

NOTTINGHAM CITY HOMES

REPORT OF REPORT OF THE DIRECTOR OF PROPERTY SERVICES

THE BOARD
22 JANUARY 2009

NOTTINGHAM CITY HOMES CAPITAL PROGRAMME

1 SUMMARY

- 1.1 The purpose of this report is to provide the Board with information relating to the current and proposed Capital Programme following the recent Audit Commission inspection.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Board note the contents of this report

3 REPORT

- 3.1 Assuming the expected successful inspection result from the Audit Commission, this report discusses the additional government resources that will be made available to the Council for the purpose of bringing homes up to the Decent Homes standard by 2012/13.
- 3.2 Initial funding will be an extra £10m which will become available in 2008/09 financial year. £32m will be made available in 2009/10. This is in addition to funding already being received for Decent Homes works from Government Office East Midlands (GOEM) of £5.6m for 2008/09 and 2009/10. This combined external funding is ring-fenced to works for Decent Homes and NCH is monitored on the spending of this income and the expected increase in decency which will be the outcome of this programme.
- 3.3 The decent homes funding must be spent within the financial year it is received. We are able to spend £10m on decent homes during 2008/09 and there will be an acceleration of the programme (in line with the asset management strategy) between January and March.
- 3.4 The Asset Management Strategy and the Decent Homes investment plan was agreed with Nottingham City Council and provided to Communities and Local Government by the Council in October 2007. The changes which have occurred nationally in economic circumstances have however, had a negative impact on the availability of resources available to the programme. In particular this has severely reduced the ability of the Council to sell property and receive receipts from these sales.
- 3.5 Of the £243m Decent Homes programme, £176.2m is expected from Government funding (£165m decent homes funding over the period 2008/09 to 2012/13 and £5.6m from GOEM in 2009/10 and 2010/11).

The remaining £66.8m was expected from Council resources which includes the Major Repairs Allowance (MRA). MRA is estimated at approximately £16m per year over the period of the decent homes programme.

- 3.6 The Council also has other obligations from its housing public sector Capital programme in addition to the £66.8m commitment to the decent homes programme. Retained NCC programmes such as Stonebridge, Top Valley, provision of aids & adaptations etc. will cost in the region of £7m per annum. In addition other capital works which are provided by NCH cost around £10.1m per annum. These include, asbestos works, fire damaged properties, capital void works, Digital TV, surveys and management fee.
- 3.7 The severe reduction in Capital Receipts has left the Councils Capital Programme with a significant shortfall of resources for 2008/09 and 2009/10 and potentially in 2010/11. This shortfall will mean that funding from the Council which was expected to support the Decent Homes programme in these initial years is unlikely to be available leaving the programme reliant on the resources from government to start the programme.
- 3.8 NCH is working in partnership with NCC to address the shortfall in resources to fund the housing public sector capital programme. Some of the options which are being explored are;
- Increasing the external funding available to the programme, for example, NCC/NCH discussing extra funding with Homes and Communities Agency (HCA)
 - Reducing the number of properties which require decent homes work, for example, successful bid for PFI funding on The Meadows would reduce the requirements for the programme
 - Reducing the cost of the programme with better procurement – The £243m is based upon benchmarked costs at 2007 prices. Opportunities exist to impact upon the programme through procurement, such as e auctions for kitchens
 - Reducing the cost of the programme by reducing the works or specifications within the programme

4 FINANCIAL & RISK IMPLICATIONS

- 4.1 Programmes have been published based upon the current Asset Management Strategy. The loss of resources available from capital receipts may result in the re-alignment of the programme. NCH will work with all stakeholders to deliver the decent homes programme and will communicate any changes to the programme.
- 4.2 Due to the imminent announcement of the government funding for Decent Homes, there is an expectations amongst tenants and other stakeholders that the decent homes programme will be delivered as published within the asset management strategy. Reducing resources

and competing priorities in all areas means that NCH will be working closely with NCC to manage delivery of the decent homes programme as well as the expectations of tenants and all other stakeholders.

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 5.1 The current reduction in resources may result in an extension of the timescale to deliver the decent homes programme. The delivery of decent homes is a Council Local Area Agreement target (LAA 158).
- 5.2 Any extension to the timescale for delivering the decent homes programme would have an impact on the other value added benefits such as, less trainees being appointed through the 1 in a million scheme.

6 VALUE FOR MONEY & EFFICIENCY ISSUES

- 6.1 NCH officers and its partners will work in partnership to drive down costs through value engineering of the programmes and will carry out the benchmarking of rates supported by Central England Procurement Partnership and Efficiency North.
- 6.2 The 'backloading' of the programme means that less of the spend is likely to be in the next two years where costs are likely to be lowest
- 6.3 Any further 'backloading' of the programme may also create logistical issues as the programme could almost double for the final two years.

7 EQUALITY & DIVERSITY IMPLICATIONS

- 7.1 NCH will work closely with tenants and others to ensure that the delivery of the decent homes programme takes account of equality and diversity.
- 7.2 The secure warm modern programme was developed in consultation with tenants and stakeholders and will help to address issues of fuel poverty.

8 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 8.1 NCH Asset Management Strategy - November 2007 (Updated July 2008)

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