

Please ask for:

Lindsey Holloway

Direct dial:

(023) 9254 5443

Fax:

(023) 9254 5587

E-mail:

lindsey.holloway@gosport.gov.uk

30 October 2007

S U M M O N S

MEETING: Housing Board
DATE: 7 November 2007
TIME: 6.00pm
PLACE: Committee Room 1, Town Hall, Gosport
Democratic Services contact: Lindsey Holloway

BOROUGH SOLICITOR

MEMBERS OF THE BOARD

Councillor Mrs Wright (Chairman)
Councillor Mrs Cully (Vice Chairman)

Councillor Allen	Councillor Foster
Councillor Ms Ballard	Councillor Foster-Reed
Councillor Burgess	Councillor Mrs Mudie
Councillor Champion	Councillor Rigg

The Mayor (Councillor Gill) (ex officio)
Chairman of Policy and Organisation Board (Councillor Cully) (ex-officio)

FIRE PRECAUTIONS

(To be read from the Chair if members of the public are present)

In the event of the fire alarm (continuous ringing) or bomb alert (intermittent ringing) sounding, please leave the room immediately.

Proceed downstairs by way of the main stairs or as directed by GBC staff, follow any of the emergency exit signs. People with disability or mobility issues please identify yourself to GBC staff who will assist in your evacuation of the building.

IMPORTANT NOTICE:

- If you are in a wheelchair or have difficulty in walking and require access to the Committee Room on the First Floor of the Town Hall for this meeting, assistance can be provided by Town Hall staff on request

If you require any of the services detailed above please ring the Direct Line for the Democratic Services Officer listed on the Summons (first page).

NOTE:

- i. Members are requested to note that if any member wishes to speak at the Board meeting then the Borough Solicitor is required to receive not less than 24 hours prior notice in writing or electronically and such notice shall indicate the agenda item or items on which the member wishes to speak.
- ii. Please note that mobile phones should be switched off for the duration of the meeting.

AGENDA

RECOMMENDED
MINUTE
FORMAT

PART A ITEMS

1 APOLOGIES FOR NON-ATTENDANCE

2 DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter, any personal or personal and prejudicial interest in any item(s) being considered at this meeting.

3 MINUTES OF THE MEETING OF THE BOARD HELD ON
12 SEPTEMBER 2007 [Copy herewith].

4 DEPUTATIONS – STANDING ORDER 3.5

(NOTE: The Board is required to receive a deputation(s) on a matter which is before the meeting of the Board provided that notice of the intended deputation and its object shall have been received by the Borough Solicitor by 12 noon on Monday 5 November 2007. The total time for deputations in favour and against a proposal shall not exceed 10 minutes).

5 PUBLIC QUESTIONS – STANDING ORDER 3.6

(NOTE: The Board is required to allow a total of 15 minutes for questions from Members of the public on matters within the terms of reference of the Board provided that notice of such Question(s) shall have been submitted to the Borough Solicitor by 12 noon on Monday 5 November 2007).

6 REDEVELOPMENT PROPOSALS FOR THE LEISURE

To outline the progress that has been made in relation to the redevelopment of The Leisure at Cunningham Drive, Bridgemarky. It reports on the consultations that have been taking place with a number of parties in relation to the realisation of a new scheme for the site. The report includes details of the proposed management options as requested by Members at the previous meeting of the Housing Board. The report seeks a decision to transfer the land to Hermitage Housing Association who would carry out the redevelopment of The Leisure. (report attached)

PART II
Contact Officer:
Oona Hickson
Extension 5292

7 HOUSING REVENUE ACCOUNT – PLAN TO RESTORE BALANCES

To provide information to Members explaining significant reduction in the Housing Revenue Account (HRA) balances during 2006/07, and the actions being taken to restore the balances to a level required by the Medium Term Financial Strategy. (report attached)

PART II
Contact Officers:
Andy Elder
Extension 5351
Julian Bowcher
Extension 5551

Continued next page...

8 ANY OTHER ITEMS

- which, in the opinion of the Chairman should be considered as a matter of urgency by reason of special circumstances.

