



Leicester
City Council

HOUSING SCRUTINY COMMITTEE

10 JANUARY 2001

CABINET

15 JANUARY 2001

HOUSING CAPITAL PROGRAMME 2000/2001 and 2001/2002

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 Housing Investment Allocation (HIP), recommends a programme for 2001/2002.
- 1.2 The report **recommends** the Cabinet to:-
- (i) approve the revised programme, outlined at Appendix 'A', for 00/2001;
 - (ii) note that the City Council has been designated by the DETR, as one of only twenty-eight authorities out of 354 in the country, as a >well above average housing authority=, which is the highest designation an authority can get under the HIP process. This achievement puts the Council amongst the top 8% of housing authorities in the country;
 - (iii) note that the Authority=s HIP allocation, excluding Disabled Facilities Grants (DFG=s), for 2001/2002 is 17.18%% up on the 2000/2001 figure. In addition, Leicester=s allocation for DFG=s is up 35.85% compared to a national average of 18.11%. These figures mean that, in total, resources to support capital expenditure from Government, has increased by over 100% in the last two years;
 - (iv) approve the resources shown in paragraph 4.4, including the use of £200k from Housing Maintenance DSO Profits, to support the Housing Capital Programme in 2001/2002;
 - (v) approve the Housing Capital Programme for 2001/2002 outlined at Appendix 'B'.
 - (vi) confirm whether it wishes to capitalise £700,000 of revenue expenditure currently charged to the HRA or proceed with the additional schemes outlined in para. 2.7 of the background information;

2. FINANCIAL IMPLICATIONS

- 2.1 This report reviews the position for 1999/2000 and shows that, because of slippage in the current years programme, the Authority could capitalise £700,000 of revenue expenditure. This course of action would be particularly helpful to the HRA where balances are already considered to be low by the District Auditor and the three year budget strategy projection highlights a deteriorating picture as Government policy on HRA subsidy continues to show a worsening situation.
- 2.2 The programme for 2001/2002 shows a further increase of 18% in capital allocations from the Government. This results in an overall capital programme of £24.738 million and officers have put together a draft programme, at Appendix 'B', of £25.405 million which includes a small amount of over programming (£667k or 2.63%), for Members= approval.



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**JOINT REPORT OF THE DIRECTOR OF HOUSING & CHIEF FINANCIAL OFFICER.
BACKGROUND INFORMATION**

1. 2000/2001 PROGRAMME

1.1 It is now estimated that resources to fund the 2000/2001 will be as follows:

	<u>Previous Estimated Resources</u> £000	<u>Revised Estimated Resources</u> £000
<u>HIP ALLOCATION</u>		
Housing (ACG)	18979*	18979*
Specified Capital Grant (SCG)	530	530
Private Sector Renewal Support Grant (PSRSG)	70	0
	-----	-----
	19579	19509
<u>Less</u>		
Housing Receipts Taken into Account (RTIA)	(305)	(305)
	-----	-----
	19274	19204
<u>Plus Capital Receipts</u>		
Sale of Housing Property and Land	1900	1900
<u>Plus Revenue Contributions to Capital Outlay (RCCO)</u>		
Use of Housing DSO Profits	630	630
	-----	-----
	21804	21734
<u>Additional SCA=s etc. received during the year</u>		
Capital Grant - Crime Reduction Initiative		
- (CCTV)	832	832
- (Other)	230	230
Capital Grant - Wet Day Centre	50	31
SRB Grant - (CCTV)	100	100
	-----	-----
	23016	22927

* Now includes allocations for PSRSG and Capital Receipts Initiatives previously shown separately.

1.2 The latest updated programme, outlined at Appendix 'A', shows an estimated spend of £22.9 million which is in line with the resources available. However,

Members should note this figure includes £700,000 of revenue which has been capitalised to take pressure off the HRA. Members are, therefore, recommended to approve the revised updated programme shown at Appendix 'A'.

