrowing counts as "public subsidy" and this consequently limits the ability to obtain grant under

their rules. This policy contradiction needs to be addressed if the DCLG proposals are really intended to increase the supply of housing. Officers will make this point in the response to the DCLG.

- 7.3 There would be a number of other issues that would need to be resolved for such properties. It would be relatively straightforward to exclude them from the HRA Subsidy figures. However, other issues such as the detailed application of rent rebate limitation rules and accounting for major repairs will need clarification.

8. Legal Issues

- 8.1 These changes have been anticipated. Section 313 of the Housing and Regeneration Act 2008 gave power to the Government to permit local housing authorities to 'exempt' properties from the Housing Revenue Account subsidy system. In due course the power may be used if and when there is a wholesale change to the HRA subsidy system (perhaps through 'self financing agreements'); but it was always expected that new build properties, on a more limited basis, would be the subject-matter of agreements before those wider changes took place. The pooling changes are consequential upon the exercise of the powers in Section 313.

9. Conclusions

- 9.1 Any relaxation in the rules surrounding housing finance is welcome. However, the requirement to submit what seems to be a detailed proposal with the section 80B application suggests that the government will be quite selective in their approval of applications.
- 9.2 It is within the Government's gift to permit a large scale programme of new Council house building (supported by prudential borrowing). The signs, however, are that local authorities will be, expressly or impliedly, encouraged to limit their applications for exclusion to small(ish) schemes and, through HCA grant and support, look to joint venture (especially local housing companies) initiatives to deliver major programmes of new Council house building.
- 9.3 To enable local authorities to use this new flexibility on a wider basis, the government will need to review their existing policy on the ability of local authorities to obtain of grant from the Homes and Communities Agency.
- 9.4 The promised government proposals and consultation exercise on a reformed HRA system is expected this spring.

**OFFICERS' RECOMMENDATION that -**

**the responses detailed in the above report be submitted to the Department of Communities and Local Government.**

**(TO RESOLVE)**

Background Papers

"Changes to the revenue and capital rules for new council housing Consultation on excluding new council housing from Housing Revenue Account Subsidy and Pooling", DCLG, January 2009 (DF)

8. MORTGAGE RESCUE SCHEME (DHCS)

1. Purpose of Report

- 1.1 **To agree the extent to which the Council will implement the Government's discretionary Mortgage Rescue Scheme.**

2. Background Information

- 2.1 At the November meeting of this Committee a report was presented which outlined the details of the Government's proposed Mortgage Rescue Scheme. Detailed guidance on the scheme was subsequently received from the Government on the 19 December prior to implementation of the proposed scheme on the 1 January 2009.
- 2.2 The guidance has made it clear that implementation of the scheme is at the local authority's discretion. It also clarified a number of other issues in particular the following:
- i) There is a property value cap of £225,000 above which applicants are unlikely to be eligible for the scheme.
  - ii) The applicant's household gross income must be less than £60,000 per annum.
  - iii) The applicant must be eligible for assistance under Part 7 of the Housing Act 1996 and defined as in priority need for accommodation within the meaning of Section 189 of the Act. In general this would cover applicants with dependant children or those who are vulnerable due to illness etc.
  - iv) The applicant must be a home owner who is not in negative equity. There must also be no outstanding charges or ownership disputes on the applicant's property.
  - v) The applicant must have exhausted the hardship options that are available from the mortgage lender and have a statement to that effect and confirmation that the lender is proposing to enforce a possession order.
- 2.3 The rescue product will be provided by a Registered Social Landlord (RSL). Depending on their specific circumstances, eligible home owners may be offered a shared equity option which enables their monthly mortgage payments to be reduced or Government mortgage to rent which enables the home owner to remain in the property as an RSL tenant paying a sub market rent.
- 2.4 Not all local housing authorities are expected to offer a scheme and the Government have said "in areas where the number of mortgage repossessions are relatively low, and the local authority have other successful homeless prevention options, there may not be a need for a Mortgage Rescue Scheme". However, they have also said that "by providing a scheme a local authority may reduce its temporary accommodation costs and prevent the attendant disruption for the household that homelessness brings".
- 2.5 If the Council is to implement the scheme then this will entail the following actions for each case:
- i) Verify that the lender's hardship options have been exhausted.
  - ii) Obtain an up-to-date financial assessment that confirms that the Mortgage Rescue Scheme is affordable to the applicant.
  - iii) Obtain verification that the applicant owns and lives in the property and there are no other parties to the freehold/leasehold.
  - iv) Confirm that the applicant is eligible for the scheme and is at risk of homelessness and falls within the relevant priority need groups set down in the Homelessness Act.
  - v) Obtain written confirmation of the household's gross income.
  - vi) Obtain an estimate of the value of the property.
  - vii) Visit the property and confirm that it is appropriate for continued occupation (i.e. it is habitable and not in need of major repair).
- 2.6 Once all of the above steps have been taken the local authority must contact the home owner's lender to request that interest and future repossession actions are frozen for up to a three month period. Contact also has to be made with the RSL who will be providing the rescue.

