

Please ask for:

Carly Grainger

Direct dial:

(023) 9254 5340

Fax:

(023) 9254 5587

E-mail:

carly.grainger@gosport.gov.uk

Friday 21st January 2011

S U M M O N S

MEETING: Housing Board
DATE: Monday 31st January 2011
TIME: 6.00pm
PLACE: Committee Room 1, Town Hall, Gosport
Democratic Services contact: Carly Grainger

LINDA EDWARDS
BOROUGH SOLICITOR

MEMBERS OF THE BOARD

Councillor Philpott (Chairman)
Councillor Lane (Vice Chairman)

Councillor Carter, C K	Councillor Geddes
Councillor Mrs Cully	Councillor Forder
Councillor Dickson	Councillor Hylands
Councillor Edwards	Councillor Jessop

The Mayor (Councillor Allen) (ex officio)
Chairman of Policy and Organisation Board (Councillor Hook) (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 controlled evacuation alarm (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.

Housing Board
31st January 2011
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 HOUSING BOARD HELD ON 3rd NOVEMBER 2010 (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 Thursday 27th January 2011. 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 Thursday 27th January 2011).

6. PROPOSED SALE OF LAND ADJACENT TO 18 GREGSON CLOSE

To consider a request by the owner of 18 Gregson Close to purchase the freehold interest of the land shown edged red on the attached plan for the consideration of £3150.00. The Constitution of the Council requires that where the value of the land exceeds £2000, or where the land is part of a piece of land worth in excess of £2000 that such requests be approved by the relevant Board and referred to the Policy and Organisation Board for approval.

PART II
Contact Officer:
Kim Carron
X5372

7. COUNCIL DWELLING RENTS 2011/12

This report considers the Board's revised 2010/2011 budget and the 2011/2012 budget for the Housing Revenue Account and makes recommendations on rent levels for next year.

PART I
Contact Officer:
Tim Hoskins
X5322

8. HOUSING GENERAL FUND BUDGET 2011/12

PART II

Housing Board
31st January 2011

Contact Officer:
Tim Hoskins
X5322

The purpose of this report is to consider the Board's revised 2010/2011 budget and 2011/2012 budget, including the Board's Fees and Charges for 2011/2012 and capital programme and to recommend to the Policy and Organisation Board for inclusion in the Council's overall budget proposals.

9. ANY OTHER ITEMS

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

AGENDA ITEM NO. 06

Board/Committee:	HOUSING BOARD
Date of Meeting:	31 JANUARY 2010
Title:	PROPOSED SALE OF LAND ADJACENT TO 18 GREGSON CLOSE
Author:	KIM CARRON
Status:	FOR AUTHORISATION BY THE POLICY AND ORGANISATION BOARD

Purpose

To consider a request by the owner of 18 Gregson Close to purchase the freehold interest of the land shown edged red on the attached plan for the consideration of £3150.00. The Constitution of the Council requires that where the value of the land exceeds £2000, or where the land is part of a piece of land worth in excess of £2000 that such requests be approved by the relevant Board and referred to the Policy and Organisation Board for approval.

Recommendation

That the Board approves the sale and refers the matter to the Policy and Organisation Board for approval.

1 Background

- 1.1 The request to purchase the land adjacent to 18 Gregson Close, Gosport PO13 0PL (edged and hatched red on plan 1) has been dealt with in accordance with the guidelines for the Sale of Land agreed by the Council
- 1.2 The land edged blue on the plan 1, shows the former boundary enclosing an old allotment site (with access), which was never brought into use. More than twenty years ago neighbouring property owners complained of anti-social behaviour on the land and the access was closed. Shortly afterwards the land was divided up and licensed to five neighbouring properties for extensions to their rear gardens, and as No 25 Gregson Avenue was a Council house the garden was merely extended by the Council.
- 1.3 Plan 2 shows the current position: the green land is part of the garden of No 25 Gregson Avenue (it remains a council house), the blue land is licensed to the occupier of No 27 Gregson Avenue, the brown land is licensed to the occupier of No 29 Gregson Avenue, the yellow land is licensed to the occupier of No 5 Chatfield Road and the orange land is licensed to the occupier of No 18 Gregson Close. In all cases the licensed land is incorporated into the gardens of the respective licensees. The occupier of 18 Gregson Close wrote in to the Council expressing an interest in purchasing the freehold of the orange land. Subsequent to this, the current licensee of the yellow land advised the Council that she no longer wished to occupy the

yellow land. In order for the Council to avoid retaining a landlocked piece of land, which contains a large, mature oak tree for which maintenance is required, the yellow land was offered to the occupier of 18 Gregson Close as available to purchase freehold in addition to the orange land. This was accepted by the purchaser and the orange and yellow land together form the land being purchased, edged and hatched red on plan 1.

- 1.4 The Council has over the past twenty years disposed of its interest in properties adjacent to the access way and permitted the access way to become adversely possessed by neighbouring properties. The Council is now unable to gain access to the land, which therefore prevents any development opportunity.
- 1.5 The land is not Open Space and is held by the Council for housing purposes.

2 Report

- 2.1 A sale price of £3150 has been agreed with the purchaser. The consent of the Secretary of State is required before the proposed disposal can proceed, although there are a number of General Consents that have been issued. General consent E provides that a Local Authority can dispose of housing land for a consideration determined by the Authority where the land is to be used for a purpose incidental to the enjoyment of a house. However, in this instance, the Head of Property Services can confirm that the sale price of £3150 is the best consideration obtainable for the land.
- 2.2 The land will be restricted to garden use only and permission will be required from the Council for the erection of any buildings other than a typical garden shed or greenhouse.
- 2.3 The oak tree on the land will be subject to a Tree Preservation Order once the land is conveyed to the owner of 18 Gregson Close. All responsibility for the tree will then pass to the new owner.
- 2.4 There are no Human Rights or Race and Equality Issues relating to the sale of the land.
- 2.5 There are no sustainability issues relating to the sale of the land.
- 2.6 There is no prevention of crime and disorder issues relating to the sale of the land.

