



South  
Cambridgeshire  
District Council

# **Affordable Homes Service Plan & HRA Business Plan 2011/12 – 2013/14**



**DRAFT**

**Mar 2011 (V4)**

**SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**  
**AFFORDABLE HOMES SERVICE PLAN & HRA BUSINESS PLAN FOR**  
**2011/12 TO 2013/14**

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Portfolio Holder: Cllr Mark Howell

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## 1. About Our Service

This service plan covers both the strategic housing functions of the council and also its landlord role. The service plan for Affordable Homes also includes the Housing Revenue Account (HRA) Business Plan.

The HRA Business Plan identifies how all available resources (capital, revenue, staffing and partnership contributions) will be used to deliver the best service possible to the Council's tenants. The overall aim is to provide well managed and well maintained affordable rented and leasehold homes in a way which:

- is sustainable and deliverable within resource constraints
- takes full account of the views and aspirations of current residents
- provides a customer focused service providing good value for money
- safeguards the housing stock for future occupiers
- takes full account of wider local and national policy imperatives, including energy efficiency and environmental awareness, community cohesion, resident participation in housing management and action to reduce crime and tackle anti-social behaviour.

The Housing Service has three primary functions:

- A landlord service providing housing management and property maintenance services to tenants
- As the strategic lead for housing issues within the District. This includes an enabling service working in partnership with other local authorities and housing associations to ensure the development of new affordable homes within the District and in partnership on strategic sites in and close to Cambridge City.
- Housing advice and options service seeking to prevent homelessness and to provide accommodation for those in housing need (including those who are already homeless), through a new choice based lettings scheme and other housing options. The provision of this service delivers several statutory requirements for the local authority.

These broad functions can be further divided into a series of more specialist functions. The landlord service, for example, includes the sheltered housing service, with sheltered housing representing around one quarter of the 5,800 homes owned by South Cambridgeshire District Council. Within the landlord's service there is also a property services team that includes a Direct Labour Organisation (DLO).

The structure of the Housing service therefore reflects these primary functions and consists of four main service areas:

### Housing Services Structure

Service area	Specialist teams
Housing services	Housing management, sheltered housing, Carecall, Gypsy & Traveller management, floating support team
Property services	Property surveyors, capital improvements programme, responsive and void maintenance management, DLO, leaseholder services, property sales
Housing advice & options	Housing advice, homelessness team, Choice Based Lettings
Housing Strategy & Enabling	Enabling function, housing strategy, development, service improvement

The Council's housing stock comprises of nearly 5,800 dwellings, and over 1,100 garage units. The stock is spread over 102 villages of South Cambridgeshire. The stock is mainly traditional low-rise house and bungalow construction, but there are a small number of non-traditional property types. There is a relative high proportion of sheltered accommodation at approximately 25% of all homes spread across 43 schemes. There are around 500 leasehold properties.

The Housing Service Plan is guided by the Council's corporate objectives. The Council has adopted the following vision for 2011/12:

"To make South Cambridgeshire a safe and healthy place where residents are proud to live and where there will be opportunities for employment, enterprise and world-leading innovation. We will be a listening Council, providing a voice for rural life and first-class services accessible to all."

This is supported by five guiding Aims with 25 Approaches and 33 specific actions. Of direct relevance to housing is the requirement to take advantage of new technologies for micro generation of electricity as supported by the Feed in Tariff.

The five guiding aims are as follows:

- We are committed to being a listening council providing first class services accessible to all
- We are committed to ensuring that South Cambridgeshire continues to be a safe and healthy place for you and your family
- We are committed to making South Cambridgeshire a place in which residents can feel proud to live
- We are committed to assisting provision for local jobs for you and your family
- We are committed to providing a voice for rural life

For Affordable Homes there are specific aims to:

- i) making affordable housing more available to local people

- ii) ensuring that affordable housing is in balance with the community
- iii) achieving a sustainable future for the Council's housing stock

In addition:

“C3 We will develop and implement action plans following the strategic housing and housing landlord inspections.”

The specific aim around the Feed in Tariff is as follows:

“E2 We will take advantage of the Government's Clean Energy Cash Back scheme to install appropriate renewable energy technologies within our housing stock and complete key projects from our Climate Change Action Plan to promote renewable energy generation tied to council assets and for the wider community.”