A MEETING OF THE HOUSING BOARD
WAS HELD ON 12 SEPTEMBER 2007

The Mayor (Councillor Gill)(ex-officio), Chairman of Policy and Organisation Board (Councillor Cully)(ex-officio) (P), Councillors Allen (P), Ms Ballard (P), Burgess (P), Champion (P), Mrs Cully (Vice Chairman) (P), Foster (P), Foster-Reed (P), Mrs Mudie (P), Rigg (P) and Mrs Wright (Chairman) (P).

Also in attendance: Tenant Representative – Mrs Janne Carter

14 APOLOGY

An apology for inability to attend the meeting was submitted on behalf of The Mayor (Councillor Gill).

15 DECLARATIONS OF INTEREST

There were no declarations of interest.

16 MINUTES

RESOLVED: That the Minutes of the meeting held on 13 June 2007 be approved and signed by the Chairman as a true and correct record.

17 DEPUTATIONS

There were no deputations.

18 PUBLIC QUESTIONS

There were no public questions.

PART II

19 HOMELESSNESS AND HOUSING GRANTS TO EXTERNAL BODIES 2007/08

The Board considered the report of the Housing Services Manager (a copy of which is attached in the Minute Book as Appendix 'A') which sought approval of the grants set out in the report from Government Homelessness Grants and the Housing Revenue Account (HRA). No funding would be required from the General Fund to meet these grants.

RESOLVED: That the following grants be approved and funded by government homelessness grant (unless otherwise stated):

- (i) Gosport Citizens Advice Bureau, debt service: £11,911.74 of which £3,335 to be funded from the HRA;
- (ii) Housing Aid Centre, Rowner outreach service: £2,353.05;

- (iii) Accommodation Resource Centre (Mediation and homeless education service): £7,092;
- (iv) £20,000 to an agency for the supported lodgings scheme, subject to Service Level Agreement approved by the Housing Services Manager, in consultation with the Housing Board Chairman and Group spokespersons. The agency to be determined through the Hampshire Supporting People tendering exercise;
- (v) A budget of £1,558 for Fareham and Gosport Family Aid to act as agent for this Council in installing and removing domestic violence alarms; and
- (vi) A budget of £420 for domestic violence alarms monitoring by Hermitage Care.

20 REDEVELOPMENT PROPOSALS FOR THE LEISURE

The Board considered the report of the Housing Services Manager (a copy of which is attached in the Minute Book as Appendix 'B') giving an outline of the progress that had been made in relation to the redevelopment of The Leisure at Cunningham Drive, Bridgemary, Gosport. The report touched on the consultations that had taken place with a number of parties regarding a new scheme for the site. The report sought a decision to transfer the land to Hermitage Housing Association who would carry out the redevelopment of The Leisure.

The Chairman drew attention to the Housing Board Minutes of 13 June 2007 and the first part of the resolution for the Best Value Sheltered Housing Review stating that redevelopment plans for The Leisure would include management options by the Housing Association Partner. Reference to management options was not included in the report before Members.

The Borough Solicitor advised that Members could approve the report in a general sense, at this stage, but there was uncertainty as to whether Housing Corporation approval would be possible because the final detail of the management arrangements had not been negotiated with Hermitage Housing Association. An alternative option was to defer making a decision until the full facts were available for Members' consideration. When these facts were available an Extraordinary Housing Board meeting could be arranged before the disposal of the land and within the required timescale for Housing Corporation bids.

The Board acknowledged the involvement of the Best Value Sheltered Housing Working Group and commended officers on their work so far on the proposed arrangements for the land. The Chairman advised officers that they must comply with Board decisions. Failure to do so would mean such items being referred back to ensure compliance, as with this decision to refer back the item on The Leisure.

Members expressed a preference to defer this matter until the full details of the management options for The Leisure were available. It was accepted that an Extraordinary Housing Board meeting might be necessary to keep within the timescale for the Housing Corporation's bidding round.

RESOLVED: That -

- (i) the redevelopment proposals for The Leisure be deferred pending the receipt of management option information; and
- (ii) If necessary, an Extraordinary Housing Board meeting be arranged to reconsider redevelopment proposals, including management options for The Leisure, within the timescale of the Housing Corporation bidding process.

