



Housing Management Sub (Community and Children's Services) Committee

Date: THURSDAY, 22 NOVEMBER 2012
Time: 1.45pm
Venue: COMMITTEE ROOMS, WEST WING, GUILDHALL

Members: Deputy Billy Dove (Chairman)
Virginia Rounding (Deputy Chairman)
Revd Dr Martin Dudley
Alderman David Graves
Deputy Revd Stephen Haines
Deputy Henry Jones
Peter Leck
Anthony Llewelyn-Davies
Gareth Moore
Angela Starling

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Lunch will be served in the Guildhall Club at 1.00pm

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Reports

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**
To agree the public minutes and summary of the meeting held on 20 September 2012.

For Decision
(Pages 1 - 4)
4. **HOUSING REVENUE ACCOUNT (HRA) AND CAPITAL BUDGETS 2013/14**
Joint report of the Chamberlain and the Director of Community and Children's Services.

For Decision
(Pages 5 - 18)
5. **HOUSING REVENUE ACCOUNT (HRA) QUARTERLY BUSINESS REPORT**
Report of the Director of Community and Children's Services.

For Information
(Pages 19 - 32)
6. **WELFARE REFORM**
The Director of Community and Children's Services to be heard.

For Information
7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
9. **EXCLUSION OF THE PUBLIC**
MOTION - That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A of the Local Government Act.

Part 2 - Non-Public Reports

10. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the meeting held on 20 September 2012.

For Decision
(Pages 33 - 34)

11. **OUTLINE OPTIONS APPRAISAL - AVONDALE SQUARE REDEVELOPMENT OF THE COMMUNITY CENTRE**

Report of the Director of Community and Children's Services.

For Decision
(Pages 35 - 46)

12. **COMPREHENSIVE LIFT MAINTENANCE CONTRACT**

Report of the Director of Community and Children's Services.

For Decision
(Pages 47 - 78)

13. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

14. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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Agenda Item 3

HOUSING MANAGEMENT SUB (COMMUNITY AND CHILDREN'S SERVICES) COMMITTEE

Thursday, 20 September 2012

**Minutes of the meeting of the HOUSING MANAGEMENT SUB (COMMUNITY
AND CHILDREN'S SERVICES) COMMITTEE held at Guildhall, EC2 on
THURSDAY, 20 SEPTEMBER 2012 at 1.45 pm**

Present

Members:

Deputy Billy Dove (Chairman)
Virginia Rounding (Deputy Chairman)
Revd Dr Martin Dudley
Alderman David Graves
Deputy Revd Stephen Haines
Deputy Henry Jones
Peter Leck
Gareth Moore
Angela Starling

Officers:

Caroline Webb	- Town Clerk's Department
Mark Jarvis	- Chamberlain's Department
Joy Hollister	- Director of Community & Children's Services
Eddie Stevens	- Community and Children's Services
Jacquie Campbell	- Community and Children's Services
Carla Keegans	- Community and Children's Services
Mike Kettle	- Community and Children's Services

In attendance:

Sandra Brown	- Community and Children's Services
Tom Bush	- Community and Children's Services

1. APOLOGIES

Apologies were received from Anthony Llewelyn-Davies.

2. DECLARATIONS BY MEMBERS OF PERSONAL AND PREJUDICIAL INTERESTS IN RESPECT OF ITEMS ON THIS AGENDA

Deputy Henry Jones declared a personal interest as a leaseholder on the Middlesex Street Estate, and as a business leaseholder.

Gareth Moore declared a personal interest as a tenant of the Golden Lane Estate.

3. MINUTES

The minutes of the meeting held on 2 July 2012 were agreed as a correct record.

4. DRAFT REVISED ALLOCATIONS POLICY

The Sub Committee considered a report and presentation of the Director of Community and Children's Services that presented Members with a revised draft Allocations Policy. A final revised policy is to be presented to the Sub Committee in November for approval.

Members were informed that the revised Allocations Policy would provide more freedom to decide who is to be allocated social housing within the City and revise the allocation criteria of the current 2006 policy.

Considerable debate followed the presentation and a number of points were raised, among which:-

- If the revised draft Allocations Policy was to be implemented immediately, 232 people (21%) on the City's housing register would be removed as they have no connection to the City but they would be accepted at another local authority where they do have a proven connection.
- Members were informed that the law would still set out groups of people to whom we must give 'reasonable preference' when allocating housing; this did not mean, however, that they would take priority all of the time.
- Every person on the housing register could be housed in any of the social housing properties owned by the City, including the nominations the City has to the Guinness Trust estate properties at Mansell Street.
- There may be a temporary increase in demand for housing advice by the Housing Department as any person on the housing register can appeal a decision made by the City.
- The implementation of new Allocations Policy would need to be managed effectively to minimise negative press.
- The Allocations Policy would be reviewed every three years.
- The Allocations Policy would apply to all HRA social housing properties owned by the City.
- The Director stressed the importance of communicating other options to those who may be placed on the housing register for a number of years, such as part/shared ownership options, other areas of housing within London and private landlords.
- Members accepted the importance of being realistic and upfront with tenants on the housing register on how long it could take to be allocated social housing within the City and the need to encourage them to look at other options.
- In regards to the 'Sons and Daughters of City of London tenants' qualifying category, if they were providing care to a relative then they would be given priority, potentially creating savings for the City in the long-term.
- Members were informed of the down-sizing payment policy and were assured that it was well publicised to tenants.
- The housing register list was reviewed once a year and those waiting were made aware that it was their responsibility to inform the City of changes in their circumstances.

- In regards to illegal sublets, all information received was acted upon with every case investigated and, where possible, prosecuted.

RESOLVED: That delegated authority be given to the Town Clerk, in consultation with the Chairman and Deputy Chairman, to comment on and sign off the amended version of the draft Allocations Policy for public consultation, including via the City of London website.

5. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

6. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

7. EXCLUSION OF THE PUBLIC

RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Item Nos.	Exempt Paragraphs Paragraph(s) in Schedule 12A
8 - 9	3
10 - 11	-

Part 2 – Non-Public Agenda

8. NON-PUBLIC MINUTES

The non-public minutes of the meeting held on 2 July 2012 were agreed as a correct record.

9. AFFORDABLE HOUSING PROVISION

A report of the Director of Community and Children’s Services Committee was received.

10. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no non-public questions.

11. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

There were no non-public urgent items.

