

Leicester
City Council

WARDS AFFECTED: ALL WARDS

HOUSING SCRUTINY COMMITTEE

9 JANUARY 2003

CABINET

27 JANUARY 2003

COUNCIL

30 JANUARY 2003

HOUSING CAPITAL PROGRAMME 2002/2003 and 2003/2004

JOINT REPORT OF THE DIRECTOR OF HOUSING & CHIEF FINANCIAL OFFICER.

1. SUMMARY AND RECOMMENDATIONS

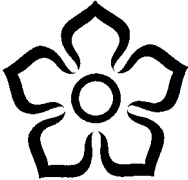
- 1.1 This report reviews the current years approved, Housing Capital Programme and, following receipt of the Single Capital Pot, recommends a programme for 2003/2004.
- 1.2 The **Housing Scrutiny Committee** is recommended to consider the report and to pass on any comments to Cabinet.
- 1.3 The **Cabinet** is recommended to consider the report and any comments from the Housing Scrutiny Committee and to:-
- (i) recommend to Council to approve the revised programme, outlined at Appendix 'A', for 2002/2003 and funding arrangements outlined in paragraph 1.1 of the Background Papers, and authorize the Head of Legal Services to enter into any contracts necessary to maximize the spend against the revised programme;
 - (ii) recommend to Council to approve the resources shown in paragraph 2.1 of the Background Papers, including the use of £200k from Housing Maintenance DSO Profits, £500k from Housing Balances and the balance (£300k) of the unsupported credit approval of £1m from the Government, to support the Housing Capital Programme in 2003/2004;
 - (iii) recommend to Council to approve the Housing Capital Programme for 2003/2004 outlined at Appendix 'B' including a small level (2.5%) of overprogramming;
 - (iv) that authority be delegated to the Corporate Director of Housing in consultation with the Cabinet Lead for Housing and Neighbourhood Renewal to authorize any contracts, and the Head of Legal Services to sign any contracts within the overall programme, to achieve a maximum spend against the resources available; and
 - (v) delegate, to the Corporate Director of Housing and Cabinet Lead for Housing and Neighbourhood Renewal, authority to approve bids from Community Associations under the CRI allocation.

2. FINANCIAL IMPLICATIONS

- 2.1 The current years programme shows a revised spend of £25.935m, which is in line with the estimated resources available.
- 2.2 Officers have put together an overall capital programme of £25.170 million, for 2003/2004, which includes a small amount of over programming (£650k or 2.5%), for Members' approval.

3. AUTHORS OF REPORT

- 3.1 Dave Pate, extension 6801 and Graham Troup, extension 7425.



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HOUSING CAPITAL PROGRAMME 2002/2003 and 2003/2004

SUPPORTING INFORMATION

1. THE 2002/2003 PROGRAMME

1.1 It is now estimated that resources to fund the 2002/2003 will be as follows:

	<u>Previous Estimated Resources</u> £000	<u>Revised Estimated Resources</u> £000
<u>HIP ALLOCATION</u>		
Housing (ACG)	8171*	8171*
Major Repairs Allowance	13159**	13159**
Specified Capital Grant (SCG)	405	425
Private Sector Renewal Support Grant (PSRSG)	22	22
	-----	-----
<u>Less</u>		
Housing Receipts Taken into Account (RTIA)	(300)	(263)
	-----	-----
	21457	21514
<u>Plus Capital Receipts</u>		
Sale of Council Assets - Property and Land	2000	3100
<u>Plus Revenue Contributions to Capital Outlay (RCCO)</u>		
Use of Housing DSO Profits	200	200
LT Replacement Fund	0	165
HRA Balances	0	125
<u>Plus Unsupported Credit Approval for replacement Local Taxation System</u>		
Additional borrowing from Government	0	700
<u>Plus SCA</u>		
Additional Credit Approval for HB DIP System	0	131
	-----	-----
	23657	25935