21 PROCESSING DISABLED FACILITIES GRANTS

The Board considered the report of the Housing Services Manager (a copy of which is attached in the Minute Book as Appendix 'C') which sought to formally permit average costs to be accepted by the Private Sector Housing Team when assessing private sector (non-Gosport Borough Council tenants) Mandatory Disabled Facilities Grant applications; in cases where the client would prefer a more expensive option to meet their needs.

Members were informed that disabled facilities grants were funded from the Private Sector Housing account and considered accepting average costs to be a common sense solution.

RESOLVED: That the Private Sector Housing Team be given permission to accept average costs when assessing private sector housing Mandatory Disabled Facilities Grant applications in cases where the client would prefer a more expensive option to meet their needs.

22 INTRODUCTORY TENANCIES

The Board considered the report of the Housing Services Manager (a copy of which is attached in the Minute Book as Appendix 'D') regarding the possible adoption of introductory tenancies for Gosport Borough Council stock.

Members supported the proposal for 12 month probationary tenancies for a number of reasons including that of ongoing difficulties in dealing with persistent anti-social behaviour and that it might ease numbers on the waiting list for Council properties.

The Borough Solicitor advised that eviction of tenants on introductory tenancies was possible as long as the appropriate procedures were followed.

The implementation date of the Introductory Tenancies scheme was changed to 1st April 2008, rather than by 31st March 2008, as stated in the report.

RESOLVED: That -

- (i) introductory tenancies be adopted for Gosport Borough Council stock;
- (ii) a comprehensive policy for introductory tenancies be developed for implementation on 1st April 2008; and

- (iii) an amendment to the Scheme of Delegation to Officers be submitted to full Council for approval.

23 EXCHANGE OF LAND TRINITY GREEN AREA: THE COUNCIL AND KELSEY HOUSING ASSOCIATION

By reason of special circumstances, the Chairman determined that this item be considered at this meeting notwithstanding the fact that it had not been available for public inspection in accordance with the provisions of Section 100B(4)(a) of the Local Government Act 1985.

The special circumstances were created by the matter having been outstanding for sometime and it becoming critical for the Registered Social Landlord (RSL) regulations regarding use of the land; making it inappropriate to wait until the next Housing Board meeting.

The Board considered the report of the Housing Services Manager (a copy of which is attached in the Minute Book as Appendix 'E') which sought Housing Board approval for the exchange of land between the Council and Kelsey Housing Association.

An amendment to the report was made in that the number of tower blocks mentioned in the report should also refer to Garland Court, bringing the total to five.

Members fully supported the proposal and the Vice-Chairman, who was a member of the Kelsey Housing Association Board, considered that landscaping of the land was necessary and would enhance the areas.

RESOLVED: That -

- (i) the exchange of land between the Council and Kelsey Housing Association as detailed in the report be approved;
- (ii) the Borough Solicitor be authorised to enter into such legal documentation as necessary to effect the above decision; and
- (iii) the Policy and Organisation Board be recommended to approve the transfer of land as detailed in the Housing Services Manager's report.

24 CHAIRMAN'S CLOSING REMARKS

The Chairman advised the Board of a forthcoming report regarding the Housing Revenue Account.

The meeting commenced at 6pm and concluded at 6.34pm

CHAIRMAN

AGENDA ITEM NO. 6

Board/Committee:	HOUSING BOARD
Date of Meeting:	7 NOVEMBER 2007
Title:	REDEVELOPMENT PROPOSALS FOR THE LEISURE
Author:	HOUSING SERVICES MANAGER/OH
Status:	FOR DECISION

Purpose

The purpose of this report is to outline the progress that has been made in relation to the redevelopment of The Leisure at Cunningham Drive, Bridgemaury. It reports on the consultations that have been taking place with a number of parties in relation to the realisation of a new scheme for the site. The report includes details of the proposed management options as requested by members at the previous meeting of the Housing Board. The report seeks a decision to transfer the land to Hermitage Housing Association who would carry out the redevelopment of The Leisure.