The meeting ended at 2.50 pm

Chairman

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Agenda Item 4

Committee: Housing Management Sub Committee	Date: 22 November 2012
Subject: HOUSING REVENUE ACCOUNT (HRA) AND CAPITAL BUDGETS 2013/14	Public
Report of: The Chamberlain and The Director of Community & Children's Services	For Decision

Summary

1. This report is the annual submission of the revenue and capital budgets overseen by your Committee. In particular it seeks approval for the provisional revenue budget for 2013/14, for subsequent submission to the Finance Committee. Details of the HRA draft capital budget are also provided.
2. The provisional nature of the revenue budgets particularly recognises that further revisions might arise from the necessary budget adjustments resulting from corporate projects.
3. Business priorities for the forthcoming year include how we deal with the effects of Welfare Benefit Reform. The planned changes will have a significant financial impact on many of our tenants and this may well affect income to the Housing Revenue Account. A number of development opportunities and major projects will require considerable resource input but will result in increased social housing capacity and improvements to our properties, particularly in terms of energy efficiency.
4. The General Housing Revenue Reserve position is summarised below:-

Table 1 General Housing Revenue Reserve	Latest Approved Budget 2012/13 £000	Original Budget 2013/14 £000	Movement
Service Expenditure	10,046	10,208	162
Service Income	(13,128)	(13,571)	(443)
Other Movements	297	263	(34)
Transfer to Major Repairs Reserve	2,317	2,317	0
Surplus in year	(468)	(783)	(315)
Balance brought forward	(4,473)	(4,941)	(468)
Balance carried forward	(4,941)	(5,724)	(783)

5. Overall, the 2013/14 provisional budget indicates an HRA surplus of

£783,000. This is the combination of £468,000 brought forward balance from 2012/13 plus an increase in the surplus in year of £315,000 compared with the Latest Approved Budget for 2012/13. Main reasons for this increase are:-

- An increase of £429,000 increase in tenant rents based on the rent formula.
- An increase of £92,000 in the repairs and maintenance programme due to the change in projects.
- Other minor variances £22,000

6. The overall Major Repairs Reserve (MRR) position is summarised below:-

Table 2 Major Repairs Reserve	Latest Approved Budget 2012/13 £000	Original Budget 2013/14 £000	Movement
Transfer from General Housing Revenue Reserve (see contra Table 1)	(2,317)	(2,317)	-
Net capital expenditure	1,616	2,017	401
Movement in MRR in year	(701)	(300)	401
Balance brought forward	(1,861)	(2,562)	(701)
Balance carried forward	(2,562)	(2,862)	(300)

Recommendations

7. The Committee is requested to:

- review the provisional 2013/14 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the proposed budget for submission to the Finance Committee
- review and approve the draft capital budget;
- authorise the Chamberlain to revise these budgets to allow for further implications arising from departmental reorganisations and other reviews and implications arising from Carbon Trading Allowances.

Main Report

Management of the Housing Revenue Account

8. The HRA is ring-fenced by legislation which means that the account must be financially self-supporting. To enable this, a 30year plan has been produced. The budgets in this report are included as the first years element of the plan. Although the “capital account” is not ringfenced by law, the respective financial positions of the HRA and the City Fund have meant that capital expenditure is financed without placing a burden on the use of City Fund resources. HRA related capital expenditure continues to be funded from the HRA, including the Major Repairs Reserve and certain capital receipts from sales of HRA assets, with homeowners making their appropriate contributions. In practice, therefore, the capital account is also ring-fenced.

Business Planning Priorities

9. The key issue for Housing in 2013/14 will be how we deal with the effects of Welfare Benefit Reform. The planned changes will have a significant financial impact on many of our tenants and this may well affect income to the Housing Revenue Account. A number of development opportunities and major projects will require considerable resource input but will result in increased social housing capacity and improvements to our properties, particularly in terms of energy efficiency.

Proposed Budget Position 2012/13 and 2013/14

10. The detailed budgets are set out in table 3 over the page.

Actual 2011-12 £000	HOUSING REVENUE ACCOUNT	Latest Budget 2012/13 £000	Original Budget 2013-14 £000	Movement 2012-13 to 2013-14 £000	Paragraph Ref
	LOCAL RISK				
	Expenditure				
3,826	Repairs, Maintenance & Improvements	4,255	4,347	92	
3,710	Supervision & Management	3,311	3,344	33	
	Specialised Support Services				
498	Central Heating	551	565	14	
226	Estate Lighting	231	238	7	
1,302	Caretaking & Cleaning	1,291	1,302	11	
115	Community Facilities	86	87	1	
86	Welfare Services	128	129	1	
171	Garden Maintenance	162	164	2	
30	Tenants Grants & Compensation	31	32	1	
2,428	TOTAL Specialised Support Services	2,480	2,517	37	
	Payment to the DCLG in respect to Housing				
465	Subsidy	0	0	0	
10,429	TOTAL Expenditure	10,046	10,208	162	
	Income				
	Rent				
(8,168)	Dwellings	(8,777)	(9,206)	(429)	13
(493)	Car Parking	(492)	(504)	(12)	
(109)	Baggage Stores	(111)	(111)	0	
(1,089)	Commercial	(1,049)	(1,060)	(11)	
	Charges for Services & Facilities				
(94)	Community Facilities	(92)	(92)	0	
(2,477)	Service Charges	(2,497)	(2,485)	12	
(127)	Other	(110)	(113)	(3)	
(12,557)	TOTAL Income	(13,128)	(13,571)	(443)	
(2,128)	NET INCOME FROM SERVICES	(3,082)	(3,363)	(281)	
113	Loan Charges – Interest	193	162	(31)	
(318)	Interest Receivable	(120)	(118)	2	
(2,333)	NET OPERATING INCOME	(3,009)	(3,319)	(310)	
227	Loan Charges – Principal	224	219	(5)	
2,029	Transfer to Major Repairs Reserve	2,317	2,317	0	
(77)	Surplus for the year transferred to the Housing General Revenue Reserve	(468)	(783)	(315)	

Actual	HOUSING REVENUE ACCOUNT	Latest	Original	Movement	Paragraph
2011-12		Budget	Budget	2012-13 to	Ref
£000		2012/13	2013-14	2013-14	
		£000	£000	£000	
	MAJOR REPAIRS RESERVE (MRR)				
(2,029)	Transfer from HRA	(2,317)	(2,317)	0	
10,912	Payment of Debt to DCLG	0	0	0	
1,998	Capital Expenditure	4,681	7,724	3,043	14
(1,649)	Section 106	(2,743)	(5,126)	(2,383)	14
384	Reimbursements from homeowners	(322)	(581)	(259)	14
(63)	Capital Receipts	0	0	0	
9,553	Transfer from/(to) reserve for year	(701)	(300)	401	
(11,414)	Balance Brought Forward	(1,861)	(2,562)	(701)	
(1,861)	MRR BALANCE CARRIED FORWARD	(2,562)	(2,862)	(300)	
	GENERAL RESERVE				
(4,396)	Balance Brought Forward	(4,473)	(4,941)	(468)	
(77)	Housing Revenue Account	(468)	(783)	(315)	
(4,473)	GENERAL RESERVE BALANCE CARRIED FORWARD	(4,941)	(5,724)	(783)	
(6,334)	TOTAL RESERVES CARRIED FORWARD	(7,503)	(8,586)	(1,083)	

11. Income and favourable variances are presented in brackets. Only significant variances (generally those greater than £100,000) have been commented on in the following paragraphs.
12. Overall there is an increase in reserves of £1,083,000. This is the combination of an increase of £783,000 in the General Housing Revenue Reserve and an increase of £300,000 in the Major Repairs Reserve.
13. The main elements which make up the £783,000 increase in the General Housing Revenue Reserve is the increase in rental income £429,000 resulting from the yearly rent increase plus the £468,000 brought forward balance from 2012/13.
14. The main elements which make up the £300,000 increase in the Major Repairs Reserve is the £701,000 higher than budgeted surplus brought forward balance from 2012/13. This is partly offset by a net increase in capital expenditure of £401,000. A list of the capital projects for the two years is set out in Annex B.