In relation to these corporate aims:

- The Housing Service will seek to ensure the high standard and condition of the housing stock through efficient repairs and maintenance service, however the growing lack of funds is likely to make this target more difficult to achieve over the next five years.
- The Housing Service 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.
- As a Council we have a good record of enabling the construction of around 300 affordable homes each year. This has become more difficult because of national changes to funding arrangements and the slowdown in the housing market, but at the same time the settlements at Northstowe and around Cambridge will provide opportunities to increase the supply of affordable housing. The new long term arrangements with the Homes and Communities Agency & the consortium Cambridge Partnerships Limited will help to deliver the affordable homes needed in these strategic sites.

The overall service objective for Housing is as follows:

***To provide access to decent affordable housing***

This is to be achieved by providing an excellent housing service to meet the needs and reflect the aspirations of South Cambridgeshire residents, working in partnership with tenants and other organisations at a local and national level to enhance quality of life and make South Cambridgeshire a place where everyone is proud to live and work.

This is to be sought in a way that provides for a sustainable service.

The service objectives for each of the main service areas are as follows:

Service area	Objective	Code
Housing services	Improve housing services and tenant involvement and promote sustainable communities	SO1
Property services	Providing decent housing through the delivery of effective maintenance & improvements	SO2
Housing advice & options	To provide housing advice to enable people to understand their housing options to sustain & improve their current home or access alternative good quality & suitable housing.	SO3
Housing Strategy & Enabling	To ensure that sufficient new schemes are identified for future development, approved schemes are delivered to meet identified needs and to ensure that new or emerging needs are properly identified for future provision.	SO4

The relationship between the service specific objectives and the Corporate priorities are demonstrated in the 'golden threads' that run through the Service Improvement Plan and which inform individual appraisals and work plans.

An essential part of Affordable Homes is the role that tenants and leaseholders play in helping to shape the service. All sections of Affordable Homes have a role to play in supporting resident engagement and the lead officer is based within the Housing Strategy & Enabling team.

## 2. Our Performance and Plans to Improve

Performance in housing is currently measured in three ways:

- The set of SCDC performance indicators selected for measurement using CORVU, adopted in 2008/09. These incorporate the relevant national indicators as well as local indicators. All the indicators have been refreshed in 2010/11 following consultation with frontline staff.
- Housing service managers use key 'heartbeat' indicators to monitor service performance in key areas: rent arrears, repair times and satisfaction, relet times and gas servicing. The indicators are a monthly snapshot. All of these key indicators are benchmarked using Housemark. This information is also used to produce 'performance at glance' for the residents' consultative forum and the portfolio holder. The 'performance at a glance' uses traffic light indicators and 'direction of travel' arrows to visually express the trends.

<b>'Performance at a glance' categories</b>
Emergency repairs attended to within 24 hours
Urgent repairs completed within 5 days
Routine repairs completed within 23 days

Average time to complete a repair
Satisfaction with repair contractors
Satisfaction with housing repairs service
Average time to relet a property (general needs minor repairs) BVPI 212
Number of overdue gas services
Level of current rent arrears
Rent loss through empty dwellings

In addition there are a number of strategic housing performance indicators that are reported to the Portfolio Holder quarterly and in the case of the asset management PIs annually. These are:

<b>Strategic Performance Indicators</b>
Average length of time for families with children in hostel accommodation
Homelessness prevention
Numbers on temporary accommodation
Number of affordable homes delivered (gross)

- The Benchmarking of key areas of housing performance is undertaken using the Benchmarking facilities provided by a national organisation called Housemark. Data was submitted to Housemark for the first time for 2009/10 for quarters 1 and 2. The following table indicates the results of the submitted data benchmarked against other organisations in the Eastern region posted in quarter two, 2009/10:

HOUSEMARK INDICATOR	SCDC SCORE	HOUSEMARK SCORE	COMMENTS
% of emergency repairs completed on time	99%	Upper quartile 99.67% National median 98.77% Lower quartile 97.00%	This is good upper quartile performance
% urgent repairs completed on time	88%	Upper quartile 99% National median 97.6% Lower quartile 94.00%	Whilst the performance appears a concern the locally set target of 5 days is challenging.
% routine repairs completed on time	95%	Upper quartile 98.83% National median 97.4% Lower quartile 94.7%	Improving the performance on this indicator will be a key issue in the tendering of the responsive repairs contract.