Recommendation

That the Housing Board recommends to the P & O Board;

- a) That the land at the Leisure, excluding that occupied by the bungalows, be transferred to Hermitage Housing Association for no financial consideration, and authority be delegated to the Housing Services Manager in consultation with the Borough Solicitor to finalise the terms of the transfer.
- b) That the Housing Services Manager, in liaison with Ward Councillors continues working on the detailed proposals, including financial, management and development discussions, for the redevelopment of the Leisure Sheltered Housing Scheme
- c) Future management arrangements for the new scheme will be as follows:
 - The establishment of a local management panel to monitor and review performance of both the management and care at the new scheme. The management panel would consist of representatives of all partners to the scheme including local residents' representatives, a local ward councillor and representatives from the voluntary sector.

- The establishment of a nominations panel to assess applications for the scheme and to ensure that both the housing and care needs are assessed jointly. This would consist of representatives from GBC, HCC and Hermitage Housing Association. Vacancies to the scheme would be advertised through the Gosport CBL scheme with agreed housing and care criteria attached.
- Access in perpetuity for residents of 26-45 Cunningham Drive to the new facilities at the redeveloped Leisure scheme, with costs pegged to GBC prices for guest rooms etc for a period of five years from the opening of the new scheme.

1 Background

- 1.1 At the Housing Board meeting on 13 June 2007 a report from the Member Working Group, which had met during 2006 to consider the Council's Sheltered Housing Stock, was considered and its recommendations discussed and agreed. Members will recall that a major recommendation was to bring forward redevelopment proposals for 3 schemes, The Leisure, Rogers House and Agnew House, in conjunction with our Housing Association partners.
- 1.2 Hermitage Housing Association, now part of the Guinness Group, and one of our Housing Association partners had previously worked on a proposal for The Leisure which had not been successful in receiving financial support from the Department of Health. It was agreed with the Chairman of Housing that they and Parnell Design (architects of the original scheme) be approached again to work on a new proposal. This was mainly because it was felt that with a Housing Corporation bid round approaching this autumn it was important to develop a scheme with the potential of attracting Corporation funding.
- 1.3 Hermitage HA is a local housing provider who, as well as being one of our established partners, has significant experience in the management and provision of sheltered and frail elderly housing. One third of the stock that they own in Havant is accommodation for the elderly including a large scheme for the frail elderly on Hayling Island. Hermitage HA and Guinness also have a specialist care and support provider within their group which we have accessed to give further advice on design management and revenue issues in relation to this proposed scheme.
- 1.4 The new development would be owned by Hermitage HA as the grant to deliver the scheme would come from the Housing Corporation. However, since this report was considered by the Housing Board at its meeting on 12 September 2007, the Council has

been able to negotiate details of the proposed management arrangements which are now contained in this report.

2 Report

- 2.1 Since the adoption of the Housing Board report and the decision to work up a bid for The Leisure a project team has met to develop plans for the new scheme and to begin to resolve all the issues that arise with a proposal of this scale.
- 2.2 What is proposed is the rehousing of the existing tenants from the 24 bedsit scheme, of which 15 bedsits are occupied. All existing residents have been consulted about the proposal so far and their housing requirements, including any domiciliary care needs, are now being collated. All existing residents will be sensitively decanted and will be offered home loss and disturbance payments as compensation. All existing residents of The Leisure understand that they have the right to return to the new scheme should they so wish.

The bungalows surrounding the Leisure sheltered block are not part of the redevelopment proposal and would remain within the ownership and management of the Council.

- 2.3 The proposed new scheme by Hermitage HA would involve the demolition of the existing scheme and the provision in its place of a 50 property development of one and two bedroom flats, all of which will be wheel chair accessible and four of which will be specifically adapted for wheelchair users. The scheme would include a communal lounge and a separate residents' lounge, a dining room and a catering kitchen. Additional elements would include smaller rooms for residents' activities or treatments e.g. hairdressing, assisted bathing facilities, a laundry, reception and offices for scheme manager and staff, as well as a guest room and ancillary space for plant and buggy storage.
- 2.4 This will create a scheme capable of flexible use to provide a much wider range of facilities for use by older residents in the Gosport community. The proposal has been built on good practice from other areas of the country in relation to the development of "very sheltered housing" otherwise known as "extra care housing" and is a model which is supported by Hampshire County Council.