15. Analysis of the movement in manpower and related staff costs are shown in Table 4 below.

Table 4 - Manpower statement	Latest Approved Budget 2012/13		Original Budget 2013/14	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Supervision and Management	31	1,171	34	1,171
Estate Officers	13	372	13	378
Porter/Cleaners	20	534	20	541
Gardeners	5	124	5	126
Wardens	2	79	2	80
Technical Services	25	1,105	25	1,138
TOTAL COMMUNITY & CHILDREN'S SERVICES	96	3,385	99	3,434

The increase in manpower is due to the inclusion of 7 one year contract apprentice posts in 2012/13 and 10 in 2013/14.

Potential Further Budget Developments

16. The provisional nature of the 2013/14 revenue budget recognises that further revisions may be required, including in relation to:

- Budget reductions to capture savings arising from the on-going PP2P reviews; and
- Budget adjustments relating to the implementation of the City of London Procurement Service;

Revenue Budget 2012/13

17. During the year a budget exercise was undertaken on all estates and sections of the HRA to align budgets with current pattern of service provision and expenditure. The forecast outturn for the current year is in line with the Latest Approved Budget.

Draft Capital Budget

18. No new bids were submitted recently by the Committee to the Policy and Resources Committee for resources to evaluate new capital or supplementary revenue projects.

19. The Committee's draft capital and supplementary revenue project budgets are summarised in the Tables below. Estimated expenditure is analysed as follows:

- Committed – Projects which are contractually committed.
- Uncommitted – Projects which have been the subject of an options appraisal report but are not yet contractually committed.
- Option Appraisal costs – The costs of evaluating all other schemes approved to proceed to that stage.

	Exp. Pre 01/04/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	Later Years £'000	Total £'000
<u>Evaluated schemes</u>								
- Committed	1,030	3,801	309	2	0	0	0	5,142
- Uncommitted	82	733	5,313	199	0	0	0	6,327
<u>Un-evaluated Schemes</u>								
Pre-evaluation costs	0	147	2,102	6,297	0	0	0	8,546
Total	1,112	4,681	7,724	6,498	0	0	0	20,015

	Exp. Pre 01/04/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	Later Years £'000	Total £'000
<u>Unevaluated schemes</u>								
Option Appraisal Costs	34	102						136
Total	34	102	0	0	0	0	0	136

The latest updated information on the capital project budgets is being submitted in a progress monitoring report to the Finance Committee on 11 December 2012. Summaries of these budgets will subsequently be used to determine overall financing, with the full capital and supplementary revenue project budgets being presented to the Court of Common Council for approval in March 2013.

20.HRA related capital expenditure continues to be funded from within the HRA, including the Major Repairs Reserve, the 25% element of HRA right to buy capital receipts that do not have to be pooled and homeowners' contributions. No subsidy is currently being received (nor presently anticipated) from the City Fund towards HRA related capital expenditure.

21.Details of the capital programme are set out in Annex B.

22.Details of the repairs, maintenance & improvements are set out in Annex A.

Contacts:

Chamberlain's Department – Mark Jarvis (1221) or Alison Elam (1081)
Chamberlain's Department

Community and Children's Services – Eddie Stevens, Housing Services
Director

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Projects shown in italics contribute to achieving the Decent Homes Standard

REPAIRS, MAINTENANCE AND IMPROVEMENTS		Latest Approved Budget 2012/13 £'000	Original Budget 2013/14 £'000
Responsible officer is the Director of Community and Children's Services			
GENERAL			
BREAKDOWN AND EMERGENCY REPAIRS			
Building	E	1,450	1,450
Electrical	E	260	260
Lifts	E	26	26
Heating and Ventilation	E	230	230
		1,966	1,966
CONTRACT SERVICING			
Building	E	130	140
Electrical	E	180	180
Lifts	E	120	120
Heating and Ventilation	E	400	400
		830	840
CYCLICAL WORK AND MINOR IMPROVEMENTS			
Elderly/Disabled - Internal Redecorations	E	40	50
- Decoration Allowance	E	40	50
Portable Appliance Testing	E	2	2
Asbestos Management Contingency	E	30	30
Adaptations for the Disabled	E	85	100
Disability Discrimination Act Compliance Works	E	20	20
Fees for Feasibility Studies	A	95	40
Energy Performance Certification Work	E	12	12
<i>Cold Water Tank Repairs/Improvements Following Annual Inspections</i>	E	20	20
<i>Electrical Repairs (Tenants Flats) following testing</i>	E	10	10
<i>Electrical Test and Inspections (Consultant Fees)</i>	E	15	5
Estates' Lifts Safety Works Compliance (Consultant Fees)	E	3	2
Estates' External and Internal Redecoration (Consultant Fees)	E	15	50
		387	391
TOTAL GENERAL		3,183	3,197
ESTATE SPECIFIC CYCLICAL WORKS AND MINOR IMPROVEMENTS			
AVONDALE SQUARE ESTATE:-			
Harman Close - Replacement of Cold Water Tanks at end of Useful Life for Safety Compliance	E	43	-
All Blocks - Water Tank Repairs for Safety Compliance	E	25	-
Longland Court - 2nd Floor External Landings Covering Replacement & Stair Tile Repairs	A	30	10
Harman Close - Lift Safety Related Works	E	1	-
Various Blocks External and Internal Repairs and Redecoration	A	-	244
5 Year Electrical Test and Inspections (Tenants' Flats)	E	10	40
5 Year Electrical Test and Inspections (Landlords' Installations)	E	5	15
Door Entry Repairs (Consultant Fees)	E	20	15
Door Entry Repairs	E	125	100
Avondale Replacement Heating Scope Study	E	15	5
TOTAL AVONDALE SQUARE ESTATE		274	429
DRON HOUSE:-			
Water Tank Repairs for Safety Compliance	E	5	-
5 Year Electrical Test and Inspections (Tenants' Flats)	E	2	2
5 Year Electrical Test and Inspections (Landlords' Installations)	E	1	2
TOTAL DRON HOUSE		8	4

