

South Cambridgeshire  
District Council  
HRA Business Plan  
2004/5 - 2008/9

## HRA Business Plan 2004/5 – 2008/9

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## **1. The Business Plan in Context**

### ***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-Stansted-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 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 Councils 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:

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 average house price was £206,000.
- The average household income is £31,947 and 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. However, salaries at the high end of the range have a distorting effect on the average with the overall picture showing a polarisation of household incomes. According to recent figures, the median or mid point income in the area is only £17,400.
- 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 provides a household rental affordability of £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**

### Housing Needs Survey Data

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 209 number of new affordable, key sector and general needs homes being built in the South Cambridgeshire area. In addition, the 2002 Housing Needs Survey 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. The Council have a five-year rolling programme of parish housing needs surveys and map housing sales in accordance with the Inspection of Property Sales. In 2004 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.

### Housing Register Information

The table below indicates the total number of applicants on the Housing register on 1<sup>st</sup> April in recent years.

Year	2000	2001	2002	2003	2004
Number on the Housing Register	2870	1500	1733	2207	2915

The number of households on the register reduced in 2000- 2001 due to a review of the list that required applicants to reapply with their current details. As a consequence a significant number of applications were not reregistered as applicants had found alternative solutions to their housing problems.

Since January 2003 the Housing Register has been open to applicants without a local connection with the South Cambridgeshire District. This has increased the number of applications registered each month and the total number of applicants register was 2,915 on 1<sup>st</sup> April 2004.



The breakdown of applications shows that the majority of need is for 2 bedroom properties, and is shown in more detail below. The need for small family homes reflects not only demographic trends but the lower proportion of this type of property in the Councils housing stock.

Type of Property Required 1 <sup>st</sup> April 2003	2 Bedroom Property	3 Bedroom Property	More than 3 Bedrooms
Number of Properties Required	1882	299	26

## **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 vision of the District laid out in the Community Strategy for 15 to 20 years time develops the positive aspects, which exist already, and has addressed those aspects of village life that currently cause most problems. The vision can be broken down into 6 aims;

1. Good access to services and information
  - improved access for all sections of the community through community transport provision and improved local services.
2. Safe, healthy, and active communities
  - working with residents in local communities, and with the voluntary and community organisations which support them.
3. Quality homes for all
  - developing new affordable homes to meet local needs, and improving housing standards.
4. A successful, inclusive economy.
  - a sustainable local economy with growth, jobs and skills that benefit everyone.
5. A high quality environment
  - protecting and improving the countryside and our natural and built heritage, assisting access to it, and reducing the effects of waste and greenhouse gas emissions.
6. The creation of new communities in large developments.
  - working in partnership to develop integrated services, and creating communities with their own identity which enhance the district.

In more detail those areas of the Community Strategy that are most relevant to the Business Plan are identified below;

- 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 Council works with partnership housing associations to achieve nominations that meet housing need but also represent the community mix. Through the generation of balanced communities crime levels and the fear of crime can be managed.
  - 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. This cross agency group works to ensure proper provision for ex offenders and is seeking to secure better and more suitable accommodation that meets the particular needs of this high risk client group.
  
- 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. 8-12 Tenants are members of the Tenants Participation Group and approximately 40 are members of the local village groups.

## **CORPORATE PLANNING PRIORITIES**

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 5year strategy is designed to allow achievements through fundamental changes implemented in the early stages of the strategy, and sets out the long-term objectives to respond to the changes facing South Cambridgeshire in future years.

The Strategy is focused around 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, Corporate Performance Assessment, Stock Options Appraisal, progressing towards the Government's 2005 deadline for the completion. Due to this pressure the Council has agreed to prioritise the annual priorities to areas that are time critical and essential for the 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 Housing Revenue Account 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, 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, the corporate objective of a quality village life through a 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. The wider goals of improvements to health and reduction of crime, that fall within the Community Strategy and the Corporate objectives are addressed through **Section 6** the **Action Plan** and as part of specific examples given in relation to commentary on the Community Strategy objectives.

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
<b>Total</b>	<b>105</b>	<b>159</b>	<b>150</b>	<b>574</b>

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 Registered Social Landlords to attract funding, and maximising the use of our existing stock.

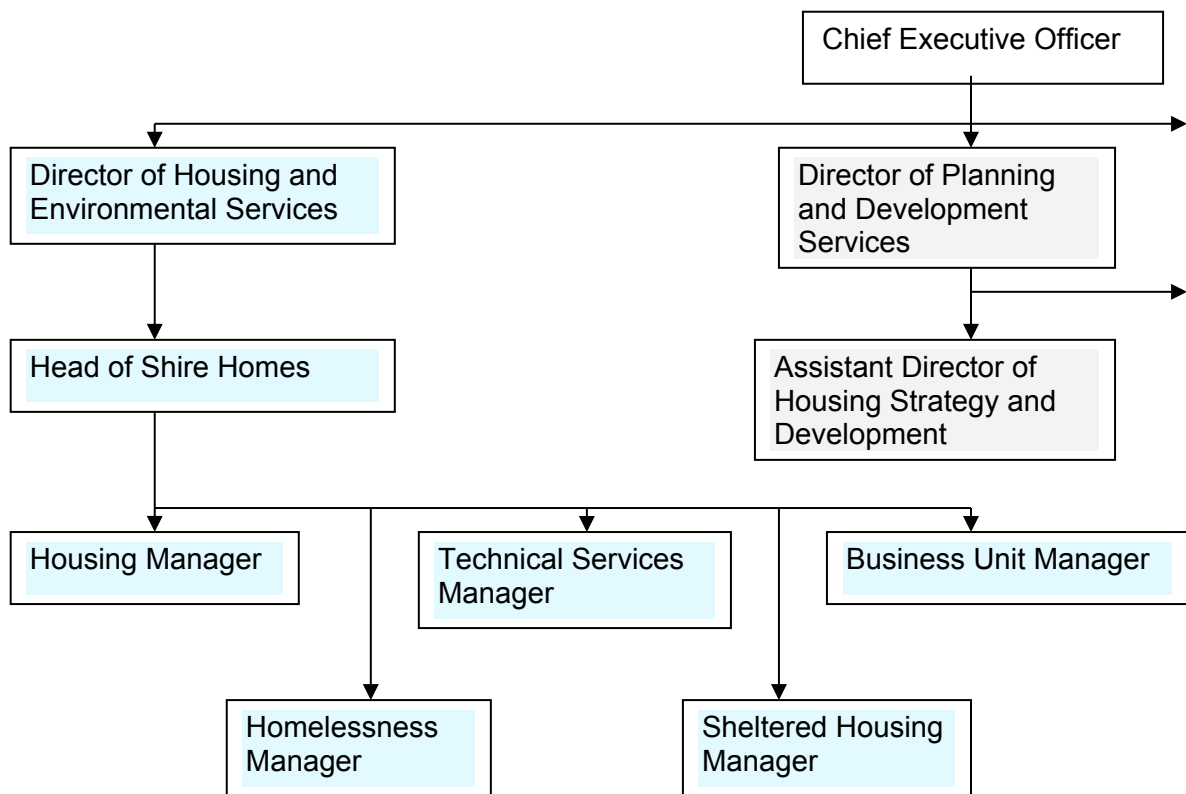
To ensure the efficient use of the Councils housing stock to meet local need, Shire Homes carefully manages the lettings process and strives to achieve mixed and sustainable communities in the villages of South Cambridgeshire. Through the provision of information and guidance to tenants, it is intended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