3 Risk Assessment

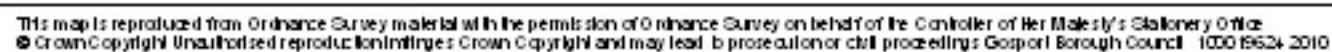
- 3.1 Should the sale not be approved the Council would lose the receipt of £3150.
- 3.2 Should the sale not be approved and assuming the purchaser would return to a licence of the orange land, the Council would be left with the yellow land as a landlocked piece of land. To maintain the tree

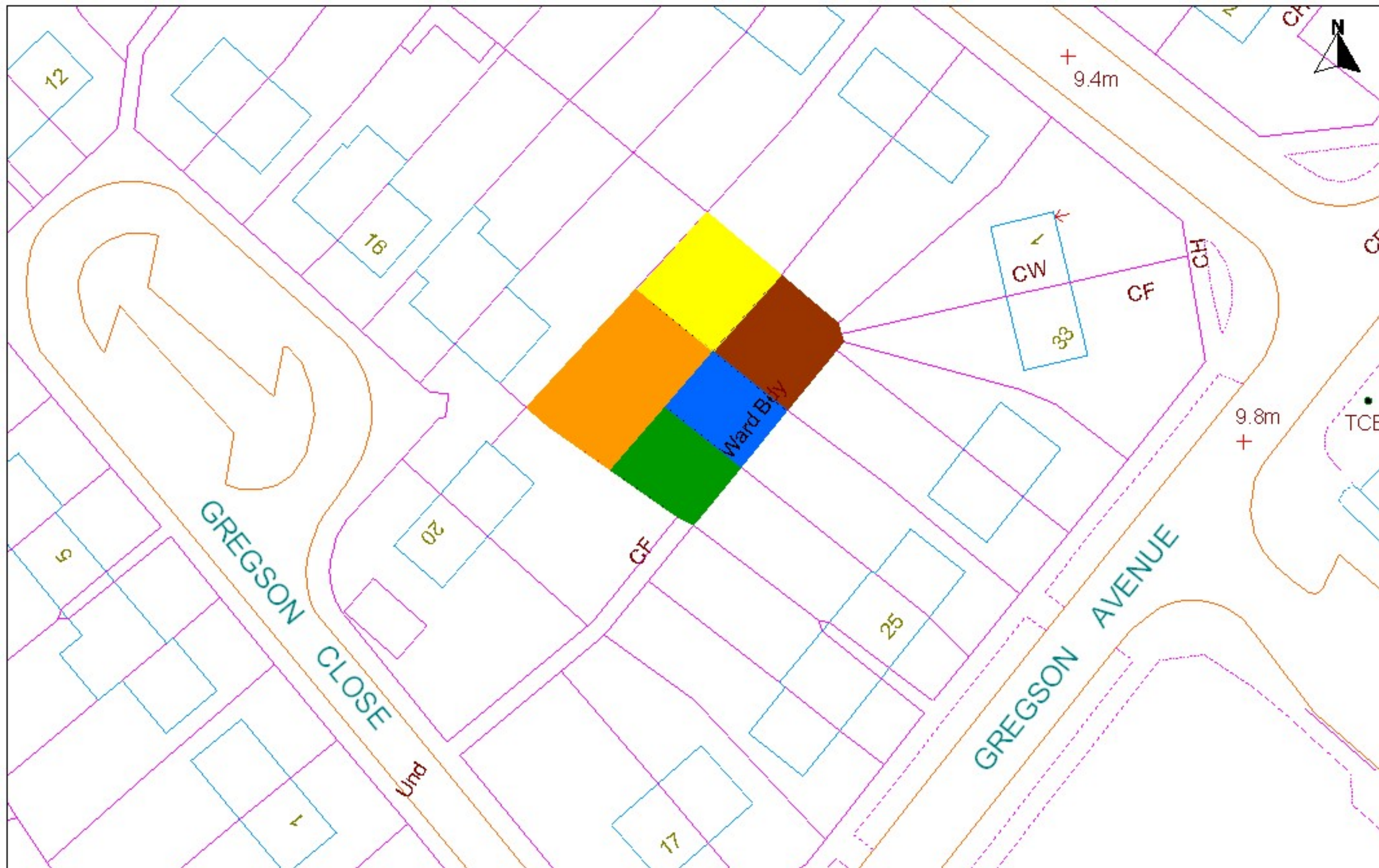
and land the Council would need to negotiate a right of access from one of the adjacent property owners, one of No 5 Chatfield Road, No 29 Gregson Avenue (which would require the removal of part of their rear fence) or No 18 Gregson Close.

4 Conclusion

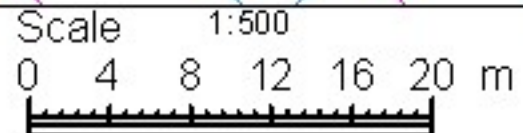
- 4.1 The sale of this land removes the burden of a landlocked area of land from the Council's ownership and provides a receipt of £3150.

Financial Services comments:	Paragraph 3.1 refers
Legal Services comments:	Contained within the Report.
Service Improvement Plan implications:	There are no implications
Corporate Plan:	There are no Corporate Plan links
Risk Assessment:	Low
Background papers:	None
Appendices/Enclosures:	Site Plans 1 and 2
Report author/ Lead Officer:	Mark Pam





TOWN HALL, HIGH STREET, GOSPORT,
HANTS, PO12 1EB. DATE : 23/11/2010



If this map has been transmitted electronically, use the scale bar in preference to the written scale

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Agenda item no. 07

Board/Committee:	HOUSING BOARD
Date of Meeting:	31 JANUARY 2011
Title:	COUNCIL DWELLING RENTS 2011/2012
Author:	FINANCIAL SERVICES MANAGER AND HOUSING SERVICES MANAGER
Status:	FOR RECOMMENDATION TO FULL COUNCIL

Purpose

This report considers the Board's revised 2010/2011 budget and the 2011/2012 budget for the Housing Revenue Account and makes recommendations on rent levels for next year.

