

**REVISED DRAFT
RE-ISSUED 12TH FEBRUARY 2004**

**SOUTH CAMBRIDGESHIRE
DISTRICT COUNCIL**

**HRA BUSINESS PLAN
2004/5-2034/5**

CONSULTATION DRAFT

**TO CABINET
16TH FEBRUARY 2004**

HRA Business Plan 2004/5 – 2034/5

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THE NATIONAL CONTEXT

The Sustainable Communities Plan

The Deputy Prime Minister launched the Sustainable Communities Plan in February 2003. This sets out the long-term agenda for delivering sustainable communities in both urban and rural areas. Of specific relevance to the Council is its geographical inclusion within the London-Stanstead-Cambridge Growth Area for housing.

This Growth Area has several key targets, those most relevant to the Council are:

- the acceleration of the provision of housing
- increased provision of affordable and key worker housing
- protecting the countryside, through the use of previously used land for residential development in preference to green belt.

The Rural White Paper reiterates these targets, emphasising the need for high percentages of affordable housing in new build schemes, starter home initiatives, and a focus towards building on 'Brownfield' sites.

The Housing Corporation's paper, Housing in Rural England, fully supports the Government's agenda for rural areas. The Corporation will look to provide funding so affordable homes can be provided for young people, allowing them to remain in the communities where they grew up.

In addition to these initiatives, the Council is required to meet the Decent Homes Standard for all its homes by 2010, against a background of controlled rental growth to achieve Target Rents by 2012. The new regional 'pooling' rules of capital receipts from asset sales, meaning that not all funds from the sale of Council assets can be reinvested in our area.

THE REGIONAL CONTEXT

The Regional Housing Strategy for the East of England sets out the key housing issues to be tackled in the region. These include low cost home ownership, key worker accommodation, and affordable housing for rural communities.

The Regional Planning Guide for the East of England (RPG6) has already identified Cambridge as an area of housing and economic growth.

Regional Planning Guidance, due for publication in February 2004, is expected to explain the key targets identified in the Sustainable Communities Plan.

The Cambridge Sub-Regional Strategy, contributed to by eight local authorities in the region, including the Council, highlighted the 21% population growth between 1981 and 2001, driven by good rail communication links to London, and a buoyant local economy. Growth in housing has however not kept pace, with the imbalance in supply and demand driving up prices, making it difficult for local people to get on and later climb the housing ladder. In addition, key workers, who are outside the criteria for social housing, are finding it difficult to purchase in the area.

The strategy therefore identifies the need for future schemes to be of mixed tenure, incorporating innovative schemes such as shared equity, discounted housing for sale, and housing for rent at sub-market rates.

Increasingly, the Council's housing strategies reflect this wider regional and sub-regional context. Officers work to influence regional planning policies and the Council has a representative on the Housing Task Group influencing policies in the new Regional Planning Guidance 14. Working at sub-regional and regional level is recognised as extremely important to achieve housing strategic objectives both locally and across the County.

THE LOCAL CONTEXT

The South Cambridgeshire Housing Strategy for 2004 – 2007 includes details on the following:

- The Local Plan, requiring between 30% and 50% of new housing developments to be provided on an affordable basis. It has also earmarked land at the Cambridge northern fringe for a development of 900 new homes.
- The housing need and demand survey for housing across the district
- Data on the condition of the housing stock, allowing identification of the work necessary to bring properties up to the Decent Homes Standard.

A Local Development Framework is being drawn up to make land allocations for major new developments, and will include guidance on the proportion of affordable and key worker housing to be provided.

The Local Housing Profile

The survey carried out in 2002 by Fordham Research, allied to data from the Council itself estimates some 53,000 households in the area, categorised by tenure as follows:

Tenure	Number	Percentage
Owner occupier	41,034	77.3%
Local authority general needs	4,512	8.5%
Local authority sheltered	1,488	2.8%
Private rented	6,051	11.4%
TOTAL	53,085	100%

The Local Housing Market

The main characteristics of South Cambridgeshire's housing market are: -

- A vibrant local economy with high levels of employment.
- A growing population with a projected growing number of households.
- A supply of housing, which is not keeping pace with growing demand, resulting in rising house prices. At the fourth quarter 2002, the median house price was £175,000 and the average was £206,000.
- Relatively high incomes, with average household income being £31,947. Applying a 3.33 times multiplier to assess mortgage eligibility, the average household could raise a mortgage of £106,000, sufficient to purchase a one or two bedroom property, with salaries at the high end of the range having a distorting effect on the average. According to recent figures, the median income in the area is £17,400, so an income of at least £35,000 is required to purchase an average house.
- Private sector rents rising at least as fast as house prices.
- A growing gap between the costs of renting in the social housing sector and the costs of owning or renting in the open market.
- The average weekly net income of £500 calculates to a rental affordability of c. £600 pm, sufficient to rent a 3 bedroom property.
- Rents in 2002 ranged from £440 per month for 1-bedroom properties, to £670 per month for 4 bedroom homes.
- A particular concern is key worker housing. In a recent survey, eighty percent of key employers in the area faced problems with recruitment and nearly half had retention problems – in many cases related to housing costs.

HOUSING NEED ANALYSIS

The demand for affordable housing is estimated to be 1,047 new homes per annum, calculated as:

- a total of 800 homes needed to satisfy the outstanding requirement. To clear this backlog within 5 years would require 160 affordable homes per annum,
- 472 homes per annum to satisfy the demand created by new households from within the area who cannot afford owner occupier housing,
- 395 homes to satisfy the needs of households moving into the area, but which cannot afford owner-occupier housing.

All of this can be compared to the current position of X number of new properties being built in the South Cambridgeshire area.

In addition, the 2002 Fordham analyses projected the requirement of an additional 6,705 owner-occupier homes over the next 5 years, an average of 1,341 per annum. The projected demand in the area is therefore 11,940 additional homes over the next five years, an average of 2,388 per annum.

Information on the local housing market is collected in a number of other ways. We have a five-year rolling programme of parish housing needs surveys and we map housing sales in accordance with the Inspection of Property Sales. Next financial year the Council is commissioning a private sector housing stock condition survey.

Further research into housing need is underway in conjunction with Cambridge City Council into key worker housing need, and other work with partner agencies contributes to the Cambridge Sub-Region Housing Strategy 2003-2006.

