OPEN

HOUSING AND COMMUNITY SERVICES COMMITTEE

24th November 2011

PRESENT:-

Conservative Group
Councillor Lemmon (Chairman), Councillor Hewlett (Vice-Chairman) and Councillors Ford, Harrison, Mrs. Hood, Murray and Smith.

Labour Group
Councillors Dunn, Mrs. Heath, Mulgrew, Rhind, Richards and Shepherd.

In attendance
Councillors Atkins and Mrs. Plenderleith (Conservative Group) and Councillor Wilkins (Labour Group).

HCS/35. **MINUTES**

The Open Minutes of the Meeting held on 13th October 2011, were taken as read, approved as a true record and signed by the Chairman.

HCS/36. **DECLARATION OF INTEREST**

Councillor Harrison declared a prejudicial interest in Minute No. HCS/37, as Chairman of Melbourne Sporting Partnership.

MATTERS DELEGATED TO COMMITTEE

HCS/37. **MELBOURNE LEISURE FACILITIES**

At a previous Meeting of the Housing and Community Services Committee, Members had approved the proposal for the continued development of 2 projects in Melbourne which, if completed, would significantly enhance leisure provision in that area.

A general update was provided, and it was recommended that the management and future development of the Bill Shone (Melbourne) Leisure Centre was passed to the Melbourne Community Group. In addition, it was requested that further support be given to the Melbourne Sporting Partnership to assist them with the submission of funding bids and planning permission.

The Bill Shone Leisure Centre was an old school owned by the District Council and leased to the Parish Council. It was used by community groups for a variety of activities but was under utilised and not fit for purpose as a Leisure Centre. Melbourne Community Centre Group had approached the Parish and District Councils to take on the lease and management of the centre. Their aim was to develop a vibrant cultural/arts and community centre for the whole of the Melbourne area. A proposal had been developed and included a business plan to support the Group's proposal, which was sustainable if current levels of financial support for the running of the Centre were maintained.

The Community Centre Group had been constituted as a non-profit Company, Limited by Guarantee, and with the support of the Parish Council, requested that the District Council offered a 5-year lease, with agreement to the principle of a long term (probably 30 years), full repairing lease if they were successful in obtaining further funding to significantly enhance the building and its use.

The Melbourne Sporting Partnership (MSP) also intended to be incorporated as a non-profit Company, Limited by Guarantee with charitable status, and had developed a project for the establishment of a multi sports facility at the Cockshut Lane Recreation Ground that would be managed by one partnership organisation. The design and business plan had been completed and adopted by the members of the partnership. The total cost of this planned project was estimated at £2 million. A long lease to the MSP of 25/30 years for the land in the Councils ownership at Cockshut Lane was also foreseen for the reasons of obtaining external funding, and the operation of the Partnership. Any future proposal would be brought back to the Committee for approval.

Full details of financial implications for both the Bill Shone Leisure Centre and Melbourne Sporting Partnership were provided.

***RESOLVED*:-**

(1) That the award of a 5 year lease for the management of the Bill Shone (Melbourne) Leisure Centre to the Melbourne Community Centre Group be approved, and that the continued support of the Group to enable them to take on the long term management of the Centre as a vibrant community facility be noted.

(2) That the Melbourne Sporting Partnership continue to be supported with the submission of funding bids and a planning application.

(Councillor Harrison declared a prejudicial interest in this item and withdrew from the Meeting during the consideration and determination thereof).

HCS/38. **PLAYING PITCH STRATEGY**

A Playing Pitch Strategy had been produced to provide a strategic framework for pitch sports across the District, and to provide an objective assessment of need for:

- identifying priorities for investment and action
- guiding long term planning policy and decisions
- supporting applications for external funding

The Playing Pitch Strategy was attached as an Annexe to the report, and full details were provided on key findings and main recommendations.

The Chairman requested that if a recreation area had been omitted, they contact the Head of Community and Planning Services.

Members requested that page 9 of the strategy be amended by the Head of Community and Planning Services, to delete the words "oppose planning applications which will have a net detrimental impact on existing sport pitches/grounds".

RESOLVED:-

That the Playing Pitch Strategy be approved.

