

Society, Environment, and Council Development Executive Advisory Board Report

Report of Director of Community Services

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Housing Revenue Account 2017-18 Budget

Executive Summary

The report outlines the proposed Housing Revenue Account (HRA) budget for 2017-18 and the 2017-22 Housing Investment Capital Programme.

Since the introduction of HRA self-financing, the revenue budget and capital investment programme has mirrored the ambitions and priorities set out in the HRA Business Plan.

However, fundamental legislative changes contained in the Housing and Planning Act, and the Welfare Reform and Work Act have created significant uncertainty.

The 2017-18 draft revenue budgets include the requirement to decrease rents by a further 1% from April 2017, as set out in the Welfare Reform and Work Act 2016. A 1.5% increase in garage rents is proposed from April 2017.

The Housing and Planning Act 2016 provided the powers to introduce an income based rent policy (pay-to- stay), requiring local authorities to set higher rents for higher income council tenants. Since the summer, the Government has been reviewing this policy, and has decided not to proceed with a compulsory approach.

The Government remains committed to delivering the manifesto commitment to extend Right to Buy opportunities in the housing association sector, funded from the enforced sale of higher value council housing stock. The Department for Communities and Local Government (DCLG) are currently considering how the legislation will be implemented under the framework set out in the Housing and Planning Act 2016. However, DCLG have confirmed no payments will be required from us in 2017-18.

A comprehensive review of the Business Plan will be submitted to the Society, Environment and Council Development Executive Advisory Board for comment and to the Executive for approval once detailed regulation is published on measures contained in the Housing and Planning Act.

The estimates are predicated on the last approved plan, which attached a lower priority to the repayment of debt principal inherited as part of the self-financing HRA settlement.

The EAB is asked to consider the draft HRA budget for 2017-18 and make any comments or recommendations it sees fit to the Executive for its consideration on 24 January 2017.

Recommendation to Council (8 February 2017)

The Executive will be asked to recommend to Council:

- (1) That the HRA revenue budget, as set out in Appendix 1, be approved.
- (2) That the 1% rent reduction set out in the Welfare Reform and Work Act be implemented.
- (3) That the fees and charges for HRA services specified in Appendix 2, be approved.
- (4) That a 1.5% increase in garage rents be approved.
- (5) That the Housing investment programme set out in Appendix 5 (current approved and provisional schemes), and as amended to include such new bids as may be approved by the Executive at its meeting on 24 January 2017, be approved.

Recommendation to Executive (24 January 2017)

The Executive will also be asked to agree, subject to Council approving the budget on 8 February 2017:

- (1) That the projects forming the HRA major repair and improvement programme set out in Appendix 3 be approved.
- (2) That the new capital proposals in respect of the new build schemes at Ladymead and an element of the Bright Hill scheme as set out in Appendix 4 to this report be added to the Housing Investment approved programme, and that the Director of Community Services be authorised to implement the schemes.
- (3) That the new capital proposals in respect of the new build scheme at Slyfield, the element of the Bright Hill scheme not transferred to the approved scheme list, and recladding works to Mount and Bishops Court, as set out in Appendix 4 to this report be added to the Housing Investment provisional programme.
- (4) That the new build scheme at the former Apple Tree Pub site is transferred from the provisional scheme list to the approved programme.
- (5) That the equity share repurchase and cash incentive schemes in Appendix 5 be approved
- (6) That the Director of Community Services, be authorised in consultation with the Lead Councillor for Housing and Social Welfare to reallocate funding between approved schemes to make best use of the available resources
- (7) That the Head of Financial Services, be authorised in consultation with the Lead Councillor for Housing and Social Welfare and Lead Councillor for Finance to transfer to reserves the sums included in the proposed budget at Appendix 1, plus any additional transfers to or from reserve arising from variations in planned expenditure.

Reason(s) for Recommendation:

To enable the Council to set the rent change for HRA property and associated fees and charges, along with authorising the necessary revenue and capital expenditure to implement a budget which is consistent with the objectives outlined in the HRA Business Plan approved by the Executive on the 25 November 2014.

1. Purpose of Report

- 1.1 This report provides a position statement on the 2017-18 draft budget and makes recommendations to the Executive on both the revenue and capital programme budget.
- 1.2 The EAB is asked to consider the draft HRA budget and make any comments or recommendations it sees fit to the Executive for its consideration on 24 January 2017.