## **SHIRE HOMES**

Shire Homes incorporates all of the Housing Revenue Account (HRA) functions as well as the Homelessness Service. Shire Homes was established by the Council in response to the Compulsory Competitive Tendering (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;



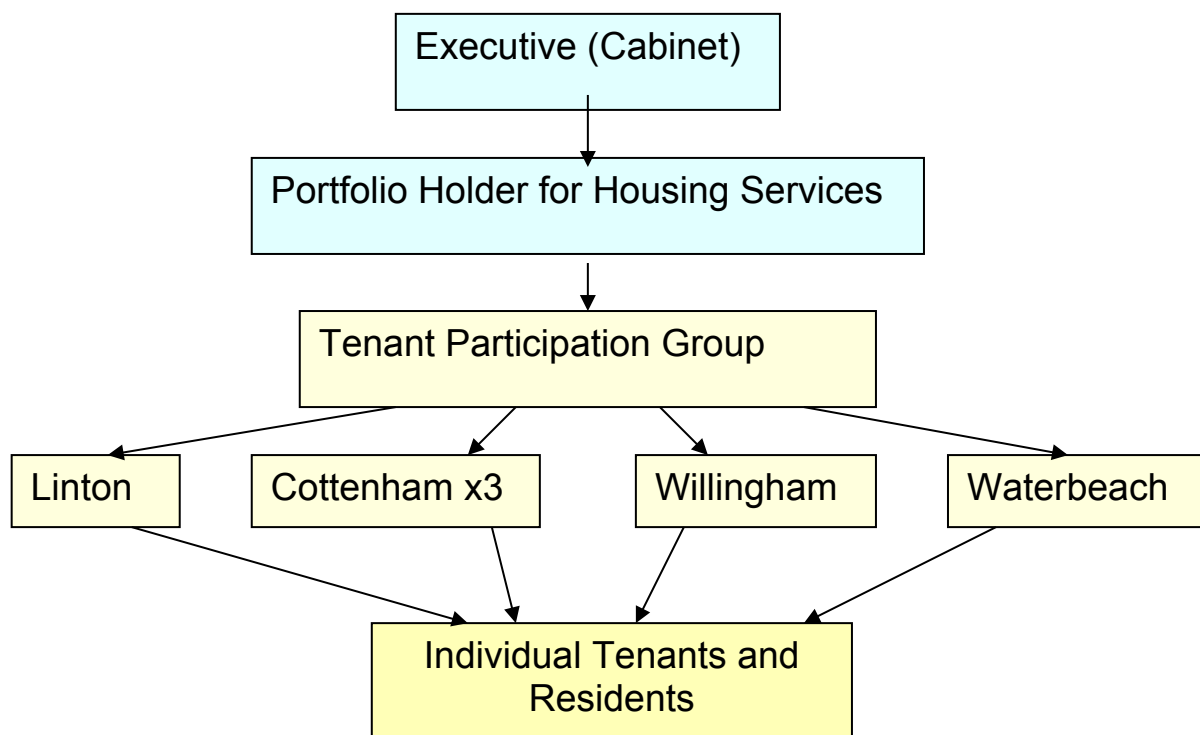
A further change initiated by the review is the integration of the Commercial Services and the Housing and Environmental Services within one department. The reorganisation of function within this new department is yet to be finalised but will aim to closely integrate the DLO function with Shire Homes.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

The Council operates a Continuous Improvement Plans (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.

## 2. 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**



The diagram above demonstrates the structure of tenant participation in the District.

The Tenant Participation Group comprises of 8-12 members of which 6 form the Tenants Options Appraisal Core Group. The area groups have between 40-60 tenants and residents involved on a regular basis District wide. Involvement extends to include tenants equity share owners, owner occupiers, and young people.

Over the next 12-18 months extensive consultation exercises are planned in relation to both the Options Appraisal (due for completion in July 2005) and a review of the Sheltered Housing service. It is anticipated that these projects will widen tenant involvement and engage a broader spectrum of residents into the process of specifying the Councils services for the future.

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. Over the last two years attendance at the Open Day has risen and corporate involvement has increased.

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 tenant consultation framework will be considerably enhanced in the coming months with the development of a Tenant Empowerment Strategy, driven by the Stock Options Appraisal, which will be completed by July 2005. The Council has appointed an Independent Tenant Advisor, T.P. Consultants to support tenants through the process.

### ***TENANT PARTICIPATION RESOURCES***

Over the last 3 years the Council has sought to increase the profile of tenant participation through investment and development of the service. Due to the nature of the District groups incorporate residents and leaseholders to represent the village community as a whole.

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

The tenant participation budget has increased and expended to include operational elements of expenditure where tenants will have a prominent role in future policy. The allowance for tenants groups will enable growth in the number of groups and the scale of the tenants consultation work. The cost of consultants recommended by Government for the Stock Options Appraisal is also incorporated in the budget for 2004/5. The net result is that in 2004/5 the tenant participation budget is £203,400 compared with £120,090 in 2003/4.