*This represents 80% of the Housing ACG within the Single Capital Pot

** Government now allocate resources, previously in capital, directly to the HRA via the MRA

- 1.2 The latest updated programme, outlined at Appendix 'A', shows an estimated spend of £25.935 million which is in line with the resources available. Within this figure is an amount for replacing the Local Taxation, Housing Benefits and Housing Management suite of Computer Systems.
- 1.3 The Government has already authorized an unsupported Credit Approval of £1m as part of the Council's CPA Improvement Programme to modernize the Local Taxation System and Members have previously been advised of the need to replace the Housing Rent Assessment and Accounting System to meet the requirements of Rent Restructuring. The Government's major changes to the Benefits system around Pension Credits from October next year will mean that major changes will have to be made to the IBS AS/400 Computer System by September.
- 1.4 IBS the suppliers of the software have advised the Council that by April Leicester will be the only Council in the Country still operating their HB System on an AS/400 Platform and consequently, we would have to pay for any changes required to the software to meet the new legislative requirements. IBS has estimated these to be £140,000. We would also be responsible for paying for any further changes, that might/will be required to the software if/when the Government enact further changes in the future.
- 1.5 Given the above, officers have sought tenders for the replacement of the Local Taxation System, Housing Benefit System and Housing Management Systems through the European Procurement route, with the intention of purchasing a comprehensive suite of products from one supplier. This would not only deal with the issues outlined above, but would also provide a fully integrated suite of computer systems for use by frontline staff across the Council, thereby improving our services to customers, both face-to-face and via telephone access.
- 1.6 Overall the Council received 82 expressions of interest, 6 replied to the Pre Qualification Questionnaire and 5 were invited to submit tenders. In fact, only two suppliers submitted bids for the suite of software products, IBS and Sx3, and only one supplier, CACI, (the current supplier of the Housing Benefit and Local Taxation Document Management System (DMS)) for the DMS system for Housing Management. Following a rigorous assessment process, IBS were selected as the preferred supplier because of their ability to deliver the change with the least disruption/risk to the Council's services and because their overall costs were lower than Sx3's.
- 1.7 Due to the large number of systems affected by this proposal, the cost of this initiative will be spread over three financial years, starting in 2002/03, with the project funded by a mixture of unsupported credit approval £1m, RCCO of £790k and Housing Capital Programme of £1m (£300k 2002/3, £200k 2003/4 and £500k 2004/5). Cabinet is, therefore, recommended to approve the revised updated programme shown at Appendix 'A', and authorise the Head of Legal Services to enter into any contracts necessary to maximise the spend in association with the revised programme.

2. THE 2003/2004 PROGRAMME

2.1 This is the second year of the Single Capital Pot and despite pressure on the Council's Capital Programme Cabinet is recommended to agree the following resources for housing.

	<u>2002/2003</u> <u>Anticipated</u> <u>Resources</u> <u>£000</u>	<u>2003/2004</u> <u>Estimated</u> <u>Resources</u> <u>£000</u>
<u>HIP ALLOCATION/SINGLE CAPITAL POT</u>		
Housing (ACG)/Single Capital Pot	8171*	6883*
Major Repairs Allowance (MRA)	13159**	12757**
Specified Capital Grant (SCG)	425	780
Private Sector Renewal Support Grant (PSRSG)	22	0
Single Capital Pot Allocation	0	500
	-----	-----
	21757	20920
<u>Less</u>		
Housing Receipts Taken into Account (RTIA)	(263)	0
	-----	-----
	21514	20920
<u>Plus Capital Receipts</u>		
Sale of Council Assets - Property and Land	3100	2600
<u>Plus Revenue Contributions to Capital Outlay (RCCO)</u>		
Use of Housing DSO Profits	200	200
Use of Housing Balances	125	500
Use of LT Replacement Fund	165	0
<u>Plus Unsupported Credit Approval for replacement Local Taxation System</u>		
Additional borrowing from Government	700	300
<u>Plus SCA</u>		
Additional Credit Approval for HB DIP System	131	0
	-----	-----
	25935	24520

* This represents 80% of the Housing ACG within the Single Capital Pot

** Government now allocate resources, previously in capital, directly to the HRA via the MRA.

2.2 In putting together the draft programme the Council was faced with a reduction of almost £1.347m in the HIP Allocation and a cut of £400,000 in the MRA provision. These cuts were particularly disappointing given the Government's target of reaching the decent homes standard by 2010.

2.3 The estimated level of resources shown above would result in the draft programme outlined at Appendix 'B'. In putting the programme together officers have allowed for a small amount of over programming (£650k or 2.5%) to ensure all resources available are used. In addition, the use of housing allocations allows the Council to tackle disadvantage and target resources to overcome inequality. This has been taken into account in developing the programme.