KEY
E = Essential
A = Advisable
D = Desirable

Projects shown in italics contribute to achieving the Decent Homes Standard

REPAIRS, MAINTENANCE AND IMPROVEMENTS		Latest Approved Budget 2012/13 £'000	Original Budget 2013/14 £'000
Responsible officer is the Director of Community and Children's Services			
GOLDEN LANE ESTATE:-			
<i>Curtain Wall Monitoring (Including Repairs) - Gt Arthur House</i>	E	8	8
All Blocks - Water Tank Repairs for Safety Compliance	E	18	32
Gt Arthur House - Lift Safety Works	E	5	-
Bayer House - Lift Safety Works	E	3	-
Basterfield House - Lift Safety Works	E	6	-
Hatfield House - Lift Safety Works	E	5	-
Cullum Welch - Lift Safety Works	E	5	-
Various Blocks External & Internal Repairs & Redecoration	A	90	174
Replacement Heating & Associated Components Scope Study	E	30	5
TOTAL GOLDEN LANE ESTATE		170	219
HOLLOWAY ESTATE:-			
All Blocks - Water Tank Repairs for Safety Compliance	E	10	10
TOTAL HOLLOWAY ESTATE		10	10
ISLEDEN HOUSE:-			
All Blocks - Water Tank Repairs for Safety Compliance	E	-	5
TOTAL ISLEDEN HOUSE		-	5
MIDDLESEX STREET ESTATE:-			
All Blocks - Water Tank Repairs for Safety Compliance	E	13	-
Middlesex St Ph3 Heating-Sustainability Project Feasibility	E	50	-
TOTAL MIDDLESEX STREET ESTATE		63	-
SOUTHWARK ESTATE:-			
<i>5 Year Electrical Test & Inspections (Tenants' Flats)</i>	E	24	-
<i>5 Year Electrical Test & Inspections (Landlords' Installations)</i>	E	15	-
All Blocks - Water Tank Repairs for Safety Compliance	E	25	13
Collinson Court - Lift Safety Related Works	E	4	-
TOTAL SOUTHWARK ESTATE		68	13
SYDENHAM HILL ESTATE:-			
<i>5 Year Electrical Test & Inspections (Tenants' Flats)</i>	E	10	-
<i>5 Year Electrical Test & Inspections (Landlords' Installations)</i>	E	14	-
<i>Convert spare common room</i>	A	20	-
All Blocks - Water Tank Repairs for Safety Compliance	E	4	10
TOTAL SYDENHAM HILL ESTATE		48	10
WILLIAM BLAKE ESTATE:-			
All Blocks - Water Tank Repairs for Safety Compliance	E	4	-
St James Mansions - Lift Safety Related Works	E	6	-
<i>5 Year Electrical Test & Inspections (Tenants' Flats)</i>	E	2	5
<i>5 Year Electrical Test & Inspections (Landlords' Installations)</i>	E	1	3
TOTAL WILLIAM BLAKE ESTATE		13	8
WINDSOR HOUSE			
Water Tank Repairs for Safety Compliance	E	3	-
TOTAL WINDSOR HOUSE		3	-

KEY
E = Essential
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D = Desirable

Projects shown in italics contribute to achieving the Decent Homes Standard

REPAIRS, MAINTENANCE AND IMPROVEMENTS		Latest Approved Budget 2012/13 £'000	Original Budget 2013/14 £'000
Responsible officer is the Director of Community and Children's Services			
YORK WAY ESTATE:- All Blocks - Water Tank Repairs for Safety Compliance <i>5 Year Electrical Test & Inspections (Tenants' Flats)</i> <i>5 Year Electrical Test & Inspections (Landlords' Installations)</i> Communal Heating & Ventilation Replacement Feasibility	E E E E	16 5 2 20	36 15 6 5
TOTAL YORK WAY ESTATE		43	62
TECHNICAL SERVICES AND CITY SURVEYOR'S COSTS		715	736
GRAND TOTAL REPAIRS, MAINTENANCE AND IMPROVEMENTS		4,598	4,693
RECONCILIATION OF GRAND TOTAL			
MAIN PROGRAMME		4,255	4,347
CENTRAL HEATING		328	331
COMMUNITY CENTRES		10	10
GUEST ROOMS		5	5
		4,598	4,693

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CAPITAL BUDGET

Amounts shown are at April 2012 prices

Project No	Project Title	Impl. Dep't	Latest	Exp. Pre 01/04/12	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	Eval. Report	Invite Tender	Work Start	Work Finish	Comm Stat
			Est'd Cost											
<u>AVONDALE SQUARE ESTATE</u>														
29002205	Estate Lifts	CO	1,750	549	1,189	10	2	0	0	12/09	01/11	07/11	04/13	
<u>GOLDEN LANE ESTATE</u>														
29100010	Window/cladding - Gt Arthur House	CS	782	50	430	103	199	0	0	05/10	01/13	09/13	12/14	UC
<u>MIDDLESEX STREET ESTATE</u>														
29100039	Affordable Housing S106	CS	3,277	462	2,516	299	0	0	0	09/09	02/10	10/11	05/13	
29100040	Affordable Housing Highway S106	CS	115	19	96	0	0	0	0	09/09	02/10	03/12	11/12	
<u>SOUTHWARK ESTATE</u>														
29100019	Door Entry - Sumner Buildings	CO	149	0	7	142	0	0	0	05/11	11/12	03/13	09/13	UC
29100020	Door Entry - Southwark Estate	CO	217	10	12	195	0	0	0	05/11	11/12	03/13	09/13	UC
<u>SYDENHAM HILL ESTATE</u>														
10100018	Mais House Kitchen Conversion	CO	131	0	131	0	0	0	0	04/11	01/12	04/12	07/12	UC
<u>GENERAL</u>														
29100015	Decent Homes Central Heating	CO	50	0	41	9	0	0	0	05/12	09/12	11/12	05/13	UC
29100029	Decent Homes Central Heating	CO	69	0	32	37	0	0	0	05/12	09/12	11/12	05/13	UC
29100024	Decent Homes Kitchens and Bathrooms	CO	102	22	80	0	0	0	0	11/11	11/11	01/12	06/12	
29100027	Bridge Master's Car Park	CS	4,827	0	0	4,827	0	0	0	07/11	-	-	02/14	UC