THE COUNCIL AND SHIRE HOMES

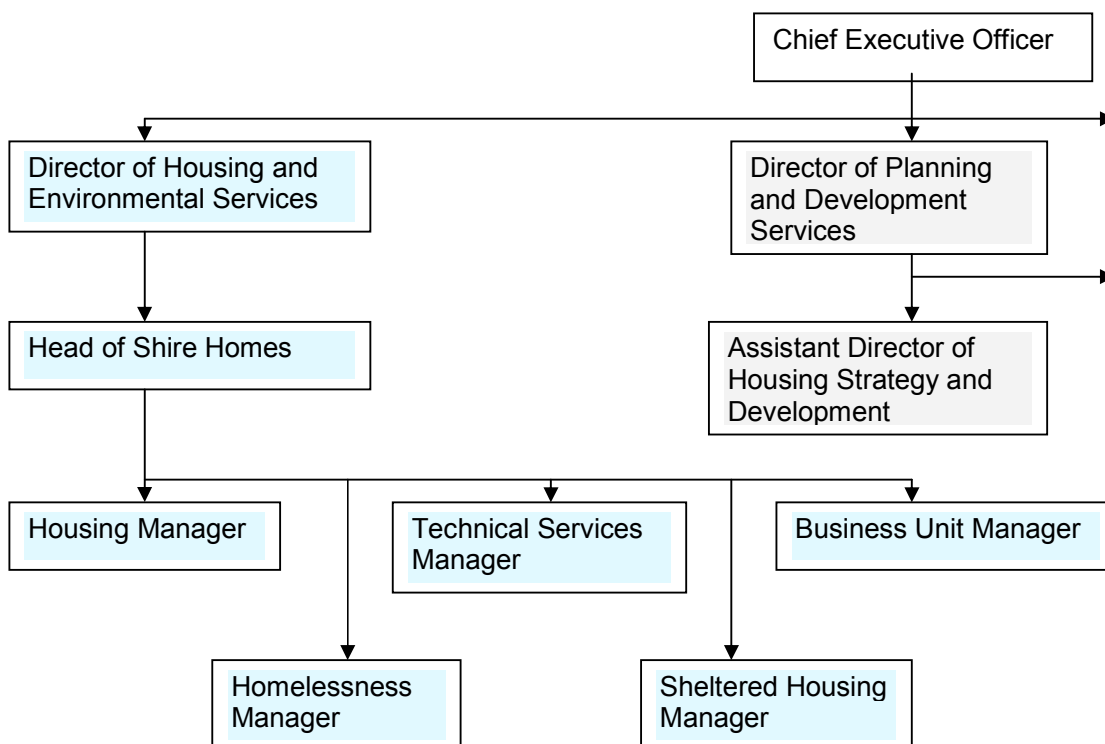
The fundamental aim of the Council is to provide high quality, reliable and responsive services to the public. Technology will increasingly be the key by which the Council improves its efficiency, makes its services accessible to all and develops communication in South Cambridgeshire's rural community. The establishment of the Local Strategic Partnership (LSP) and the Community Strategy are central to the Council's ability to respond effectively to the big changes impacting on the district in the next 15 years.

The Council's corporate strategy initially focused on developing the capacity of the organisation to deliver long-term service improvements and change in South Cambridgeshire. The 5 year strategy is designed to allow achievements through fundamental changes implemented in the early stages of the strategy.

Shire Homes incorporates all of the housing HRA functions as well as the Homelessness Service. Shire Homes was established by the Council in response to the CCT policy and represented the housing management contracting arm of the authority. When the CCT legislation was repealed in 2001 it was decided that the Council should retain the Shire Homes entity, as tenants are familiar with the structure.

DELIVERING THE SERVICE

The Council has reorganised its departmental structure over the last 18 months following a full review of the authority's structure by Price Waterhouse Coopers. The resultant structure was fully implemented by September 2003 and achieves the split between the strategic and operational housing functions as recommended by the Government. A summary of the new structure is given in the chart below;



A further change initiated by the review is the integration of the Commercial Services and the Housing and Environmental Services within one department. The reorganisation of function within this new department is yet to be finalised but will aim to closely integrate the DLO function with Shire Homes. Future changes will look to create a comprehensive technical team that will seek to promote partnership working. The details of this reorganisation are yet to be finalised and are subject to consultation with staff and unions but changes will be in place before the Council relocates to Cambourne in May 2004.

The Council operates a CIP's process for the development of service plans with objectives identified at an operational level. Shire Homes has 4 CIP's, for Housing Advice and Homelessness, Housing Management and Sheltered Housing, Response Maintenance and the Contract Service, and Planned Maintenance and Voids. Annually service managers' review and revise the achievements and future targets for their service. In this way the process enables the identification and prioritisation of growth activities across the Council. It facilitates the two-way flow of objectives and targets, from the operational ground roots to the corporate body and from the strategic planning process to the front line of service provision.

CORPORATE PLANNING PRIORITIES

The Council's Corporate Strategy sets out the long-term objectives to respond to the changes facing South Cambridgeshire over the next 10-15 years.

They fall under 4 key headings;

- **High quality, accessible, value for money services.**
The Council will work to ensure that people's expectations for service delivery are met, and offer a full range of options for accessing services. Value for money will be secured by continually seeking to achieve efficiencies in service provision.
- **Quality Village Life**
The Council aims to achieve quality of life for local people through the environment and a sense of community. This will be achieved through preserving and enhancing the built environment, blending rural traditional, modern and high tech development, and support projects to enrich community life. Communities will be assisted to identify their needs and aspirations and meet those needs.
- **A Sustainable Future for South Cambridgeshire**
The Council will work to ensure that development plans and other policies will lead to a quality of life, which is supportable in the long term, and encourage and enable all residents and businesses to live and work in a more sustainable way.
- **A Better Future through Partnership**
The Council aims to be a full participant in the Local Strategic Partnership to achieve a vision for a better future through the Community Strategy. The views of local people will be valued and in the open decision making process of the Council and opportunities will be made to enable people to make their views known.

In 2004/5 there are many unavoidable commitments faced by the Council including, the completion of the move to Cambourne, CPA, Stock Options Appraisal and progressing electronic service delivery towards the Government's 2005 deadline for the appraisal to be completed. Due to this pressure the Council has agreed to prioritise the annual priorities to areas that are time critical and essential continuation of current programmes;

- Continuing the programme towards electronic service delivery and improved customer service.
- Establishing objectives and an effective Council wide approach to Northstowe and other major developments.
- Delivering more Affordable housing
- Completion of the current integrated recycling/refuse collection scheme.

Outlined briefly below are illustrations of relevant HRA service aims that reflect the corporate objectives.

The utilisation of a contact centre by Shire Homes will improve both the accessibility of the housing service and the quality of the first contact response. The 'Cascade Project' marks the introduction of the contact centre which, will receive all telephone calls to Shire Homes from 2004/5 and have the capacity to deal with emergency repairs and make appointments for day to day responsive repairs. The opening hours of the contact centre will be longer than the Council currently offers therefore improving the accessibility of the service to tenants.

The introduction of SeeMyData, a new software programme will enable tenants to access their own property information through the Internet, is to be made available from 2004/5. This will allow tenants to report repairs and check the status of a repair that they have requested. It will also offer applicants the opportunity to check their position on the Housing Register and provide up to date change of circumstances information.

Shire Homes will ensure the high standard and condition of the housing stock through an efficient repairs and maintenance service, thereby assisting in addressing the corporate objective of a quality village life through healthy environment for the community.

Shire Homes continues to work with contractors who offer value for Money services, by managing costs to maintain low prices while continuing to strive for a better quality of service. Partnerships have been established with contractors to maximise the use of grant opportunities for sustainable and energy efficient improvements to the Council's housing stock. The Council's procurement strategy encourages an increase in the use of sustainable materials.

The availability of affordable housing is one of the most pressing concerns of local people as evidenced in a range of recent surveys, including consultation for the Community Strategy and the collection of Quality of Life Indicators. Increasing the number of affordable housing is therefore identified as a key priority in the corporate strategy.

We are pursuing a range of initiatives with some success to balance the supply and demand in our housing market. Below is a table outlining the trend in the number of affordable housing units delivered in the last three years, with a forecast for the year ahead.

	Actuals			Target
	2000/1	2001/2	2002/3	2003/4
Additional General Housing Needs housing	53	70	38	60
Affordable housing through Section 106 Agreements	52	70	2	60
Key worker houses facilitated through Starter Homes initiative	-	1	39	154
Key worker houses facilitated through the rented sector	-	18	3	20
Affordable social housing facilitated at Cambourne	-	-	42	90
Discounted market housing facilitated at Cambourne	-	-	26	40
Total	105	159	150	574

While this shows an increasing trend, the table also highlights the shortfall of affordable housing in South Cambridgeshire to be around 871 homes per year.

There is therefore a pressing need to maximise the number of affordable housing units that can be delivered through the planned growth of housing in the next 10-15 years, using a range of initiatives. This includes working with developers to identify means of maximising the number of affordable housing delivered, working with RSLs to attract funding, and maximising the use of our existing stock.