Recommendations

The Board is requested to recommend to Full Council its requirements for increases from the 4 April 2011 as described below:

- a. The average weekly Council dwelling rents to increase by 7.1%
- b. Garage rents to increase by 7.1%.
- c. Barclay House rent increases for 2011/12 are noted by Members.

1.0 Background

- 1.1 This report considers the revised budget for 2010/2011 and the budget for 2011/2012 for the Housing Revenue Account (Appendix 1).
- 1.2 The report makes recommendations on rent levels for next financial year. A schedule detailing proposed rent levels is attached at (Appendix 2).

2.0 Housing Revenue Account (HRA)

- 2.1 The HRA revised Council house maintenance budget for 2010/2011 is £2,682,340, an increase of £150,000 on the original budget. The Council house maintenance budget for 2011/2012 is £2,879,170 representing a £199,000 increase on the 2010/2011 revised estimate as part of the ongoing strategy to increase the funding for repairs and maintenance to meet the requirements as outlined in the Asset Management Strategy Report presented to Board on 21.1.2009.
- 2.2 It is anticipated that the HRA balance level will increase to approximately

£522,000 from the current balance of £358,000 by the end of the financial year 2010/2011. This is still significantly below the target level of approximately £800,000 identified within the Medium Term Financial Strategy but highlights the savings that have been made to costs during the year. The major variances to the original budget have occurred in the following areas:

- a. The repairs and maintenance budget was increased by £150,000 after early identification of the high probability of an overspend on response repairs was identified in June.
 - b. Management costs have reduced by £140,000 this is primarily due to savings identified during the budget process and cuts across all areas with staffing cost savings being the most significant.
- 2.3 It is anticipated that the HRA balance will increase to approximately £790,000 by the end of 2011/2012. This increase in reserves is due to a number of factors including increased rental income as the Council attempts to get closer to the specified guideline rent before the HRA finance reform comes into effect.
- 2.4 The housing subsidy settlement for 2010/11 for this Council shows a net payment figure from this Council of £3,395,000. This equates to 30% of income received. When depreciation of £1,965,000 is added this becomes 47.5%. The remaining 52.5% is what is available to pay for repairs, staffing and loan repayments. This Council has consistently charged a rent that is lower than the guideline rent or recommended rent set by Government. For 2010/11 the guideline rent was set at £66.09 and the average rent charged by this Council was £62.40, amounting to an average loss of income of £3.69 per property per week. With the recommended rent increase of 7.1% the gap between actual rent and guideline rent will be closer in 2011/12. Guideline rent is set at £69.63 for 2011/12 and this Council's average rent will be £66.89. A 7.1% increase would therefore reduce the gap to £2.74 per property per week. It is essential that the gap between guideline and actual rents is reduced as quickly as possible. When the new HRA finance system is introduced (this is currently forecast for April 2012) the debt level will be based upon the assumed level of income which under rent restructuring is based on the guideline rent.
- 2.5 The draft subsidy settlement for 2011/12 results in a requirement to pay £3,497,308 to the Government, an increase of £102,000 from that payable in the current year. This is more than offset by the proposed rental income increase.

3.0 HRA Capital Programme

- 3.1 The Capital Programme for 2009/2010 to 2014/2015 is shown on page 44 of the draft budget book. The HRA Capital Programme totalling approximately £1,964,000 in the revised budget for 2010/2011 is funded

from the Major Repairs Allowance (MRA) £1,914,000 and there is in addition a budget of £50,000 for disabled aids for Local Authority tenants. The Capital Programme for 2011/2012 is £2,643,000.

- 3.2 The expenditure for 2011/2012 of £2,643,000 is to be financed primarily from MRA of £2,324,000 and the remainder will be met from borrowing and a small contribution from the HRA. This is primarily to bring forward work on the garage programme and continue with stock investment which has been identified as being underfunded previously in the Asset Management Strategy Report presented to Board on 21.1.2009.

4.0 HRA Subsidy

- 4.1 There has been a very small increase in the formula for Management and Maintenance allowances in the Notional HRA. The increase is £111,000 or 2.0%. The allowance will increase from £5,493,220 to £5,603,978.
- 4.2 The MRA has increased from £703 per property in 2010/2011 to £721 in 2011/2012, an increase of 2.5%. The MRA provides the Council with the resources to maintain the condition of its housing stock over the long term and is the major source of capital funding.
- 4.3 There are further changes in the methodology for calculating formula rents.
- 4.4 The proposed date for rent convergence has been moved again, with the current target being moved from 2013/2014 to 2015/2016. This has been done to enable the guideline rent to be increased by only 6.8% and to allow the existing social rents policy to be continued when housing finance reform begins in April 2012. The Government assumes that all Authorities are now close to their guideline rents when it makes its subsidy calculations (although this Council's actual rents are substantially below this figure). This results in lost revenue to this Council's HRA. The Government assumes this Council will be charging close to guideline rent see 2.4 above. With the likelihood of the Governments offer on HRA subsidy reform (as discussed at the October 2009 extraordinary Housing Board) now likely to be detailed late in January/February 2011, this is likely to be the very last subsidy determination.

5.0 2011/2012 Rent Level Proposals

Council House Rents

- 5.1 Actual rents will have to increase by £4.49 (7.1%) on average in order for this Council to enable this Council to be in a more sustainable position in relation to rent levels with the expected HRA reform.