CAPITAL BUDGET

Amounts shown are at April 2012 prices

Project No	Project Title	Impl. Dep't	Latest	Exp. Pre 01/04/12	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	Eval. Report	Invite Tender	Work Start	Work Finish	Comm Stat
			Est'd Cost											
<u>AVONDALE SQUARE ESTATE</u>														
29100012	Roof Works	CO	365	0	5	90	270	0	0	11/12	09/13	06/14	12/14	UE
29100034	Windows	CO	400	0	0	0	400	0	0	11/12	09/13	01/14	12/14	UE
29100036	Decent Homes	CO	1,410	0	10	300	1,100	0	0	01/13	08/13	01/14	01/15	UE
<u>GOLDEN LANE ESTATE</u>														
29100032	Door Entry	CO	467	0	7	0	460	0	0	02/13	09/13	11/13	08/14	UE
29100010	Window Cladding - Gt Arthur House	CS	3,891	0	0	973	2,918	0	0	05/10	01/13	09/13	12/14	UE
<u>HOLLOWAY ESTATE</u>														
29100033	Electrical Rewiring	CO	745	0	15	80	650	0	0	02/13	09/13	02/14	08/14	UE
<u>WILLIAM BLAKE ESTATE</u>														
29100037	Decent Homes	CO	448	0	8	200	240	0	0	01/13	08/13	01/14	06/14	UE
<u>GENERAL</u>														
29100022	Decent Homes Boilers	CO	115	0	5	110	0	0	0	02/13	03/13	05/13	10/13	UE
29100028	Decent Homes Boilers	CO	350	0	5	345	0	0	0	02/13	03/13	05/13	10/13	UE
29100030	Decent Homes Kitchens and Bathrooms	CO	88	0	88	0	0	0	0	09/12	10/12	11/12	03/13	UE
29100035	CCTV	CO	267	0	4	4	259	0	0	01/13	12/14	03/14	09/14	UE
TOTALS FOR HRA - SCHEMES			20,015	1,112	4,681	7,724	6,498	0	0					

Uncommitted projects are indicated by the letters UC in the final column

Unevaluated projects are indicated by the letters UE in the final column

Items which directly contribute to the achievement of the decent homes standard are shown in italics

CO = Community and Children's Services - Technical Services Section

CS = City Surveyor

Agenda Item 5

Committee(s): Housing Management Sub Committee	Date(s): 22 November 2012
Subject: Housing Revenue Account (HRA) Quarterly Business report	Public
Report of: Director of Community & Children's Services	For Information
Ward (if appropriate):	
<u>Summary</u>	
<p>This report presents to members the first HRA business report which provides members with an overview of the key business performance as linked to the HRA Business Plan, which was approved by Members March 2012.</p> <p>The report will become a quarterly report to ensure Members are kept briefed on the high level business factors affecting the HRA. As this is the first one, it covers a six month period: April-September 2012.</p> <p>The full HRA business report is attached as Appendix 1 and is divided into 5 sections:</p> <ul style="list-style-type: none">• Progress against vision and strategic objectives• Risk Management• Financial profile• Performance• Customer feedback/satisfaction <p>Recommendations</p> <p>Members are asked to</p> <ul style="list-style-type: none">• Note the content of this report and continue to receive updates.	

Main Report

Background

1. The City of London Corporation (CoLC) owns and manages a portfolio of socially rented properties through its Housing Revenue Account (HRA). The HRA became self-financing in April 2012 with the commencement of a new HRA business plan, as was a requirement by Government. The HRA business plan is based upon a 30 year financial profile of the HRA services which allows greater long-term planning of HRA services.
2. The HRA is still legally ring-fenced from the City Fund and because it is self-financing it is essential that Members are able to monitor the performance and delivery of the HRA business plan. This new report aims to provide Members with the essential information in order to carry out this role effectively.

Current Position

3. The full business report is attached as Appendix 1 and sets out for Members the critical factors that govern and influence the HRA. Within this it includes the headline budgetary position as compared to the 30 year profiled financial position contained within the HRA business plan that members approved in March 2012, and key performance results for business critical services.
4. This new report allows for previously separate reports relating to customer feedback and performance to be brought together in one place for Members to gain the overall picture of the HRA, along with key financial and risk information.
5. The Housing Services Director and senior managers now meet regularly to oversee the HRA business plan to ensure delivery and that risk management is carried out effectively.

Financial and Risk Implications

6. The HRA business report attached as Appendix 1 has a financial section and a risk management section which set out the business critical factors for Member. The report sets out the headline budgetary position for the HRA, as compared to the 30 year financial profile position. This does not replace the usual detailed HRA budgetary report. It also sets out the financial modelling that has been carried out as a result of the Government's welfare reforms which pose the greatest single risk to the delivery of the HRA services.

Strategic Implications

7. By providing Members with the key business critical factors impacting upon the HRA, this report is designed to become a foundation for future strategic decision making in relation to the HRA. The report will become the main business tool for senior officers and Members to manage the HRA and make future strategic decisions affecting major expenditure, along with managing risks and resources.
8. It is also the intention to produce the quarterly reports on-line for the benefit of residents and other stakeholders. This ensures transparency in the running of the HRA service and a framework to report back to tenants on delivery of the HRA business plan (all tenants received a summary copy in May 2012).
9. The report may also provide an ideal foundation to develop new forms of resident engagement in the monitoring of the HRA business plan, as is required by the national standards for social housing. These mechanisms will be explored and developed as appropriate over the next 6 months in conjunction with tenants, and resident associations.

Consultees

10. Town Clerk, Chamberlain, Solicitor

Conclusion

11. This report presents the first of the new HRA Business reports which is designed to ensure Members have all information in one place to monitor the overall performance of the HRA service according to the HRA business plan and 30 year financial profile. The full report is attached as Appendix 1 and will be published on-line on the Housing Services web pages and given to Resident Associations to ensure transparency in the running of the HRA.

Contact:

Carla Keegans
Head of Involvement and Policy
Housing Services



Housing Revenue Account (HRA) 1/4 Business Report November 2012

Contents

- A. HRA Business Plan Vision and Aims – current position**
- B. Risk management**
- C. Financial profile**
- D. Performance**
- E. Customer satisfaction / feedback**

A. HRA Business Plan – high-level progress

1. HRA Vision

“All City of London tenants will have a secure, warm, energy efficient and affordable home to live in within a safe, stable and vibrant community.”

Current position:

The vision for the HRA service remains relevant as energy prices and the cost of living both continue to rise. Key work to help deliver our vision is as follows:

Work is underway to explore options for the investment in the housing stock to improve energy efficiency, which will form a key part of the Asset Management strategy (see strategic objective 1 below).

The revised Allocations Policy will see rents for our existing social housing fixed to the national increase formula we currently use to ensure rents remain affordable, and will also ensure a continuing mix of people allocated to our properties to protect our stable estates.