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, and providing them with the opportunity to network with tenants from other local authorities.

## **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 supported the proposal that the broad scope of the current programme be maintained. Tenants were keen that the Council retained the refurbishment programme and continued to renew kitchens and bathrooms that require replacement. This will achieve a 'just in time' approach to avoid properties failing the decent homes standard. It will also help to ensure that as well as achieving the decent homes standard by 2006 the Council is avoiding a backlog of improvements of facilities in tenants homes.

The Council has chosen to retain a high quality specification for refurbishments and voids. The South Cambridgeshire standard exceeds the decent homes standard and incorporates external works and redesign of properties as appropriate. The decent homes standard is recognised as the minimum requirement.

Decent homes may have been achieved within 12 months through a concentrated focus of investment. However this could not be reconciled with maintaining a broader programme of works. Therefore, it was necessary for the Council to extend the period for meeting the decent homes standard by 2006. This will be achieved by targeting the heating replacement programme to those systems in most urgent need of replacement. The decision also recognised problems of contractor availability and existing contractual commitments. This effectively 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)

### **3. 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. In this way approximately 400 properties will be surveyed annually. A further 500 properties will be surveyed annually during the asbestos surveying exercise that is due to take place in order to meet the Councils health and safety obligations to manage asbestos in tenants homes.

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 in April 2002 at the commencement 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 survey found that the Council had 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 £27.152m, exceeding the amount needed to meet the Decent Homes target which is £21.060m.

### Stock Breakdown by Archetype, Age and Number of Properties

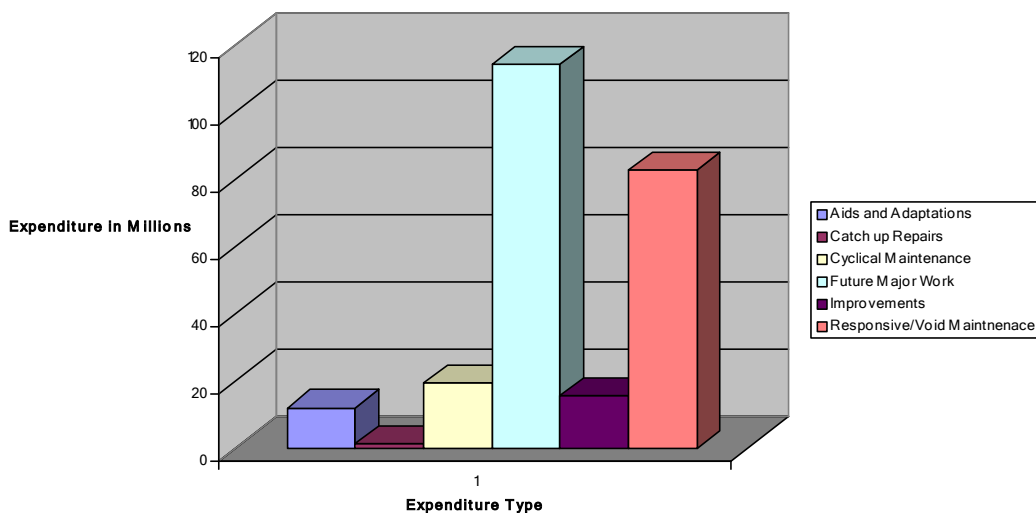
Type	Age	Number
Bungalow	Pre 1945	35
Bungalow	1945 – 1964	636
Bungalow	1965 – 1974	750
Bungalow	Post 1974	1384
Flat	Pre 1945	7
Flat	1945 – 1964	41
Flat	1965 – 1974	187
Flat	Post 1974	107
House	Pre 1945	1025
House	1945 – 1964	1176
House	1965 – 1974	322
House	Post 1974	422
<b>Total</b>		<b>6092</b>

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 30 year 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 upgrading heating systems. This has seen the average SAP rating improve from 55 to 60 over the period. The data that informed the installation and upgrade programme of works has been provided predominantly by the Councils heating installation and servicing partners who have information that is updated on a regular basis via the annual servicing programme.

A programme of surveys to identify asbestos in the Councils 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 programme for the demolition of sheltered housing bed-sit properties to be redeveloped according to local needs and demand.

### ***THE DECENT HOMES STANDARD (DHS)***

In July 2000 the Government established a target to;

- ensure that all social housing meets set standards of decency by 2010"
- reduce the number of households that do not meet these standards by a third between 2001 and 2004

The 4 criteria given below encapsulate the definition of the 'Decent Homes Standard'

- Meeting the minimum statutory standard  
Dwellings below this standard are defined as unfit under section 604 of the Housing Act 1985, (as amended by the 1989 Local Government and Housing Act).
- Reasonable state of repair  
Dwellings will fail this test if one or more of the key building components are old and because of their condition, need replacing or major repair **or**, Two or more of the other building components are old and because of their condition, need replacing or major repair.
- Modern facilities and services  
Dwelling will fail this test if they lack 3 or more of the following;
  - Modern kitchen – under 21 years
  - Kitchen with adequate space and facilities
  - Modern bathroom – under 31 years
  - Appropriately located bathroom and WC
  - Adequate insulation against external noise (where noise is a problem)
  - Adequate size and layout of common areas for blocks of flats
- Provides Reasonable Thermal Comfort  
Dwellings must have both effective insulation and efficient heating.

The Council has adopted a South Cambridgeshire standard approved by the Portfolio Holder and subject to consultation with tenants. This standard is attached as Appendix B and incorporates the standard for both refurbishments and voids. Although not easily measurable it is evident that the Councils refurbishment programme is improving the street scene and desirability of Council homes and work to improve parking and lighting facilities has reduced levels of crime in some areas.

The decent homes standard represents a minimum standard and can be exceeded. If a tenant refuses the offer of improvements to their home the Council is not expected to complete them against their wishes but to wait until the property becomes void to carry out the works. Environmental and security works do not form part of the standard but the Council will carry out this type of works as appropriate, in accordance with the local standard (Appendix B).

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. 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.