2. Corporate Plan

- 2.1 The budget underpins the delivery of our Corporate Plan.

3. Background

- 3.1 The self-financing arrangements introduced in 2012, enable the Council to manage its social housing service in the broadest sense. The Housing Revenue Account Business Plan, agreed by the Executive sets the framework upon which the revenue budget, proposed Housing Investment Programmes and Housing Investment Programme are prepared. This plan sets out our ambitions and priorities for the service.

4. Housing Revenue Account Business Plan

- 4.1 The resources available following the move to self-financing gave the Council the opportunity to be strategic in its approach to its housing stock for the first time. It was possible, and essential, to not only consider the existing housing stock, but also wider issues such as community development, improving the environment and the potential to build new Council homes to address the increasing demand for affordable housing.
- 4.2 The Business Plan not only concentrates on the financial related strategy and objectives, but also the service priorities of the Council's Landlord function to its tenants and leaseholders. The longer-term perspective is crucial to ensure that the service and its primary assets, the housing stock, are fit for purpose for the whole period and beyond.
- 4.3 However, the extent of the changes contained in the Welfare Reform and Work Act and the Housing and Planning Act will have a significant impact on the Council's Housing Revenue Account Business Plan, and by definition the revenue budget and capital investment programme.
- 4.4 Whilst much of the detail remains to be finalised, officers continue to stress test the current Business Plan to determine what actions are likely to be required to mitigate some of the impact arising from these legislative changes. The extent of the uncertainty means that any updates of the Business Plan can only capture some of the potential impacts.

5. Legislative changes

- 5.1 The Welfare Reform and Work Act and Housing and Planning Act will have a significant impact on the Council's Housing Revenue Account, both immediately and in the longer term.

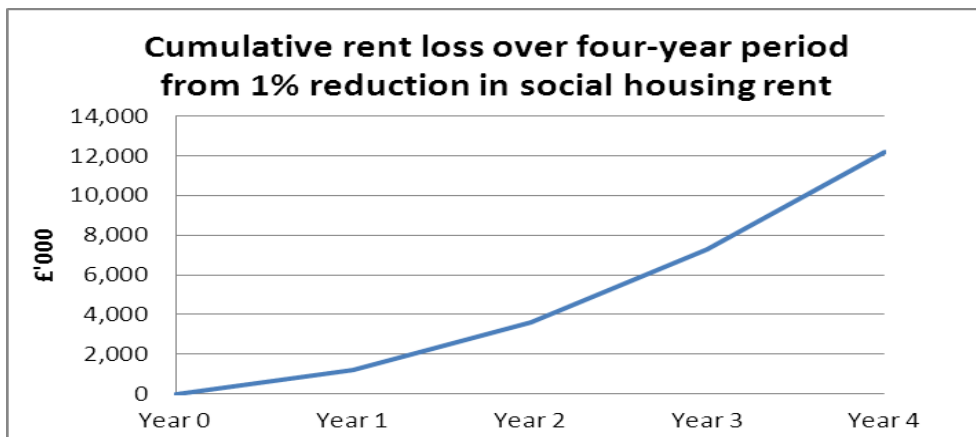
- 5.2 The Welfare Reform and Work Act 2016 requires registered providers of social housing in England to reduce social housing rents by 1% a year for four years. The requirement applied from 1 April 2016. In each of four ‘relevant years’ we must reduce the total rent payable by a tenant in year by 1%.

Rents for supported housing and sheltered housing were granted exemption from the 1% rent reduction in 2016-17. However, from April 2017 we are required to reduce the rent in line with the remainder of our housing stock.

- 5.3 As part of the Summer Budget 2015, the former Chancellor of the Exchequer George Osborne announced his intention to bring forward legislation to reduce rents in the social housing sector.