HCS/39. **PROPOSED WITHDRAWAL FROM INSTALLATION OF ELECTRICAL GENERATING PHOTOVOLTAIC PANELS (PV) ON VIABLE COUNCIL HOUSING ROOFS**

A report was submitted which informed Members of the significant reduction in the Feed in Tariff (FIT), which would have a financial effect on the original proposal agreed by Housing and Community Services Committee on 13th October 2011.

The change in the FIT made the projected return on investment in the region of 2%, compared to a very favourable 10 to 14% on the previous FIT of 4.33p per kilowatt. The payback on this scheme was now likely to be over 20 years. It was understood that the financial position of the Housing Revenue Account at the current time, with the advent of the new self financing regime made this a particularly difficult time to commit significant capital resources on a relatively unplanned project. Balancing this against the significantly reduced return, it was proposed that the project, as agreed at the 13th October 2011 Committee, was not progressed at this time.

RESOLVED:-

(1) That the District Council not enter into a contract with a supplier to install Photovoltaic Panels on Council properties, as previously identified to this Committee, due to the significant and unexpected reduction in the Feed in Tariff.

(2) That should the Feed Tariff be reviewed in the future, the Council revisits the proposal to check the latest financial benefits, and a report be prepared for this Committee at this time.

HCS/40. **MEMBERSHIP OF EFFICIENCY EAST MIDLANDS LIMITED (PROCUREMENT CONSORTIUM)**

This item was deferred.

HCS/41. **HOUSING STRATEGY – PROGRESS REPORT FOR 2010 - 2011**

A report was submitted which updated Members on delivery of the 2010/11 actions contained within the Housing Strategy for 2009 –2014, and highlighted any potential risks in delivering future actions. The Housing Strategy had three strategic aims:-

- To reduce the shortfall in affordable housing
- To prevent the loss of a home and promote independent living

- To instantly improve housing research information.

These aims were considered in detail, and it was felt that given the very challenging economic conditions faced by the construction industry, it had been a reasonably successful year in moving forward the key priorities of the Housing Strategy.

Concern was expressed regarding the proposal to revise affordable homes targets for future.

***RESOLVED*:-**

(1) That, progress made in delivering the 2009-14 Housing Strategy – year 2 – 2010/2011 be noted.

(2) That the proposal to change the affordable housing targets as detailed in the report, be approved.

(The Labour Group requested that it be recorded that they voted against this recommendation).

(3) That the name change for the 'Core Strategic Housing Group' to the 'Strategic Housing and Planning Group' be noted.

HCS/42. **EMPTY HOMES STRATEGY 2012 - 2017**

A report was submitted that requested approval of the proposed Empty Homes Strategy 2012 – 2017.

The Empty Homes Strategy formed part of the Council's wider Private Sector Housing Policy and guided actions and interventions in relation to private sector long-term empty homes, which had been vacant for more than six months. In April 2011 there were 468 homes formally registered within the District, as per Council Tax records, as being empty for more than 6 months. A door to door survey was undertaken in July 2011 to verify this information, and this identified that only 291 of the homes were empty or potentially empty. In October 2011, 344 homes were recorded on the Council Tax record as vacant for more than 6 months. This meant that over the period to 30th September 2011, there was a net increase of 53 empty homes (average of 9 per month).

The proposed strategy identified three priority areas to reduce the number of long term empty homes in the District.

There was currently no funding set aside to support and encourage owners to bring empty homes back into use. The delivery of the proposed strategy would rely upon enabling, regulating and partnership working. However, should capital funding be available in the future, the report detailed proposals which it recommended were focused upon.

RESOLVED:-

(1) That the draft Empty Homes Strategy 2012 – 2017 be approved as a basis for wider consultation.

(2) That the Head of Housing and Environmental Services, in consultation with the Chairman of the Housing and Community Services Committee be authorised to agree any minor amendments to the draft strategy arising from wider consultation prior to implementation on 1st April 2012.

HCS/43. **HRA INCOME STRATGY**

It was reported that the new HRA self-financing regime had been welcomed by all the 171 Councils still with housing stock, as the new system was better than the current negative subsidy system. If the existing system were to continue, the Council's own HRA would no longer be viable.

The Council had prepared for HRA self-financing through a joint stakeholder group (this included 3 councillors from both political parites) which had produced a new 30 year HRA Business Plan, approved in June 2011.

The key components of the new HRA self-financing regime in a South Derbyshire context were as follows.

