

 Executive 9 January 2013		Agenda Item No. 5
Title	General Fund Housing Investment Programme	
For further information about this report please contact	Mike.snow@warwickdc.gov.uk	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	17/12/12	Chris Elliott
Head of Service	17/12/12	Mike Snow/Jameel Malik
CMT	17/12/12	
Section 151 Officer	17/12/12	Mike Snow
Monitoring Officer	17/12/12	Andy Jones
Finance	17/12/12	Mike Snow
Portfolio Holder(s)	17/12/12	Andrew Mobbs, Norman Vincett
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
Final Decision?	Yes/No	
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

- 1.1 This report provides an overview of the General Fund part of the Council's Housing Investment Programme (HIP). The report considers the funding available and how this should be able to continue to fund the HIP.

2. **RECOMMENDATION**

- 2.1 The Executive agree the proposed General Fund Housing Investment Programme and associated funding shown in Appendix 2 for consideration as part of the 2013/14 Budget Report in February.
- 2.2 That a the General Fund Housing Investment Programme is subject to a further report later in the year as part of the wider review of the Private Sector Housing Strategy.

3. **REASONS FOR THE RECOMMENDATION**

- 3.1 The declining funding available for the General Fund HIP was referred to in the February 2012 Budget report. It is necessary for members to consider the projects within the HIP alongside the funding available so as to ensure the future HIP is balanced.
- 3.2 The Private Sector Housing Strategy is due to be reviewed later in the year. This will require the General Fund Housing Investment Programme to be further reviewed.

4. **POLICY FRAMEWORK**

- 4.1 **Policy Framework** – This report does not propose any policy changes. A further report will be presented later in the year as part of a wider review off Private Sector Housing Policy.
- 4.2 **Fit for the Future** – As part of Fit for the Future, there is the requirement to ensure all expenditure is within available financing, and is directed at Council priorities.

5. **BUDGETARY FRAMEWORK**

- 5.1 In accordance with the Council's Financial Strategy, it is necessary for members to review the Housing Investment Programme so as to ensure the budget allocations are in accordance with the Council's priorities, and within the available financing. The proposals within Appendix 2 are within the projected available funding up to 2019/20.
- 5.2 To ensure the projected planned expenditure is realistic, it is proposed to reduce some of the housing grants budgets to reflect the amounts that are actually being awarded. As Members will see in section 7.7 below expenditure has been consistently lower than the budget provision.

6. **ALTERNATIVE OPTION(S) CONSIDERED**

- 6.1 Alternative budgets may be considered for the components of the HIP. However, in doing this, it is necessary to ensure the Programme is within the overall funding available.
- 6.2 Consideration may be given to increasing the funding available to the HIP. Increasing the funding may be done by increasing revenue funding, or borrowing – both of these will increase the pressure on the General Fund.
- 6.3 There is scope to use the Capital Receipts that fund the HIP for other capital projects, these potentially being Housing Revenue Account or General Fund.

7. **BACKGROUND**

- 7.1 Within the February 2012 Budget report it was agreed that a further report would be brought forward to consider the financing of the General Fund (GF) part of the Housing Investment Programme (HIP).
- 7.2 The General Fund Housing Investment Programme comprises of the following items:-

Grants to Housing Associations

These grants are to help support Housing Associations (Registered Providers) in the provision of new homes. These grants may supplement grants from the Homes and Communities Agency so as to ensure that the rents on the new properties are below local market rents.

Private Sector Housing Grants and Loans

Certain grants and loans may be available through the Council's Financial Assistance Policy for Private Sector Housing Repair and Improvement. All grants and loans are means tested, except for Disabled Facilities Grant for a disabled child. These grants include:-

- Home Renovation Assistance
- Energy Efficiency Assistance
- Home Repairs Assistance
- Staying Put Scheme
- Disabled Facilities Grants

The current GF HIP Budgets as approved by the Executive in February 2012 is shown as Appendix 1.

- 7.3 The General Fund Housing Investment Programme is funded from the following sources:-

7.3.1 Government Grant

The Government provides finance towards Disabled Facilities Grants (DFG). This is a fixed annual grant which may only be used for this purpose. Currently the Council receives £299,000, although there is no certainty that this level of funding will carry on in future years. There is scope for slipping any unused grant to the next financial year. The Government have recently announced an additional one-off grant of £68,727 for 2012/13. This should be used to help fund the budgeted DFGs of £460,000 in 2012/13; this will reduce the need to use capital receipts to fund DFGs this year.