- 2.4 Although this report is about the allocation of resources, Members will appreciate that a number of the schemes proposed could have crime and disorder and environmental implications. In putting the programme together, officers have been conscious of the opportunity that major investment offers in tackling these issues and, therefore, schemes such as the uPVC Window and Door Replacement Programme, replacement of Central Heating Boilers, provision of Door Entry Systems, Environmental Works and many more, have been included.
- 2.5 Officers have been advised that the resources available to fund Disabled Facilities Grants (DFG's), will not be known until late January at the earliest. This was an area on which we were very unhappy last year and as a result, the Leader of the Council wrote to the Deputy Prime Minister pleading our case for a more equitable settlement in future. Informal soundings with civil servants would indicate that they are sympathetic to Leicester's case although to what extent we will not know until the actual Specified Capital Grant for funding DFG's is announced.
- 2.6 At this stage we have assumed that the Government will fund 60% of our planned expenditure in this area, ie £780k next year, and this has been built into the funding model outlined at paragraph 2.1. Should the Government not fund up to this level, then savings in other parts of the programme would be required to stay within the overall resources available.
- 2.7 In considering the draft programme for next financial year, Members' attention is particularly drawn to the following provision:
- £7.600 million for replacing windows and Doors with uPVC Double Glazed Units,
£2.150 million for Kitchen and Bathroom modernisations,
£700,000 for rewiring properties,
£2.200 million for replacing old inefficient boilers,
£180,000 for Environmental Budgets for Community Associations,
£500,000 for 'CRI' type initiatives from the new Community Associations,
£2.600million for Disabled Adaptations and Disabled Facilities Grants (this is over three and a half times the amount expected to be made available by the Government for tackling disadvantage in peoples' homes),
£300,000 for improvements in sheltered housing schemes,
£1.100 million for re-roofing/reguttering properties, and
£2.200 million for Renovation and Home Repair Grants in the Private Sector.
- 2.8 Members will no doubt recall that, following extensive consultation with tenants' representatives across the City, the old Housing Committee agreed a basis for allocating resources previously approved under the Capital Receipt Initiative at its June 1998 meeting.
- 2.9 However, given that resources have been reduced this year, and housing is having to bid for resources against other front line services (Education and Life Long Learning, Social Care and Health, Cultural Services and Neighbourhood Renewal and Environment, Regeneration and Development) under the Single Capital Pot, it is recommended that a sum of £500,000 be set aside, in total, for those schemes that the Community Associations identify as having the highest priority within their area next year, on top of the £180,000 for the Environmental Budgets which are under the direct control of the Community

Associations.

2.10 In addition, Cabinet may want to lay down some ground rules to assist Community Associations in deciding which bids would be supported. It is suggested that, in future, schemes will be measured against and must achieve at least **two** of the following, to qualify for support, ie

1. Safeguard the Council's assets.
2. Reduce ongoing revenue costs.
3. Stimulate employment/the economy within the City (i.e. jobs and training).
4. Improve the lettability of the Council's housing stock.
5. Tackle disadvantage.
6. Improve security of properties and estates (i.e. help combat crime).

2.11 In addition, they **must**:

- only require a capital injection (ie have no ongoing revenue costs);
- directly benefit local inhabitants;
- improve the quality of life for local people;
- reinforce the value of housing improvements being undertaken;
- achieve good value for money; and
- complement the Government's wider policy objectives of Welfare to Work and Social Exclusion.

2.12 Given that there are always more bids than resources available under this heading, it is recommended that authority be delegated to the Corporate Director of Housing and Cabinet Lead for Housing and Neighbourhood Renewal to approve the bids.

3. LEGAL IMPLICATIONS

3.1 There are no legal implications associated with this report.

4. OTHER IMPLICATIONS

	Yes/No	
Equal Opportunities	yes	Paras 2.3 and 2.5
Policy	no	
Sustainable & Environmental	yes	Paras 2.4 and 2.5

Crime & Disorder	yes	Paras 2.4 and 2.5
Human Rights Act	no	

5 AIMS AND OBJECTIVES OF THE HOUSING DEPARTMENT

- 5.1 This report meets the Committee's overall Quality of Life Aim for the Department 'A decent home within the reach of every citizen of Leicester', and within that Key Objective 1 - To improve the condition of Leicester's housing stock and resolve unfitness in all sectors.

6. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

6.1 Background Papers

Report on Housing Capital Programme 2001/2002 and 2002/2003 to the Housing Scrutiny Committee and Cabinet in January 2002.

HIP Allocation letter from the Government Office – East Midlands dated 10 December 2002.

7 DETAILS OF CONSULTATION

- 7.1 All other departments have been consulted in the preparation of this report, via Directors' Board.

8. AUTHORS OF REPORT

- 8.1 Dave Pate, extension 6801 and Graham Troup, extension 7425.