- Self-financing would entail SDDC 'buying out' of the national system at around £60m. The Council needed to borrow at least that amount and pay it to government by 28th March 2012.

- The 2009 stock condition survey identified £108.5m of works that were required to the housing stock over the next 30 years. These could not be funded in the current financing regime but could be funded in full in the new system, provided that income went up in line with national policy.

- To fund the works required by the stock condition survey, additional borrowing would be required of approximately £5m in the early years of the self-financing regime.

- The requirements of the stock condition survey were loaded to the early years of the plan, and this, combined with the debt interest that needed to be paid, meant that there would be a limit to additional spending power in the first 10 years of this plan.

- Because the settlement was linked to the general economic profile of the District, we had one of the highest per unit settlements in the East Midlands. Other Councils would be constrained less and would have more spending power, and therefore would be seen to be doing more for their tenants.

- It was necessary to take account of customers' aspirations. In consultation over the new HRA Business plan, residents had expressed satisfaction with current service standards and broad spending priorities of the Council. However, they would like to see additional resources committed to environmental/parking issues and a decorating scheme for the elderly and vulnerable. The provision of upgrading bathrooms to include electric showers was also recommended.

The self-financing payment that needed to be made to government was based on the assumption that income would go up in line with national policy. Rents were currently 10.2% behind that national policy. Therefore the self-financing regime was already behind on income profiles.

The income and expenditure profile used within the HRA Business plan was also based upon rents rising in line with the government's formula rent. According to the government's formula we were significantly undercharging for the quality of the product we were providing. The stakeholder group that produced the plan recommended that the Council moved its rents to the government formula level as soon as possible. A five year rent policy was also proposed rather than an annual consideration to enable better planning of resources.

Since April 2011, any properties that had become vacant had been re-let at the formula rent. This meant that on 14th October, 4.4% of properties were already let at formula levels.

The national formula system tried to link social rents charged by Councils and Housing Associations to the local circumstances. The aim was not to make them market rents but to reflect that social rents should not exist in isolation. There was a different formula rent for different parts of the country and region. The formula monthly rent for an SDDC property was currently £308 a month, whereas the market rent for a similar product would be around £500 a month in the semi-urban Swadlincote area, and more in rural villages.

The current national policy was that all social housing tenants should be at formula rent within four years, a process known as rent convergence. A fundamental of rent convergence was that housing association and council rents should be broadly the same in the same area for the same quality of product /property offered.

If the Council were to apply the catch up needed to get formula rent all in one go, rents would need to be increased next year by £10.96 on average, to get to the 2012 predicted formula rent of around £75.49. Increasing rents was inevitably an emotive topic, and needed to be weighed carefully against the main spending requirements, which would be investment in the stock and repaying debt. However, an increase in gross rent was only paid in full by less than half of the tenants. Currently 65% of a total 3,043 tenants were in receipt of full or partial housing benefit, while 44% of all tenants currently paid no rent.

The stock condition survey assessed what the council needed to spend overall in the next 30 years, to maintain its homes. The total cost of this work was assessed as being £108.5m (an average of £3.6m a year). This cost included the necessary catch up repairs, cyclical and future major works, and improvements in line with possible government expectations.

The repairs categories were summarised within the report, along with detailed information as to what work was required on particular elements.

All windows were now double-glazed but there were some places where work was required on the frames. Further information was provided on condition of windows, key tenant priorities and expenditure for garage sites.

Details were provided on other income into the HRA (i.e. non-house rent), which was over £700,000 annually. This was a combination of garage rents and income into the Sheltered Housing service both from the County Council and self-funders.

The report concluded by considering options for the future rent income policy, and it was endorsed that the HRA business needed to have a predictable income and expenditure portfolio to be able to plan for the future, and all the different variables, other than rent, had been assessed. If service levels were to be kept at the same level and properties maintained to a decent standard, then rents would need to go up, at least in line with formula rent. The sooner formula rent was moved forward, the quicker the HRA would be put on a firmer financial footing, but this needed to be combined with the effect of the increase on tenants themselves, albeit a minority not in receipt of housing benefit.

If the Council were to move to formula rent next April, rent would increase by an average of around £10.96. Although this would generate the most additional income in business terms, such a move would have a significant effect on those tenants not in receipt of benefit and also meant that some housing benefit subsidy would be lost.