7.3.2 Capital Receipts

The majority of receipts from selling council houses are sent to Central Government. Of the proportion retained by the council, elements are specifically allowed to offset administrative costs and to compensate the HRA for the debt on properties. The remainder of receipts retained by the council are used to support the GF HIP. Whilst these receipts are not technically ring fenced and may be used to finance any of the Council's capital expenditure, this Council has always had the policy of retaining these capital receipts to finance elements of the Housing Investment Programme. Similarly is it possible to use them in support of Housing Revenue Account capital expenditure. However given the historically large reserves of the HRA, these receipts have been used to fund the General Fund element of the HIP, specifically the non-DFG Private Sector Housing Grants and Loans.

7.3.3 Contributions under Section 106 of the Town and Country Planning Act 1990. Developers may be required to pay the Council sums in lieu of providing social housing within new developments. These sums will then be used to fund the Grants to Housing Associations. The allocation of these sums over specific schemes is agreed by the Head of Housing and Property under agreed delegations.

7.3.4 Revenue

The Council is able to fund the Capital Programme by using General Fund revenue funding. The Housing Revenue Account is not able to provide revenue funding here. Traditionally the Council has continued to provide a small amount of revenue funding for the GF HIP, currently £9,600 per annum. In the current financial climate, and the need for the Council to make substantial revenue savings, there is no scope for additional funding from Revenue.

7.4 A report was submitted to the June Executive detailing changes to the Right to Buy scheme for tenants seeking to buy their Council properties. Central Government has increased the maximum discount to £75,000 from £26,000 with the intention of increasing sales. As part of this, there is scope to increase the funding available to local authorities to invest in new properties with any receipts above predetermined levels. Until receipts reach that level, the majority of the receipts continues to be paid over to Central Government, the Council can continue to use the retained share of these receipts for other capital funding, i.e. the non-DFG Private Sector Housing Grants and Loans.

7.5 In the current year, the number of council houses sold to date is 11. This reflects an increase on 2010/11 when 8 were sold and 2011/12 when 3 were sold. This increase is believed to be due to the increased discounts now available. Whilst there may be some increased sales above the previous years in future years, it is prudent to only allow for a small increase. Accordingly within the projections 7 sales per annum have been allowed for in projecting the available funding. This will need to be monitored, with the impact of any changes reflected in future updates to the HIP.

7.6 Details of the proposed Revised Housing Investment Programme projected to 2019/20 is shown as Appendix 2. Most of the elements of the HIP are "rolled over" each year, that is, similar amounts are included for each year so as to continue to provide a rolling programme.

- 7.7 In reviewing the Housing Investment Programme, the following changes have been made:-
- 7.7.1 S106 funding/Housing Associations
All the available funding has been fully utilised within the programme. No new schemes are proposed. As and when any S106 funding is received, consideration will need to be given to what RSL schemes it should be utilised on, and duly included in the Capital Programme
- 7.7.2 Discretionary Renovation Grants
These grants are paid to low income owners for works to remove a serious hazard and towards achieving the Decent Homes Standard. The budget for these grants was previously £40k per annum. However, the actual expenditure on these grants in recent years has been much below this, having been zero in 2010/11, £18.5k in 2011/12 and £300 to date in the current year. Accordingly, it is proposed to reduce the budget for these grants from 2013/14 to £20k per annum.
- 7.7.3 Energy Efficiency Grants
These grants are to help benefit dependent owners pay for energy efficiency measures over and above other Government energy initiatives to help reduce fuel poverty. The budget for these grants was previously £10k per annum. However, the actual expenditure on these grants in recent years has been much below this, having been £1.6k in 2010/11, zero in 2011/12 and zero to date in the current year. Accordingly, it is proposed to reduce the budget for these loans from 2013/14 to £5k per annum.
- 7.7.4 Discretionary Renovation Loans
These loans are to support low income owners with additional costs over and above any grant aid to remove serious hazards and towards the Decent Homes Standard . The budget for these grants was previously £10k per annum. However, the actual expenditure on these grants in recent years has been much below this, having been zero in 2010/11, £1.2k in 2011/12 and zero to date in the current year. Accordingly, it is proposed to reduce the budget for these grants from 2013/14 to £5k per annum.
- 7.7.5 Home Repairs Assistance
These grants are to help benefit dependant owners to alleviate defects in their home that are harmful to health and for security works. The budget for these grants was previously £40k per annum. However, the actual expenditure on these grants in recent years has been much below this, having been £23.5k in 2010/11, £22.8k in 2011/12 and £7.9k to date in the current year. Accordingly, it is proposed to reduce the budget for these grants from 2013/14 to £30k per annum.
- 7.8 Having taken these above changes into account, the proposed revised HIP and associated funding is now shown in Appendix 2. This takes into account the changes to the HIP in future years detailed in paragraph 7.7, and the assumed capital receipts discussed in paragraph 7.6. Based on these assumptions, the HIP is fully funded up to 2019/20. It will be necessary to continue to review the HIP (expenditure and funding) as part of the Budget Review process and report back to members on at least an annual basis, and agree any changes so as to ensure the expenditure is within the funding available.