% of all reactive repairs completed within target time	95%	Upper quartile 98.79% National median 97.5% Lower quartile 95%	The new contract will address this performance issue
Average end-to-end time for all reactive repairs	15	Upper quartile 5.88 days National median 8.2 days Lower quartile 10.45 days	The new contract will address this performance issue
% of dwellings with a valid gas safety certificate	100%	Upper quartile 99.96% National median 99.78% Lower quartile 99.5%	Excellent performance
% rent arrears of current tenants	1.42%	Upper quartile 2.07% National median 2.88% Lower quartile 4.24%	Excellent performance
% tenants evicted for rent arrears	0.03%	Upper quartile 0.09% National median 0.17% Lower quartile 0.31%	Excellent performance
Rent collected as a % of rent owed (excluding arrears b/f)	98.11%	Upper quartile 100.36% National median 99.49% Lower quartile 98.19%	This is a small range and our low overall arrears would make it unlikely for us to exceed 100%
Average relet time in days (general needs)	20	Upper quartile 18.4 days National median 23.5 days Lower quartile 31 days	Performance has slipped owing to low demand and bidders refusing some properties.



A number of service projects have also been successfully completed during the year. These include:

- Publication of the Council's first Annual Report to tenants to meet the TSA requirement
- Peer Review of the landlord service carried out by IDeA with funding from Improvement East. This identified a number of key strengths in this service and highlighted some useful areas for development.
- Audit Commission Strategic Housing Inspection which awarded the Council two stars (good) and with promising prospects for improvement.
- Completion of a value for money strategy for housing with the assistance of a Scrutiny 'task and finish' group.

### **The five-year Housing Maintenance Plan**

For Affordable Homes a key part of our work is to manage performance in housing maintenance. Around 2/3rds of the total budget is spent on housing maintenance so the five year Housing Maintenance Plan (HMP) is a key document.

A working group made up of Council Officers, Tenants, and Members help formulated the HMP. This brings together all the various activities that are intended to be carried out to maintain and improve the Council's housing stock over the next five years. In so doing, the plan will provide a useful single point of reference to anyone who wishes to know: *what, when, where, and how much* in respect to the housing maintenance.

The HMP is updated yearly and provide details on how properties are selected for inclusion in maintenance programmes together with specification and budgetary information on a programme basis. It is designed to make it easy for all stakeholders and interested parties to find out where the Council intends to target its resources

There are three distinct aspects of maintenance that are covered in the HMP:

***Maintenance and improvements – Capital*** - Where the emphasis is on planned preventative maintenance. To be truly effective, the Council requires a detailed knowledge of the life expectancy of the various elements of our properties so that programmes can be planned in advance to replace items at the end of their useful life i.e. just before they become defective or obsolete.

***Maintenance and Improvements - Revenue*** - The life expectancy, efficiency, and performance of many of the elements of properties are greatly enhanced by regular maintenance programmes.

***Responsive Maintenance*** - The key to this aspect of maintenance is providing a swift and effective responsive service, with the emphasis on getting the job completed on the first visit.

The HMP is also guided by the Affordable Homes Asset Management Strategy 2011/12 – 2015/16. The HMP is attached at Appendix C

## Service Improvement Projects

This Service Plan identifies a number of key drivers for change. The following projects are designed to address these:

Code	Project
AH1	HRA Reforms Business Plan
AH2	Localism Agenda
AH3	Responsive Repairs procurement
AH4	FITS Project
AH5	It implementation – upgrade of Orchard Phase 1
AH6	Up date Keystone
AH7	Electrical Contract
AH8	Health and Safety requirements
AH9	Performance Management
AH10	Your Service
AH11	Improvement of Travellers sites
AH12	Traveller Site Management
AH13	Grounds Maintenance Procurement
AH14	Temporary Accommodation
AH15	Empty Homes Strategy
AH16	Housing Strategy
AH17	Tenancy Strategy & local policy
AH18	HIA Review
AH19	Commuted Sum Policy
AH20	Sheltered Housing Review
AH21	Windmill Regeneration
AH22	CDRP ASB Project
AH23	Communal Rooms Review
AH24	ADAPT Project
AH25	Service Standards
AH26	Shared Ownership Project
AH27	Monitor impact of Local Housing Allowance (HB) changes

Full details of these projects are to be found in Appendix B.