HRA strategic objectives:

- a) *a proactive asset management strategy that delivers annual efficiency (monetary) savings and maximises income from our residential and non-residential stock*

Development of the strategy is concentrating on three key parts: investing in and maintaining the existing housing stock, new housing developments, and commercial properties. An officer group led by Housing Services with representation from other City colleagues agreed the approach and the key officers to lead on different aspects.

Work on the existing housing stock has to date concentrated on reviewing the Decent Homes standard which accounts for significant capital expenditure. A recent resident's survey with a 12% response rate overwhelmingly reported that our priority should be on improving the energy efficiency of our buildings. No major comments were received with regard to the internal works we carry out (for example replacement kitchen and bathrooms) and thus this part of the current asset management plan will continue as is for 2013-14 financial year. This information will be provided to residents through the next round of newsletters due out before Christmas.

Work to review the efficiency of the responsive repairs and maintenance service has not yet begun. The current contract with Wates (was Linbrook) is due to end in November 2013, and thus the two need to go together, taking into consideration the corporate approach to procurement as well as the need to make savings to the HRA. The new Head of Property Services is also reviewing cyclical maintenance works where savings for all aspects of repairs and maintenance will be identified for 2013/14 financial year onwards.

- b) a clear strategy for reinvesting efficiency savings / additional income into improving our existing stock and housing services*

A large part of the efficiency savings envisaged are to come from the review of asset management practices, as above. The Head of Property Services has this work underway and will report back in the next report on progress, as a staffing restructure is still in process, which must be implemented to fully enable changes to be implemented.

- c) an allocations policy that balances meeting housing need with maintaining stable communities for existing tenants*

A draft revised Allocations Policy was approved by the Housing sub-committee and is currently out for public consultation, and is due for final Committee approval in December. The policy was developed in consultation with staff, members and tenants and all applicants on the waiting list have been informed of the consultation. The Policy will ensure existing tenants (and sons and daughters) retain priority for transfers but slightly reduced, meaning that those on the waiting list in housing need stand a better chance of being rehoused by us. The new policy therefore aims to balance the needs of existing tenants with applicants ensuring well retain a stable rate of tenancy turn-over on our estates.

- d) a strategy for ensuring vulnerable tenants are adequately supported to maximise their wellbeing and maintain their tenancies*

Housing Services is included in the DCCS strategic review of Supported Living which aims to explore options for the future of housing and support services for older residents and those with support needs regardless of age. This review will report to the Health and Wellbeing Board. Of particular relevance to Housing is: the future provision (or not) of hostel accommodation, the future supply of housing for older people, and the links between Housing Support workers and the DCCS People Division to ensure all vulnerable tenants are known and adequately supported.

In addition, the new Allocations Policy has clarified and improved the procedures for supporting young people including those leaving care to better ensure they succeed in their tenancies.

In addition, the Welfare Reform officer project group has clear actions to identify all vulnerable tenants affected by housing benefit reductions and put in place appropriate advice and support mechanisms. An update on this work is included in the Welfare Reform paper on December's DCCS Committee agenda.

- e) ensure the total number of rented stock is maintained, and where possible increased, to meet housing need.*

At April 2012 the HRA owned 1900 properties for rent. The current figure is 1905 which reflects 5 new properties being provided using Section 106 monies since April 2012.

No social housing properties have been sold through the Right to Buy (although applications are at their highest level for several years (currently at 14). No

previously sold properties have been bought back since April 2012 using Section 106 monies.

The Section 106 officer group monitors that the monies are spent within timescales and spent efficiently to maximise the provision of social housing, with recommendations for all spend presented to the relevant committees for approval.

B. Risk Management

Identification and mitigation of risks is critical to ensuring the delivery of the HRA business plan. The key risks identified in the business plan all still stand and the following table outlines the relevant updates:

HRA Risks	Update
a) Changing inflation and interest rates (for example higher interest rates may increase the cost of any future borrowing)	There are no major changes to the risks modelled in the original HRA business plan.
b) Impact of welfare reform (potentially affecting the ability of our tenants to keep up with rent payments)	<p>This represents the biggest financial risk to the HRA business plan. Financial modelling has been carried out to better understand the risks posed. Please see Section C for these financial details.</p> <p>Understanding the impact of these reforms is critical. An officer project group has been established to ensure this risk area is managed effectively. At this stage, it is understood that the impact of the Government's welfare reforms will create 'new norms' for the housing sector and for us as a local authority landlord. This will be in the form of higher levels of rent arrears and of bad debt, both of which have been low for many years.</p> <p>For example, the rent that is currently paid direct to us through Housing Benefit (44% of all tenants, £3.9million per annum) will in future be paid to tenants. Thus at the moment we do not have to actively collect this rent and our landlord service is based upon this 'norm'. Having to actively collect this rent in the future (even if it is just for those of working age in receipt of Housing Benefit: 26%) will undoubtedly impact upon how we structure the resources in our landlord service.</p> <p>Welfare reforms will thus remain a business critical risk and further reports will be presented to this committee each quarter given the pace and scale of reforms in this area.</p> <p>The development of a new Housing Strategy will aim to address the strategic implications of welfare reform on the operation of the HRA and on residents.</p>
c) Increasing demand for housing	The demand for rented housing continues to increase in London with average rental prices now over £1200 per month; 46% higher than the rest of the country. The demand for socially rented housing is therefore at increasingly high levels. The revision of our Allocations Policy sees a number of changes which seek to offer eligible people a better chance of securing housing with the City. In addition, our programme of new build

	housing will increase the number of properties available for rent to better meet demand into the future.
d) Potential rise in Right to Buy sales (and therefore the loss of rental income and the costs of building new replacement homes)	At the time of writing we have seen an increase in Right to Buy applications to 14, with none resulting in sales to date. Projections contained within the original HRA business plan continue to be appropriate at this time. We are informing tenants of the changes to the discounts as we are required to do. Government has been promoting the Right to Buy to council housing tenants.
e) Impact of public sector cuts on vulnerable people (potentially increasing the level of support someone needs to maintain their tenancy)	A new Housing Strategy is to be developed to pull together the 'big issues' affecting the delivery of our housing service and the impacts on our residents. The process started at our recent Resident Celebration Day on 20th October where a video was shown highlighting these issues and how we are and wish to tackle these 'big issues' into the future. Residents, staff and members will be involved in this process (with members approving the final strategy) to ensure the City is prepared to deal with the changing times.
f) The continuing recession (potentially affecting tenants, ability to keep up with rent payments)	We are combining this risk with the above into the development of our new Housing Strategy given the inter-linking impacts.

Any new significant risks identified:

There are none identified at this time.

C. Financial Profile

This section presents to members the HRA headline budget position at the time of writing, and also any changes to the HRA financial profile as originally profiled in the business plan.

Headline HRA budget position

The HRA general account (excluding reserves) shows a surplus of £2,800,000 at the end of October 2012, this is in line with the forecast outturn which assumes a surplus of £500,000. This reduction in the surplus between now and the end of the financial year is due to the expenditure on repairs and maintenance and recharges increasing during the second half of the year.