Barclay House Rents

- 5.2 The November 2009 Housing Board approved that Barclay House homeless persons hostel rents should be set at the cost of operating the scheme. A review of those costs has been undertaken and with a view to moving closer to the objective of recovering all the Council's costs, Barclay House rent increase would be set at £30.00 for the financial year 2011/12.

Service Charges

- 5.3 The criteria for the charging of services to tenants has been discussed at previous Housing Boards and this authority separated them from the rental charge in 2004 as recommended by Central Government as part of the rent restructuring process. This was to make the charges to tenants more transparent as these costs had historically been included as part of the overall rent charge.

The criteria for charging of services to tenants is that:

'the charges applied should be eligible for Housing Benefit i.e. it is an appropriate charge and related to the property and is less than or equal to providing the cost of the service.'

Charges are currently applied for grounds maintenance, Estate Warden services, resident participation and communal heating and lighting, upkeep of play areas and in some instances for communal TV aerials.

These costs are reviewed annually and an increase in charges this year is to reflect the increased cost of providing these services. The increased charge for providing this service has been calculated at £0.49 per tenant per week. The average service charge will increase to approximately £2.80 as a consequence of this increase.

Garage/Car Parking Space Rents

- 5.4 It is proposed to increase rent levels for garages, by 7.1% in line with the proposed increase for dwellings. The proposal for parking spaces is that they also increase in line with rents.

6.0 Risk Assessment

- 6.1 The HRA is currently considered to be one of the higher risk areas of this Council's budget and as a result of the Government's proposals to reform the housing finance system it is essential that the rent increase for this year brings this Council closer to the guideline rent level set by the Government.

- 6.2 The guideline rent figure will be used in ascertaining the level of income the Government assumes this Council receives when deciding on the level of debt that will have to be taken on as part of the housing finance reform. In addition, balance levels are significantly lower than what is considered to be the minimum level required to provide a reasonable safeguard against such risks. It is therefore seen as particularly important that the proposals relating to rent levels are approved to enable a sustainable HRA business plan to be achieved and for the investment in the housing stock to be funded. Previous reports have outlined the requirement for increased investment in this area. As part of the proposed changes to the Housing Finance System a fully financed asset management plan will be a statutory requirement.

7.0 HRA Balance Levels

- 7.1 The Medium Term Financial Strategy currently states that the Council should move towards a target figure of approximately £800,000 (based on £250 per property). The anticipated balance mentioned in 2.3 above is below this level and to ensure that it does not fall further it is strongly recommended that the proposed rent increase is approved.

8.0 Other Properties

- 8.1 There are a small number of other properties where the rent levels are assessed in line with HRA properties. The proposal is to also increase these by 7.1%.

9.0 Comparisons with the Private Sector

- 9.1 The Local Government and Housing Act 1989 requires local housing Authorities to 'have regard in particular to the principle that the rents of houses of any class or description should bear broadly the same proportion to private sector rents as the rents of houses of any other class or description'. These are described in Appendix 3. The Government's policy for social rents is that they are fair, affordable and less confusing for tenants was set out in the December 2000 Policy Statement, "The way forward for Housing". Further details were given in "A Guide to Social Rent Reforms" which was issued at the same time.

10.0 Conclusions

- 10.1 The date for HRA financial reform has been set for 1 April 2012 and the proposed rent increase of 7.1% is seen as essential to enable a sustainable HRA business plan. Whilst assessing the debt levels that individual Authorities will be required to take on the Government has assumed that income levels will be at least at the scheduled guideline rent level in order for the plan to balance. It is therefore crucial that the existing gap between guideline rents and actual rents is narrowed and that the rent

increase of 7.1% is approved.

- 10.2 This Council agreed to the implementation of Rent Restructuring for 2003/2004. In order for rent convergence targets to be maintained and the continuation of an effective service for the tenants of Gosport it is strongly recommended that the proposed average rental increase of 7.1% is approved.

Financial Implications:	As set out in the report
Legal Implications:	The Council is under a duty to set a budget which prevents a debit balance arising on the Housing Revenue Account
Service Improvement Plan Implications:	The meeting of the Decent Homes Standard by 2010 is a key Service Improvement Plan (SIP) objective of the Housing Service
Corporate Plan:	More effective performance management, which includes making the best use of our assets, is a strategic priority in the Corporate Plan.
Risk Assessment:	As set out in the report
Background Papers:	Draft Budget Book and Fees and Charges
Appendices/Enclosures:	Appendix 1, 2 and 3
Report Author/Lead Officer	Tim Hoskins and Julian Bowcher

COUNCIL HOUSING

	ORIGINAL 2010/2011 £000	REVISED 2010/2011 £000	BUDGET 2011/2012 £000
HOUSING REVENUE ACCOUNT			
Income			
Dwelling Rents	10,641	10,636	11,405
Shops & Garages	294	269	262
Service Charges	395	364	343
	<u>11,330</u>	<u>11,269</u>	<u>12,010</u>
Expenditure			
Management	3,015	2,886	2,877
Maintenance	2,532	2,680	2,879
Rents, Rates, Taxes, Other Charges	45	45	45
Depreciation	1,965	1,965	2,323
HRA Subsidy	3,395	3,395	3,497
	<u>10,952</u>	<u>10,971</u>	<u>11,621</u>
Net Cost Of Services	<u>(378)</u>	<u>(298)</u>	<u>(389)</u>
Financing Adjustment			
Item 8 Debit	132	154	130
HRA Investment Income / Mortgage Interest	(20)	(20)	(9)
	<u>112</u>	<u>134</u>	<u>121</u>
Net Operating Expenditure	<u>(266)</u>	<u>(164)</u>	<u>(268)</u>
Housing Revenue Account Balance			
Surplus at beginning of Year	383	358	522
Surplus / (-) Deficit for Year	266	164	268
Surplus at end of Year	649	522	790