### 3. The Context of Our Plan

#### a) External drivers

##### Political ( to be updated after CSR)

- The Tenant Services Authority (TSA) became the regulator of council housing services from April 2010 in addition to its role as regulator of housing associations. The service standards published by the TSA provide a more direct

and challenging regulation function to that which the council housing sector previously experienced from the CLG. This has placed fresh demands upon the Council to ensure that service standards are maintained. The TSA has the power to order an inspection at short notice. As part of meeting the TSA standards the Council has this year published its first Annual Report to Tenants. This sets out well we have met the TSA standards to date and also identifies how these standards are to be adapted to reflect a 'local offer' to tenants. The actions required to meet that local offer are included within the service plan. The regulatory function of the TSA will pass to the Homes & Communities Agency in 2011.

- Community empowerment – the Localism Bill seeks to encourage public service delivery to be rethought in conjunction with the local people.
- Partnership working – initiatives designed to help public sector organisations use their resources collaboratively to make efficiency savings whilst at the same time delivering improved services for communities.
- HRA Subsidy Review-draft settlement published in February 2011 identifies £205.5M of debt to be taken on by the Council in exchange for coming out of the current HRA subsidy system.

#### **Economic/Social**

- The Cambridge Sub Region Strategic Housing Market Assessment demonstrates clearly that South Cambridgeshire has an affordability problem that not only affects many current households but will be a problem for emerging households, despite the increased building rate expected because of Growth Area status.
- Uncertain economic conditions following the 'credit crunch' and volatile banking sector during 2008 and the overall economic downturn have resulted in a slowdown of private sector development – as a result of international changes in finance and the national slowdown in the housing market.
- Private rented sector restructuring following international finance changes – impact on housing market overall and response of Buy to Let market in particular which may contract due to the shortage of mortgage funds for investors and an exit route provided by a possible revival of the first time buyer market. Overall size of the private rented sector had grown during 2009 but has been shrinking during 2010/11.
- Rising unemployment following national budget cuts is a risk nationally although a BBC survey in 2010 identified South Cambridgeshire as one of the most economically resilient areas of the country.
- The welfare of children, young people and vulnerable adults. The Housing Service is committed to safeguarding and promoting the welfare of children, young people and vulnerable adults.
- Public Funding for New Affordable Housing-the resources available for new homes have been cut back by 60% in the Comprehensive Spending Review period starting 2011. It is too early to understand how the use of 'Affordable

Tenancies of up to 80% of market rents will impact upon the ability of housing associations to develop new homes.

### **Technical**

- Housing Benefit changes - Local housing allowance/Broad Rental Market Areas may lead to increased demand on mediation services and has the potential for increased levels of homelessness.
- Local Supporting People (SP) issues – the restructuring of SP funds within Cambridgeshire could lead to significant reduction in funding for the sheltered housing service by 2012/13. The floating support service is being tendered in 2011. The Home Improvement Agency is being considered for a shared service between Cambridge City, Huntingdonshire and South Cambridgeshire.

### **Environmental**

- Geography of district – the essentially dispersed and rural nature of the district with no central market town as a natural focus has a significant bearing on service delivery e.g. providing a focus for tenant participation activity, co-location of services etc
- New energy efficiency requirements (Code 4 standard) for older homes.
- Climate change issues may lead to increased costs or delivery problems - e.g. off site construction methods may not suit small village development needs. Co2 emissions.

### **b) Our Key Partners**

The housing service is delivered in partnership with a range of other organisations. The major partnerships are listed below.