- 2.7 It has now been confirmed that Thames Valley Housing Association (TVHA) will be the RSL within Surrey who will provide the Mortgage Rescue Scheme. However, it should be noted that TVHA have notified us that they only have funds to assist a maximum of 12 cases in Surrey.
- 2.8 The Government invited comments on the guidance that was produced and attached at Appendix 'B' is a copy of the letter that was sent by Officers in Runnymede. The Government's response to this letter is attached at Appendix 'C' and it can be seen from this that they are encouraging local authorities to take part, even though the property cap may preclude some applicants from being assisted.
3. Application of Scheme Within Runnymede
- 3.1 At the current time Officers are dealing with four cases where applicants are threatened with homelessness as a result of mortgage arrears. Of these cases it is anticipated that none of them would be eligible for the Mortgage Rescue Scheme. This is because either possession proceedings are already too far advanced, or the property in question far exceeds the current property cap for the Mortgage Rescue Scheme.
- 3.2 Although there are a number of actions to complete if the scheme is implemented several of these steps are already taken as part of the standard homeless prevention and assessment work undertaken by Housing Needs staff. Items ii), iii), iv) and v) of the actions in paragraph 2.5 would entail additional work for Officers but whilst the number of cases remains relatively low this work could be accommodated. However if the rate of repossessions increases, or the property value cap is removed, then there is likely to be a need for additional resources.
- 3.3 In the light of the above it is proposed that the scheme be introduced for a period of 6 months and reviewed if the property cap is amended, or there is a significant growth in the number of applicants.
4. Equality Impact Assessment
- 4.1 An Equality Impact Assessment indicating the affect on different households of implementing the scheme is attached at Appendix 'D'.
5. Resource Implications
- 5.1 As indicated in paragraph 3.2 resources are available to implement the scheme for a limited number of households but the situation would need to be reviewed if the case load increased.
- 5.2 The cost of the two purchase options set out in paragraph 2.3 is met by the Homes and Communities Agency.
6. Council Policy
- 6.1 The current draft of the Sustainable Communities Strategy has within it an action to reduce homelessness and the number of people in temporary accommodation. The Council's Housing and Homeless Strategies also share this aim.
7. Conclusions
- 7.1 The Government have now issued guidance indicating how they wish the Mortgage Rescue Scheme to be delivered. However it is a discretionary scheme and the Council must decide if it wishes to implement it. Whilst the number of cases eligible remains low the scheme is capable of being delivered within existing resources but would need to be kept under review.

**OFFICERS' RECOMMENDATION that-**

**the Mortgage Rescue Scheme be implemented for a period of 6 months initially and the situation reviewed if amendments are made to the property value limits or if the number of cases increase substantially.**

**(TO RESOLVE)**

Background Information

None

9. QUEEN ELIZABETH HOUSE (DHCS)

1. Purpose of Report

1.1 **To advise Members of the current position in relation to Queen Elizabeth House and outline the current position regarding St Jude's Cottage.**

1.2 **To obtain authority to declare Queen Elizabeth House as surplus to the requirements of this Committee.**

2. Background Information

2.1 A detailed report on the current position regarding Queen Elizabeth House and St Jude's Cottage was put to this Committee on the 11 June 2008.