2. 2001/2002 PROGRAMME

- 2.1 The HIP Allocation for next year shows an overall increase in resources of 18%. Although this increase is below the national average of 24.7%, it is above the amount expected by officers as a result of the Government's decision to reduce the amount of discretion available to the local office of the DETR. However within the overall increase it should be noted that resources available from Government for DFG's has increased by 35.85%.
- 2.2 Members should also note that the City Council has been designated a 'well above average housing authority' for the third year running by the DETR, which is the highest designation an authority can get under the HIP process. In fact, only 28 councils out of a total of 354 received this rating across the whole of the country and only three, Leicester, Newark and Sherwood, and Derby, in the East Midlands. This rating clearly reflects the improvements made by the Department over the last few years and the current national standing of the Authority on housing issues which include the much coveted award of Beacon Status for the Department's Repairs and Maintenance Service which was won at the end of last year.
- 2.3 The overall estimated resources likely to be available for the housing capital programme in 2001/2002 are shown below for Members information and approval:

	<u>2000/2001</u> <u>Anticipated</u> <u>Resources</u> £000	<u>2001/2002</u> <u>Estimated</u> <u>Resources</u> £000
<u>HIP ALLOCATION</u>		
Housing (ACG)	18979	9365
Major Repairs Allowance (MRA)	0	12875*
Specified Capital Grant (SCG)	530	720
Private Sector Renewal Support Grant (PSRSG)	0	70
	-----	-----
	19509	23030
<u>Less</u>		
Housing Receipts Taken into Account (RTIA)	(305)	(492)
	-----	-----
	19204	22538
<u>Plus Capital Receipts</u>		
Sale of Housing Property and Land	1900	2000
<u>Plus Revenue Contributions to Capital Outlay (RCCO)</u>		
Use of Housing DSO Profits	630	200
	-----	-----
	21734	24738
<u>Additional SCA=s etc. received during the year</u>		
Capital Grant - Crime Reduction Initiative		
- (CCTV)	832	0
- (Other)	230	0

Capital Grant - Wet Day Centre	31	0
SRB Grant - (CCTV)	100	0
	-----	-----
	23016	24738

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

2.4 This level of resources, assuming the above proposal is adopted, 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 (£667k or 2.63%) to ensure all resources available are used and the Council does not incur any RTIA penalties. 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.

2.5 Members will appreciate, although this report is about the allocation of resources, clearly, 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 Replacement Programme, replacement of Central Heating Boilers, improvements to District Heating network and many more have been included.

2.6 In considering the draft programme for next financial year, Members' attention is particularly drawn to the following provision:

£4.5 million for replacing windows with uPVC Double Glazed Units,
£2.2 million for the provision of new central/district heating systems,
£1.25 million for Kitchen and Bathroom modernisations,
£400,000 for the provision of new door entry systems,
£2.4 million for Disabled Adaptations and Disabled Facilities Grants
(which is over three times the amount made available by the Government
for tackling disadvantage in peoples' homes),
£50,000 for providing showers in WAA's, and
£600,000 for the continuation of the Bungalow extension scheme.

2.7 Provision has also been made in the draft programme for the demolition of surplus/problem stock, particularly in the Beaumont Leys area. Finally, assuming Members' agree to the capitalisation of expenditure currently in the Housing Revenue Account (see the report on Housing Revenue Account 2001/2002 elsewhere on this agenda), then an additional £700,000 will fall as capital expenditure in 2001/2002 and an allowance has been made for this in the draft programme now presented. Should Members' not agree to this proposal, then it is recommended that the resources be used to enhance the programme, as follows:

-	BISF Cladding	£200,000
-	Reroofing	£100,000
-	Structural Repairs	£100,000
-	Rewiring	£200,000
-	Central Heating Replacements	£100,000