The impact of these partnerships is maximised by a combination of activities including the hosting of events and meetings, regular attendance at liaison meetings, attendance at sub regional bodies, some service level agreements, the provision of information to partners and engagement in forums as well as direct funding of partners via cash (commuted sums) or other resources (e.g. free land). Joint procurement is adopted where this provides better value for money.

- Other local authorities
- Supporting People
- Various housing associations
- DAAT & CDIP
- MAPPA
- Homes & Community Agency
- County Council
- Probation & Youth Offending Team
- DIS Learning Partnership
- Connexions
- Office of Children & Young People Services
- Parish councils
- Various contractors

- Tenant Participation Group
- Various developers
- CAB & voluntary organisations
- Cambridge sub-Regional Housing Board
- Local Safeguarding Children's Board

This list is not exhaustive as there are at least 50 groups, working parties and liaison fora where housing services work with external partners. The Council has adopted a more vigorous risk management process for all partnership working from 2008 onwards. This has identified Supporting People as one of the Councils key partnerships.

### **c) Our Strengths & weaknesses**

There are a number of factors affecting the ability of the Housing Service to deliver its service obligations. These are shown below as strengths and weaknesses.

#### **Strengths**

- Affordable Homes has a measurably low cost base and overall high performance
- There is a strong commitment to team working across the service and a focus on working with other services areas within the Council and external partners.
- Customer focus - The staff are committed to providing the best service they can
- There is good self awareness of what needs to improve

#### **Weaknesses**

- Need to improve transparency of value for money
- Need to improve performance management
- Need to develop customer profiling

#### **Opportunities**

- Opportunities include sub regional working, and partnership working with Cambridge City, continues to afford opportunities to share service delivery. Making Cambridgeshire Count may have a significant impact.
- An improved focus on resident engagement and tenant participation
- The opportunity to increase efficiency arising from the implementation of a new web based system (ADAPT) for all polices and procedures, the use of Housemark and new technology e.g. PDAs
- Corporate Customer Care Excellence project

#### **Threats**

- Supporting People tendering – the proposed changes could have a significant effect on the resources allocated to meet the cost of running our sheltered housing schemes and the future of the staff involved.
- The overall economic downturn may significantly increase the demand on the Council housing advice service and the cost of providing temporary accommodation may rise.

## **4. Are we meeting the diverse needs of all our customers and communities?**

The customers of the Housing Service incorporate the following groups:

- Tenants of SCDC
- Leaseholders
- People applying as homeless
- People seeking to be housed by SCDC or housing associations
- People seeking housing advice
- Gypsies and Travellers living on sites managed by SCDC
- Parish Councils
- RSLs
- Internal customers e.g. Planning Service

The list shows that the customer base is much wider than just the existing tenants. More work is needed to understand the profile of this customer set including issues of diversity. Better use of customer profiling was a key action identified by the independent assessment of the Housing Service carried out by Savills in July 2008. A full survey of tenants was carried out during December 2009 – January 2010. This resulted in a 40% return which has helped to inform the development of the Customer Service Excellence Project, the refresh of the 5 Year Housing Maintenance Plan and the objectives for this service plan.

Customer satisfaction is measured across the Housing Service in a number of ways. The approach to gathering this information is however not consistent throughout the service and so a separate project has been identified for 2009/10 to review and improve customer satisfaction data.

- Over half the respondents have lived in their home for 11 years or more (53%) (STATUS 2008)
- The majority of respondents were satisfied with the overall quality of their home (88%), the general condition of their property (86%) and the value for money of their rent (82%).
- Nearly all respondents said they were satisfied with their neighbourhood as a place to live (92%).
- The majority of respondents (74%) had been in touch with their landlord in the last twelve months.
- The most popular way to contact the landlord was via the telephone.
- The main reason for making contact was repairs and maintenance.

There is a Tenant Participation Agreement (Compact) in place. This is an agreement with the Council and its tenants to work in partnership to ensure the best possible service is delivered to tenants. This is currently being reviewed and the Resident Involvement Officer is working with the Tenant Participation Group to deliver the Resident Involvement Strategy action plan.

The review will propose improvements to the framework, our agreements and associated documentation. The review will incorporate staff and tenant views. It is

envisaged that this work will shape the strategy and resulting action plan and also provide direction to maximising resident engagement.