All of the 50 new flats would be available to rent from Hermitage HA by local older people with a range of housing and care needs.

Additionally there would be a service charge for the use of communal and other facilities.

2.5 Future management arrangements for the new scheme have been discussed with Hermitage HA and these are proposed as follows:-

- The establishment of a local management panel to monitor and review performance of both the management and care at the new scheme. The management panel would consist of representatives of all partners to the scheme including local residents' representatives, a local ward councillor and representatives from the voluntary sector.
- The establishment of a nominations panel to assess applications for the scheme and to ensure that both the housing and care needs are assessed jointly. This would consist of representatives from GBC, HCC and Hermitage Housing Association. Vacancies to the scheme would be advertised through the Gosport CBL scheme with agreed housing and care criteria attached.
- Access in perpetuity for existing residents of 26-45 Cunningham Drive to the new facilities at the redeveloped Leisure scheme, with costs pegged to GBC prices for guest rooms etc for a period of five years from the opening of the new scheme. After this period, residents will continue to have access to the scheme and will pay the charge levied for the facilities; such as the Guest Room and Launderette that may apply at this time.

2.6 Hampshire County Council (HCC) support is important to enable the delivery of this scheme and their supported housing expertise is represented on the project group. Hampshire County Council has established a capital fund of £5 Million to develop, with other partners, at least 400 new very sheltered housing places across the county, including making available up to £750,000 of capital for the development of this scheme. The report seeking this was approved by HCC's Cabinet on 24 September 2007.

Commitment to the revenue required for the development of very sheltered housing places has already been given in principle by the Hampshire Supporting People County Core Group in June 2007.

2.7 The financial contribution from Gosport Borough Council to the scheme would be the land that the new scheme will occupy. This is vital to the success of the scheme and its bid for Housing Corporation funding and is currently estimated to be worth between £700,000 and £800,000. This would be a similar to the redevelopment of the 'Orlit' and 'Steane' properties, whereby the land was transferred from the council with the new homes owned and managed by the Housing Association, although the management scheme as outlined in this report will be used at The Leisure. Gosport Borough Council would

be acting in an enabling capacity to provide new affordable homes for rent to older local people.

- 2.8 The total costs for the realisation of the scheme, including notional land and on costs, is currently £7.95m. Of this it is anticipated that £3.7m will be sought in grant from the Housing Corporation, £2.7m raised as a long term loan by Hermitage HA and the other capital costs supported by GBC in the form of land and HCC via a capital contribution.
- 2.9 There is a strong demand for affordable sheltered accommodation in Gosport with current demand far greater than available supply. The Best Value Sheltered Housing Review calculated that there will be a demand for an extra 400 units of sheltered accommodation to be met by 2011. Gosport currently has no very sheltered housing provision but demographic trends of the area indicate that there is an urgent need for this type of provision to be developed; this also assists in the funding case for such a scheme with both the Housing Corporation and HCC.
- 2.10 Typically, such a scheme will cater for a range of older persons' needs and ensure that for as long as possible older citizens are able to live independently in good quality accommodation which is designed to allow for a variety of mobility and sensory impairments which may come with age. Schemes typically have a Warden and other care staff and also offer on-site facilities such as an optional cooked midday meal other activities include a social club and access to facilities that may be required including assisted bathing and hairdressing. Any housing care provided to the residents is via an individual housing care and support package. The housing care and support package would be tendered under the standard Supporting People arrangements.
- 2.11 The timescale for the new scheme, once all the current residents have been sensitively rehoused and the existing building demolished is for it to take 18 months to build. It is therefore anticipated that the redevelopment would commence in 2008 and the new scheme would open in 2010.
- 2.12 In order to maximise the chances of obtaining Housing Corporation support the scheme will be submitted for planning approval shortly after detailed consultation with the residents of The Leisure, properties adjacent to the scheme, and the wider community. The Housing Corporation focus is on deliverable schemes, and schemes have little chance of funding if they are unlikely to receive planning approval. The costs of designing the scheme, employing Consultants and Architects and making the planning application, which are considerable, is being born by Hermitage HA and will be absorbed by them if the scheme is unsuccessful.