One option in terms of limiting the effect of the increase would be to have a flat rate percentage increase in rent with an actual cash cap. Therefore, it might be possible to have a rent policy that sought to move all rent to formula within four years, and that the initial percentage catch-up target was at 6% in year one and 2% per annum in the subsequent three years, but to limit the actual cash increase at an agreed amount for individual households. If rents caught up to formula at this rate, next year's rent could be cash limited at, for example, £7 per week. However under this scenario there would still be some loss of housing benefit subsidy.

Another option was to apply the formula increase, and to hold the increase at the capping level which meant that see the average rent rise would be £5.95 a week.

A number of alternative models might also be explored to seek to minimise the effect on individual households.

A table within the report summarised the potential rent models and their effect on income and the average weekly rent.

RESOLVED:-

That the income options for the Housing Revenue Account be noted.

HCS/44. **UPGRADE OF THE ORCHARD HOUSING MANAGEMENT SYSTEM**

Housing Services went live with the current version of the Orchard Information Systems (OIS) arcHouse Housing Management System, more commonly known as 'Orchard', in May 2004. The system was used as a database to store details of all current and former tenants, as well as all current and disposed/sold properties and stock. During the last few years OIS had developed an upgraded web based system called Orchard Housing, which superseded the current windows based arcHouse version. Orchard would only supply support to the current version until December 2011, and had been migrating their customer base over the last 18 months. However if the District Council committed to the upgrade, support would continue until such time as the upgraded version went live.

The upgrade utlilised the same database of properties, people and data that was stored in the current system and did not require a full re-implementation.

Details of optional features that were offered were included within the report, and it was also confirmed that no other company in the market place could provide the necessary implementation skills to upgrade the system as an alternative to OIS. Another option was to go out to tender and source a new system by an alternative provider, however the costs would potentially be over £300,000, and would mean at least a 12 month implementation phase.

Full details of the financial implications were provided, and the total cost of upgrade was confirmed as £65,550, which included software, licenses, implementation and project management services, with a further £7,014 per annum required for support and maintenance, to commence when the upgraded system went live.

The cost of the upgrade had been accounted for in the 2011/12 budget and Business Plan.

RESOLVED:-

That the upgrade of Housing Services arcHouse Housing Management System and associated expenditure be approved.

HCS/45. **CORPORATE PLAN 2009 – 14: PERFORMANCE MANAGEMENT REPORT (1st JULY 2011 – 30th SEPTEMBER 2011)**

A report was submitted that detailed progress and achievements for the period 1st July 2011 to 30th September 2011, in relation to the Council's Corporate Plan 2009–14. The Corporate Plan consisted of four main themes or priorities, of which this Committee was responsible for actions and relevant performance indicators within the 'Safe and Secure' and 'Lifestyle Choices' themes.

A table within the report summarised progress made against key projects, and showed that all 12 tasks for the quarter had been completed. Supplementary information on how the projects had progressed were detailed within the report.

A summary of performance against targets for both the current quarter and the projected outturn for the year was also provided and showed that 50% of quarterly targets had been achieved. It also forecast that 95% of the targets would be met by the end of the year.

A summary was provided on both the quarterly targets that had not been met and whether the projected annual target may be at risk of failure.

***RESOLVED*:-**

(1) That the Council's key achievements and performance for the quarter ending 30th September 2011 be noted.

(2) That where performance has failed to achieve the specified target, the response be noted.

HCS/46. **WORK PROGRAMME**

Members were asked to consider the updated work programme and review it's content where appropriate.

***RESOLVED*:-**

That the updated work programme be approved.

HCS/47. **LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT ACT (ACCESS TO INFORMATION) ACT 1985**

RESOLVED:-

That, in accordance with Section 100(A)(4) of the Local Government Act 1972 (as amended), the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraphs of Part 1 of the Schedule 12A of the Act indicated in brackets after each item.

MINUTES

The Exempt Minutes of the Meeting held on 13th October 2011 were received.

PROPOSAL TO INSTALL A GROUND SOURCE HEAT PUMP DISTRICT HEATING SYSTEM TO 18 FLATS AT BROOK STREET, HARTSHORNE
(Paragraph 3)

Approval was granted for the installation of a Ground Source Heat Pump, subject to procurement consultations. The Finance and Management Committee were requested to waive the Council's Contract Procedure Rules in relation to the proposed project.

J. LEMMON

CHAIRMAN