2.2 There have been a number of subsequent meetings and exchanges of correspondence in which issues have been clarified regarding the proposed terms of disposal of the building to the GPs.

2.3 Although some progress has been made this has been slow and in an attempt to expedite the issue a letter (attached Appendix 'E') was sent to the Runnymede Medical Practice on the 8 January 2009.

3. Report

3.1 One of the key issues that remains unresolved, and which is preventing the GPs formulating a business plan for the new centre, is the level of rent reimbursement that the GPs might receive from Berkshire East PCT. The local MP has taken this matter up with Berkshire East PCT and Runnymede Officers have been informed recently that the PCT Executive is currently considering the matter. Once the level of rent reimbursement is set the GPs will conclude their business plan and advise the Council if they are able to proceed.

3.2 In order that any disposal to the GPs can take place as quickly as possible it is proposed that the property at Queen Elizabeth House now be declared as surplus to the requirements of this Committee. It is also proposed that if decisions regarding its future use have to be made prior to the next meeting of the Economic Development Committee then these matters be considered by the Corporate Management Committee.

3.3 The proposals for Queen Elizabeth House are very closely linked to the future of St Jude's Cottage. At the meeting of the Housing and Community Services Committee in June 2008 a decision was made recommending the disposal of St Jude's Cottage. However, this has been postponed awaiting the outcome of the Queen Elizabeth House project.

3.4 In the meantime the possibility of leasing St Jude's on a short term basis had been considered and the Royal Holloway University are interested but they would require a minimum 10 year term if they are to finance the cost of work which is required for occupation by students.

3.5 It has also been established that if for any reason the transfer of the health facilities from Bond Street to Queen Elizabeth House should not proceed then it would be difficult to dispose of St Jude's Cottage. This is because there is a small section of St Jude's Cottage which is currently leased to Surrey PCT for use by the GP practice. It is

therefore proposed that if the new health centre proposal does not proceed then a further report is brought to the Economic Development Committee setting out the options for the future of St Jude's Cottage.

4. Resource Implications

- 4.1 Details of the financial implications of disposing of Queen Elizabeth House will be set down within the final report on future use made to either the Economic Development or Corporate Management Committees.
- 4.2 Whilst a decision is awaited for the two buildings (Queen Elizabeth House and St Jude's) the Council is incurring holding costs (eg security, utilities). At Queen Elizabeth House the cost averages £750 a week, but these are mainly offset by the rent and service charge payable by Surrey PCT. The cost of holding St Jude's is £250 a week and this is met by the HRA.

5. Equality Impact Assessment (EIA)

- 5.1 It is not felt that the recommendations within this report give rise to any equality issues and therefore a full EIA has not been undertaken. Further consideration to this may however be given at the point that the final use of the building is determined.

6. Council Policy

- 6.1 The declaration of this unused facility as surplus to this Committee's requirements is in line with the Council's policies.

7. Conclusions

- 7.1 Some progress is being made toward establishing a health facility within Queen Elizabeth House. However confirmation by Berkshire East PCT of the rent allowance to be given to the GPs is still awaited. This is needed to formulate the business plan.
- 7.2 The disposal of St Jude's is dependent on the successful transfer of the GPs and medical practice to Queen Elizabeth House and the future of St Jude's will need to be re-evaluated if the transfer does not take place.
- 7.3 In the meantime the Committee is asked to approve a declaration that Queen Elizabeth House is surplus to requirements.