Comparison of 2011-12 Average Net Rent to 2010-11 Level

TYPE	bedroom	2010-11 Average Net Rent @48 weeks	2011-12 Average Net Rent @48 Weeks	Average increase per property type @48 weeks
Bedsit	1	47.48	51.99	£4.51
Bungalow	1	62.54	67.92	£5.38
Bungalow	2	71.32	76.20	£4.88
Bungalow	3	79.79	84.37	£4.58
Flat	1	58.60	62.58	£3.98
Flat	2	70.17	74.44	£4.28
Flat	3	75.20	78.35	£3.15
House	1	64.33	68.37	£4.04
House	2	70.81	76.61	£5.80
House	3	78.57	83.95	£5.38
House	4	84.88	90.52	£5.64
House	5	83.33	88.50	£5.17
Maisonette	1	63.70	66.43	£2.74
Maisonette	2	68.76	73.88	£5.12
Maisonette	3	70.74	76.21	£5.47
Maisonette	4	83.96	87.41	£3.44
Sheltered Bedsit	1	48.24	51.86	£3.62
Sheltered Bungalow	1	60.07	64.58	£4.51
Sheltered Flat	1	53.01	56.06	£3.05
Sheltered Flat	2	68.66	71.11	£2.45
Grand Total		67.70	72.49	£4.79

TYPE	bedroom	2010-11 Average Net Rent @52 weeks	2011-11 Average Net Rent @52 Weeks	Average increase per property type @52 weeks
Bedsit	1	43.83	47.99	£4.16
Bungalow	1	57.72	62.69	£4.97
Bungalow	2	65.83	70.34	£4.50
Bungalow	3	73.65	77.88	£4.22
Flat	1	54.10	57.77	£3.67
Flat	2	64.77	68.72	£3.95
Flat	3	69.41	72.32	£2.91
House	1	59.38	63.11	£3.73
House	2	65.36	70.72	£5.35
House	3	72.53	77.49	£4.96
House	4	78.35	83.56	£5.21
House	5	76.92	81.69	£4.77
Maisonette	1	58.80	61.32	£2.53
Maisonette	2	63.47	68.19	£4.73
Maisonette	3	65.30	70.35	£5.05
Maisonette	4	77.51	80.68	£3.18
Sheltered Bedsit	1	44.53	47.87	£3.34
Sheltered Bungalow	1	55.45	59.61	£4.16
Sheltered Flat	1	48.93	51.74	£2.81
Sheltered Flat	2	63.38	65.64	£2.26
Grand Total		62.49	66.91	£4.42

Comparison 2011-12 Average Gross Rent (including service charge)to 2010-11 Level

TYPE	bedroom	2010-11 Average Gross Rent @48 weeks	2011-12 Average Gross Rent @48 weeks	Variance in Number format@48 weeks
Bedsit	1	50.34	55.34	£5.00
Bungalow	1	63.98	69.86	£5.87
Bungalow	2	72.81	78.18	£5.37
Bungalow	3	81.23	86.30	£5.07
Flat	1	61.99	66.46	£4.47
Flat	2	75.36	80.13	£4.77
Flat	3	79.44	83.08	£3.64
House	1	65.77	70.30	£4.53
House	2	72.25	78.54	£6.29
House	3	80.02	85.89	£5.87
House	4	86.32	92.45	£6.13
House	5	84.77	90.43	£5.66
Maisonette	1	69.11	72.33	£3.23
Maisonette	2	72.63	78.24	£5.61
Maisonette	3	74.69	80.65	£5.96
Maisonette	4	89.31	93.25	£3.93
Sheltered Bedsit	1	51.89	56.00	£4.11
Sheltered Bungalow	1	62.64	67.64	£5.00
Sheltered Flat	1	60.25	63.78	£3.54
Sheltered Flat	2	74.63	77.57	£2.94
Grand Total		70.28	75.56	£5.28

TYPE	bedroom	2010-11 Average Gross Rent @52 weeks	2011-11 Average Gross Rent @52 Weeks	Variance in Number format @52 weeks
Bedsit	1	46.47	51.09	£4.62
Bungalow	1	59.06	64.48	£5.42
Bungalow	2	67.21	72.17	£4.96
Bungalow	3	74.98	79.66	£4.68
Flat	1	57.22	61.35	£4.12
Flat	2	69.57	73.97	£4.40
Flat	3	73.33	76.69	£3.36
House	1	60.71	64.89	£4.18
House	2	66.70	72.50	£5.81
House	3	73.87	79.28	£5.42
House	4	79.68	85.34	£5.66
House	5	78.25	83.47	£5.22
Maisonette	1	63.79	66.77	£2.98
Maisonette	2	67.04	72.22	£5.18
Maisonette	3	68.94	74.45	£5.50
Maisonette	4	82.44	86.07	£3.63
Sheltered Bedsit	1	47.90	51.69	£3.79
Sheltered Bungalow	1	57.82	62.44	£4.61
Sheltered Flat	1	55.61	58.88	£3.26
Sheltered Flat	2	68.89	71.60	£2.72
Grand Total		64.87	69.75	£4.87

Gross has absorbed £0.49 increase of service charge

The Following Data was taken from the Rightmove website during the first week of November 2010

There are twelve agents that advertise Gosport properties for rent on Rightmove and four that advertise for Lee-on -Solent properties.

It is considered that with this number of agents, the data derived from Rightmove can be relied upon as reliable and a good indicator of the sector as a whole in Gosport and Lee-on-Solent.