To ensure the efficient use of the Councils housing stock to meet local need, Shire Homes carefully manages the lettings process and strives to achieve mixed and sustainable communities in the villages of South Cambridgeshire. Through the provision of information and guidance to tenants, it is intended that housing register applicants should be able to exercise informed choice over the tenure and location of their home.

THE COMMUNITY STRATEGY

The Community Strategy provides the structure for the Local Development Framework, for housing strategies and for working with partner organisations on balancing housing markets.

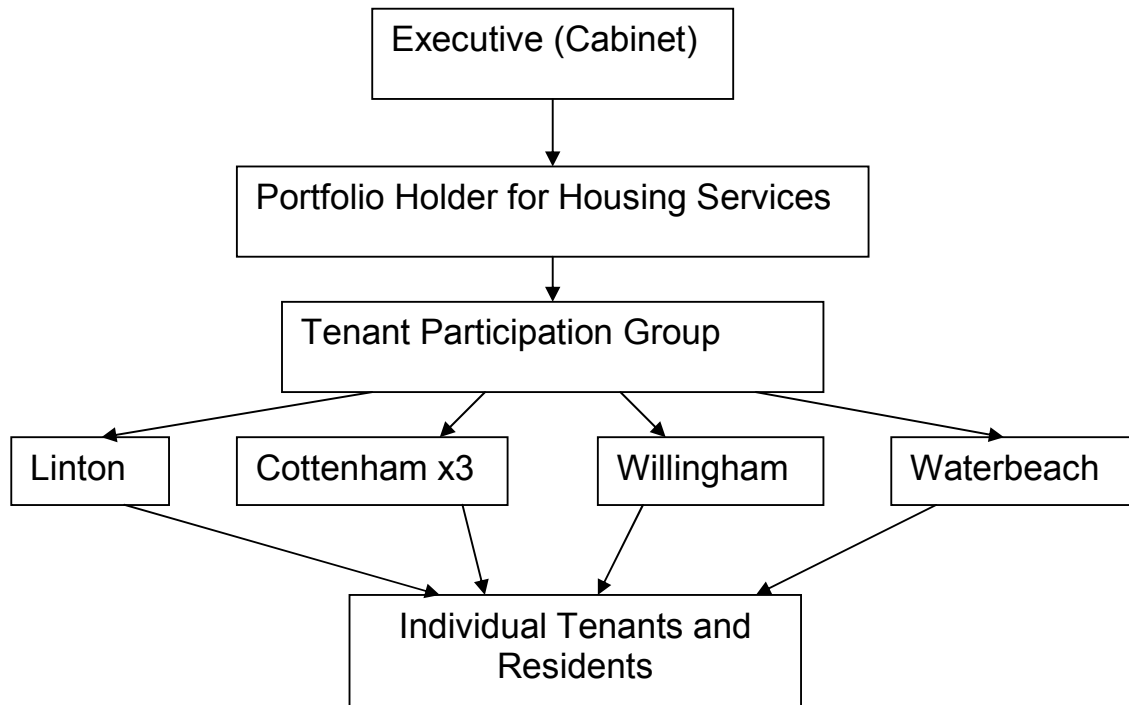
The key priorities of the community strategy include;

- Partnership working – development of the Community Safety Strategy, working in partnership to reduce crime, risk factors linked to crime and the fear of crime.
 - The Housing Strategy outlines the Council’s work with partner housing associations to design crime out of new developments.
 - The housing management service have developed close links with the Police as part of the MAPPA (Multi Agency Public Protection Arrangements) group to support and assist the rehabilitation of offenders while protecting the community.
- Capacity building and local democracy - developing sustainability in rural areas.
 - The Council seeks to achieve sustainable rural communities through a range of initiatives outlined in the Housing Strategy including, revised allocations policies that seek to empower applicants and enable them to make an informed choice regarding the tenure and location of their homes.
 - The Council’s planning policies seek to enable the development of key worker and affordable housing for rent and purchase, as part of mixed developments.
- Youth issues – to broaden involvement, access the community including all ages and tenures.
 - The housing service is developing the role of residents and tenants, through the growth of tenant groups, and encouraging young people to be involved.

3. Effective Consultation

The Council has a long standing Tenant's Participation Group with a formal structure, and supported by the Council's Tenant Participation Officer. On a local level there is a district wide expanding network of local tenant groups.

TENANT INVOLVEMENT FRAMEWORK



A tenants' compact was formally adopted in 2001. This is now the subject of a review, which is to be undertaken by a tenants' project group. Similarly the tenant's handbook is soon to be reviewed. Funding has been secured this year to amend and reprint the handbook and work on this project is to be undertaken by a tenants' group.

Tenants have been included in all Best Value Reviews throughout the Council, including the response repairs review and more recently the planned maintenance and voids review. On an annual basis the Tenants form a steering group to organise an Open Day.

The tenants' newsletter acts as the main vehicle for disseminating information to tenants. It is issued quarterly and delivered to the homes of all tenants. Tenants influence the content through membership of the editorial team.

The framework for tenant consultation will be considerably enhanced in the coming 12 months with the development of a Tenant Empowerment Strategy, driven by the Stock Options Appraisal. The Council has advertised for Independent Tenant Advisor consultants to support tenants through the process.

TENANT PARTICIPATION RESOURCES

The total actual and estimated expenditure in the tenant consultation budget for 2001/2 to 2004/5 is briefly outlined below. It demonstrates the substantial increase in investment in tenant participation that the Council has undertaken over the last 3 years.

In the last 12 months the tenant Participation post has been re-graded, enhancing the post and providing it with a higher level of seniority. This reflects the commitment of the Council to increase the profile of tenant empowerment and participation and to develop a more strategic approach to tenants involvement and influence in the Council's policy making process . .

Support for Tenant Groups expenditure has increase to allow for the growth of the number of groups and the scale of the tenants consultation work, and to pay for training for tenants. In the last 3 years the tenant participation budget has risen from £97,500 in 2002/3 to £175,000 in 2003/4, and the estimate for 2004/5 is £203,400. Tenants in the past 2 years have attended the TPAS conference for the Eastern Region, and in preparation for the Stock Options Appraisal, they have also attended GO-East training on decent homes and Stock Options. These have proved to be invaluable for the tenants involved, by strengthening their knowledge in the way the Council operates.

TENANT CONSULTATION INFLUENCE AND ACHIEVEMENTS

As a result of increased tenants participation, a substantial capital project to improve the communal room of a sheltered housing scheme in Willingham has already begun. This will entail a redesign and redevelopment of the existing facility to provide a modern resource for tenants and local residents.

In 2003 a draft final report of the stock condition survey, was presented to a special meeting of the Tenant Participation Group, to discuss the survey and its implications. The opportunity was used to inform tenants, of the results of the survey and to explain what this means in terms of the 'Decent Homes' standard.

Discussions followed on the implications of the stock condition information and particularly how it related to the Council's own planned maintenance programme, and the achievement of the Government decent homes targets. It was apparent from these discussions that tenants wanted to see the Council achieve the required standards quickly, but they did not want all the other works in the programme to be suspended. Tenants were keen that the Council retained the refurbishment programme and continued to renew kitchens and bathrooms even though these were outside the requirement of the decent homes standard.