He said, “Alongside the freeze in working-age benefits, the government will reduce rents in social housing in England by 1% a year for 4 years, requiring Housing Associations and Local Authorities to deliver efficiency savings, making better use of the £13 billion annual subsidy they receive from the taxpayer. Rents in the social sector increased by 20% over the 3 years from 2010-11. This will allow social landlords to play their part in reducing the welfare bill. This will mean a 12% reduction in average rents by 2020-21 compared to current forecasts”

- 5.4 The announcement ended our local rent convergence policy, as we no longer have the power to vary rents. The impact of the 1% rent reduction against the assumptions contained in the last published business plan is shown in the graph below:



Enforced sale of higher value vacant property

- 5.5 The Government remains committed to delivering the manifesto commitment to extend Right to Buy opportunities in the Housing Association sector, funded from the enforced sale of ‘higher value’ council housing stock. The Department for Communities and Local Government (DCLG) are currently considering how the legislation will be implemented under the framework set out in the Housing and Planning Act 2016. However, DCLG have confirmed no payments will be required from us in 2017-18.
- 5.6 A redistributive basis has yet to be determined for the centrally pooled receipt, but this will not be a local system and is unlikely to reflect local housing need.
- 5.7 The payment into a central pool is likely to be determined by reference to a yet to be defined DCLG formula that reflects a number of factors including the level of vacant or void properties, property values, number of bedrooms and tenancy turnover.

- 5.8 Until more detail is known regarding the required payment from us, it is difficult to make accurate assumptions as to the impact on our Business Plan. The most likely outcome would be a need to sell a number of void properties for a defined period resulting in a reduction of rental income moving forward, and a reduction in the ability to meet housing need.
- 5.9 It is anticipated we will be able to offset the debt attributable to each unit prior to pooling, but it remains unclear whether this compensation will take account of the contribution the unit would have made over the course of the 30-year settlement period.
- 5.10 The HRA has a sufficient operating surplus to fund a levy payment in the short term, and if necessary to draw down from reserves and other usable capital receipts to fund the payment in the medium term. However, in the longer term this may limit the stated ambitions of the last published HRA Business Plan to deliver a new build programme.
- 5.11 A comprehensive review of the Business Plan will be submitted to the Society, Environment and Council Development Executive Advisory Board for comment, and to the Executive for approval once detailed regulations are published on several key measures contained in the Housing and Planning Act.
- 5.12 The estimates are predicated on the last approved plan, which attached a lower priority to the repayment of debt principal inherited as part of the self-financing HRA settlement.

6. Preparation of the revenue and capital programme budget for 2017-18

- 6.1 The proposed budget is normally considered within the context of an annually revisited Business Plan. The changes that will flow from the enforced sale of higher value housing will be considerable. Much of the detail has yet to be published and without this, it is not possible to model the impact on the HRA with any degree of certainty. We have therefore prepared the 2017-18 budget taking account of what we do know and the priorities previously agreed.
- 6.2 Whilst the financial impact of legislative changes are not included in the 2017-18 estimates, proposals designed to mitigate some of the impact are included in both the revenue budget and capital investment programme.
- 6.3 We are therefore taking a cautious approach in terms of committing future expenditure whilst attempting to safeguard front-line services as far as possible. The measures we are taking include:

Capital expenditure: The proposed investment in our existing property base takes account of the downward pressure on our income stream. It also reflects the latest information we have on the condition of the stock. Some expenditure has been deferred until there is greater certainty on the long-term financial picture. Our commitment to maintaining properties to the enhanced Guildford decent homes standard is not affected by this approach.

Revenue expenditure: We have already taken a number of steps to limit our ongoing revenue commitments until we fully understand the implications of the challenges we face. These include:

- We will continue to evaluate all posts that fall vacant to determine whether it is appropriate to reappoint or whether an alternative approach is considered.
- Facilitate channel shift through increased use of IT software. Not only will this benefit our tenants to access services at a time that suits them, but it will also reduce our transaction costs.
- Introduction of rent collection analytics technology supporting the work of our estate and tenancy management team. This will increase the efficiency of the team, helping them to manage their increasingly demanding workload.
- For many years, the Council was in the fortunate position to provide a free gardening service to older and/or disabled residents. Against a background of financial pressures, five years ago we took the decision not to offer the service to new tenants. Last year against a backdrop of reducing rental income the decision was made to significantly restrict the service. We are now at a point that is somewhat inequitable, in that those receiving the service do so because of the time they joined the waiting list. The financial position has not changed for the better and we now feel the time has come to end the free service. Appropriate support and advice will be offered to help affected residents make alternative arrangements.