Property size/type	Location	High/Low Rents (£'s)	Nos available	Average weekly rent 52 wks(£'s)
1 bed flat	Gosport L-O-S	110-156	22	120
		110-137	4	122
2 bed flat	Gosport L-O-S	114-230	55	144
		144-160	5	150
3 bed flat	Gosport	121	1	121
1 bed house	Gosport	114-121	3	117
2 bed house	Gosport L-O-S	115-160	22	144
		150	1	150
3 bed house	Gosport L-O-S	150-196	12	173
		196-219	3	212
4 bed house	Gosport L-O-S	185-381	7	232
		680	1	680

Agenda item no. 08

Board/Committee:	Housing Board
Date Of Meeting:	31 st January 2011
Title:	Housing General Fund Budget 2011/2012
Author:	Financial Services Manager and Housing Services Manager
Status:	For Recommendation to Policy and Organisation Board

Purpose

The purpose of this report is to consider the Board's revised 2010/2011 budget and 2011/2012 budget, including the Board's Fees and Charges for 2011/2012 and capital programme and to recommend to the Policy and Organisation Board for inclusion in the Council's overall budget proposals.

Recommendation

- 1) The Board is requested to recommend to Policy and Organisation Board its requirements for the:
 - a. Revenue budget (revised 2010/2011 and estimate 2011/2012)
 - b. Fees and Charges for 2011/2012
 - c. Capital programme 2010/2011 to 2014/2015.
- 2) The Board approve the homelessness grants to external bodies as follows:
 - a. Gosport Citizens Advice Bureau, debt service: £31,640 of which £3,200 to be paid from Housing Revenue Account.
 - b. Accommodation Resource Centre or other agency determined through the Hampshire tender exercise (Mediation and homeless education service) £8,626.
 - c. The Family Intervention Project operated by the Roberts Centre. Total funding required is £39,957, although housing revenue budgets would meet the first £26,217.
- 3) The Board approves the recommendations set out in Appendix 1 relating to a change in use of the private rented sector for homeless households/those threatened with homelessness.

1.0 Background

- 1.1 The Board is required to consider and recommend to Policy and Organisation Board its requirements for the 2010/2011 and 2011/2012 financial years.
- 1.2 Policy and Organisation Board will consider its own and other Board requirements on 1st February 2011 and make recommendations to Council regarding the overall Council budget.
- 1.3 Members have been circulated with drafts of both the Budget and Fees and Charges Books for 2010/2011. The draft figures have been compiled in line with the guidance contained in the Council's budget strategy.
- 1.4 This Boards budgets are contained on the following pages:
- Revenue budgets pages 16 to 17
 - Revenue variances page 58
 - Capital programme page 44.
- 1.5 The Budget Book continues to be presented in the revised format that was first used in 2007/2008 that is aimed at providing a presentation that more readily aligns with the Council's service unit structure.
- 1.6 There are several general points regarding the reported figures:

- Administration Recharges

Administration recharges represent the cost of the Council's service units – both frontline and support – that are incurred in providing the Council's services. They are a recharge of the total service unit costs which are overseen by the Personnel-Sub and Policy and Organisation Board. They can vary between both services and Boards, as well as between the General Fund, Housing Revenue Account and the Capital Programme and reflect the complexity of the Council's structure and services provided.

- Variance Analysis

The variance analysis shows the major budgetary variations from (i) the original budget to the revised budget and, (ii) the revised budget to the estimated budget.

In practice, at the lowest level, there will always be many budgetary variations – both positive and negative - as Officers manage budgets and provide for service delivery under delegated authority. These will also include virements in line with financial regulations. The variance analysis in the budget book includes the major variations only.

- 1.7 The Government has confirmed an increase in specific homelessness grant from £47,000 to £86,870 for three years from 2011/12. This

increase is higher than most Council's in recognition of the excellent prevention of homelessness results evidenced by Gosport Council. In addition, a grant of £13,740 has successfully been made to the Gosport Cohesion Fund in respect of the Family Intervention Project. The Gosport Cohesion Fund grant and the additional homelessness grant provide sufficient funds to award all grants set out in recommendation (2).

- 1.8 Appendix 1 sets out how this Council is proposing to address the expected increased pressure on homelessness services. The shift in service delivery proposed in Appendix 1 creates significant financial savings that are summarised in the body of this report.

2.0 Homelessness Revised Budget 2010/2011

- 2.1 The revised budget for 2010/2011 for this service is £464,120 - an increase of £114,880 (32.90%) on the original budget for 2010/2011 of £349,240. The increase is due to a number of factors, the major ones being a removal of the LPSA grant of £65,000, as part of the Government's austerity measures. There is also an increase of £15,000 in the bad debt provision and the budget for damages paid to landlords has also increased by £13,000. The running costs for Stoke Gardens Hostel have also increased by £14,000 and Central admin recharges have also increased by £3,000 during 2010/2011.

3.0 Homelessness Budget 2011/2012

- 3.1 The budget for 2011/2012 for this Board is £438,050 an increase of £88,810 (25.0%) on the original budget for 2010/2011 of £349,240 and a decrease of £26,070 (5.6%) on the revised budget for 2010/2011 of £464,120.
- 3.2 The major variations are:
 - a. An increase in expenditure for the damage bond guarantees for landlords
 - b. An increase in the bad debt provision for the RAPS scheme due to the anticipated increase in numbers during 2011/12. This is explained in more detail in the attached Appendix. There is also an increase in income due to the predicted rise in RAPS accommodation and therefore the management fee that accompanies each tenancy.

4.0 Home Adaptation Grant

- 4.1 The revised budget for 2010/2011 for this service is £88,400, an increase of £15,300 (20.6%) on the original budget of £73,100. The increase is due to the inclusion of severance costs within the administration recharges. The budget for 2011/12 is £78,800 an

increase of £5,700 (7.5%) on the original budget for 2010/11 and a decrease of £9,600 (10.9%) on the revised budget for 2010/11.

5.0 Private Sector Housing

5.1 The revised budget for 2010/11 for this service is £115,180 an increase of £20,810 (22.0%) on the original budget of £94,370. The increase is due to the inclusion of severance costs within the administration recharges. The revised budget also now includes an income grant of £60,000 from the Regional Housing Board for the Decent Homes Initiative, a corresponding expenditure budget has been included giving a net zero effect within the budget.