Major impacts upon the 30 year HRA financial profile

For this report we have concentrated upon the impact of the Government's welfare reforms as they are a significant financial factor. The next report will feature the results of financial modelling as a result of our on-going work in relation to developing our asset management strategy.

The Government's programme of welfare reform represents the biggest single financial risk to the HRA at the time of writing. We have modelled the impact of the

three largest reforms that are now known (to date) and which have a direct impact upon the HRA:

Bedroom cap from April 2013: this will see all tenants who have one spare bedroom face a Housing Benefit cut of 14% from April 2013, and those with 2 or more spare bedrooms with a cut of 25%. We have 66 households affected by this reform, representing a total of £64,000 in annual rent shortfall. When taken in isolation, this reform has a minimal impact upon the 30 year HRA financial profile. That said, officers are committed to preventing any significant build-up of new arrears, with preventative actions being co-ordinated through the welfare reform project group.

Universal Credit from October 2013:

Any tenant who makes a *new* claim for housing benefit from October 2013 will be put onto the new 'Universal Credit' which replaces many existing work-related welfare benefits, including Housing Benefit. The impact of this reform is complicated as many people come on and off housing benefit in any one year due to their working circumstances, thus it is currently being financially modelled and will be reported in the next report.

Whilst the impact of the above on the 30 year finances may be minimal, the impact upon individual households may be major, resulting in significant shortages in housing benefit and the increased risk of high level rent arrears cases. This is because households in receipt of Universal Credit will be subject to a total benefit cap of £500 per week for a couple or family or £350 per week for a single adult – and it is the Housing Credits (what Housing Benefit is to be called under Universal Credit) that will be capped if a household reaches this level. Therefore, a larger family on benefits may only receive a very small portion of Housing Credits and thus the risk of significant arrears would become very high, which is why we are taking a very proactive approach to preventing arrears for all tenants affected by this reform

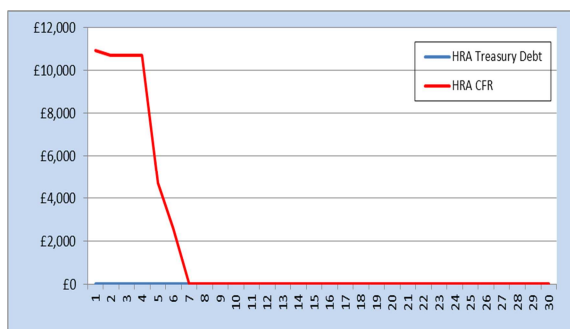
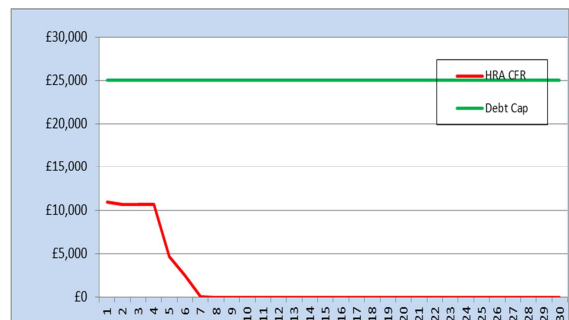
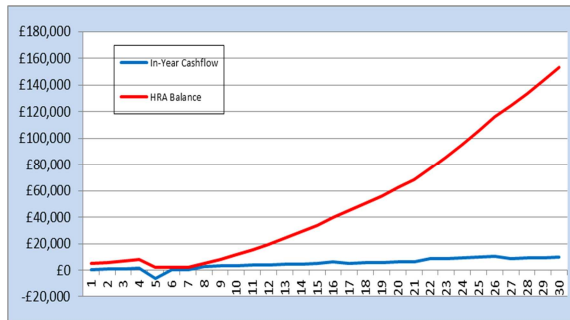
Universal Credit from October 2015:

This represents the biggest single financial risk to the HRA as explained below. There are two major impacts of Universal Credit on tenants and social landlords. The first is that tenants will have to make a new claim for Universal Credit – they will not be migrated across – and this will have to be done on-line. There is therefore the risk that some tenants may not a) make a new claim or b) not be successful in their new claim. Secondly, 'direct payments' will be abolished. This means that we will no longer receive the housing benefit payments - it will be paid directly to tenants, monthly in arrears. Currently, 26% of our working age tenants get their rent paid for by Housing benefit and we receive this money direct (these reforms do not affect people of pensionable age, which would be a further 18% of our tenants). Members can therefore see the scale of the financial risk with over a quarter of rent at stake.

Universal Credit will be administered by Central Government, which means that locally administered Housing Benefit as we know it will end. At the time of writing, the Government has not confirmed which Local Authorities will be subject to Universal Credit first. We are working on the basis of October 2015 for the City of London as it is highly likely that small Local Authorities will be migrated first.

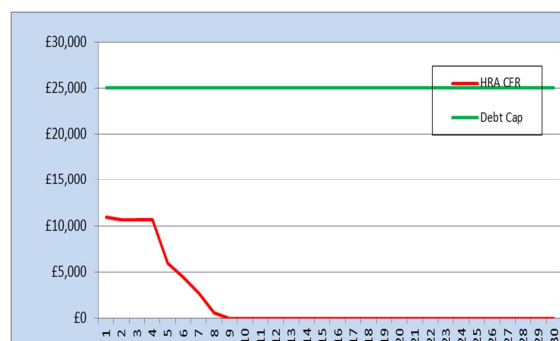
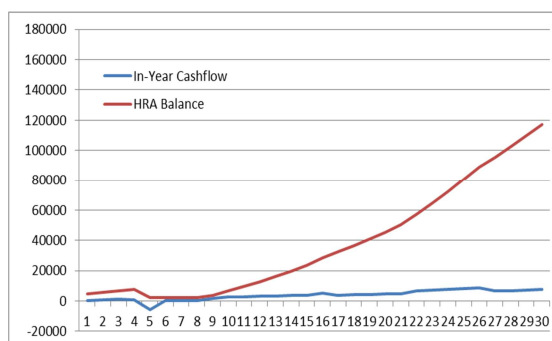
We have modelled 3 different scenarios for the financial impact of Universal Credit which as depicted in the following charts, along with the corresponding rise in bad debt levels. (The % figures (25, 50, and 75) are a % of the 26% of current rent that is paid for through Housing Benefit, not of total rent owed).

Chart 1: base charts 2012-13 for comparison



It is important to note that the base position is now based on the actuals, not estimates, as the HRA Business Plan was based on when it was approved in March. The key difference between the two is the dip between years 4-6 which was not evident in the original base charts. This is largely due to the slippage of capital projects.