7. HRA Revenue Budget 2017-18

Assumptions

- 7.1 The total HRA debt stands at £197.2 million. It is projected that the interest charge for 2017-18 will be £5,143,050. No provision is included in the budget for the repayment of debt during 2017-18 in line with the Executive's decision that debt repayment is not a priority.
- 7.2 The revenue budget for 2017-18 is predicated around a number of key assumptions. The most important are set out in the table below:

Item	Assumption
Opening stock	5,210 units of accommodation
HRA Debt	£197.2 million
Average cost of capital for 2017-18	2.63%
Rent decrease	1% reduction in social rents to be applied until March 2020
Garage income increase	1.5%
Bad debt provision 2017-18	£275,000 increasing to £300,000 by 2018-19
Void rate	1%
Service charge increases	Linked to inflation on repair/maintenance
Housing units lost through Right to Buy (RTB)	25 per annum
Retained receipts	Held in reserves
HRA ring fence	Policy of strong ring fence continues
Debt repayment	No provision made for the repayment of debt
Operating balance	£2.5 million

Summary of Revenue Account Budget 2017-18

7.3 The table below summarises the proposed 2017-18 revenue budget, which reflects our current Treasury Management Strategy – in effect an interest only mortgage rather than a repayment mortgage. The timing of debt repayment will largely be a treasury management decision taking into account the overarching objectives of the previously stated Business Plan.

Expenditure	£
Management and maintenance	10,117,560
Interest payments	5,143,050
Depreciation	5,000,000
Contribution to reserves from surplus	10,796,420
Other items	682,640
	31,739,670
Income	
Rents – dwellings	(29,062,000)
Rents – other	(1,104,860)
Service charges	(978,680)
Supporting people funding	(250,000)
Miscellaneous income	(344,130)
	(31,739,670)

7.4 Based on the assumptions contained in the currently approved Business Plan and detailed in paragraph 7.2, the HRA will have an operating surplus of £10.79 million for 2017-18. The size of the surplus reflects a number of factors:

- the prevailing borrowing rate
- the decision not to make debt repayments
- the impact of historically high levels of investment in the stock over past years maintaining stock condition
- good income collection performance
- strong rental stream with many properties at or close to target rent levels

Expenditure

7.5 The main headings are summarised below:

Subjective Heading	2016-17 Budget	2017-18 Budget
	£	£
General Management	5,115,570	4,949,740
Responsive and planned maintenance	5,092,260	5,167,820
Interest payable	5,130,890	5,143,050
Depreciation	5,000,000	5,000,000
Cost of democracy	241,740	238,230

7.6 **General Management:** Budgeted expenditure on delivering continuing HRA services is approximately 3.2% lower in cash terms, which reflects the review of revenue commitments outlined in paragraph 6.3.

- 7.7 **Repairs and maintenance:** Budgeted expenditure on revenue-funded works is approximately 1.5% higher in cash terms. The headline increase is modest, as the budget has been reviewed to reflect historic levels of expenditure. Consequently, it masks the inflationary pressure in construction industry tender prices. There are growing skilled labour shortages coupled with above inflation increases in the materials supply chain. At the same time, demand for construction related services is strong in the London and the South East.
- 7.8 **Interest payable:** Approximately 75 per cent of the loan portfolio consists of fixed interest loans, whilst the remaining portfolio is on a variable rate arrangement. Though the variable rate loans are subject to prevailing market conditions it is likely that interest rates will remain low in the short to medium term. The table below sets out our current loan portfolio.

Loan Type	Principal	Remaining years	Rate
Variable	£45,000,000	6	0.67% (projected 2017-18)
Fixed	£2,070,000	5	3.60%
Fixed	£10,000,000	8	2.70%
Fixed	£10,000,000	9	2.80%
Fixed	£10,000,000	10	2.92%
Fixed	£10,000,000	11	3.01%
Fixed	£25,000,000	13	3.15%
Fixed	£25,000,000	16	3.30%
Fixed	£25,000,000	21	3.44%
Fixed	£15,000,000	25	3.49%
Fixed	£17,435,000	26	3.50%

- 7.9 **Depreciation:** To safeguard future rental streams, we need to ensure our properties and assets are adequately maintained. This will involve the replacement of ageing components at the appropriate time.

In order to do so, it is important that we set aside adequate funds each year to meet future liabilities. The depreciation charge is one of the key mechanisms we use to do this. The proposed 2017-18 charge represents, in officers' view, a realistic amount having regard to the outcome of the stock condition survey. A charge of £5,000,000 is considered both appropriate and affordable.