- 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 Although there is no longer a specific allocation for this initiative, given the success of a number of programmes under the Scheme, particularly Individual schemes developed by Tenant Associations in the City, it is suggested that this initiative continue next financial year. However, given the move to Community Associations and the Council's desire to develop a new and more responsible working relationship with the new Associations, it is recommended that they be allocated a fixed amount of £120,000 per area, which, with the £30,000 per area in the Environmental Budget, will give each area £150,000 to spend on schemes they identify as having the highest priority. Tenants have been consulted on the new arrangements proposed for tenant participation, including the formation of Community Associations to replace Tier 2. This is subject to further consideration by Scrutiny Committee and Cabinet and if it is not agreed to move forward with Community Associations the additional funding would be made available at Tier 2.
- 2.10 Cabinet may want to lay down some ground rules to assist the Community Associations decide which bids should be supported. Previously, the Housing Committee has said that schemes would be measured against and must achieve at least one of the following to qualify for support, i.e.
1. To safeguard the Council's assets.
 2. To reduce ongoing revenue costs.
 3. To stimulate employment/the economy within the City (i.e. jobs and training).
 4. To improve the lettability of the Council's housing stock.
 5. To tackle disadvantage.
 6. To improve security of properties and estates (i.e. help combat crime).
 7. To meet the aspirations of tenants.
- 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 Governments' wider policy objectives of Welfare to Work and Social Exclusion.

2.12 It is suggested that the Associations will call for bids from the various TA's in their area who will work up bids in conjunction with the Neighbourhood Housing Manager, the Depot Manager and the police to ensure the initiatives meet and address local needs based on the criteria outlined above. Once all the bids are received, it would be up to the Community Association to determine which schemes would be supported and therefore will be approved to go ahead.

3. LEGAL IMPLICATIONS

3.1 There are no legal implications associated with this report.

4. OTHER IMPLICATIONS

	<u>Yes/No</u>	
Equal Opportunities	yes	Paras 2.5 and 2.7
Policy	no	
Sustainable & Environmental	yes	Paras 2.6 and 2.7
Crime & Disorder	yes	Paras 2.6 and 2.7
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 1999/2000 and 2000/2001 to the Housing Committee and Policy and Resources Committee in February 2000.

HIP Allocation letter from the DETR dated 5 December 2000.

7. DETAILS OF CONSULTATION

7.1 No other department has been consulted in the preparation of this report.

8. AUTHORS OF REPORT

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

HOUSING CAPITAL PROGRAMME 2000/01
Period 8 Monitoring and Revised Programme

	Current Approved Programme	Actual Expenditure to end of Period 8 (Nov 2000)	Revised Programme
	£000	£000	£000
HOUSING REVENUE ACCOUNT (HRA)			
Planned Improvements (WIP)	86	86	86
St Matthews NHO	161	143	161
Cladding - MHC Bungalows	50	0	10
30+ Year old Rewires	681	278	700
Reroofing	889	574	1,050
Chimney Replacements	43	5	63
Repair External elements	100	0	0
Energy Efficiency (Boilers)	2,167	1,610	2,214
Service Improvements	200	100	100
Structural Works	354	139	380
Lifts - WMAAS	60	0	60
Disabled Adaptations	996	463	1,000
Renew BISE Cladding	249	178	180
Tower Block Demolitions	2,010	1,024	2,010
Health & Safety Issues	100	7	20
Entry Phones	100	91	100
Retaining Walls	100	21	30
Window Replacements	2,766	2,015	3,600
District Heating Pipework/Repairs	375	2	375
New Central Heating	1,300	416	1,166
Tower Block Concierge CCTV	65	55	65
CRI - One-offs	1,842	383	1,362
CRI - Neighbourhood Approach	1,615	191	1,386
Fees	270	36	270
	<u>16,379</u>	<u>7,817</u>	<u>16,408</u>