**OFFICERS' RECOMMENDATION that -**

**Queen Elizabeth House is declared surplus to the requirements of the Housing and Community Services Committee.**

**(TO RESOLVE)**

Background Papers

None

10. HOME IMPROVEMENT AGENCY – PROPOSALS FOR FURTHER PARTNERSHIP WORKING (DHCS)

1. Purpose of Report

- 1.1 **To make the Committee aware of a report that has been produced for the Surrey Supporting People team regarding further partnership work for the Home Improvement Agency and to obtain feedback on the preferred way forward.**

2. Background Information

- 2.1 For sometime now the Council has operated a Home Improvement Agency service which helps older people and those with disabilities to have repairs carried out to their properties to ensure that they can continue to occupy them.
- 2.2 The Home Improvement Agency (HIA) service in Runnymede is often referred to as Runnymede Care & Repair. The service entails organising building works and small scale handyman type jobs to properties. It also involves providing a range of advice services aimed at helping people to maintain independent living and works to help people being discharged from hospital.
- 2.3 Runnymede Care & Repair and Woking Homelink are both council run in-house Home Improvement Agencies linked to their respective private sector housing teams. Each agency has a dedicated staff resource although, over recent years, some of the functions such as the handyman provision and the occupational therapist services have been shared between the two agencies/councils.
- 2.4 Since their inception the agencies have undertaken a growing range of work. Due to the demographic profile of residents in the borough the volume of casework is steadily increasing. The number of cases dealt with by the Runnymede HIA over the last three years is as follows:

Year	Number of Cases
2005/06	356
2006/07	434
2007/08	515

- 2.5 A copy of the relevant pages from the budget book for this service are attached at Appendix 'F'. The service is funded from a range of different sources including fees, direct grants from Surrey County Council, and a Surrey Supporting People grant. The Council meets the net expenditure of the service.
- 2.6 To secure the Supporting People grant the Council has to enter into a contract with the Supporting People Commissioning Body. This contract will be subject to renewal in 2011, when Supporting People Grant will also become part of the Area Board Grant, administered by the Surrey Strategic Partnership.
- 2.7 For some time, Surrey County Council have been concerned about the current provision of Home Improvement Agencies across Surrey and have wanted more consistency. There are currently 8 agencies providing a service to only 9 of the 11 Districts. A report published in June 2008<sup>1</sup> identified a number of issues and more recently the County have appointed a Consultant to carry out an in-depth study of provision.
- 2.8 Home Improvement Agencies are a discretionary service for which the Council does not receive direct central Government funding. However central Government are keen that such provision is made and have reinforced this in a report issued in February 2008 entitled Lifetime Homes, Lifetime Neighbourhoods<sup>2</sup>. The Government also commissioned Foundations, the national co-ordinating body for HIAs, to undertake the future HIA project which set out proposals for development of this service.
- 2.9 The Runnymede Care & Repair service is provided by just 2.65 (full-time equivalent) staff. All of these staff work within the private sector housing division which is also

<sup>1</sup> A Strategic Review of Home Improvement Agencies in Surrey August 2007 – June 2008 Surrey Supporting People

<sup>2</sup> Lifetime Homes, Lifetime Neighbourhoods: A National Strategy for Housing in an Ageing Society DCLG February 2008

responsible for providing grants (e.g. the disabled facilities grant) and taking enforcement action where there are poor housing conditions.

3. Report

3.1 Attached at Exempt Appendix 'A' is a draft report that has been compiled by the Consultant acting on behalf of Surrey County Council.

3.2 The report proposes that there be further joint work between Runnymede, Surrey Heath, Woking and Surrey and in particular it recommends that:

- i) A partnership be established between Runnymede, Surrey Heath and Woking which would result in no change to the current staffing arrangements but would have revised management arrangements. These are not specified in the document and it is proposed these would be worked up and agreed by the partnership.
- ii) A partnership agreement is drawn up and agreed by the 3 councils in consultation with Surrey Supporting People based upon the partnership principles set out below.
- iii) A management board be established.
- iv) A joint advisory board be established.
- v) An action plan be drawn up as proposed utilising external consultancy support that has been secured by Supporting People.