Income

Rent decrease

- 7.10 The Welfare Reform and Work Act 2016 requires us to reduce our social housing rents by 1% a year for four years starting from April 2016. The previous stated formula, upon which the self-financing settlement was predicated allowed for an annual increase in rents of CPI inflation + 1% each year. Consequently our social rents are expected to be 12% lower than they would otherwise have been by April 2020.

- 7.11 The tables below shows a breakdown of the 1% rent decrease in social rents announced in the summer budget. All tenants will see a reduction in rent, with the reductions ranging from £0.77 to £2.29 per week.

Rent reduction per week	Number of Tenants
£0.77 and £0.99	1,450
£1.00 and £1.49	3,517
£1.50 and £1.99	59
£2.00 and £2.29	12

- 7.12 The requirement to reduce rents represents a transfer from social landlords to the exchequer, rather than to social tenants. This is because the reduction in social rents will automatically trigger an offsetting fall in housing benefit entitlements for approximately 50% of our tenants in receipt of housing benefit. The remaining 50% of tenants will benefit from the 1% reduction.
- 7.13 Officers are proposing an increase in garage rents of 1.5% from April 2017.

Welfare Reform and Universal Credit

- 7.14 The Department for Work and Pensions announced in November 2016 the next stage of the roll-out programme for the introduction of Universal Credit (UC). UC brings together a number of existing benefits into a single monthly payment. Under the latest timetable, implementation of the full service for new claims of UC is scheduled to commence in the Guildford area in July 2018. At the current time, only new UC claims for single claimants with no children are being considered in the Guildford area. The remaining existing claimants will start to migrate to Universal Credit during 2018. This process will continue until 2021 when it is anticipated that all claimants will have transferred to UC. However, there remains considerable uncertainty around the programme. We anticipate further revisions to the programme and await details on how it will be implemented in practice.
- 7.15 Whilst it is difficult to predict with accuracy what the impact will be, early indications are that a sizable proportion of tenants may struggle under Universal Credit to either manage their financial affairs or to engage with the new system. The changes coupled with the general economic situation will be particularly challenging for our more vulnerable tenants. Consequently, collection costs and arrears are likely to increase across the sector.
- 7.16 A provision for bad debt charge of £275,000 is included in the estimates. This charge will remain under review, but it is considered appropriate for this charge to increase to £300,000 by 2018-19, reflecting the uncertainty around rent collection.

Right to Buy sales (RTB)

- 7.17 RTB activity has remained buoyant during 2017-18. Contributory factors include easier access to loan finance and the increase in the maximum discount allowance to £77,900.
- 7.18 The table below outlines activity as at 12 December 2016

Activity	Number
Properties – sold since 1 April 2016	27
Properties – applications being processed	48

- 7.19 Under the government's one-for-one replacement scheme (not to be confused with the enforced sale of high value properties), we are able to retain the majority of the capital receipt provided it is re-invested in additional affordable housing or regeneration schemes within three years. Only a third of the cost can be financed from this source - we must finance the balance from capital receipts or other sources including reserves accruing from the appropriation of revenue account surpluses. Our current development plan fully commits the one-for-one retained receipts we have accumulated to date. The ambition remains to utilise the receipts we are anticipating in future years.
- 7.20 On current levels of activity, we project a net loss of units to be in the region of 25 units per year. Our new build programme is mitigating the impact of the on-going right-to-buy programme.
- 7.21 Increasing sales has three negative impacts. It:
- reduces the number of affordable homes
 - removes the long term positive contribution each property makes to our annual surplus
 - increases the unit costs of managing and maintaining properties. Invariably tenants buy the better properties.

HRA Borrowing Cap

- 7.22 As part of the self-financing settlement, the government set each individual local authority Housing Revenue Account a debt cap. The difference between this debt cap and the actual debt held by the HRA is referred to as "headroom".
- 7.23 We were one of a few HRA's whose debt cap offered no "headroom", this means that we are unable to borrow additional monies to support housing investment without specific government consent. Consequently, we are currently financing our new build schemes from rental streams, qualifying capital receipts, revenue savings or HRA reserves.
- 7.24 Last year a new Homes and Communities Agency (HCA) scheme was introduced that allowed the overall local authority Housing Revenue Account borrowing limits (debt cap) to be increased by £300 million. We successfully bid to increase our debt cap by £360,000 for the new build scheme at the old Corporation Club site at Slyfield Green.
- 7.25 Unfortunately, the HCA scheme unhelpfully limits the average contribution through this scheme to around £30,000 per unit with the balance having to be funded from reserves. We cannot use right to buy receipts generated under the one-for-one replacement scheme to fund a project which is also funded through the HCA Borrowing scheme. Unless the government relax the rules, the scheme is of limited value to us.