The basic framework at present consists of an overarching Tenants Participation Group, which includes representation from the three sheltered housing forums, the leaseholder forum, resident groups, and Village Voices.

The council's magazine contains a section called Key Issues that is for tenants. This section is used to try to encourage resident involvement in all aspects of our work in any way that they feel that they want to be. The section is used to advertise resident issues and forthcoming items of interest.

The website contains information on resident involvement and how residents can be involved. The Tenants Handbook will soon be available on the website and in hard copy for those who want it and this contains further information on how residents can be involved

In research carried out by the County (November 2007) the housing issue which most concerns local BME households is the shortage of affordable homes. Their priorities for improving services do not include any direct housing services. In addition, respondents were concerned not to be singled out for separate services and not to be seen as a "separate " group.

The Council is participating in the development of both an older person strategy and a disability strategy that is being led by the County Council. There is also annual monitoring of BME housing issues that are reported to the Portfolio Holder.

## **e) Our Resources**

The primary resources for the Housing Revenue Account (HRA) come from rents and charges. Additional resources also come from supporting people grants to help residents of sheltered housing in low incomes to pay for the support element of their service charge. More than half of the £22 million rental income has to be paid to the government as 'negative subsidy' and this figure would have been is likely to increase over the next five years. Funding for capital expenditure is provided by the Major Repairs Allowance, capital receipts and, were possible revenue. The reduction in capital receipts available has resulted current expenditure on major repairs and improvements being around half of the previous level.

The Councils main capital asset is the housing stock. There are three types of valuations commonly used. The resource accounting valuation is that required by the CLG for their statistical returns and represents the market value of the stock with sitting tenants. The resource accounting valuation is shown below:

### Resource Accounting Valuation

Asset	Number as at 31/03/10	Valuation £000's as at 31/03/10
Council Homes*	5539	435,910
Other, including assets for disposal		17,387
Total		453,267

\*Includes Councils portion of Equity Share properties

The total vacant possession value of the homes on 31<sup>st</sup> March 2010 was £964 million. This is the equivalent of an open market valuation and is quite different from the third type of valuation the Tenanted Market Value (TMV) used to value properties for a stock transfer.

Whilst the main landlord activity is funded through the HRA mainly by rents the Council also carries out a number of strategic housing functions, which are mostly funded by the General Fund. The table below summarises.

Service area	Specialist teams	HRA/General Fund
Housing services	Housing management, sheltered housing, leaseholder services, Gypsy & Traveller management, floating support team Carecall, house sales	Mostly HRA
Property services	Property surveyors, capital improvements programme, responsive and void maintenance management, Direct Labour Organisation	HRA
Housing Advice & Options	Housing advice, homelessness team, housing allocations/Choice Based Lettings	Mostly General Fund
Housing Strategy & Enabling	Enabling function, housing strategy development	General Fund

### Summary of recent revenue and expenditure

The table below provides a summary of HRA revenue and capital expenditure over the last four years.



Of the total HRA revenue expenditure of around £22 million, over half is “negative subsidy, the amount sent to the Government. This amount would have been expected to increase in future years under the existing regime.

The government has, however, already announced that it will go ahead with a reformation of HRA funding and the detail of the proposed scheme is currently subject to consultation. This proposal is for “self financing” and will involve Councils at present paying “negative subsidy “ taking on debt instead. The latest indication is that for South Cambridgeshire this will be in excess of £200 million.

Because of the uncertainty and significance of the changes under consideration, no projections beyond 2011/12 have been included in this year’s plan.

The total capital expenditure includes a figure of around £2 - £3 million in respect of equity share buy backs and is not money available for spending on the maintenance of homes.