3 Risk Assessment

- 3.1 The major risks to this scheme are securing planning permission and financial in terms of the grant required to realise the scheme. The scheme cannot proceed if either of these are not forthcoming. However, the partnership approach to the scheme delivery offers the best option for scheme realisation and the role of the Local Authority in supporting such an initiative is a major consideration when the Housing Corporation is considering funding opportunities.

4 Conclusion

- 4.1 The report describes the progress so far in developing proposals for the redevelopment of The Leisure sheltered scheme, and details the rehousing, consultation, management and redevelopment discussions that have taken place to date. The final detailed arrangements for the redevelopment are to be reported to a future Housing Board meeting.

Financial Services comments:	As outlined in the report. It is unlikely that an affordable solution could be developed involving retaining ownership of all of the units without significantly jeopardising the ability to achieve Decent Homes Standard with our housing stock.
Legal Services comments:	The Council has the power to enter into these arrangements although it must ensure that the proposal falls within one of the General Consents ,under Section 25 of the Local Government Act 1988, otherwise a specific consent from the Secretary of State will be required for the disposal The Council must decant the existing tenants before the transfer is completed and this transaction together with others where financial assistance or a gratuitous benefit is provided to an RSL in the same financial year must not exceed £10 Million.
Service Improvement Plan implications:	Meeting the Decent Homes Standard is a key objective of the Housing Services SIP (Service Improvement Plan)
Corporate Plan:	Meets objectives in relation to the Strategic Priority of Prosperity by improving access to decent housing
Risk Assessment:	See paragraph 3.1
Background papers:	None
Appendices/Enclosures:	None
Report author/ Lead Officer:	Oona Hickson Head of Housing Strategy and Enabling

AGENDA ITEM NO. 7

Board/Committee:	HOUSING BOARD
Date of Meeting:	7 NOVEMBER 2007
Title:	HOUSING REVENUE ACCOUNT - PLAN TO RESTORE BALANCES
Author:	HOUSING SERVICES MANAGER & FINANCIAL SERVICES MANAGER
Status:	FOR DECISION

Purpose

The purpose of this report is to provide information to Members explaining significant reduction in the Housing Revenue Account (HRA) balances during 2006/07, and the actions being taken to restore the balances to a level required by the Medium Term Financial Strategy.

Recommendation

- 1 That the Housing Board approves the following action to restore the HRA balances in 2007/08; namely,

a reduction is made in the 2007/08 capital programme enabling a reduction of £300,000 in the Revenue Contribution to Capital within the Housing Revenue Account 2007/08.
- 2 Support the principle that the HRA Budget 2008/09 is prepared with a view to further restoring the Housing Revenue Account balance to the minimum acceptable as detailed in the Medium Term Financial Strategy.
- 3 That the Board notes the improved monitoring and management procedures relating to the Connaught partnering arrangement.

1 BACKGROUND

- 1.1 The Council has a statutory requirement under the Local Government and Housing Act 1989 to maintain a separate revenue account for the provision of local authority housing. This is called the Housing Revenue Account (HRA).
- 1.2 The HRA Business Plan makes a number of specific assumptions in relation to the management of HRA finance. One assumption is the need to retain acceptable balances in-line with the HRA turnover and as set out in the Council's Medium Term Financial Strategy. The strategy requires a minimum balance level of £200 per property (currently £650K), and a target figure of £250 per property (currently £812K).

- 1.3 The HRA Surplus carried forward from 2005/06 was £991,000, well above the required level. During 2006/07 a combination of events has contributed to the HRA Surplus reducing to £168,000; this is a reduction of £823,000 in the financial year (see Appendix A). It is therefore imperative that a number of actions are taken to restore the balances to a more acceptable level over the next 18 months.
- 1.4 Officers are required to seek Board approval where work within identified element/s of the approved Housing Repairs programme is going to under or over spend by more than £100,000. Since the original repairs programme and budget were approved there has been a significant reduction in the HRA balance. This means that the original programme as envisaged cannot now be funded. This report contains the details of where the revisions in the programme for 2007/08 can be made.