8. HRA Capital Programme and Reserves

8.1 The willingness of government to impose changes on the HRA has the potential to require a significant reshaping of our capital programme. Apart from the obvious financial pressures, how we maintain our existing properties will be influenced by the 'enforced sales' policy, as will our new build programme.

8.2 It is difficult to be specific at this point on how we should respond to the nature and extent of the changes. The indications are however that we are unlikely to be able to continue investing on the scale we have to date under the self-financing regime. Having said this the priority attached to delivering new homes at a national level is very clear. Until we see the detail of the proposed policy changes on our business plan we are committed to meeting local housing need so far as possible.

It is for this reason we continue to express our commitment through the ambition, set out for sites in the town centre and Slyfield. We do though have to recognise that we are relying on a supportive approach from the Government to deliver on these ambitions. Unfortunately, this may prove not to be the case.

8.3 We will continue to assess a range of different delivery mechanisms for new homes. Whilst these will introduce a greater degree of complexity, the indications are that they will provide additional freedoms. The housing market in the borough does not work for many and a wider range of interventions are needed, beyond those that the HRA is able to make. The section below sets out what the HRA can do over the coming year.

8.4 Currently there are four potential strands forming our HRA capital programme under the self-financing regime. In the past, not all have been viable options but that position has changed. The four strands are:

- replacing ageing components such as roofs and kitchens
- improving and enhancing existing properties – for example, installing double glazing
- stock rationalisation – the most common example to date being the decommissioning of outdated sheltered units
- expansion – the provision of new additional affordable homes.

8.5 The funding sources enabling us to deliver a capital programme are as follows:

- HRA rental stream
- Capital receipts generated from the disposal of HRA assets including land
- HRA reserves
- HRA approved borrowing.

8.6 The HRA has built up significant revenue reserves and as at 31 March 2017 are estimated to be in the region of £92.7 million – excluding capital receipts. These can be used for any HRA related purpose. It is proposed that these reserves are set aside to support the major repairs and improvements and new build programme. The HRA also has usable capital receipts, generated from the sale of HRA land and housing assets. The balance of useable capital receipts is expected to be over £26.4 million as at 31 March 2017. These funds can only be used to support capital expenditure.

8.7 A combination of useable one-for-one receipts and the new build reserve will be used to fund a number of schemes on the approved capital programme, as well as proposed schemes that will be subject to receipt of the necessary planning consents.

These schemes include Bright Hill, Ladymead, Slyfield and recladding works to Mount and Bishops Court. The Guildford Park scheme has planning consent.

- 8.8 The table below shows the available reserves that can support the HRA Business Plan and they reflect only the schemes currently included in the provisional or approved programme, and the decision not to repay debt. We have assumed reduced contributions into the New Build from March 2018 reflecting the uncertainty around government proposals. The contribution into the reserve for future capital programmes has been maintained but will be reviewed as part of the planned review of the Business Plan.

Year ending	Reserve for future capital works	Major repairs reserve	New Build Reserve	Total	Usable capital receipts	Usable Capital Receipts (one-for-one receipts) 1	Usable Capital Receipts (HRA debt repayment)	Total usable capital receipts	Total reserves/receipts
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Mar-17	28,328	4,488	33,458	66,274	18,441	4,525	3,467	26,433	92,707
Mar-18	30,828	4,488	32,135	67,451	17,916	1,294	4,126	23,336	90,787
Mar-19	33,328	4,488	32,065	69,881	17,391	1,196	4,798	23,385	93,266
Mar-20	35,828	4,488	27,246	67,562	16,866	(903)	5,482	21,445	89,007
Mar-21	38,328	4,488	30,246	73,062	16,341	386	6,180	22,907	95,969
Mar-22	40,828	4,488	33,246	78,562	15,816	1,713	6,891	24,420	102,982