The Council consulted tenants and Members about the future profile of the maintenance programme in the light of the stock condition data and the identified requirements for the Council to meet the decent homes standard. There was a strong desire among tenants to maintain the Council's refurbishment programme and retain the current refurbishment specification that exceeds the decent homes standard, incorporating external works and redesign of properties as appropriate. In order to achieve this, it was necessary for the Council to extend the period for achieving decent homes. This will be achieved by targeting the heating replacement programme to those systems in most urgent need of replacement but not replacing all systems as they reach 10 years old. The decision also recognised problems of supply and existing contractual commitments. The effect is that the Council delays the achievement of the decent homes standard for all the stock from 2004 to 2006.

An event was held to consult with tenants on the Housing Strategy and Business Plan, allowing stakeholders to contribute to the authority's policymaking process. Issues covering the Council's internal paintwork programme were addressed at that meeting.

The security measures offered to tenants for their homes has also been an area of concern raised by the Tenants Participation Group. A survey of security measures has been conducted over the last 12 months to identify work already carried out across the District. Using this information and in consultation with tenants it is intended that a programme of security works will be identified for 2004/5, addressing inconsistencies in provision across the district and establishing a programme of work for future years. (to include in the action plan)

4. Stock Condition

STOCK DATA COLLECTION AND MANAGEMENT

The Council completed a stock condition survey with the assistance of external consultants in 2002/3. The Survey fully complied with ODPM requirements, and included an assessment of the energy efficiency of the Councils properties. All properties were surveyed externally and 15% received a full internal survey. In addition a socio-economic postal survey was conducted with all tenants with a response rate of 42%.

The survey will provide a comprehensive database of property information for all of the housing stock as other data is progressively added, specifically the asbestos and SAP ratings survey data.

The data was collected on an archetype basis and can be interrogated on a property type or age basis. Data can also be retrieved on a village, parish or area basis, which should assist in the development and coordination of the planned maintenance programme. The property data base will be updated and developed as staff complete surveys during void inspections and following repairs and maintenance works. Property data will be collected via the survey form used for the stock condition survey and electronic systems are being introduced in 2004 to enable information to be downloaded directly onto Orchard following an on-site visit. We anticipate that a formal review of the stock condition survey will be required to provide a more substantial update once every 3-5 years.

THE COUNCILS STOCK PROFILE

The following are summaries of the Councils housing stock;

- The housing stock comprised 6092 properties at the time of the stock condition survey of which 1,488 were sheltered units.
- The stock is spread over 94 villages, and none are situated in an urban environment. The Housing stock is very widespread with 31 villages having 20 or fewer Council dwellings.
- The general needs stock comprises 61% houses, 33% bungalows and 6% low rise flats. The sheltered stock comprises 94% bungalows and 6% low-rise flats.
- The Council has 1186 properties that were found to fall below the decent homes standard in 2003. Only one of the properties internally surveyed failed due to poor facilities.
- The Planned Maintenance Programme funding for the next 5 years totals £26.489m, which exceeds the amount needed to meet the Decent Homes target by £21.060m.

Stock Breakdown by Archetype, Age and Number of Properties

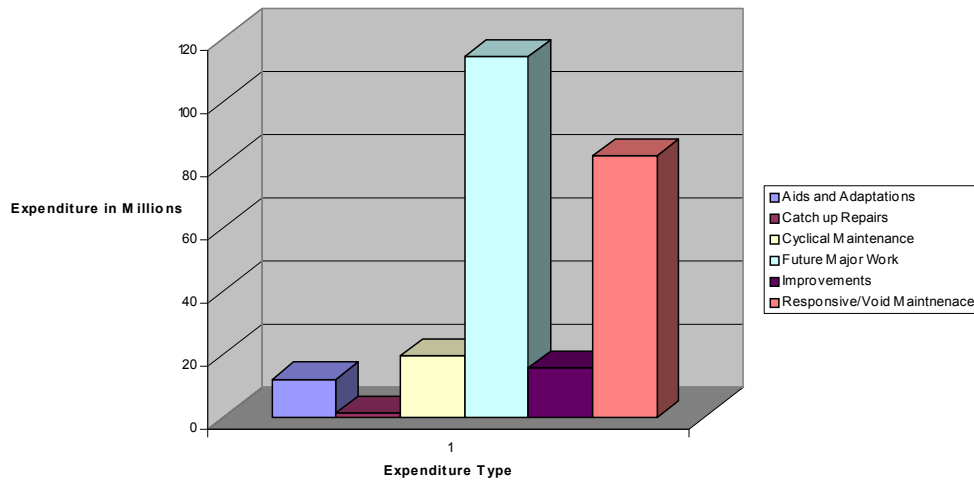
Type	Age	Number
Bungalow	Pre 1945	35
Bungalow	1945 – 1964	636
Bungalow	1965 – 1974	750
Bungalow	Post 1974	1384
Flat	Pre 1945	7
Flat	1945 – 1964	41
Flat	1965 – 1974	187
Flat	Post 1974	107
House	Pre 1945	1025
House	1945 – 1964	1176
House	1965 – 1974	322
House	Post 1974	422
Total		6092

The housing stock is of mainly traditional construction with a small number of non-traditional property types. The majority of properties have cavity walls with conventional pitched tile or slate roofs. The traditional properties are built from materials that reflect the norm for their period of construction. 17% of the stock dates from before the war and 30% was built in the period, 1945 -1965. Many of the pre war properties have solid walls and most of the stock has been fitted with low maintenance UPVC windows. The age profile strongly influences the results of the survey and the future investment requirements.

The stock condition survey found that the overall structural condition of the stock is reasonable and reflects the Council's ongoing capital investment in a regular major planned maintenance and improvement programme for both internal and external works. Some of the works identified by the stock condition survey were judged to be attributable to the nature of the fabric of the properties and the inevitable deterioration that comes with age.

The expenditure requirements for the stock over the 30year period of the survey to 2033 was a total of £244.8m. This has been subdivided as illustrated in the chart below. This highlights that the emphasis of the expenditure is required on future major work and responsive works including voids.

30 Year Expenditure Summary



The energy efficiency of our properties is measured through the standard SAP rating assessment process. By 2001/2 the Council had completed the programme for the replacement of windows with UPVC and insulated all the Council housing stock. The planned improvement programmes have therefore most recently focused on heating replacement. Over the last 2 years the Council has embarked on a concerted programme of improvement and monitoring heating systems. This has seen the average SAP rating improve from 55 to 60 over the period. This data has been provided predominantly through the gas servicing programme, providing information that is updated on a regular basis by our heating and replacement contractor.

A programme of surveys to identify asbestos in the Council's own stock is 50% complete, and the data collected is due for transfer into the Orchard 'Property Attributes Module'. This will contribute to providing a single comprehensive data-base that is under development, based on the stock condition data. The Council is using a 'Micro Surveys' software system, to achieve an integrated information system.

Following on from the stock condition survey the asset management plan can now be developed considering the long-term viability of some of our less popular stock. Work has already commenced in this area with the program for the demolition of sheltered housing bed-sit properties to be redeveloped according to local needs and demand.

THE DECENT HOMES STANDARD (DHS)

The table below summarises the results of the stock condition survey showing the number of properties for each archetype that fell below the decent homes standard and for the relevant reasons.