**Summary of recent HRA revenue and capital expenditure**

	<b>Actual 2006/07 £000</b>	<b>Actual 2007/08 £000</b>	<b>Actual 2008/09 £000</b>	<b>Actual 2009/10 £000</b>
<b>REVENUE</b>				
Expenditure	20,037	21,210	23,846	24,040
Income	(20,923)	(22,056)	(23,321)	(23,680)
(Surplus)/Deficit	(856)	(846)	525	360
Balance Brought Forward @ 1st April	(1,900)	(2,785)	(3,631)	(3,106)
Balance Carried Forward @ 31st March	(2,785)	(3,631)	(3,106)	(2,746)
<b>CAPITAL</b>				
Expenditure	10,235	10,714	9,300	7,230
Funding				
Capital Receipts	6,619	7,419	6,110	3,480
Major Repairs Allowance	3,211	3,244	3,178	3,287
Revenue	0	0	0	399

Grants and Contributions	405	51	12	64
Total Funding	<b>10,235</b>	<b>10,714</b>	<b>9,300</b>	<b>7,230</b>

## Sources of Funding

### Rents and Charges

The Council continues to follow government recommendations in setting its Council house rents. The government has introduced a convergence scheme and through this mechanism an attempt is being made to arrive at a situation where the rent charged for a council property will be broadly in line with the rent charged for a similar property owned by a housing association. The change for 2011/12 comprises an increase of 5.1% plus up to £2 a week towards restructuring. In addition new tenants pay the full restructured rent for a property whilst the restructured rents will continue to be phased in for existing tenants. It is anticipated that over £23 million will be raised from rents in 2011/12, however, the Council has to pay more than half of the rent income to the government. Where possible revenue from rents and charges will be used to support capital expenditure on items such as fuel efficiency measures; though this source of funding is unlikely to provide more than a few hundred thousand pounds a year.

The government expects councils to charge recipients for any additional services provided. For SCDC, like many other councils, the cost of most extra services is currently partially paid out of rents in general. It is, however, intended to gradually bring service charges up to a level that more nearly reflects the full cost of the service provided over the coming years.

### Supporting People

For the Council supporting people funding is predominantly relevant for the sheltered housing units which make up approximately 1,360 of the Council's homes.

In 2003/4 the supporting people regime was introduced by the government and, as a consequence, part of the service charge for sheltered housing qualifies for a supporting people grant rather than housing benefit, as was the case before. The government funding for supporting people projects comes from a fixed amount of money and this means that in future there will be pressure to reduce the amount available for sheltered housing in order to provide funding for other services within the County or to cope with reductions in the size of the overall national budget.

The changes to the distribution of supporting people funds as part of the Local Area Agreement role brings further uncertainty to this aspect of funding.

### Major Repairs Allowance (MRA)

The MRA is essential to the programme of works and contributed around £3.3m to the Council's resources in 2009/10. All the MRA is utilised for capital type expenditure, necessary major repairs and improvements to the housing stock. The remainder of these works have in the past been largely funded through capital receipts.

### Grants and Contributions

The Council receives some further money from grants and contributions. Grant funding is available to support insulation of Council homes, improve thermal comfort and help reduce fuel poverty. Where work is carried out to services shared with sold or leased properties a contribution towards the cost is claimed from the owner.

### Capital Receipts

The Council lost a major part of its capital resources with the introduction by the government of the capital receipt national pooling initiative. Under the pooling regime 75% of funds received from sale of right to buy (RTB) properties, goes to the government and is distributed on a "needs basis". This has implications both for affordable housing development and for the Council's own capital improvement programme because the available resources have dropped drastically.

The Council's shared ownership schemes also involve capital receipts. The schemes currently cost the Council approximately £2 million per annum, but the income from the schemes also provides a capital receipt of approximately £2 million. Capital receipts secured through the schemes were not expected to be subject to the pooling process, however, the wording of the legislation resulted in some of the receipts being caught. Earlier in the financial year the Department of Communities and Local Government agreed that some of these properties could be removed the HRA and, as a consequence, any capital receipts relating to them will not be subject pooling.

### Capital Reserves

For the last few years the Council has used its considerable reserve of capital receipts from property sales to fund a substantial capital programme. However, three main factors have combined in recent years to lead to a situation where this source of funding is now almost completely exhausted. Firstly, receipts from Right to Buy (RTB) sales have reduced, probably because house prices in this area have become almost prohibitive for those on lower incomes. Secondly, the Council was capped in 2004/05 and since then has utilised some of the receipts from housing assets (which were previously only used to fund housing projects) to support General Fund capital expenditure, including a substantial investment in information technology. Thirdly, the fact that three quarters any in-year receipts from RTB sales now have to be transferred to the Government for redistribution has resulted in very little being added to the reserve.