2 HOUSING REVENUE ACCOUNT 2006/07

- 2.1 In March 2006 the Housing Service entered into a bespoke partnering contract with Connaught Ltd for the provision of the response repairs, voids and associated works for 5 years. The Contract is worth approximately £1.7 Million comprising of £1.2 Million for response repairs and £0.5 Million for void works per annum.
- 2.2 The Housing Service had already entered into several successful partnering contracts for various services. These arrangements have seen quality improve and customer satisfaction rise. This is also the experience of local authorities and housing associations nationally, many of whom have embraced partnering and greatly reduced the number of conventional contracts let.
- 2.3 The responsive repairs service covers the day-to-day maintenance of the Council's housing stock. It is provided 365 days a year, 24 hours a day. As a front line service, it is a focal point for contact among the Council's tenants. It is perceived by many tenants as the main service we provide and in this respect it is highly influential in shaping tenants' views about the quality of the service they receive. On the evidence of Resident Surveys undertaken there has been an increase in satisfaction relating to the repairs service since partnering was introduced.
- 2.4 It was agreed at the start of the partnering arrangement that Housing Services would pay a provisional monthly sum to Connaught to cover the works they had completed. However, following the end of the financial year, Connaught identified further payments of £487,607 that were chargeable to 2006/07. These payments are related to works carried out in 2006/07 that are due in the contract period to 31 March 2007. The payments comprise both revenue (£320,488) and

capital (£167,119) and need to be financed from the HRA working balance and through unsupported borrowing.

- 2.5 Prior to these additional payments an overspend of £123k had already been identified within the Housing Repairs Programme. This was largely due to the amount of repairs and improvements required on void properties.
- 2.6 Other significant areas of overspend within the HRA were management costs of £128k and reduced income of £90k. The areas of management that were overspent were utilities costs, salary costs for Scheme managers, building cleaning and vehicle costs. The reduced income figure was primarily down to rental income reduction and a decrease in insurance and service charge income
- 2.7 A further area which contributed to the overspend on the HRA in 2006/07 was the Pooling of Housing Capital Receipts payment to the government, which is offset by allowances for administration and improvements on right to buy properties. A re-examination has reduced the allowances by £16,789.
- 2.8 An adjustment has also been necessary in respect of the final payment of £314,893 for 2003/2004 subsidy which was paid to the ODPM in 2005/06. This was partially financed by the creditor raised in 2004/05 for £250,000 in anticipation of the (then unknown) future final payment. The resulting balance of £64,893 was chargeable to the HRA in 2006/07.

3 BUDGETARY CONTROL AND PROCEDURAL ISSUES

- 3.1 The overspend in the housing improvements and repairs budget that occurred in 2006/07 highlighted weaknesses in the initial financial controls in this new partnering arrangement.
- 3.2 An essential element of partnering is an objective to abandon the adversarial nature of many of the more traditional contractual arrangements and work in partnership to the mutual benefit of both parties. This less formal working relationship arguably can result in the need to strengthen monitoring and decision making procedures. The flexibility of the partnering arrangements require decisions to be made during the lifetime of the agreement which have significant implications on both cost and performance. It is therefore important that these decisions are made at the appropriate level.
- 3.3 Partnering arrangements, particularly for reactive repairs, are at the forefront of service delivery initiatives within the public sector. Protocols, guidance and established good practice for the delivery and control of such arrangements are still being developed nationally. Housing Services, in consultation with Internal Audit and Corporate Finance have developed effective arrangements to ensure tight monitoring processes.