Archetype	Fails to meet minimum standard	Is not in a reasonable state of repair	Lacks modern facilities	Fails thermal comfort test	Total number of non decent homes
<i>Post 1945 Low Rise Flats</i>	0	0	0	67	67
<i>1945-64 Traditional Houses/Bungalows</i>	29	0	0	302	302
<i>1965-74 Traditional Houses/Bungalows</i>	0	0	0	314	314
<i>Post 1974 Traditional Houses /Bungalows</i>	0	13	0	270	283
<i>Pre 1945 Low Rise Flats</i>	0	0	0	0	0
<i>Pre 1945 Traditional Houses/Bungalows</i>	20	0	0	220	220
Total	49	13	0	1173	1186

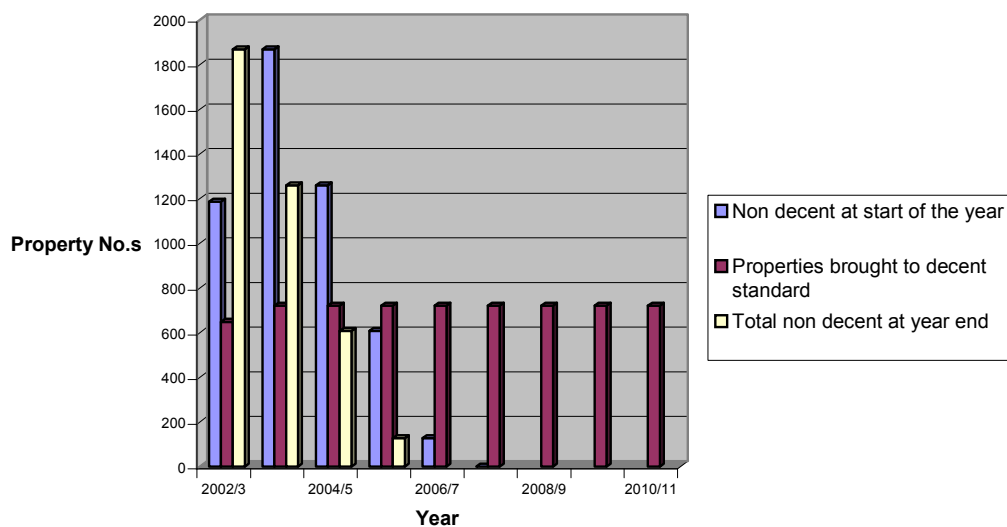
The survey identified;-

- The Council had 1186 properties that fall below the DHS,
- 98% of those that failed did so in regard to the provision of thermal comfort.
- Less than 1% fell below the minimum reasonable state of repair and just over 1% failed to meet the minimum standard.

The Council is focusing its efforts on replacing heating systems and improving systems that offers fuel-efficient affordable warmth. With the information gained from the servicing programme the Council has drawn up a schedule of properties where the boiler is over 15 years old and requires replacement. The stock condition survey identified those properties that have inadequate heating e.g. warm air under floor heating systems, and those that lack adequate insulation.

The table below illustrates how the Council intends to address annually the maintenance requirements of those properties falling below the decent homes standard. It shows that by the year 2006 the Council will have brought up to the decent homes standard all those properties that were identified by the stock condition survey as in need of capital improvement and will have reached the point whereby properties falling below the decent homes standard each year are also being addressed. The chart below illustrates how the Council will have started to pre-empt properties falling below the standard by 2007.

Achieving the Decent Homes Standard



Although the target is considered to be realistic, it however presents a challenge to the Council. It allows the works required to meet the decent homes standard to be addressed within the wider planned programme of preventative and improvement works. The projected costs of the decent homes works represents the following percentage of planned works over a 5-year period.

Year	Planned Expenditure (£000s)	DHS Expenditure (£000s)	Proportional Percentage
2002/3	6,312	5,400	85%
2003/4	6,170	4,580	74%
2004/5	5,390	4,580	85%
2005/6	4,461	3,250	73%
2006/7	4,156	3,250	78%
Totals	26,489	21,060	79%

The planned maintenance programme has been devised to enable the Council to achieve the decent homes target well in advance of the target set by government of 2010. This takes into account the properties that will fall below the standard up to the year 2010, which is added on to the total requiring work. In addition, the figures above demonstrate that the Council can continue to undertake priority works that materially affect the quality of life of tenants and constitute preventative works avoiding future disrepair.

The results of the Stock Condition Survey have been presented to the Tenants' Participation Group and to staff and Members. The results and proposed 5-year planned maintenance programme have been discussed to allow tenant Members and staff to have a full understanding and meaningful input into the priorities for the future works programme. Using the results of the stock condition survey, the planned maintenance programme was reviewed and substantially revised. This revision was carried out with the decent homes targets as the key priority for the programme in future years.

The changes to the programme emphasised heating improvements to address thermal comfort requirements that were the main reason for failure to meet the decent homes standard within the Councils stock. The nature of the works also improve the Councils SAP rating as heating systems are replaced and insulation upgraded, and enables the Council to benefit from grant assistance for HEES. This will also contribute to the Councils efforts to secure a sustainable future for the District. Achieving the standard by 2006 also allows for the ongoing improvement of the Councils stock through the refurbishment programme and ensures continuity of the cyclical maintenance programme.

The 'planned maintenance module' will go live in 2004 and will enable the Council to project manage and track the progress of works to meet our decent homes targets. It will also interface with the attributes module holding the stock condition database. These systems will enable the management processes to be streamlined and improved by offering a more effective management and monitoring tool.

5. The Housing Service/Current Performance

Recent Service Expenditure (000's)

Description	Detailed Description	2002/3	2003/4	2004/5
Response Repairs		2,926	2,734	2,664
Cyclical Maintenance		1,145	1,155	1,070
	Cyclical Maintenance	460	440	370
	Heating Servicing	685	650	650
	Other	0	65	50
Future Major Works		5,078	4,435	3,790
	Improvement of Non-traditional Properties	500	500	500
	Full Refurbishments	3,276	2,300	2,000
	Heating New and Replacement	650	800	800
	Other	652	835	490
Improvements		515	580	530
	Parking	100	100	100
	Insulation	140	140	100
	Asbestos Removal	190	190	190
	Other	85	150	140
Totals		9,664	8,904	8,054

The above table provides a summary of recent capital and revenue expenditure on services within the HRA. The table illustrates the attempt to manage growth in repairs costs but also to maintain the balance between revenue and capital expenditure. Until recently the Council has achieved a split of 70% Capital and 30% revenue. This reflected the high level of capital expenditure on housing maintenance and improvements. With the contraction of service spending the balance of expenditure has shifted and proportionally increased revenue expenditure. Every effort is being made to prevent this and maintain the Councils previous performance.

As the table shows in 2002/3 and 2003/4 the capital revenue split was 60% to 40% respectively. Projected expenditure for 2004/5 will result in a 54/46% split.

The ongoing capital programme including refurbishments and upgrading non-traditional properties has enabled Shire Homes to reduce the expenditure on response repairs and incidental voids. Overall capital expenditure has also fallen and proportionally expenditure on heating replacement and improvements has risen in reaction to an enhancement of the servicing and remedial repairs programme that highlighted the need for heating upgrades. This has been reinforced by the data returned by the stock condition survey, and the requirements to ensure the stock reaches the decent homes targets.

The satisfaction of tenants is currently measured through a postal survey conducted following all response maintenance work. This is soon to be extended to our heating servicing and replacement contractor who will be operating a similar system with effect from later this in 2003/4. Similarly a postal receipt card is issued when each void is let to enable tenants to give their views of the service. A measurement of the repairs service overall is undertaken as part of the tri-annual district wide consultation process.