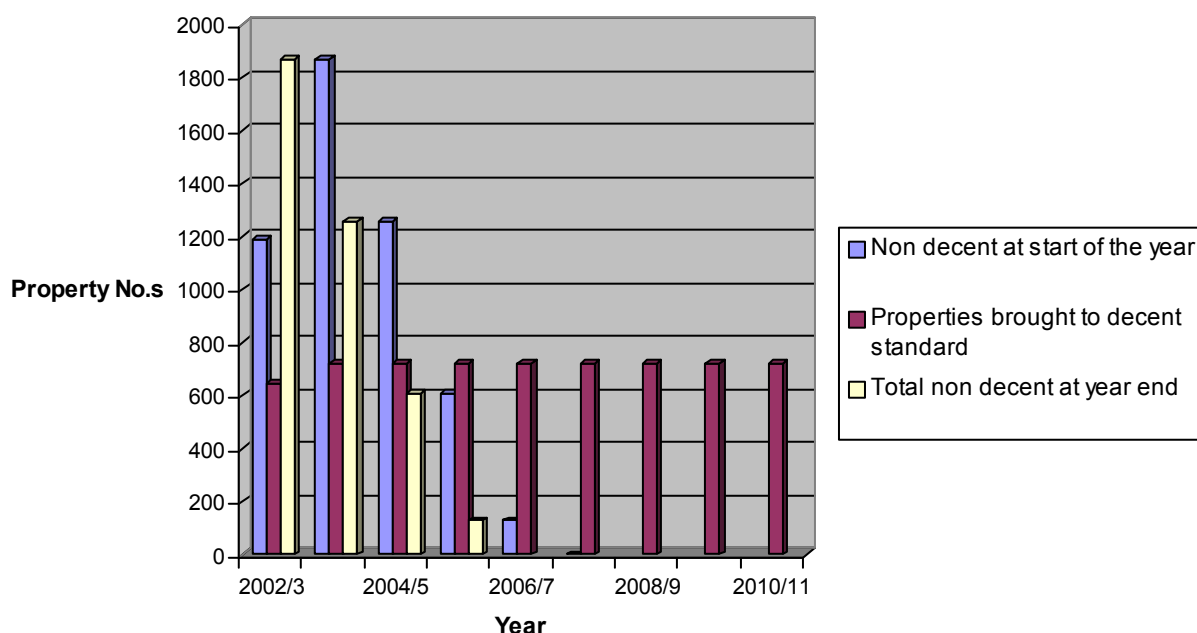
<i>Archetype</i>	<i>Fails to meet minimum standard</i>	<i>Is not in a reasonable state of repair</i>	<i>Lacks modern facilities</i>	<i>Fails thermal comfort test</i>	<i>Total number of non decent homes</i>
<i>Post 1945 Low Rise Flats</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67</b>	<b>67</b>
<i>1945-64 Traditional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



The Council is focusing its efforts on replacing heating systems and improving systems that offer 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 projected value of the future programme also implies that the Council will be in a position to pre-empt properties falling below the standard in 2007.

### Achieving the Decent Homes Standard



Although the target of 2006 is considered to be realistic, it does represent a challenge for 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 cost of the decent homes works represents the following percentage of planned works over a 5 year period.

<b>Year</b>	<b>Planned Expenditure (£000s)</b>	<b>DHS Expenditure (£000s)</b>	<b>Proportional Percentage</b>
2002/3	6,711	5,400	80%
2003/4	5,939	4,580	77%
2004/5	5,885	4,580	77%
2005/6	4,461	3,250	73%
2006/7	4,156	3,250	78%
<b>Totals</b>	<b>27,152</b>	<b>21,060</b>	<b>77%</b>

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 Orchard housing software '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 Orchard housing software '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.

## **4. The Housing Service/Current Performance**

### Recent Service Expenditure (000's)

Description	Detailed Description	2002/3	2003/4	2004/5
<b>Response Repairs</b>				
Day to Day Repairs		2,926	2,671	2,634
<b>Planned Expenditure</b>				
Cyclical Maintenance		1,201	950	1,000
	Cyclical Maintenance	418	300	300
	Heating Servicing	791	650	700
Future Major Works		4,426	3,923	4,000
	Improvement of Non-traditional Properties	489	713	500
	Full Refurbishments	3,276	2,360	2,300
	Heating New and Replacement	661	850	1,000
Improvements		403	325	450
	Parking	106	95	100
	Insulation	144	30	100
	Asbestos Removal	153	200	250
Planned Total		6,030	5,198	5,450

The above table provides a summary of recent planned and response expenditure on services within the HRA. The table illustrates the attempt to manage growth in repairs costs but also to maintain the balance between response and planned expenditure. Until recently the Council has achieved a split of 70% planned and 30% response expenditure. This reflected the high level of expenditure on housing improvements and most recently the refurbishment and heating installation programmes. With the contraction of service spending the balance of expenditure has shifted and proportionally increased response 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 planned, response split was 60% to 40% respectively. Projected expenditure for 2004/5 will result in a 54/46% split.

The ongoing planned 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 following 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 standard for thermal comfort.

The satisfaction of tenants is currently measured through a postal survey conducted following all response maintenance work. A similar system will form part of the requirements of the new heating servicing contract that will commence in April 2004. 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 overleaf for 2003/4 is the projected outturn three quarters of the way through the year. The asterix's next to the Council's performance provide an indication of the 'star rating' achieved and 4\* indicates that the Council has achieved the upper quartile level, or the equivalent to the highest 25% performance rating in the country. Some upper quartile figures are not available as the targets are local and have no national comparators.

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 (CIP's) for the housing service;

## Housing Service Performance Indicators

#	Description	2002/3		2003/04		2004/5	2005/6	2006/7
		Actual	Upper Quartile	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)	87% ****	86%	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	63	60	60	61	62	65
BV185	The % of appointments made which the authority kept	77% ****	57%	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	18.9% ****	20%	15%	15%	10%	10%	5%
BV184b	Planned Annual Change	57.4% *	22%	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 large volume of works undertaken on void properties. The Council's 10 year planned maintenance programme that commenced in 1996 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 upgrading. 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 £3200, which is considerably lower than it has been in previous years but remains too high.

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. This has had some impact but further improvements in performance are necessary.

### 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 computer system is under review to ensure that emergency jobs that require a second visit for completion of works, i.e. a broken window that has been boarded up and needs glass fitted, is treated as a completed emergency job and does not remain outstanding.