APPENDIX 'A'

HOUSING CAPITAL PROGRAMME 2002/2003

	Current Programme	Spend to Period 8	Revised Programme
	£000	£000	£000
Planned Maintenance	54	54	54
Fees	100	1	5
Saffron NHO	0		100
Plastering Kitchens/Renew Bathrooms	1550	311	810
Cladding MHC Bungalows	400	180	443
30+year old rewiring	500	19	500
Re-roofing	1200	842	1100
Chimney Replacement	100	28	45
Repair External Elements	150	8	150
Energy Efficiency Boilers	2200	1794	2546
Environmental Works	25	0	25
Service Improvements	500	298	565
Lifts in Sheltered Accommodation	230	153	248
Structural Works	560	139	447
Disabled Adaptations	1300	951	1300
Cladding BISF Houses	300	345	352
Health and Safety Issues	085	193	200
Replacement and New Door Entry Systems	200	113	200
Retaining Walls	100	51	100
Window Replacement Programme	6950	5298	7500
DHS Pipework	500	291	500
New Central Heating	800	310	631
CRI Neighbourhood Approach	520	373	612
Tenants Environmental Works Budget	180	66	160
Supporting People Initiative	300	14	100
St Matthews District Heating	250	41	150
Bungalow Extensions	150	253	255
Saffron Area Office – Purchase of freehold	0	162	162
Disabled Facilities Grants	1300	718	1300
Renovation Grants	1800	1020	1600
Integrated Housing Management System	0	0	590
Energy Efficiency Grants	300	91	200
Environmental Works in Renewal Areas	200	112	295
Home Repair Grants	430	273	630
Fees	60	26	60
Capitalisation of staff salaries	435	254	435
Empty Homes Strategy	30	14	30
New Deal Training Scheme	30	10	30
City Wide Maintenance Scheme	30	0	0
DIP System	300	200	381
Improving Council Hostels	100	6	100
Care in the Community – Alarm Systems	100	42	100
Local Taxation System	700	0	700
Demolition/Transfer of Surplus Properties	0	213	214
Group Repair Schemes	0	10	10
Overprogramming	(537)	0	0
TOTAL	24517	15277	25935

HOUSING CAPITAL PROGRAMME 2003/2004**HRA SCHEMES**

	<u>£000</u>
1. <u>HRA 10 YEAR TARGET</u>	
Plastering/Renewing Kitchens & Bathrooms	2.150
Cladding – MHC Bungalows	0.400
30+ Rewiring	0.700
Re-roofing/Re-guttering	1.100
Chimney Replacements	0.100
Repair External Elements - Pointing etc	0.150
Repair External Elements – Aikman Ave Structural Works	0.140
Energy Efficiency Work incl. Central Heating Boilers	2.200
Environmental Works	0.030
Sheltered Housing Improvements	0.250
Structural Works	0.500
Renew Cladding to BISF Houses	0.320
Replacement of Door Entry Phones	0.100
Replacement of Wood Doors with uPVC Doors	0.400
Energy Works	0.045
Window & Door Replacement Programme	7.200
St Matthews Windows, Gutters and Fascias	0.275
DHS Pipework etc	0.270
New Central Heating Installations	0.100
St. Matthews District Heating Scheme	<u>0.200</u>
HRA 10 Year Target Total	16.630
2. <u>Other HRA Schemes</u>	
Health and Safety Issues	0.100
New Door Entry Systems	0.100
Fees	0.020
Environmental Budgets allocated to Community Associations	0.180
CRI – Community Association Schemes	0.500
Bungalow Improvements	0.100
Disabled Adaptations to Council dwellings	1.300
Service Improvements	0.340
Integrated Housing Management System	0.400
Wm Smith House Alterations	0.050
Beaumont Leys Core Area Redesign	<u>0.200</u>
Other HRA Schemes Total	3.290
HRA Total	19.920
<u>GENERAL FUND EXPENDITURE</u>	
1. <u>SCG/GF Commitments</u>	
Mandatory Disabled Facilities Grants	1.300
Renovation Grants in Renewal Areas	<u>1.800</u>
SCG/GF Commitments Total	3.100
2. <u>SCG/GF New Starts Programme</u>	
Energy Efficiency Grants (DFG's & Renewal Areas)	0.225
Environmental Works in Renewal Areas	0.175
Home Repair Grants (incl. City Wide Home Mtnc Strategy & Care & Repair)	<u>0.400</u>
SCG/GF New Starts Programme	0.800
SCG/GF Total	3.900

	<u>£000</u>
1. <u>Other GF Commitments</u>	
Fees	0.025
Capitalisation of salaries	<u>0.450</u>
Other GF Commitments Total	0.475
2. <u>Other General Fund New Starts Programme</u>	
Empty Homes Strategy using CPO Powers	0.100
New Deal Training Scheme	0.030
City Wide Maintenance scheme	0.030
Replacement of Local Taxation/Benefit Computer System	0.440
Supporting People Computer System	0.060
Improvements to Council Hostels	0.125
Care in the Community – Alarm Systems	<u>0.090</u>
Other General Fund New Starts Total	0.875
Other General Fund Total	1.350
OVERALL GENERAL FUND TOTAL	5.250
PROGRAMME TOTAL	25.170
Less Overprogramming	<u>0.650</u>
TOTAL HOUSING CAPITAL PROGRAMME	24.520