ACHIEVEMENTS/PERFORMANCE 2003/4

The performance indicated in the table below for 2003/4 is the projected outturn three quarters of the way through the year. The itemised review addresses issues raised by the performance data, and brings forward objectives and achievements identified in the Council's Best Value Performance Plan 2002/3, and the continuous improvement plans for the housing service;

Housing Service Performance Indicators

#	Description	2002/3	2003/04		2004/5	2005/6	2006/7
		Actual	Target	Estimate	Target	Target	Target
SH308 (BV68)	Average re-let times (calendar days) for local authority dwellings on the year	40	35	38	35	30	25
BV309 (BV72)	The % of urgent repairs completed on time	93%	93%	90%	95%	96%	96%
BV 73	The average time (days) taken to complete non-urgent repairs	22	15	25	15	15	15
BV74	Satisfaction (very or fairly satisfied) of tenants of council housing with the overall service provided by their landlord. (3 year survey due 2004)	N/A	N/A	N/A	85%	N/A	N/A
SH303	The % of complaints resolved within 28 days (data base under development)	N/A	96%	95%	96%	96%	96%
BV63	Energy Efficiency – average SAP rating of LA owned dwellings	55	60	60	61	62	65
BV185	The % of appointments made which the authority kept	77%	85%	75%	85%	90%	95%
SH302	The % of tenants satisfied with work as a proportion of those returning the satisfaction slip.	86%	90%	82%	92%	95%	95%
BV184a	The % of homes that did not meet decent Homes standard	21%	15%	15%	10%	10%	5%
BV184b	Planned Annual Change	25%	25%	25%			

Reduction of void times

The Council has suffered from poor void turnaround times for a number of years. This has been due in part to the result of the large volume of works undertaken on void properties. The Council's 10 year planned maintenance programme allowed for 5 years of external works prior to the commencement of internal improvements. This resulted in the need for more works when the property became void as some properties were in need of considerable updating. Consequently the volume and cost of void works has for a number of years, been high. The average works cost of on a void property is now £3xxx, which is considerably lower than it has been in previous years.

Over the last year substantial efforts have been made to identify and address the weaknesses in the process of re-letting voids, and improving the turnaround times. The void specification has been reviewed and revised, and thresholds identified whereby if works exceed a certain volume and value they are incorporated into the planned refurbishment contract works.

Completion of Works on Time

The target for urgent jobs was marginally missed, and processes have been re-examined to ensure that information is passed on quickly and accurately to the contractor, to speed up completion times, and improve performance. The introduction of the Contact Centre should assist in this regard since jobs will be received and passed electronically directly to the contractor, instead of the faxing system currently employed.

With regard to non-urgent jobs, a failure in the management system has meant that the Council will probably be unable to achieve its target. Post inspections were abolished 2 years ago in order to streamline the invoicing process and improve efficiency by reducing duplication of work particularly in relation to the Council's DLO. This will now be reviewed as part of the review of processes and procedures in connection with the new contracts.

Improve SAP Ratings

The Council has achieved an improvement in the average SAP rating of its stock through the programme of heating and insulation improvements. The monitoring of this target will be enhanced with the introduction of an electronic data transfer system in 2004. This will allow surveys to be done on site and electronically transferred into the Councils' property attributes database.

Introduction of the Contact Centre

The Council will be passing a number of services over to a Contact Centre in March 2004. The response repairs service is the key housing service to be transferred to the contact centre. Systems have been developed to enable the contact centre to deal with response maintenance requests. This includes, logging and arranging for an appointment to be made directly with the tenant. This will enhance the current service streamlining the process for making appointments. The contact centre will also be able to deal with follow-up enquiries on the status of a repair, and have the ability to provide information to applicants on their position on the housing register.

The Cambridge Local Office

Preparations are underway in preparation for the Councils move to Cambourne, a new village in the district, in May 2004. This will provide better customer facilities, and improve the efficiency of the service to tenants by enabling all staff to be based in one office. In conjunction with the move, a local office in Cambridge will be opened for customers who wish to access services in person and for whom the City is more convenient.

SeeMyData

The Council is purchasing and implementing SeeMyData (a software system) over a two-year period, to be completed in 2004/5. The implementation of this software system is underway and will enable tenants to access remotely their tenancy or application details. Tenants can interrogate their property records and see the status of their application through a secure Internet access system. This will allow them to check the progress of a repair or their position on the housing register without the need to contact officers. It is intended that this initiative will be developed to enable more tenants to utilise the facility through hardware that provides access to the Internet via their television.

Implementation of the GUI software system on Orchard

The Council has completed the implementation of the GUI version of Orchard, the integrated housing management software system. The system is a much-improved version with a user-friendly windows style, simplified functions for easy navigation.

Completion of the Security Survey for Sheltered Housing

In conjunction with the stock condition survey the Council has completed a comprehensive survey of the security measures in each of the properties in the Councils 45 sheltered housing schemes. This will be used in the coming year to inform the development of a programme for the improvement of security measures in Council homes. Tenants will be instrumental in developing the new 3-5 year programme and considering whether current policy should be revised and security measures offered to vulnerable tenants who are not in sheltered accommodation.

Energy Efficiency Initiatives for Councils Homes

Members have agreed to support the allocation of £25,000 to initiate a pilot scheme for the installation of solar panel heating systems in Council properties. In cooperation with the City Council, the Council is hoping to illustrate that alternative sustainable energy sources can be used without incurring large installation or maintenance costs.

The Planned Maintenance Programme

Impressive outturns have been achieved for the whole of the Planned Maintenance programme in recent years, following a review of procedures for the management and monitoring of the expenditure process. Specifically in relation to heating replacement and refurbishment expenditure (the key elements of the programme that contribute to the achievement of the decent homes standard) the achievements in recent years have been as follows;

	2000/ 01		2001/ 02		2002/ 03		2003/04	
	£(000)	Nos.	£(000)	Nos.	£(000)	Nos.	£(000)	Nos.
Heating Replacement:								
-								
Planned	522	130	450	112	650	162	800	200
Actual	532	133	441	110			1,076	269
Refurbishments: -								
Planned	120	3	2,200	52	2,850	67	2,300	56
Actual	290	7	2,196	52			2,360	48

*Figures are based on an assumed average cost of £4,000 per heating system and £42,000 for a full refurbishment

** Planned Expenditure based on revised estimate figure

BENCHMARKING PERFORMANCE

We assess tenants satisfaction of the repairs service on an ongoing basis. Efforts are also being made to improve the level and quality of tenant participation in the District. The Council operates a suggestion scheme for staff and tenants and has a corporate complaints scheme. Formal proposal for holding and evaluating training events was introduced for all staff last year.

We have undertaken visits for staff and Members to other councils, particularly those with Beacon status to see first hand examples of best practice and innovation. Where they have proved relevant these examples have been incorporated into local policy and practices.

We are hoping to join a benchmarking group with other local authorities for housing management, including repairs, in the autumn of 2004.

TENANTS' INFORMATION

Information for tenants is provided using a range of forms. Tenants who are part of the Tenants Participation Group have received periodic presentations on the Councils performance. The majority of tenants receive their information through the tenants' newsletter 'Key Issues', which is produced 3 times a year with a tenant on the editorial board. The Council annually produces performance data via a special newsletter and using the annual report. The Council will continue develop the web site and it is intended that in 2004/5 regular performance data for the housing service will be posted on the site for general access.

ACTION PRIORITIES

Monitoring Decent Homes

We are developing monitoring information for the planned maintenance programme. At the present time calculations are done based on the average cost of an element of work, In this way targets are measured against achievement according to the financial outturn at the end of the year. This is to be refined in 2003/4 through the implementation of the Planned Maintenance Module for the Council's housing software package will enable easy access to accurate numbers for each elements of work completed.

Regular meetings are held with contractors both on site and less frequently at management level. The local Neighbourhood Managers attend these meetings and liaise directly with tenants whose homes are being improved.

Performance on achievement of the decent homes standard is monitored monthly and reported on a periodic basis to Members and senior management. Regular budget meetings are also held with senior management and operational staff to ensure that progress is being achieved towards targets and that financial management and monitoring remains effective. Officers have a standing commitment to report on the progress towards partnership arrangements and the revision of the operational style of the planned maintenance programme.