3.4 Officers have already put in place new accountancy reconciliation processes for the partnering arrangement which will improve the controls and safeguards required to successfully manage the contract. Specifically this has involved:

- the appointment of a dedicated finance officer within Connaught (and based at the Depot) to co-ordinate and reconcile expenditure (since May 2007)
- the setting up of monthly monitoring meetings between the Housing Finance team and Connaught (in operation since June 2007)
- the production and distribution of monthly reconciliation reports on spend (available from October 2007)
- the monthly production and review of annual expenditure profiles for both the Planned and Reactive programmes (available since June 2007)
- an agreement to increase the open book accounting exercise to half yearly rather than annually

3.5 Management arrangements for monitoring the partnering agreement have also been improved. This has involved:

- the appointment of a Quantity Surveyor by Connaught to manage costs and delivery programmes in line with expenditure profiles (October 2007)
- finalising the suite of performance indicators to track the performance of the partnership. The performance indicators will further aid the Council in monitoring and controlling the amount and nature of work being undertaken.

3.6 The expenditure profile to September 2007 indicates that this year's response repairs programme will be delivered within budget.

4 HOUSING REVENUE ACCOUNT BALANCE LEVELS

4.1 The HRA balance level as at the 31 March 2007 reduced to £168,000 which is below the target level indicated within the Council's Medium Term Financial Strategy of a minimum level of £650K and a target level of £812K.

4.2 Appendix B is a statement showing how the balance can be restored to approximately £507,000 in the current year subject to this Board's approval of the measures required to achieve this.

- 4.3 Without action the balance levels are budgeted to decrease still further in the current year due to a planned deficit of £87,000 and an increase in insurance costs of £60,000. However these are more than offset by an increase in the revised estimate relating to rental income of £186,000.
- 4.4 In addition to the above it is proposed that the Revenue Contribution to Capital Expenditure from the HRA is reduced from £400,000 to £100,000 in the current year. This is seen as appropriate as the overspend was partly the result of an acceleration in the Housing Repairs Capital Programme and can be achieved by a relatively minor rescheduling of this year's programme.
- 4.5 The budget for 2008/09 is currently being prepared and will include further proposals to help restore the balances to the target level by 31 March 2009. It is not possible to present the budget position for 2008/09 at this stage as we are still awaiting key information from Central Government relating to the Housing Subsidy.

5 RISK ASSESSMENT

- 5.1 It is important that the actions set out in this report are implemented as failure to do so would mean that the HRA balance remains below the acceptable levels as set out in the Medium Term Financial Strategy.

6 CONCLUSION

- 6.1 The necessary controls are in place to monitor expenditure and these controls will prevent similar over commitments in 2007-08 and future years.
- 6.2 The actions contained in this report are designed to restore the HRA balances over the next 18 months to an acceptable level subject to Member approval.

Financial Services comments:	As detailed in the report
Legal Services comments:	Contained in report
Service Improvement Plan implications:	The meeting of the Decent Homes Standard is a Service Improvement Plan objective
Corporate Plan:	None
Risk Assessment:	As set out a paragraph 5.1
Background papers:	Housing Repairs Programme 2007/08 – March 2007
Appendices/Enclosures:	
Appendix 'A'	Financial plan to restore HRA balance in 2007/08
Appendix 'B'	Plan to restore HRA balances in 2007/08
Report author/ Lead Officer:	Andy Elder ext 5372, Julian Bowcher ext 5551.

APPENDIX A**£'000****HRA Working Balance 01/04/06****(991)**

Variances From Expenditure to Budget

Housing Repairs 123

Management Costs 128

Reduced Income 90

Pooling of receipts (admin grant) 17

Housing Subsidy (2003/04) 65

Additional repairs expenditure
(identified after year end) 320

Original Estimate-Budget Deficit 80

Total Reduction in Balance 823**HRA Working Balance 31/03/07****(168)**

APPENDIX B

PLAN TO RESTORE HRA BALANCES IN 2007/08

HRA balances	£'000
Current HRA working balance	168
Estimated deficit 2007/08	-87
Increases in insurance premiums	-60
Revised estimate rental income	186
<u>Estimated balance 31 March 2008</u>	<u>207</u>
Actions identified to increase balances	
Reduce Revenue Contributions to the Capital Programme	300
<u>Total HRA balance 31 March 2008</u>	<u>507</u>