17076980 - : Expenditure
 Financial Planning/JS
 13/12/2000

A

HOUSING CAPITAL PROGRAMME 2000/01
Period 8 Monitoring and Revised Programme

	Current Approved Programme	Actual Expenditure to end of Period 8 (Nov 2000)	Revised Programme
	£000	£000	£000
HOUSING GENERAL FUND (HGF)			
Renovation Grants	1,850	891	1,550
Disabled Facilities Grants	1,100	673	1,000
Belgrave Block Scheme	200	200	200
Group Repair - Evngton Valley 2	400	57	400
Energy Efficiency Grants	300	83	300
Environmental Works	325	47	325
Citywide Maintenance Schemes & Home Repair Grants	395	149	495
Crime Reduction Initiative (CCTV)	932	341	932
Business Continuity Planning for DIP	0	0	200
Empty Homes Strategy	15	6	14
New Deal Training Scheme	50	3	50
Improvement to Council Hostels	125	6	125
Care in the Community - Alarms	125	45	125
Wet Day Centre	50	31	31
Fees (incl. Renewal staff)	515	343	515
Relocation - Ross Walk Office	25	27	27
Crime Reduction Initiatives	230	12	230
	<u>6,637</u>	<u>3,014</u>	<u>6,519</u>

SUMMARY :-

HRA	16,379	7,817	16,406
HGF	<u>6,637</u>	<u>3,014</u>	<u>6,519</u>
	<u>23,016</u>	<u>10,831</u>	<u>22,927</u>

17076980 - Expenditure
 Financial Planning/JS
 11/12/2000

HRA SCHEMES**1. HRA Commitments**

	Em
Planned Improvements	0.085
Fees	0.300
Saffron Neighbourhood Housing Office	0.100
Tower Blocks Demolition	0.600
HRA Commitments Total	1.085

2. HRA New Starts

Plastering Kitchens/Renewing Bathrooms	1.250
Cladding - MHC Bungalows	0.125
30+ year old rewiring	0.700
Re-roofing	1.200
Chimney replacements	0.130
Repair external elements - Pointing etc.	0.100
Energy Efficiency, including Central Heating Boilers	2.110
Environmental Works	0.025
Service Improvements	0.200
Lifts in WAA's	0.100
Showers in WAA's	0.050
Structural Works to defective dwellings	0.400
Disabled Adaptations on Council Stock	1.200
Renew cladding to BISF houses	0.175
Health and Safety Issues	0.100
Replacement of Entry Phones	0.100
Retaining Walls	0.100
Window Replacement Programme	4.500
DHS Pipework etc	0.475
New Central Heating Installations	1.700
Capital Receipts Initiative - Neighbourhood Approach	0.720
Demolition of surplus/problem Property	1.500
One off Initiatives - St Matthews District Heating	0.500
One off Initiatives - Bungalow extensions	0.600
Provision of new Door Entry Systems	0.400
HRA New Starts Total	18.460

HRA Total	19.545
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PSRSG, SCG and LCC Contribution

	Em
1. SCG/PSRSG COMMITMENTS	
Mandatory Disabled Facilities Grants	0.350
PSRSG	0.600
Group Repair Scheme Evington Valley	0.180
SCG/PSRSG Commitments Total	1.130
2. SCG/PSRSG NEW STARTS	
Mandatory Disabled Facilities Grants	0.850
Renovation Grants in Renewal Areas	1.380
Group Repair Schemes	0.220
Energy Efficiency Grants (DFG's and Renewal Areas)	0.300
Environmental Works in Renewal Areas (5%)	0.345
Home Repair Grants (including City Wide Maintenance Strategy with Care and Repair)	0.440
SCG/PSRSG New Starts Total	3.535
SCG/PSRSG TOTAL	4.665
<u>General Fund Schemes</u>	
1. NON SCG/PSRSG COMMITMENTS	
Fees	0.060
Capitalisation of salaries	0.435
NON SCG/PSRSG Commitments Total	0.495
2. NON SCG/PSRSG NEW STARTS	
In Renewal Areas LCC operate a rolling programme of acquisition and disposal as part of an Empty Homes Strategy using CPO powers	
New Deal Training Scheme (Belgrave rear walls)	0.050
City Wide Maintenance Schemes	0.050
Replacement of Computer Systems	0.300
Improvements to Council hostels	0.125
Care in the Community - alarm systems	0.125
Non SCG/PSRSG New Starts Total	0.700
NON SCG/PSRSG GENERAL FUND TOTAL	1.195
OVERALL GENERAL FUND TOTAL	5.860
TOTAL CAPITAL PROGRAMME	25.405