5.2 The budget for 2011/12 is £104,090 an increase of £9,720 (10.3%) on the original budget for 2010/11 and a decrease of £11,890 (10.3%) on the revised budget for 2010/11. The variations are due to administration recharges.

6.0 Fees and Charges 2011/12

6.1 The recommended Fees and Charges are included within the draft Fees and Charges book.

7.0 Capital Programme

7.1 The draft Capital Programme is contained within the draft budget book (page 44) for approval. Policy and Organisation Board will consider the overall programme in the light of available financing resources.

8.0 Risk Assessment

8.1 Generally, Council budgeting processes include an element of risk in respect of the many variables involved. These include:

- New statutory responsibilities
- Government led or notified activities
- Demand led activities which may result in the Council have to react to external factors
- Contractual obligations
- Market and economic factors including interest rates.

8.2 To counter these risks and uncertainties, the Council aims to be proactive in monitoring and controlling its services and budgets and taking prompt corrective action when necessary.

8.3 The primary risks to the Housing (General Fund) Budget relate to Homelessness and cover such risk areas as a shortage of private sector lets, an over reliance on commercial Bed and Breakfast accommodation and complying with external grant funding conditions

including Housing Benefit grant and currently, the uncertain financial climate.

- 8.4 Budget risks are considered further in the Council Budget report to Policy and Organisation Board due to their potential impact on the robustness of the Council budget and reserve levels.

9.0 Conclusion

- 9.1 This report summarises the Housing Board (General Fund) revenue and capital budgets for 2010/2011 revised and 2011/2012 together with its Fees and Charges and seeks a recommendation of the Board's requirements to the Policy and Organisation Board.

Financial Implications:	As set out in the report
Legal Implications:	The Council has to set a balanced budget and has an obligation to discharge its function effectively, efficiently and economically.
Service Improvement Plan implications:	The delivery of a comprehensive homelessness service is a key element of the Service Improvement Plan (SIP) for the Housing Service
Corporate Plan:	Better access to decent housing is a key Strategic Priority (Prosperity) for the Council.
Risk Assessment:	See Section 7.0
Background papers:	Draft Budget Book and Fees and Charges
Appendices/Enclosures:	Appendix 1
Report Author/Lead Officer	Tim Hoskins/Julian Bowcher

Board/Committee:	Housing Board
Date of Meeting:	31 January 2011
Title:	Review Of The Use Of Private Rented Accommodation For Those Customers Threatened With Homelessness Or Who Are Homelessness
Author:	Housing Services Manager/SN
Status:	FOR DECISION

Purpose

This report reviews this Council's use of the private rented sector for customers who are homeless or threatened with homelessness. It recommends changes that can produce significant budget savings and enable the homelessness service to best meet expected future demands.

Recommendation

It is recommended that:

- (a) Members approve the expansion of the Rented Accommodation in the Private Sector (RAPS) scheme for the prevention of homelessness and that the Rent In Advance scheme will be restricted to intentionally homeless customers, and other customer's that the Head of Housing Options approves on the basis of being in the best interests of this Council.
- (b) Members note the anticipated increased demand on staff resources of the proposed changes and note that a further report will be provided to Board to consider the impact of the proposed changes in the latter half of 2011.
- (c) A contingency fund is established within temporary accommodation budgets.

1.0 Background

1.1 This Council's Homelessness Strategy (see the November 2010 Housing Board report) identified three keys points that are directly relevant to this report:

- (a) Homelessness is predicted in increase during the period of the Homelessness Strategy (to 2014).
- (b) Access to the private rented sector is a critical factor which underpins the success of the Homelessness Strategy.
- (c) This Council's current use of the private rented sector is via two established schemes that differ markedly in their ability to deliver lets and in costing structures (the Rent in Advance scheme and the RAPS scheme). The Rent In Advance scheme is used for the prevention of homelessness and the RAPS scheme for those accepted as homeless.

This separation of prevention and homeless cases reflected (the now terminated) Government directive to reduce numbers in temporary accommodation. In terms of delivery of lets and lowest cost, the RAPS scheme is by far the best scheme.

- 1.2 The predicted future increase in homelessness is likely to have a significant impact on this Council and its customers. Further Board reports will update the Housing Board of the impact of the predicted increases, alongside changes to the service that may be needed to meet that demand.
- 1.4 In addition, from April 2012, Housing Benefit Subsidy for homeless households will be extended to encompass claims made by those where this Council has prevented homelessness.
- 1.5 This extension would enable this Council to increase the RAPS scheme numbers, virtually closing the Rent in Advance scheme, thus placing the Council in an improved financial position. The improved financial position is achieved because the RAPS scheme attracts up to £60 per week management fee to cover the Council's costs, whereas the Rent in Advance scheme has no management costs allowable.
- 1.6 A further change to Housing Benefit Subsidy arrangements for homelessness and prevention of homeless cases is that the Local Housing Allowance rate will be set at the rate applying on the 31/1/2011, which will continue to apply until 31/3/2013. The rate applying on the 31/1/2011 is based on median rent figure. This technical change provides homeless/prevention of homeless cases with protection from the general Housing Benefit changes coming into force (for other claimants the maximum eligible rent will be set in reference to the bottom 30% of rents).
- 1.7 As highlighted earlier at 1.1 (b), this Council's ability to secure sufficient private lets to meet demand is a critical factor in delivering this Council's Homeless Strategy.
- 1.8 The success of the RAPS scheme has been evident with it helping the Council to meet the needs of homeless households since 2003. The Rent in Advance Scheme is more variable and is currently struggling to maintain 60% of the volume it achieved in 2009/10. This is thought to be because of reduced supply of private lets available for letting, coupled with much increased competition from more economically active people opting for private rented instead of home ownership. This factor is expected to remain constant over the next few years.
- 1.9 In conclusion (leaving aside the expected increase in homelessness) the need to maintain a good supply of private lets and reduce the costs incurred by the Council indicates that the RAPS scheme should be the preferred option for both prevention and discharge of homeless duties.
- 1.10 The Government has already removed its directive to reduce numbers in temporary accommodation and by setting the Local Housing Allowance levels for two years at 31.01.2011 rates; the Government has provided the

financial stability needed to enable this Council to increase the numbers in the RAPS scheme while reducing numbers accessing the Rent in Advance scheme.

