

 Executive 18th March 2009		Agenda Item No.
Title	Revised Housing Investment Programme	
For further information about this report please contact	Satnam Kaur – 01926 456422 Sandra Jones – 01926 456803	
Service Area	Housing Strategy	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	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	Report to Executive 4 th February 2009 – Budget 2009/10 and Council Tax Revenue and Capital	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <u>must</u> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director		Bill Hunt
Chief Executive		Chris Elliot
CMT		
Section 151 Officer		Mary Hawkins
Legal		Peter Oliver
Finance		Mike Snow
Portfolio Holder(s)		Cllr Grainger
Consultation Undertaken		
Please insert details of any consultation 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 a revised Housing Investment Programme to be delivered within the existing resources available. In setting this programme due regard has been given to our statutory and non-statutory duties as requested in 12.3.4 of the Budget 2009/10 and Council Tax Revenue Report to Executive on 4th February 2009; minute 6.

2. RECOMMENDATION

- 2.1 It is recommended that the revised General Fund element of the Housing Investment Programme as set out in Appendix 1 be approved by Council for the period 2009/10 to 2011/12 assuming £80,000 prudential borrowing at an average cost of £5,100 per annum for 25 years.
- 2.2 Options for 2012/13 be re-considered on a quarterly basis as part of the budget monitoring process, to reflect changing financial forecasts

3. REASONS FOR THE RECOMMENDATION

- 3.1 The elimination of the £1,148,000 deficit, which would have accrued over the 5 year programme, has mainly been achieved by a substantial reduction of £1,075,000 in the General Fund Housing Investment Programme as set out in Appendix 1
- 3.2 The major cause of the deficit arising has been the decline in sales of Council Houses resulting in a substantial reduction in capital receipts as illustrated in the table below:

YEAR	RTB SALES	RECEIPTS (Less Discount)	25% USEABLE	'ACTIVE' SALES	RECEIPTS	100% USABLE	TOTAL USABLE RECEIPTS
2002/03	128	£6,484,649	£1,621,162	0	£0	£0	£1,621,162
2003/04	111	£6,559,439	£1,639,860	0	£0	£0	£1,639,860
2004/05	65	£4,364,375	£1,091,094	1	£160,000	£160,000	£1,251,094
2005/06	36	£2,593,080	£648,270	0	£0	£0	£648,270
2006/07	32	£2,835,440	£708,860	0	£0	£0	£708,860
2007/08	22	£2,137,900	£534,475	1	£220,000	£220,000	£754,475
2008/09	0	£0	£0	0	£0	£0	£0
2009/10 (est)	0	£0	£0	0	£0	£0	£0

- 3.3 The budget for mandatory disabled facilities grants, our only statutory duty, has been maintained in line with the current match funding arrangements in anticipation of continued government grant.
- 3.4 The reduction in the programme has been achieved by cutting funding to the Housing Association Development Programme by £375,000. This will reduce our opportunity to buy into any new build schemes which may become available in future years.

- 3.5 The other £700,000 of reductions has been achieved by a substantial shrinkage in most of the Environmental Health Improvement Schemes. Although reduced, this ensures there is still some assistance available for the elderly, vulnerable private tenants, and owner occupiers, to enable them to remain in their own homes and maintain their property to a Decent Homes Standard.
- 3.6 Provision has been preserved for top up energy efficiency grants, which play a vital part in helping to reduce fuel poverty.
- 3.7 The revised programme now more closely reflects the level of grants currently being administered through the Environmental Health Improvement Schemes. The revised programme may result in some staff resource being redirected to areas that are a Corporate Priority but due to limited resources and conflicting service demands have not progressed as quickly as anticipated, for example, bringing empty properties back into use to assist in meeting housing need; promoting energy efficiency grants to combat fuel poverty; the introduction of a Landlords accreditation Scheme to improve private rented sector standards and the continuation of the Student Accreditation Scheme.
- 3.8 A more detailed breakdown of the revised Programme is provided in Section 5.

4. ALTERNATIVE OPTION CONSIDERED

- 4.1 No alternative to the recommendation is made.

5. BUDGETARY FRAMEWORK

- 5.1 The General Fund (GF), Housing Investment Programme, (HIP), has been revised and is now contained within the resources available over the next five years.
- 5.2 The elimination of the £1,148,000 deficit, which would have accrued over the five year programme, has mainly been achieved by a substantial reduction, £1,075,000 in the GF HIP. The balance, £73,000, will be covered by additional resources totalling £94,200 which have been added to the programme for 2008/09. Other changes have seen additional resources of £94,200, added to the budget for the current year, 2008/09. This comprises £48,700 additional DFG from the Government and £45,500 extra S106 money from builders at the Ansell Way site. (See Appendix 2)
- 5.3 The reduction has been achieved by cutting funding to the Housing Association investment programme by £375,000. This will reduce our opportunity to buy into any new build schemes which may become available in future years.
- 5.4 The other £700,000 of reductions had been achieved by a substantial shrinkage in most of the Environmental Health Improvement Schemes.
- 5.5 Every effort has been made to maintain the Disabled Facilities Grant (DFG) budget at existing levels, as this is our only statutory or mandatory area of expenditure. This anticipates the continuing £180,000 grant from the Government which has been match funded by £120,000 from Capital Receipts, to give maximum expenditure of £300,000 for the three years of the programme from 2010/11 to 2012/13. So no growth has been allowed for in this area during this three year

period. Next year, 2009/10, Government has allocated WDC additional grant of £60,000 which has been matched with £40,000 of Capital Receipts to give expenditure of £400,000 for that year.

- 5.6 All other Environmental Health grant schemes are discretionary and it is these, with the exception of Energy Efficiency Grants, which have been cut back most severely. The Energy Efficiency Grants have actually been increased by £30,000 over the period as this is seen as an important area of Government policy to provide assistance to attain 'affordable warmth'.
- 5.7 Most of the reduction has come from the provision of Discretionary Renovation Grants and Loans which are to be reduced by £620,000 in total over the five year period covered by the programme. A further £50,000 has been cut from Discretionary DFG Grants and Loans and the remaining £60,000 found by reducing the Minor Works element of the programme.
- 5.8 The other main change to actual financing of the five year programme is the need to borrow £80,000 of the £618,000 of anticipated prudential borrowing, a year earlier than in the original estimates. Though the overall borrowing requirement will remain the same for the period, bringing forward the requirement to borrow of £80,000 to 2011/12 could assist our ability to take advantage of any opportunities which may be available to the reduced Housing Association element of the investment programme. This action would also bring forward £3,400 of the cost of borrowing. However, the overall costs over the life of the loans should remain approximately the same.

6. POLICY FRAMEWORK

- 6.1 The Housing Investment Programme setting is a major component in reflecting and expressing the Council's priorities and policies.

7. BACKGROUND

- 7.1 Both the Housing Association and Private Sector Programme are funded from housing capital receipts, with the former being supplemented by commuted sums from developers and the latter with government grant assistance. To date in 2008/09 no houses have been sold and given the current economic climate it is unlikely that this position will significantly improve in the near future. This would have resulted in the original programme having a shortfall from 2010 onwards. However, this report has addressed the shortfall.
- 7.2 Should the current climate change significantly, resulting in increased capital receipts, the programme will be revised accordingly.