With regard to non-urgent jobs, the time taken to complete jobs has been overstated due to a number of duplicate jobs on the system that run over time. This has meant that the Council will probably be unable to achieve its target this year but the system is under review for next year. 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 has been revised as part of the review of the 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. Initially the Contact Centre will accept repairs and log them before passing them to the back office for approval. They are then passed to the contractor.

In time additional service enhancements will be incorporated including logging a repair and arranging for an appointment 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 remotely access 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. The Council will develop this initiative 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, and simplified functions for easy navigation. The improved system enables Officers to enhance the service to tenants with regard to speed and accuracy.



## Completion of the Security Survey for Sheltered Housing

In conjunction with the stock condition survey the Council has completed an in-house 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.
<b>Heating Replacement:</b>								
-								
Planned	522	130	450	112	650	162	850	200
Actual	532	133	441	110	661	250	850	210
<b>Refurbishments: -</b>								
Planned	120	3	2,200	52	2,850	67	2,360	56
Actual	290	7	2,196	52	3,277	78	2,300	55

\*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 procedures for attending and evaluating training events was introduced for all staff last year.

The Housing Service Performance Indicators table on page 29 provides details where available on the upper quartile for best value performance indicators. This highlights the Councils comparatively good performance in relation to a number of key performance indicators. BV74 for the satisfaction of tenants with the service achieves a four star rating as does the number of appointments made and kept for the repairs service. Particularly relevant to the Business Plan the Council achieved four stars for the low number of properties that fall below the Decent Homes Standard, reflecting the level of investment made into improving the stock in recent years. The annual change in the level of properties the fail to meet the standard is poor in 2002/3 as the failure rate is particularly high in that year, but reduces in 2003/4 when the target is 25%.

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 in a range of forms. Those tenants who are members 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, or annual report, and will continue develop the web site. 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 on site and periodic management meetings are used to monitor the contract. 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 in 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 and the Housing Department together along with Commercial Services, to form the Housing and Environmental Services Department in October 2003. 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 of 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 need is greatest through an audit of services.

Assessments have been carried out by all organisations participating for all of their sheltered housing schemes. A Quality Assessment Framework (QAF) analysis has been undertaken by the Council to evaluate the policies and procedural arrangements in operation in the sheltered housing service. This has given a D rising to C score and an action plan has been developed to bring the score up to a uniform C for all criteria over the coming 12 months.

The Starfish model has been applied for the individual appraisal of the quality of service for each scheme. This assessment allows the unique feature of each scheme to be appraised and evaluated.

The collation and analysis of the cross county information is currently being carried out by consultants and the results will provide a countywide picture of service provision, and its' cost and quality. This will highlight where value for money is good and quality is high. It will also indicate where there may be gaps in the service or over provision. This will assist with the prioritisation and allocation of future investment and supporting people 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 Council to consider the option of introducing a choice based lettings approach.

## **5. Resources**

### ***THE HOUSING STOCK***

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

<b>Asset</b>	<b>Number as at April 2003</b>	<b>Valuation £000's as at April 2003</b>
Council Homes*	5,998	386,374
Garages	1,168	1,507
Other	0	2,474
<b>Total</b>	<b>7,166</b>	<b>390,355</b>

\*Includes Councils portion of Equity Share properties

The total vacant possession value of the homes on 31<sup>st</sup> April 2003 was £679,726,000

### ***SUMMARY OF RECENT REVENUE AND CAPITAL EXPENDITURE***

		<b>ORIGINAL ESTIMATE 2002/3 £000</b>	<b>REVISED ESTIMATE 2002/3 £000</b>	<b>ACTUAL 2002/03 £000</b>	<b>REVISED 2003/04 £000</b>
<b>REVENUE</b>					
Expenditure		41,780	43,469	42,527	37,641
Income		(41,164)	(43,264)	(42,697)	(36,696)
(Surplus)/Deficit		616	194	(170)	945
Balance Brought Forward @ 1st April		(2,868)	(3,459)	(3,459)	(3,629)
Balance Carried Forward @ 31st March		(2,252)	(3,265)	(3,629)	(2,684)
<b>CAPITAL</b>					
Expenditure		9,897	9,447	10,113	10,153
Financing Adjustment		0	0	185	0
Total to be Funded		9,897	9,477	10,298	10,153
<b>Funding</b>					
Capital Receipts		6,915	6,457	7,285	7,200
Major Repairs Allowance		2,938	2,938	2,937	2,933
Grants and Contributions		44	44	76	20
Total Funding		9,897	9,439	10,298	10,153

The table above provides a summary of recent revenue and capital expenditure over the last two years. The accounts for 2003/4 are currently being closed and will be presented to full Council in August 2004. Overall the variance of income and expenditure against estimates is small, below 2%. Where the variation is above this level explanations are given below.

In 2002/3 the level of income and expenditure increased by up to 4% between the original estimate and the revised estimate. This was due to the effect of the capital charges and the cost of capital adjustment following the upward re-evaluation of HRA property assets. The variance between the revised and the actual expenditure was due predominantly to an under spend on the staffing budget. The 7% overspend on the capital budget for actual expenditure over the revised budget was caused by an acceleration of works to refurbish the housing stock, in response to the good weather towards the end of the financial year.

## ***SOURCES OF FUNDING***

### Rents and Charges

The Council continues to strive to bring rents in line with the guideline levels set by Government and simultaneously attempt to achieve rent convergence and target rents by 2012. Last year the overall rent variance was pegged at £2 with no inflationary rise. In 2004/5 the average rent rise has been set at 50 pence and therefore will be below inflation. This will achieve a movement on rent levels towards the guideline rent. Over the next 10 years to the 2012 target, the Council expects 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 Council's 6092 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 this charge for existing tenants. All tenants pay £13.42 per week for the sheltered service.

In 2003/4 the introduction of Supporting People by the Government resulted in additional income to the HRA 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 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 funds to allow growth and development of supported housing. It has been proposed 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 HRA is up to £80,000 in 2004/5, 42% of £189,000, (the Council's total funding gain).

For 2004/5 the Government have not increased the amount that will be eligible for financial aid, for those entitled to benefit. The Council has therefore decided not to increase support charges to tenants, as it would be administratively complex and costly to charge a different amount to the recoverable figure.

#### 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 type expenditure, necessary major repairs and improvements to the housing stock. The remainder of these works are funded through capital receipts.