Chart 2: 25% of housing benefit not recovered:



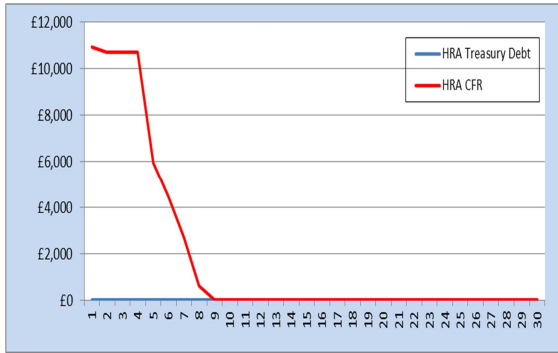


Chart 3: 50% of housing benefit not recovered:

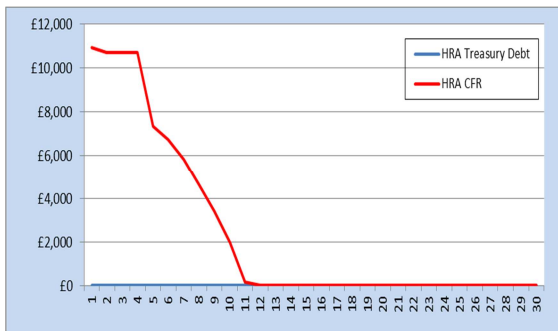
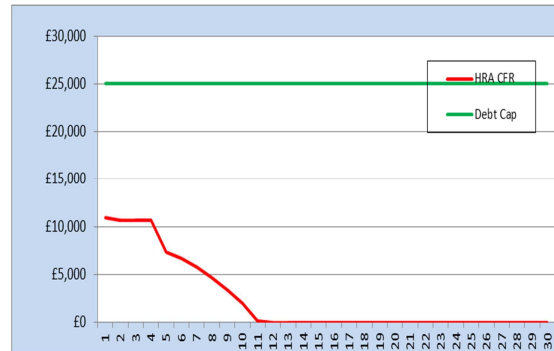
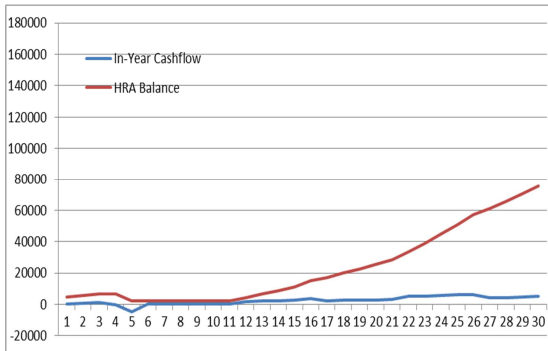
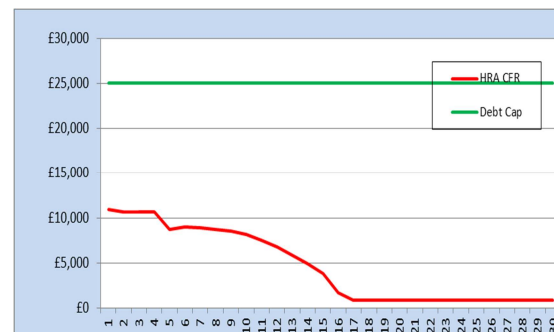
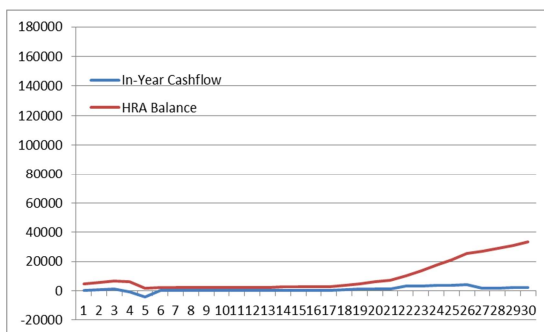


Chart 4: 75% of housing benefit not recovered:



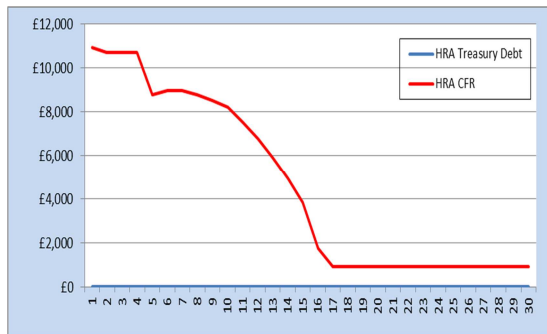


Table 1: Revised bad debt to include non-recovery of housing benefit:

	Base (current level)	75% not recovered	50% not recovered	25% not recovered
	£,000	£,000	£,000	£,000
Annual rental income	10,260	10,260	10,260	10,260
Projected bad debt	103	2,042	1,359	682

As can be seen, the greater the loss of housing benefit recovered, the greater the negative impact upon the HRA finances. All three scenarios see a precarious cash flow period of time (which lengthens as the % of Housing Benefit not recovered increases); therefore it will be critical that the Housing Service has adequate capacity to collect sufficient rent owed when Universal Credit is implemented. This financial position also increases the need for the HRA to explore alternative sources of long-term income as Government subsidy in housing decreases.

Being able to project the impact will enable us to plan for the changes in our rent collection and arrears resources and procedures that will be necessary to minimise the potential drop in rent collected as a result of the switch to Universal Credit. Further reports will be presented outlining the on-going developments relating to welfare reform and future recommended actions to safeguard our rent collection levels.

D. Performance

This section is designed to present the key performance indicators for the Housing Service. The Housing Services team is consulting with the wider Departmental Policy and Performance team as to how best to do this to ensure we avoid duplication with the Departmental performance reporting. Members views on this would be welcome.

E. Customer feedback / satisfaction

This section presents the results of any customer research / consultation that has been carried out in the previous quarter. Given this is the 1st report, results are presented for the period April-Sept 2012.

Follow-up to the STAR Tenant Satisfaction survey

The STAR survey that was carried out January - March 2012 showed overall high satisfaction with the services we provide. However, there was a 10% drop in satisfaction with whether we 'take tenants views into account' since the last survey in 2009, and a drop of 30% since the 2006 survey.

We are in the process of carrying out research and gathering feedback to establish into why this change has occurred. This will enable us to take immediate steps to improve performance and to build further actions into our 2013/14 Service Plan. Further information will be presented to Members in the next report.

Future Items to note

At the time of writing, the Government has announced its intention to cap welfare benefits for families with more than two children, and to abolish Housing Benefit for under 25 years olds. As these are just announcements and not confirmed policies no financial modelling has been carried out. However, future reports will update on these on-going developments and include the financial impact.

Agenda Item 10

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Agenda Item 11

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Agenda Item 12

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