### Working Balances

It is illegal for the Housing Revenue Account to go into deficit and should the capital funding resources turn out to be less than estimated, as there are no longer any accumulated capital receipts, capital expenditure could have to be funded from the HRA. The Council housing is not covered by buildings insurance and therefore there is also a risk of an unavoidable overspend on repairs in the event, for instance, of a severe storm. Primarily for these reasons, it is considered necessary to have a minimum working balance of £2 million, which represents around £360 a property.

The five-year HRA Business Plan is therefore based on a reducing resource. Revenue resources are subject to significant negative subsidy clawback as well as the potential reduction in funding from Supported People and an increased pressure to spend on responsive repairs as the planned capital programme is cut. The in year capital resources are affected mainly by the reduction in RTB numbers and the 75% pooling rules.

In past plans, a five year projection of HRA Capital and Revenue expenditure has been shown. In view of the significance and uncertainty of the changes that will be brought about by the proposed HRA reforms, for the current plan, only the revised figures for this year and next years estimated figures are shown below.

	REVISED 2010/11 £000	ESTIMATE 2011/12 £000
<b>REVENUE</b>		
Expenditure	24,984	25,689
Income	(24,279)	(25,649)
(Surplus)/Deficit	705	40
Balance Brought Forward @ 1 <sup>st</sup> April	(2,706)	(2,041)
Balance Carried Forward @ 31 <sup>st</sup> March	(2,041)	(2,001)
<b>CAPITAL</b>		
Expenditure	4,849	4,443
Funding		
Capital Receipts	379	0
Major Repairs Allowance	3,276	3,334

Revenue	1,174	1,082
Grants and Contributions	20	27
Total Funding	4,849	4,443

### **Value for Money Overview**

Affordable Homes has been working with a Scrutiny 'task and finish' group during 2010, in carrying out a full review of value for money within housing. This group has included three tenant representatives. The product of this review is a greater awareness of where VFM activity is currently in place and an action plan for how gaps in the approach to VFM are to be addressed.

This work is still in an early phase of development. The VFM template attached at Appendix A, provides a partial assessment to the key VFM indicators. This is likely to be developed during 2011/12 to take account of the improvement arising from the VFM action plan.

The Annual Report to Tenants also includes a VFM statement.

### **f) Workforce Overview**

There are around 150 staff delivering the housing service. The roles are diverse and include sheltered housing officers and DLO operatives as well as office based staff and staff with technical roles. There are few problems with recruitment and retention although there can be difficulties in recruiting to specialist roles such as development officers.

The workforce is diverse and contains people across a wide range of ages, people with different disabilities, people with family commitments and an overall balance of male and female staff. There are however few staff from BME backgrounds.

There is currently a corporate process underway to review the full staffing grading structure at South Cambridgeshire District Council. This is due to report back during 2011. There is also likely to be a corporate project during 2011 to review organisational development.

The appraisal process is the primary mechanism through which to identify training and support needs. However a more systematic assessment of training and skills gaps is required to plan a more targeted strategy for staff development. Investors in People accreditation was successfully secured by the Council during 2009.

## g) Risk Overview

The major risks associated with the Housing Service are noted in the table below. A fuller explanation of these risks is included in the Affordable Homes Risk Register which is updated quarterly by the Housing Services management Team and reviewed annually by the Executive management Team.

### Risk Matrix Summary

Number	Risk	Impact /Likelihood Score
HS1	Redevelopment of Windmill Estate Fulbourn	9
<b>HS4</b>	<b>Supported housing funding cuts</b>	<b>15</b>
HS7	Tenant participation	8
<b>HS11</b>	<b>Increase in numbers in temporary accommodation</b>	<b>12</b>
<b>HS14</b>	<b>Responsive repairs procurement</b>	<b>12</b>
HS19	Implementation of HRA reform	10
HS18	Orchard upgrade	6
<b>HS 21</b>	<b>Changes to Affordable Rents</b>	<b>15</b>

Those risks which are identified as being 'above the line' (in bold) have their own action plan designed to mitigate the risks.