The Options Appraisal

The Council is to undertake the housing options appraisal over the next 12 months. This will be a major exercise for the Council and it will incorporate;

- Tenant Empowerment Strategy
- Communications Strategy
- Housing Needs Study
- Stock Condition Survey
- Wide Stakeholder Empowerment and Participation
- Stock Options Evaluation
- Communication and Consultation

The Council is to employ an Independent Tenant Advisor (ITA) and a Lead Consultant to assist with this process. It is anticipated that the first draft report will be completed by the autumn of 2004.

Reorganisation of Technical Services

The Best Value review of response maintenance recommended that the response service should be integrated fully into the commercial services DLO. However, the implementation has been delayed due to a wider organisational review undertaken on behalf of the Council by Price Waterhouse Coopers. The final structure brought Environmental Health into the Housing Department in October 2003 along with Commercial Services. The final stage of the review will require the reorganisation of the technical services function to ensure effective and efficient use of resources on both the operational and management services, and to improve working arrangements.

BEST VALUE REVIEWS

Sheltered Housing

There is currently a review of the Sheltered Housing underway at a County level across Cambridgeshire. The review includes sheltered housing schemes in both the Council and Housing Association sectors. This is intended to assist with the application of the Supporting People regime and improve the allocation of funds, by highlighting where the need is greatest through an audit of services, and assessments for all schemes that currently receive care support to assist in their evaluation for prioritisation and allocation of future funding.

Allocations

A review of the allocations service is due following the introduction of a revised allocations policy in January 2003. The new policies accounted for the legislative changes but did not take a holistic look at the service. The review is needed to take a broad view of the current policies and processes and to revise these as required. It is an opportunity for the Councils to consider the option of introducing a choice based lettings approach.

6. Resources

THE HOUSING STOCK

The Councils main capital asset is the housing stock. The resource accounting valuation is shown below; - financial information to follow

Asset	Number as at April 2003	Valuation £000's as at April 2003
Council Homes		
Equity Share Properties		
Garages		
Total		

SUMMARY OF RECENT REVENUE AND CAPITAL EXPENDITURE

Financial information to follow, including realistic assessment of future capital and revenue resources.

SOURCES OF FUNDING

Rents and Charges

The Council continues to strive to bring rent increases within the rent restructuring guidelines set by Government and simultaneously to achieve rent convergence and target rents by the target year of 2012. Last year the rent increase was pegged at £2 with no inflationary rise to move towards target rents. Next year it is anticipated that the rent rise should fall in line with the Governments guidelines. Within the 10year period to the 2012 set target, the Council is expected to achieve target rents for most properties.

Supporting People

For the Council supporting people is predominantly relevant for sheltered housing units. There are a number of homeless hostels in the District but they are managed for the Council by local Housing Associations.

Sheltered housing stock consists of approximately 1,400 of the Councils 6000 total housing units. The average pooled support charge for South Cambridgeshire sheltered housing tenants is £6.50 per week. Members of the Council took the policy decision to waive the pooled charge for existing tenants. The non-supported element is charged at £5.50 per week.

In 2002/3 the introduction of Supporting People by the Government resulted in additional income to the Council of £189,000. The introduction and implementation of supporting people has been overseen by a Member Group on which the County and local Districts are represented. They have continued to meet and consider the ongoing implications of the regime and to agree policy to govern future management and monitoring policies. In 2003/4 in order to fund new supported accommodation initiatives and meet local need the Member Group recognised that agencies represented who gained from the introduction of supporting people should contribute to allow growth and development of supported housing. It was agreed that each organisation would repay into the fund an agreed percentage of the funding they had gained on introduction of the supporting people regime. The percentage to be returned by South Cambridgeshire is up to £80,000 in 2003/4. This equals 42% of £189,000, (the Council's total funding gain) which is also the percentage that £189,000 is of the whole supporting people funding pot for all agencies in the County.

Major Repairs Allowance (MRA)

The MRA is essential to Shire Homes programme of works and contributed around £3m to the Councils resources in 2003/4. All the MRA is utilised for capital expenditure, necessary major repairs and improvements to the housing stock. The remainder of these works are funded through revenue contributions.

Grants and Contributions

The Council only receives a small amount of funding from grants and contributions from central Government. Grant funding is received to support insulation of Council homes, improve thermal comfort and help reduce fuel poverty. Energy efficiency works to insulate Council properties with low SAP ratings provided £XX in 2002/3.

Other contributions include recovery of expenditure from drainage works. In 2003/4 the council increased the drainage budget by XX% to £XXX. This reflects a growing need to repair and upgrade old drainage works. Due to the mixed tenure effected by many of these failures and therefore the benefits provided to owner occupiers of repairs and upgrades, the Council seeks to ensure that the HRA expenditure is confined to tenanted properties, and appropriate recharges are levied to owner-occupiers.

Capital Receipts

The Council is anticipating the loss of substantial capital resources with the introduction by the Government of the capital receipt national pooling initiative that is shortly due to come into effect. For South Cambridgeshire this means that 75% of funds received from sale of housing properties (50% for sale of spare land), will go towards a regional pot to be distributed on a needs basis. The Council does not expect that local needs will be prioritised regionally to attract an equivalent amount from the regional allocation process. This will have substantial implications for local resources for affordable housing development and the Councils own capital improvement programme.

It is presently the Council's policy to use current year capital receipts to fund housing capital expenditure. The first call on this funding is the Councils Equity Share scheme. The scheme is unusual, as it does not apply to designated properties. As voids arise the Council repurchases the void properties, which may be re-let or resold. The allocation is determined through the Housing Register with the circumstances of the household determining whether it remains part of the scheme or is offered for rent. On current trends the scheme currently costs the Council approximately £2.5m per annum. Capital receipts secured through the scheme are not subject to the pooling process, and surpluses are all used for housing expenditure purposes. The capital receipts surplus achieved through the equity share scheme and income from other right to buy sales are essential for the Council to achieve the decent homes standard.

Capital Reserves

In the past the Council has allocated all capital receipts from property sales to housing expenditure. This has been varied in the last 18 months since the decision was made to fund the Councils substantial capital investment in electronic government from capital receipt reserves. In 2004/5 in order to limit Council tax rises, £1.8m of capital reserves will be utilised to finance general fund non-recurring revenue expenditure.

Surpluses

The Council retains a policy of maintaining a robust level of surplus. A guideline level of £1m balance is applied.

FINANCIAL POLICY

To follow

FUTURE FUNDING

To follow

PRIORITIES

Results from tenant consultation documents, and the stock condition survey has scoped our priorities for the coming year. As identified in the housing strategy, we have defined these challenges under 4 main categories encompassing working in partnerships, increasing the supply of affordable housing, addressing the decent homes standard and improving housing services and tenants' involvement.

The key priorities are reviewed on an annual basis with an update provided on outstanding areas. Formulating the relevant target and action plan is then established to ensure ongoing monitoring on delivery. The priorities for the year ahead are as follows:

- 1. Key Priorities for improving strategic partnership to assist in increasing the number of affordable housing**
 - Establish a full local strategic partnership

- 2. Key Priorities for Increasing the Supply of Affordable Housing**
 - Develop key workers housing policy
 - Increase the number of affordable units through s.106
 - Commence construction of Northstow
 - Develop more affordable housing at Cambourne
 - Identify locations for supported cluster flats for people with mental health problems
 - Identify locations and funding for supported accommodation for victims of domestic violence

3. Key Priorities for improving the conditions and standard of the housing stock and meeting the decent homes standard

- Improve Council housing to meet Decent Homes target by 2006
- Complete the stock options appraisal
- Review the internal decorations scheme
- Completion of the asbestos survey
- To install solar heating systems in as many properties as possible

4. Key priorities for improving housing service and tenants' involvement

- Provision of the integrated IT services between the DLO and Shire Homes
- Achieve final approval and appoint an OT for the housing service
- Review the tenants' handbook
- Provide performance information on the authority's website
- Establish procedures and IT systems for commercial services and housing maintenance
- Reduce the re-let time of empty properties
- Introduce a repairs appointment system for all areas
- Establish residents groups in all appropriate areas
- Monitor all housing related service
- Improve customer satisfaction on the repairs service

The actions required to meet these challenges contribute in formulating the delivery plan as outlined in Priorities for Action under section 7 as well as forming part of the housing strategy action plan. This plan gives details of the performance indicators and targets to be met, completion date and the area of responsibility this falls within. Each action therefore plays a specific role in contributing towards delivering the authority's Housing Strategy.