3.3 The report proposes that the partners (the 3 Councils, the County, and Surrey Supporting People) will adhere to the following principles:

- i) As a minimum the partnership should not impose additional costs on the participating councils unless they choose to direct additional funding to the project.
- ii) That each local authority should meet the costs of service delivery commensurate with the agreed level of service activity relating to their council (i.e. no local authority should subsidise the costs of service delivery in another district council).
- iii) In the short term, the partnership shall determine whether existing staff delivering the HIA service remain employed by their existing council and or be transferred to a partnership body or lead council.
- iv) New posts that deliver a service across council areas (such as HIA manager or administrative support) may be employed by a lead council (or partnership body) subject to the agreement of the other participating councils.
- v) A Management Board shall be established drawn from managers within each council and to whom the HIA manager(s) report whose role shall be to work in the following areas:
  - Partnership working
  - Performance management
  - Service quality
  - Cost efficiency
  - Achieving sustainability
- vi) Performance Management arrangements shall be put in place at the outset that will ensure that all activities are recorded for each district council and measured against agreed performance targets. Reports should be produced on a monthly basis. The focus should not be solely upon service outputs but include reports on service user satisfaction. The aim shall be to drive continuous improvement.

- vii) The partnership shall develop and be guided by a business plan to help it prepare for the future challenges as indicated by the DCLG/Foundations report: The Future HIA.
  - viii) A Joint Advisory Group drawn from stakeholder agencies shall be established in accordance with Foundations best practice and cover the district councils in the partnership area. Membership to be determined by the management board. Each borough council will host the advisory group's meeting in turn and shall meet in each council area a minimum of once per annum.
- 3.4 It can also be seen from the text within the report that it is proposed that a common branding of the HIA should be considered and opportunities to arrange for shared management could be considered.
- 3.5 It is clear from the report that one of the long term aims would be to establish a single agency for the service. This would undoubtedly bring some benefits as it would mean that Supporting People would only have to contract with one organisation and various agencies working in the area would also have a single point of contact. However a business case for this proposal has not been put forward and Officers fear that this approach would leave the Council having to meet a range of indirect and support costs and would for this reason be more expensive than the current arrangement.
- 3.6 The transfer of this service to another agency would have significant implications for staff. Although this is not currently being proposed staff are being kept informed and have also been given the opportunity to put forward their views.
- 3.7 Officers are pressing the County Council to establish the business case for a single agency and in the meantime Members are asked to note the report and indicate their views on the proposals listed in paragraph 3.2 and 3.3 above.
4. Equality Impact Assessment EIA)
- 4.1 The current proposals within the report are designed to improve the service. It is not therefore felt that an EIA is required at this stage. However an EIA would need to be undertaken if a decision is made to change the delivery or management arrangements for the service or to create a stand alone agency.
5. Resource Implications
- 5.1 It is not yet possible to determine the resource implications that flow from this proposal as a great deal is yet to be agreed. The establishment of a joint management board and advisory group will require some additional resource but if these arrangements are fairly streamlined, then it should be possible to provide within existing resources. It should be noted however that Member input might be required to the Advisory Group.
- 5.2 The Council's revenue forecast includes the possibility of making revenue reductions as a result of joint working on this service. However, these proposals currently give no indication that savings will be achieved.
6. Council Policy
- 6.1 The Council has made it clear that it wishes to work in partnership with other authorities where this leads to tangible benefits. Although the extent of the partnership work and the benefits from further work are yet to be confirmed it is felt that there is merit in having further discussions on these proposals. If the partnership is successful in bringing about service improvements, then this could be a positive factor within any future comprehensive Area Assessment undertaken by the Audit Commission.
7. Conclusions
- 7.1 The Council is being asked to support a report that recommends further joint work on the HIA service. The Committee is asked to comment on the proposals.

**OFFICERS' RECOMMENDATION that -**

- i) **the Committee agree the principles of further joint funding (as set out at paragraph 3.2) with Woking and Surrey Heath, for the purpose of improving the current service and the long-term viability of service provision; and**
- ii) **Officers continue to express this need for a detailed business case to be compiled, that sets out the impact for all of the partners, prior to taking any further steps towards establishing a single stand alone agency.**

**(TO RESOLVE)**

Background Papers

DHCS electronic and paper file from Home Improvement Agencies

11. LOCAL LETTINGS PLAN FOR UNITS AT PRETORIA ROAD, CHERTSEY (DHCS)

1. Purpose of Report

1.1 **To obtain approval for a Local Lettings Plan for new housing units at Pretoria Road.**

2. Background Information

2.1 The Committee will be aware from previous reports submitted on the Affordable Housing Programme that a new development is being constructed at Pretoria Road, Chertsey. This is a private site owned by Explore Living and the 36 affordable housing units within it are being provided by Thames Valley Housing Association.

