



## **CABINET REPORT**

<b>Report Title</b>	<b>FUTURE HOUSING INVESTMENT OPTIONS</b>
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**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	15 <sup>th</sup> July 2009
<b>Key Decision:</b>	Yes
<b>Listed on Forward Plan:</b>	Yes
<b>Within Policy:</b>	No
<b>Policy Document:</b>	No
<b>Directorate:</b>	Housing
<b>Accountable Cabinet Member:</b>	Cllr Sally Beardsworth
<b>Ward(s)</b>	

### **1. Purpose**

- 1.1 To outline the work to date from the Advisory Panel set up by Cabinet in November 2008, considering possible options for the Housing Stock, and agree the further work required and which options should be progressed.

### **2. Recommendations**

- 2.1 That Cabinet notes the work to date, and decides which areas further work are required, and which options should be progressed. Progress reports will be presented to Cabinet during the year.
- 2.2 That the Cabinet delegates to the Director of Housing, in consultation with the Advisory Panel the power to appoint legal, financial, communications and independent tenant advisors.
- 2.3 That Cabinet reconsiders the membership of the Advisory Panel when the results of the consultation of the new tenant participation structure are known.

### **3. Issues and Choices**

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#### **3.1 Report Background**

- 3.1.1 The report has been developed following the meetings of the Cabinet Advisory Panel, which was established by Cabinet on 30<sup>th</sup> October 2008.

#### **3.2 Issues**

- 3.2.1 The objective is to achieve good quality homes in neighbourhoods where people want to live.
- 3.2.2 The authority will not achieve decency by 2010 and has a significant investment gap to meet. This is key to the delivery of the Housing service and of achieving two stars.
- 3.2.3 The condition of the Council's Housing stock will have an impact on the Boroughs LAA progress and Northamptonshire CAA.

#### **3.3 Choices (Options)**

These are outlined in appx A – Housing Investment Options, A Discussion Paper. They are summarised as follows.

##### **3.3.1 Full Retention**

As the discussion paper makes clear, there is a capital funding gap of between £54 million and £73 million (depending on the scale and quality of works carried out) over the next five years. There will also be a need to make annual revenue savings to avoid the Housing revenue account going into deficit within 8 years. Although the low level Decent Homes standard might be achieved (subject to surveys, tenders and available resources), full retention cannot deliver the quality homes in good neighbourhoods where people want to live. Area regeneration is not achievable with full retention.

##### **3.3.2 Arms Length Management Organisation (ALMO)**

ALMO funding is not currently available

##### **3.3.3 Private Finance Initiative (PFI)**

This can fund area regeneration and transformational change, well above the Decent Homes standard. The PFI expression of Interest for four estates in Northampton East was submitted in October 2008 but the result is not yet known. Further rounds will not be available until 2012 at the earliest, if at all. If the expression of Interest is successful, this will be subject to a full report to a future Cabinet meeting. PFI does not close the immediate capital funding gap and would accelerate the need to make annual revenue savings.

##### **3.3.4 Local Housing Companies/Selective or Partial transfer**

Local housing Companies are a joint venture variation of selective or partial transfer, where housing is transferred to another landlord, in which the Council could have a stake, in return for transformational change. The impact on the Housing revenue account (HRA) would need to be assessed on a case by case basis and any significant transfers would accelerate the need to make savings on the annual revenue spend within the HRA.

### **3.3.5 Large Scale Voluntary transfer**

Whilst this could achieve the Decent Homes Standard, it is not clear whether it could achieve area regeneration or transformational change. There are currently too many uncertainties about future funding and policy to recommend this as an option at this time.

### **3.3.6 A Mixed Economy**

The (consultation draft) Housing Asset Management Strategy, elsewhere on this agenda, puts more detail into the investment options. It proposes that the Council continues to invest in a decent homes programme of investment in homes where there is no doubt that this is the correct approach. For about half the stock, it proposes a programme of reviews, to consider the investment required, the need for area regeneration, the effect of other regeneration programmes and the resources available. This will inevitably lead to questions about how the investment needs of an area might be met.

### **3.3.7 HRA Subsidy System**

The government have recently announced a review of the HRA/Subsidy system, consultation for which is due to begin in the summer. This is also an option that the council would wish to explore.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

This is a fundamental policy for the delivery of decent Homes to all 12,250 homes owned by the Council.

### **4.2 Resources and Risk**

These are to be confirmed depending on the decisions made as a result of this report and will be the subject of a further report top cabinet on the way forward.

### **4.3 Legal**

The Legal implications are outlined in the discussion paper (appendix B).

### **4.4 Equality**

There are none within the scope of this report.

### **4.5 Consultees (Internal and External)**

The Cabinet Advisory Panel has been consulted.

Full consultation and communication with tenants, residents, staff and partners will be undertaken as work progresses.

### **4.6 How the Proposals deliver Priority Outcomes**

The report relates directly to the Housing service Plan and to the following specific elements of the Corporate Plan

CORPORATE PRIORITY	PRIORITY OUTCOMES
<b>Safer, greener and cleaner communities</b>	Reduced fear of crime
	Reduced anti-social behaviour
	Reduced Council 'carbon footprint'
	Improved air quality
	Cleaner neighbourhoods
	Good quality open spaces and parks
<b>Housing, health and wellbeing</b>	Achieving the Decent Homes standard
	Increased affordable homes
	Reduced homelessness
	Meeting housing needs
	Healthier living for young people
	Improved health for local people
	Vibrant neighbourhoods and engaged communities
	Sustainable growth in jobs and housing
	Regeneration of key sites
	Enhanced reputation and regional influence
<b>Partnerships and community engagement</b>	Improved education and skills attainment
	Strong community leadership
	Effective working with voluntary and community sectors
	Increased customer consultation
<b>A well managed organisation that puts customers at the heart of what we do</b>	Accessible services
	Improved financial management
	Services with a local focus
	Achieve a positive Comprehensive Area Assessment rating
	Equitable services
	Improved customer insight
	Effective governance arrangements
	Value for money
	An employer of choice
	Efficient and effective management

#### 4.7 Other Implications

N/a

### 5. Background Papers

#### 5.1 Appx 1 – Housing Investment Options, A Discussion Paper

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