7. Action Plan

Objective	Completion date	Target and performance indicators	Key Responsibility
<i>Improving the conditions and standard of the housing stock and meeting decent homes</i>			
Completion of the Asbestos Survey Complete the remaining 50% of asbestos surveys for active management of the material and to ensure the safety of tenants and contractors.		To complete all surveys and install information on the property database.	
Review the Internal Decorations Scheme Review and revise the internal decoration scheme through tenants		Apply the revised scheme to the expenditure plans for 2004/5	
Complete the stock options appraisal		September 2004	
Improve Council Housing to meet decent homes standard by 2012			
Pilot Solar Panels Project To install solar heating systems in as many properties as possible within financial limits as a pilot initiative to test viability of large scale use of alternative energy sources		To install as many units as possible by April 2004	
Security Works Programme Addressing inconsistencies in security measures in the housing stock.		To install security units on the units considered to be most in need	

<i>Improve housing services and tenants involvement</i>			
Provision of integrated IT services between the DLO and Shire Homes Streamline operational processes through the DLO's adoption of the Orchard software module for contractors		The DLO to be operating with Orchard by July 2004	
Appointment of an OT to the Councils staff Achieve final approval and appoint an OT for the housing service		Appointment by July 2004	
Review the Tenants' Handbook To update and reissue the tenants handbook to all tenants.		Completion by March 2005	
Reinstate the Tenants Annual Report		To issue the Annual Report to all Tenants by July 2004	
Provide Performance Information on the Web Site Regular updated information on the housing service key performance indicators to be provided on the web site on the housing page.			
Establish procedures and IT systems for commercial services and housing maintenance (as per Housing strategy)			
Reduce the re-let time of empty properties(as per Housing strategy)			
Establish residents groups in all appropriate areas(as per Housing strategy)			
Monitor all housing related service (as per Housing strategy)			

Improve customer satisfaction on the repair service (as per housing strategy)			
Review of new maintenance works contracts process and procedures. This will ensure that the Council meets it's set target in an area that has previously under performed			
Review of the Council's allocation process The purpose of this is to ensure that the revised policy introduced in January 2003, is operating appropriately in all areas.			
<i>Increasing the supply of affordable housing</i>			
Develop key workers housing policy(as per Housing strategy)			
Increase the number of affordable units through s.106(as per Housing strategy)			
Commence construction of Northstow(as per Housing strategy)			
Develop more affordable housing at Cambourne(as per Housing strategy)			
Identify locations and funding for supported accommodation for victims of domestic violence(as per Housing strategy)			
Improving strategic partnership to assist in increasing the number of affordable housing			
Establish a full local strategic partnership(as per Housing strategy)			
Private Sector housing stock condition survey (As per housing need analysis above)			

8. Analysis of Options

The Council has a number of options available to it, in addressing both Government and local priorities specifically affecting its housing stock. All local government housing is required to meet the Government's decent homes standard by 2010.

The recent stock condition survey shows that nearly 20% of the Council's social housing stock falls below the decent homes standard, mainly due to central heating works. In addressing the non-decent element of our stock, we will consider the following options:

- target investment to meeting the decent homes standard
- consider extra investment to improve stock above the decent standard as additional landlord priorities. These works would reflect the desires expressed by tenants
- aim to achieve the decent standard by 2006, as well as an element of the works expressed by tenants as an additional requirement. This is 4 years before the required deadline of 2010.

In addition to meeting the decent homes standard, a key priority for the authority, as evidenced in recent consultation exercises undertaken, is to increase the provision of affordable housing. To assist us in achieving this, we would improve our strategic position by working in close partnership with other local social housing providers, such as Registered Social Landlords (RSLs).

The way we propose to do so is outlined in the Housing Strategy. This demonstrates our strong commitment to pursuing the regional and our local housing priority of increasing the level of affordable housing in the area.

THE OPTIONS

The Community Plan published by the ODPM, confirms that additional funding might be available to authorities should they consider the following options in meeting the longer term funding needs of their housing stock:

- Stock Transfer
- Private Finance Initiatives (PFI)
- Arms Length Management Organisation (ALMO)

The above options will be considered alongside the option of retaining both the ownership and management of our stock.

Residents will be consulted on their preferred options during the Option Appraisal process that is soon to proceed. This should determine the most appropriate option for the authority's housing stock after the evaluation and consultation process is completed.

STOCK TRANSFER

Current and previous Governments have advocated the option of authorities separating their strategic housing role from their operational responsibilities in determining the future of their housing stock. Our financial strength has meant that there has been no need to seek additional resources to address the housing investment required. This position may however change.

As evident from the recent stock condition survey, the continued planned maintenance of the housing stock has seen the quality of the stock maintained at a reasonably high level. Stock transfer has therefore not previously been considered a priority by the Council or the tenants' compact. Consultations and surveys undertaken to date has indicated a general satisfaction with both the condition and management of the stock.

We however recognise the potential benefit of transfer in some cases, particularly in relation to considering the future of unpopular sheltered accommodation for instance. Transferring the ownership to another social landlord in such cases may be a preferred option for tenants as well as the Council.

PRIVATE FINANCE INITIATIVE (PFI)

PFI involves contracting the future repair and management of the housing stock to a third party for a long period, usually 30 years. The ownership of the stock remains with the authority. The Option Appraisal evaluation will consider PFI as a potential option in determining the long-term viability of the stock. We have to date not considered bidding for PFI funding for any of our housing projects. The potential benefit generated over the 30-year management period will have to be considered in the light of other options in the option appraisal process.

However, the recent changes allowing housing PFI to be considered for new build schemes, may deem it an appropriate option for generating additional funds to address the increased need for affordable housing in South Cambridgeshire. This is particularly given the termination of the Local Authority Social Housing Grant (LASHG) programme.

ARMS LENGTH MANAGEMENT ORGANISATION (ALMO)

ALMOs would allow us to retain ownership of our housing stock, whilst transferring the operational responsibility to an independent organisation purposely set up by the Council. As an incentive, additional funding is provided by the Government in the form of ALMO credits. The amount of credit received is sufficient only to allow the authority to meet the minimum decent home standard costs. We will be assessed and expected to meet certain key criteria, one of which is a minimum housing two star inspection rating.

Neither the tenants nor Council have considered this as an alternative option for the housing stock. Shire Homes was established by the Council as a housing management arm in response to the Compulsory Competitive Tendering (CCT) policy. This structure is similar to that of an ALMO.

A full analysis of the potential costs and benefit of each of the above options will be evaluated as part of the Option Appraisal exercise. We will undertake further consultation and surveys of residents, members and officers on the most appropriate option for the authority to pursue. These will be considered alongside the option of the Council retaining the housing stock.

9. HRA Budget Projection

To follow

Appendixes

- a) **Document Reference Index**
To follow
- b) **Glossary of Terms**
To follow