- 1.11 This report considers the issues involved in a substantial reduction in the Rent In Advance scheme mirrored by a similar expansion in the RAPS scheme.

2.0 Report

- 2.1 The Homelessness Strategy compares costs to this Council of the RAPS and Rent In Advance schemes and these are compared below in Table One, with the year 2010/11 and 2011/12 projections added:

Scheme	Budget year	Cost to Gosport Council by scheme
Rent in Advance/Damage service	2008/09	£180,284
	2009/10	£127,564
	2010/11 (projected)	£79,480
	2011/12 (projected)	< £1
RAPS scheme	2008/09	£86,303
	2009/10	£13,452
	2010/11 (projected)	£102
	2011/12 (projected)	(£35,498)

Table One

- 2.2 As described in Table One, the reduction in Rent In Advance scheme costs is due to the reduction in new lets coupled with maintaining previous levels of loan recovery. The reduction in RAPS Scheme costs is due to increased number of RAPS tenancies which are projected to increase to 170 March 2011 from 134 March 2010. The total income received from management fees is a function of unit cost and total numbers, so where total numbers are increased the total income will increase, resulting in lower losses in 2010/11. Additionally, an increase in management fee for new RAPS tenancies from 2010/11 has been implemented.
- 2.3 The <£1 cost of the Rent In Advance scheme in 2011/12, assumes income from historical loan paybacks will be more than any new loans paid in a residual scheme. The potential saving if no Rent In Advance loans were paid out in 2011/12, and previous loans are recovered on a comparable rate to 2010/11 would be in the region of £140,000 savings. Clearly some loans will be paid out so the final savings will not be as great.
- 2.7 Members attention is also drawn to the fact that the existing RAPS scheme finances were re-assessed in 2009/10. That re-assessment resulted in apportionment of manager's costs being included in RAPS costs for the first time. A total of £37,145 managers staffing costs (direct and indirect staffing costs plus 25% on cost) have been shifted from general Council funding to RAPS funding from 2009/10. This money was not fully recovered in 2009/10 as with these increased costs the scheme made a total loss of £13,352 (see Table One).
- 2.8 These proposed changes in service delivery provide significant predicted

new budget savings. In addition, the changes will maximise this Council's chances of securing sufficient private sector rented accommodation in an increasingly competitive market; as well as an increased opportunity (via the RAPS accreditation standards) to increase the number of properties meeting decent homes standards.

Staffing

- 2.9 With an increasing number of RAPS properties in the Council's portfolio there will need to be appropriate levels of staffing to manage an increasing number of properties. A previous staffing review in 2008 meant that 2 members of the team managing the RAPS scheme were made redundant. In conjunction with the staffing changes the RAPS scheme numbers were reduced enabling the scheme to continue to be run effectively. It is anticipated that for the first part of 2011/12 existing staffing should be sufficient to manage the anticipated increase. At this stage it is recommended that the situation is closely monitored and a report on the impact of increasing the RAPS scheme numbers, both in financial and staff resource, is brought to Housing Board in the second half of 2011.

Temporary Accommodation Business Plans

- 2.10 This Council has reviewed and reviewed the business plans for the hostels and RAPS scheme. What has become apparent is that budget costs and apportionment are not static. For example, when RAPS tenancies are on the increase, unit costs in the hostels reduce as the proportion of hostel units within the entire temporary accommodation portfolio reduces. The other factor creating accountancy issues is the retrospective nature of Housing Benefit subsidy (the vast majority of income). This is only known in the September following year end. These factors create margins of error that should be factored into budgets.
- 2.11 In addition, it should be recognised that the recommendations in this report are to enable the Council to respond to changes until 2013, when the landscape will change again. It is clear that we are entering into a period of uncertainty. It is beneficial in this circumstance for business plans exceeding £1 million to have contingency funds and it is therefore recommended that any working surplus within temporary accommodation budgets be put into contingency funds. This provides the highest level of transparency to justify that this budget falls within the requirement to charge what is reasonable for the securing of accommodation.

3.0 Risk Assessment

- 3.1 The risks involved in changing from a service weighted towards the Rent in Advance scheme to one which favours the RAPS Scheme are:
- (a) The expansion of the RAPS scheme, which involves managing the customer's rent account, will increase the Council's liabilities. The RAPS scheme currently has an annual turn-over of approximately £1.1M and this would increase two fold by the end of 2011/12. These costs are factored in Table Two (£202 per property per annum based on current RAPS

performance).

- (b) In the longer term (from 2013) when the wider welfare reforms commence, the Council will be exposed to higher risks if rent is paid direct to the claimant. This risk currently is expected to affect all tenancies, including secure tenants of the Council so it is possible that there would be an increased risk due to increasing numbers of customers.
- 3.2 There are, of course, very significant risks to this Council of maintaining the status quo. These include higher costs in using the Rent In Advance scheme, as the dominant scheme. There is also the increasing risk of demand outstripping the supply of private lets. As mentioned earlier in this report, the Rent in Advance scheme is currently struggling to maintain 60% of the volume it achieved in 2009/10.

4.0 Conclusion

- 4.1 This report describes how this Council can utilise subsidy funding streams delivered by the Governments approach to homelessness and the funding streams which will underpin the provision of accommodation aimed at preventing homelessness. By utilising these funding streams, this Council can place itself in the best position to prepare for future expected increases in homelessness.
- 4.2 By delivering significant budget savings and protecting these savings to support future years' service planning and expenditure, the Council will be able to continue to deliver effective homeless services in the most cost effective manner.