2.2 There are 2 phases to this development and the first phase will provide 30 units of affordable housing, of which 2 will be shared ownership units. There will be 15 one bedroom units and 15 two bedroom units. All of them are flats.

2.3 For some years it has been the policy of the Council to adopt a Local Lettings Plan for new developments where there are more than 10 units. This approach is taken in order to ensure that there is a balanced community which is sustainable. The type of issues that are considered within the Plan are the proportions of working and non working households and the child density and occupancy levels. The use of such plans has been encouraged in the past by the Housing Corporation (now the Homes and Communities Agency).

2.4 The Plan is only used for the first lettings and subsequent lettings are dealt with in accordance with the Council's allocation policy.

3. Report

3.1 Attached at Appendix 'H' is the lettings plan for Pretoria Road, Chertsey. The Committee is asked to consider the content and approve the Plan.

4. Equality Impact Assessment

4.1 Attached at Appendix 'I' is an Equality Impact Assessment (EIA) in respect of the proposed Plan. The Committee is asked to consider the contents of the EIA before reaching a decision in relation to the Plan.

5. Resource Implications

5.1 There are no resource implications that spring from the implementation of the Plan.

6. Conclusion

- 6.1 A new development at Pretoria Road is due to be handed over for occupation in May 2009. It will provide 30 new units of affordable accommodation and, in order to ensure a balanced and sustainable community, the Committee is asked to approve a Local Lettings Plan for the first lettings.

**OFFICERS' RECOMMENDATION that –**

**the Lettings Plan at Appendix 'H' be approved by the Committee.**

**(TO RESOLVE)**

Background Papers

None

12. FINANCIAL MONITORING STATEMENT (DF)

1. Purpose of Report

- 1.1 **To inform the Committee of the latest projection for the 2008/09 financial year for Housing services and Community services.**

2. Background Information

- 2.1 The Financial Monitoring Statement was introduced to all Committees in September 2006 to inform Members of the current financial position of the services under the remit of each Committee. This Committee receives two statements, one for Housing services and the other for Community services.
- 2.2 Each statement reflects an updated position based upon the probable 2008/09 and the 2009/10 original estimates approved by this Committee in January.
- 2.3 The Financial Forecast for the period 2009/10 to 2013/14 was approved by Council in December 2008.

3. Report

- 3.1 The two statements at Appendix 'G' are split into three parts:
- Projected budget and forecast
  - Savings still to be delivered
  - Current year key budget indicators
- 3.2 The projected budget and forecast sections show the anticipated variations to the approved budget and forecast. Changes for the following three years are included for completeness so that the full-year effect of any changes can be seen.
- 3.3 The achievement of revenue reductions is important in delivering a balanced budget in the medium term. Savings targets not yet achieved are reported in the second section of each statement. These revenue reductions are all incorporated into the projected budget and forecast figures in section one.
- 3.4 The final section sets out the key budget indicators for the significant areas of this Committee's budget. This indicates the actual income or expenditure set against the amount expected (the expected budget to date) for the period covered by each statement.

**(FOR INFORMATION)**

Background Papers

None stated.

13. EXCLUSION OF PRESS AND PUBLIC

**OFFICERS' RECOMMENDATION that –**

**the press and public be excluded from the meeting during discussion of the following reports under Section 100A(4) of the Local Government Act 1972 on the grounds that the reports in question would be likely to involve disclosure of exempt information of the description specified in appropriate paragraphs of Part I of Schedule 12A of the Act.**

**(TO RESOLVE)**

**PART II**

**Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection.**

a)	<u>Exempt Information</u>	<u>Para</u>
14.	KITCHEN REFURBISHMENTS – SELECTION OF CONTRACTORS	3
b)	<u>Confidential Information</u>	

(No reports to be considered under this heading)