#### 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. A small amount of grant income has been achieved in relation to HEES for insulation improvements.

In total grants accounted for a contribution of £66,000 to the HRA in 2002/3, in 2004/5 this is expected to reduce to £30,000 as first time heating installations are almost complete. .

#### 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 as a debt free authority this means that 75% of funds received from sale of right to buy properties, will go towards a regional pot to be distributed on a needs basis. 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 Council's 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, but the income from the scheme provides a capital receipt of approximately £3m. Capital receipts secured through the scheme are not subject to the pooling process, and surpluses are all used for housing expenditure purposes. Any capital receipts surplus achieved through the equity share scheme and income from other non right to buy sales contribute to the achievement of the decent homes standard and have been allocated for this purpose in the capital programme.

### 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 Council's 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 expenditure.

### Working Balances

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

## **FINANCIAL POLICY**

### Rents

The Council is trying to restrict rent increases in order to bring them down to guideline levels. In previous years the Council has not been a beneficiary of housing subsidy and a negative housing subsidy payment was made annually. Following the transfer of housing benefit into the general fund the HRA will now suffer financial penalties if rent increases are levied above the guideline rent level.

The Council remains committed to achieving target rents by 2012 but also to trying to follow annual guideline rent levels. It is anticipated that target rents will be achieved for most properties by 2012.

Members wish to achieve a stable rent increase and this is achievable in relation to average rent increases. However, the variations to individual householders rents could fluctuate significantly year to year, undermining any attempt to level rent rises for tenants.



## Capital Expenditure

HRA capital expenditure is funded from the MRA and capital receipts. It is the Council's general policy to avoid revenue contributions to capital expenditure. The latest proposed capital programme does not involve any revenue funding. This is illustrated in the table in **FUTURE FUNDING** (page 43)

The agreed capital programme runs from 2004/5 to 2006/7 and utilises surpluses from previous years to fund HRA expenditure. In April 2007 the Council expects to have reserves of 14m capital receipts remaining, which could fund the final 2 years of the detailed programme within the HRA Business Plan. The surplus is drawn upon at approximately £4m per year until the £14m has been used. At this point the Council must rely on the residual capital receipts after pooling and MRA. The impact of this is that the Council reduce the programme from approximately £7m per year for the next 5 years to 4 million per year from then on.

This has implications for the sustainability of the decent homes targets. However the fact that the stock is in overall good condition and that the Council will achieve decent homes standard by 2006 lays a good foundation for sustaining decent homes for the foreseeable future even with a restricted programme of capital works.

## Revenue Expenditure

The **HRA BUDGET PROJECTION** (Appendix A) demonstrates that in 2005/6 there is a requirement to reduce revenue expenditure by £800,000 in order to maintain a balance of approximately £1m. This will be achieved predominantly by reducing the cost of voids to make better use of capital funding on large voids and also to improve turnaround times by reducing the average cost of a void below the current level of over £3,000.

The assumptions in Appendix A remain the same year on year until 2009/2010 when an additional amount of approximately £300,000 is taken from the repairs maintenance budget to enable the balance of just under £1m to be achieved.

## Management Costs

The general housing stock is reducing by approximately 1% per year due to sales and disposals, for redevelopment and other asset management purposes. In recognition of this there is an annual 1% real cost reduction in general stock management costs built into the HRA forward projections. This will be achieved by a variety of methods across the revenue expenditure portfolio. In relation to staff costs vacancies will be evaluated to achieve savings through natural wastage over a period of years.

In line with plans for the sheltered housing service and the eventual closure of 46 bed-sit units and 7 flats on 4 sheltered schemes the management costs including support, for this service have been estimated to reduce by 2% in coming years. In 2004/5 support cost increases are restricted by the level of Government funding available through Supporting People. An inflation increase in funding from Government has not been applied therefore giving greater urgency to the close scrutiny of service costs.

These issues were touched upon by the County-wide Sheltered Housing Best Value Review recommendations and will be addressed further by the local review and service consolidation that will follow over the next 12 months.

#### HRA Balances

A £1m balance is maintained on the HRA as a matter of policy. This figure is deemed sufficient to allow for unforeseen commitments and represents a reasonable margin given the value of the account is approximately £20m (net of notional cost of capital charges).

#### Grants

The Council seeks to gain grant funding wherever possible. A small amount of grant income has been achieved in relation to HEES for insulation improvements. Grants accounted for a contribution of £66,000 to the HRA in 2002/3, in 2004/5 this is expected to reduce to £30,000 as first time improvements are almost complete.

#### Recharges

Council policy is to recharge as appropriate wherever possible. This predominantly relates to repairs and improvements to shared facilities like drainage systems that benefit private owners as well as Council tenants.

### ***FUTURE FUNDING***

The projected capital programme assumes expenditure and income of approximately £3m per year to the Equity Share Scheme. The first 3 years of the projected programme assumes use of capital reserves in order to enable the housing stock to achieve the Decent Homes Standard. After 2010 the programme is estimated to be sustainable from in year resources at the level of £7m per annum. This includes £3m from the MRA, £3M from non right to buy receipts (i.e. mainly Equity Share sales) and £1m from the 25% of right to buy capital receipt that will be left to the Council.

The table below shows the expenditure against funding sources for the future, including three years to 2006/7 of the agreed programme and then projections to extend the data to offer a 30-year financial profile.

PROJECTED CAPITAL PROGRAMME	ESTIMATE	ESTIMATE	ESTIMATE	TOTAL FOR 3 YR PROGRAMME £000	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE	FUTURE YEARS TO 2034/35 £000
	2004/05 £000	2005/06 £000	2006/07 £000		2007/8 £000	2008/9 £000	2009/10 £000	2010/11 £000	
<b>EXPENDITURE</b>	10,175	10,655	11,120	31,950	11,000	11,000	11,000	7,000	7,000
<b>SOURCES OF FUNDING</b>									
Capital Receipts	7,121	7,580	8,046	22,747	8000	8000	8000	4000	4000
Major Repairs Allowance	3,010	3,045	3,044	9,099	3000	3000	3000	3000	3000
Grants and Contributions	44	30	30	104	0	0	0	0	0
Revenue	0	0	0	0					
	<u>10,175</u>	<u>10,655</u>	<u>11,120</u>	<u>31,950</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>7,000</u>	<u>7,000</u>

## Rents

Rents are expected to rise through the application of rent restructuring even within the guideline rent limitations. This will achieve a growth in income above the level of inflation.

## Capital Receipts

Historically this represents a major future source of income, as illustrated in the table above. Income is committed wherever possible to fund capital expenditure on the stock or new affordable housing projects.

In 4 years the Council will be fully affected by the pooling requirements and expects to experience a net loss of funding as 75% of capital receipts from right to buy sales are contributed to the central pool. In the interim as the taper applies for the transfer of the full 75%, the difference between the full amount and the interim contribution will be used for housing capital expenditure.

The table shows that over £23m of capital receipts will be spent in the HRA approved capital programme in the 3 years 2004/5 – 2006/7. The funding required for the current level of the housing service as a whole will not be sustainable in the long term due to the capital receipts pooling regime.

## Major Repairs Allowance (MRA)

The Council receives approximately £3m MRA funding each year and this is used for capital type expenditure. This level of income has been projected forward and the Councils improvement programme relies on this income. The achievement of the decent homes standard is not conditional of HRA funding to 2006 but sustaining the decency standard of the stock does depend on MRA funding.

## Other Charges

Income from other charges relates predominantly to the sheltered housing service. The Council has always made a significant charge for this service but it has not reflected the full cost of the service to tenants. This is not sustainable in the long term and must be reviewed and revised in the future.

## Contributions for Non-landlord Services

Contributions for non-landlord service to the HRA are expected to amount to around £600,000 in 2004/5. They represent a contribution from the General Fund towards activities where costs should be shared in support of the policy principle of properly attributing costs. For example grounds maintenance works on communal land on a mixed tenure estate.

## **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 **Section 6** the **Action Plan** 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. The actions are all given short, medium, or long term priority status and each action therefore plays a specific role in contributing towards delivering the authority's Housing Strategy.

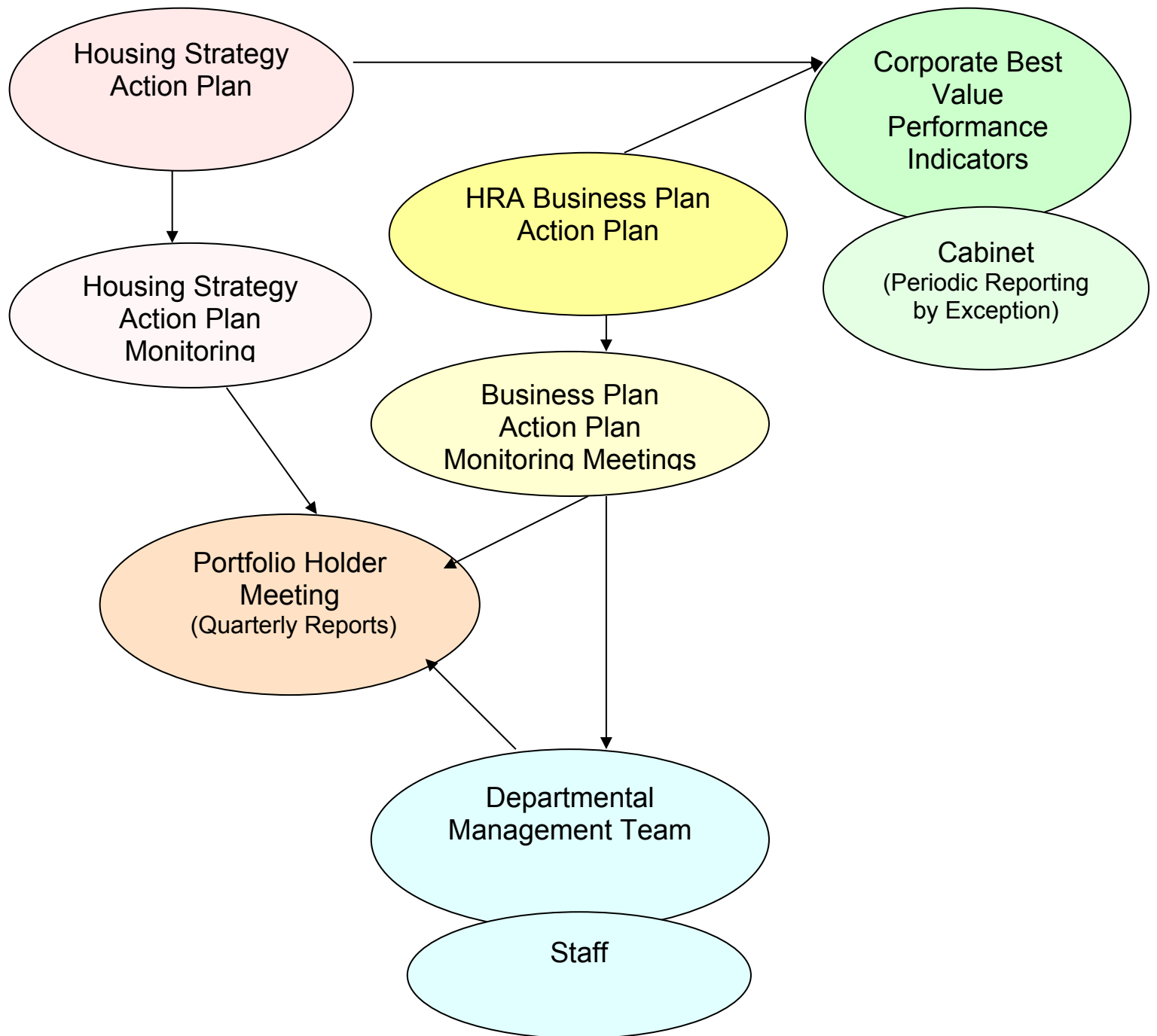
The level of priority has been judged according to a range of factors and relative to each other. The categories have been allocated judged against a range of factors including;

- the timescale for completion
- the wishes of tenants, residents and Members
- legal requirements
- health and safety
- central Government targets
- best practice guidelines

It should be stressed that actions listed with low priority are low in relation to the others listed and not intrinsically of low priority.

The Action Plan will be monitored in conjunction with the Strategy, with parallel meetings involving the named individuals to be held on a quarterly basis. The half yearly progress will be reported to the Portfolio Holder for Housing Services. This process will complement the corporate monitoring of the Best Value Performance Indicators, which are also reported to the Portfolio Holder and by exception to Cabinet.

The Performance Management System is illustrated below;



## 6. Action Plan

<b>Objective</b>	<b>Priority, Completion date and link to Corporate Objective</b>	<b>Resources</b>	<b>Target and performance Indicators</b>	<b>Key Responsibility</b>
<i>Improving the conditions and standard of the housing stock and meeting decent homes</i>				
<b>Completion of the Asbestos Survey</b> Complete the remaining 50% of asbestos surveys for active management of the material and to ensure the safety of tenants and contractors.	April 2005 <b>HIGH</b>  <b>For a Sustainable Future</b>	HRA	To complete all surveys and install information on the property database.	Principal Project Officer (SA)
<b>Review the Internal Decorations Scheme</b> Review and revise the internal decoration scheme through tenants	July 2004 <b>HIGH</b>  <b>For a Future through Partnership</b>	HRA	Apply the revised scheme to the expenditure plans for 2004/5	Tenant Participation Officer (TC)
<b>Complete the stock options appraisal</b> (target July 2005)	May 2005 <b>HIGH</b>  <b>For a Sustainable Future</b>	HRA	Draft completed by February 2005. Completion and sign off by May 2005.	Head of Shire Homes (KG)



<b>Objective</b>	<b>Priority and Completion date</b>	<b>Resources</b>	<b>Target and performance Indicators</b>	<b>Key Responsibility</b>
<b>Improve Council Housing to meet decent homes standard by 2012</b>	March 2006 <b>HIGH</b>  <i>For Quality Village Life</i>	HRA	Achievement ahead of deadline end of 2005/6	Head of Shire Homes (KG)
<b>Pilot Solar Panels Project</b> 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	April 2005 <b>MEDIUM</b>  <i>For a Sustainable Future</i>	HRA	To install as many units as possible by April 2005	Principal Project Officer (SA)
<b>Security Works Programme</b> Addressing inconsistencies in security measures in the housing stock.	April 2005 <b>MEDIUM</b>  <i>For a Future through Partnership</i>	HRA	To install security on properties considered to be most in need for the first phase of an ongoing programme for improving security in Council properties for the elderly	Principal Project Officer (AN)
<b>Improve housing services and tenants involvement</b>				
<b>Provision of integrated IT services between the DLO and Shire Homes</b> Streamline operational processes through the DLO's adoption of the Orchard software module for contractors	July 2004 <b>HIGH</b>  <i>For a High Quality and Accessible Service</i>	HRA	The DLO to be operating with Orchard by July 2004	Business Systems Manager (KB)

<b>Objective</b>	<b>Priority and Completion date</b>	<b>Resources</b>	<b>Target and performance Indicators</b>	<b>Key Responsibility</b>
<p><b>Increase staff resources to support the Disabled Adaptations Service for Council Tenants</b> Identify and implement the most appropriate resource enhancements to meet the needs of the service</p>	<p>July 2005 <b>MEDIUM</b>  <i>For a High Quality and Accessible Service</i></p>	HRA	Appointment by July 2004	Head of Shire Homes (KG)
<p><b>Review the Tenants' Handbook</b> To update and reissue the tenants handbook to all tenants.</p>	<p>March 2005 <b>MEDIUM</b>  <i>For a High Quality and Accessible Service</i></p>	HRA	Completion by March 2005	Tenant Participation Officer (TC)
<p><b>Reinstate the Tenants Annual Report</b></p>	<p>July 2004 <b>LOW</b>  <i>For a Future through Partnership</i></p>	HRA	To issue the Annual Report to all Tenants by July 2004	Tenant Participation Officer (TC)

<b>Objective</b>	<b>Priority and Completion date</b>	<b>Resources</b>	<b>Target and performance Indicators</b>	<b>Key Responsibility</b>
<b>Provide Performance Information on the Web Site</b> Regular updated information on the housing service key performance indicators to be provided on the web site on the housing page.	Sept 2004 <b>MEDIUM</b>  <i>For a Future through Partnership</i>	HRA	Information to be tailored to meet tenants requirements.	Business Systems Manager (KB)
<b>Reduce the re-let time of empty properties</b> (as per Housing strategy)	Ongoing, seek to achieve 35 days in 2004/5 <b>MEDIUM</b>  <i>For a High Quality and Accessible Service</i>	HRA	Ongoing objective to achieve upper quartile for void turn around times	Housing Manager (PG)
<b>Establish residents groups in all appropriate areas</b> (as per Housing strategy)	Ongoing <b>MEDIUM</b>  <i>For a Future through Partnership</i>	HRA/GF	Over the next 3 years the TPO will seek to facilitate the inception of 2 additional area tenants/residents groups by each year end.	Tenant Participation Officer (TC)

<b>Objective</b>	<b>Priority and Completion date</b>	<b>Resources</b>	<b>Target and performance Indicators</b>	<b>Key Responsibility</b>
<b>Monitor all housing related service</b> (as per Housing strategy)	Ongoing <b>LOW</b> <b>For a High Quality and Accessible Service</b>	HRA/GF	The performance management process will be reviewed by September 2005	Head of Shire Homes (KG) Head of Housing Strategy (DL)
<b>Improve customer satisfaction of the repair service</b> (as per housing strategy)	2005/2006 <b>MEDIUM</b> <b>For a High Quality and Accessible Service</b>	HRA	Improvements are anticipated with the introduction of the new response repairs contract in September 2004	Principal Project Officer (AN)
<b>Review of new maintenance works contracts process and procedures.</b> To ensure that targets are set in an area that has previously under performed	April 2006 <b>MEDIUM</b> <b>For a High Quality and Accessible Service</b>	HRA	The new contract will be subject to review in 2006/7 after 12 months of operation	Principal Project Officer (AN)
<b>Review of the Council's allocation process</b> The purpose of this is to ensure that the revised policy introduced in January 2003, is operating appropriately in all areas.	Review to be complete by 2005/6 <b>MEDIUM</b> <b>For a High Quality and Accessible Service</b>	GF	Review to be carried out in 2004/5-5/6	Head of Shire Homes (KG)

## **7. 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 Sustainable Communities 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.