Potential reserve commitments - Illustrative example

New build schemes outlined in report	58,600
Potential repayment of variable rate loan	45,000
Cumulative reserve balance	(618)

- 8.9 The anticipated level of reserves needs to be balanced against a rapidly changing financial and legislative environment, with changes likely to flow from Welfare Reform, right-to-buy and other changes, which pose a real threat to our income and operating surplus.
- 8.10 The business plan is most sensitive to the following assumptions:
- income trends
 - legislative changes
 - inflation rates
 - cost of debt
 - capital investment
 - right-to-buy sales.
- 8.11 The degree to which a development programme can be financed will largely be determined by a continued willingness to attach a lower priority to debt repayment coupled with a proactive policy to release land for such purposes.

- 8.12 One-for-one receipts are being applied to current and proposed new build schemes to minimise the risk of repayment. This will enable the retention of future one-for-one receipts, with a reduced risk of repayment, pending the identification of new sites ¹
- 8.13 **Bright Hill (Ward: Holy Trinity)** - this site, held by the HRA is used as a temporary car park. Conceptual plans have been prepared which suggest that a mixed residential/public parking development is achievable on the site. It is a challenging site in terms of location, topography and relationship with surrounding properties. Until further design work and ground surveys have been carried out, the current cost estimates must be seen purely as indicative. Funds are being sought to carry out this work. This will enable us to prepare a detailed scheme with a view to increasing cost certainty around the project.
- 8.14 **Guildford Park (Ward: Onslow)** - it is proposed that the HRA and the General Fund jointly fund this project. Our initial budgetary assumptions for the planned development at Guildford Park anticipated around 40 homes for affordable rent. The latest designs enable us to accommodate a higher number of units on the site and consequently up to 65 rental homes. To reflect this it is proposed to increase the indicative budget to £16 million and adjust the provisional capital programme accordingly.
- 8.15 **Slyfield (Ward: Stoke)** - We had planned to invest around £50 million in the Slyfield regeneration project and we hope this may still be possible. However until we see the details of the government's policy changes it would be unwise to commit to this approach at this point.
- 8.16 **Mount Court and Bishops Court (Ward: Friary and St Nicolas)** - The two high-rise blocks suffer from rain-penetration during periods of prolonged or excessive rainfall. Not only does this directly impact on a number of the residents but potentially risks accelerating the rate at which the structural elements of the block deteriorate. Studies by consultants have concluded, to reduce the problems the blocks need to be externally clad. This solution is not unusual for high-rise structures of this nature. The bid in **Appendix 4** sets out the position in more detail.
- The latest cost estimates are in the region of £3.5 million but until the design solution has been finalised this should be viewed as an indicative figure. The scheme will require planning consent and will be subject to prior consultation with leaseholders. We are mindful of the financial burden this work will place on leaseholders and we are considering ways to mitigate this.
- 8.17 **Ladymead (Ward: Friary and St Nicolas)** - This site is partly owned by Surrey County Council, who have been reviewing the options for their land for a period of time. They have concluded that amalgamating the two plots would facilitate the discharge of their affordable housing obligation attached to the adjacent fire station development. The land will transfer to us at no cost. The bid set out in **Appendix 4** provides further details on the project.
- 8.18 **Former Apple Tree Pub Site (Ward: Westborough)** – we are seeking approval to transfer the new build scheme from the provisional scheme list to the approved capital

¹ The Council has entered into an agreement with the Secretary of State whereby it is allowed to retain an element of the capital receipts that it receives from Right to Buy sales. Under the terms of the agreement these receipts must be used to finance up to 30% of the cost of replacement social housing within three years, otherwise the retained receipts must be repaid to the Department of Communities & Local Government (DCLG) with interest.

programme. Following planning approval for the scheme to develop eighteen 1 and 2 bed apartments, we are currently decommissioning the building with a view to letting a demolition contract early in 2017. In parallel, we are developing an invitation to tender for the main contract with a view to starting construction in the second half of 2017.

8.19 **Existing stock:** Based on an analysis of our stock condition data, and taking into account the uncertainty around our future income stream we are proposing to scale back the programme until we have been able to revise the Business Plan. The Business Plan approved in 2014 envisaged an investment of approximately £7 million in 2017-18. We are proposing to reduce this to £4.5 million from the £5 million allocated in 2016-17.

8.20 Much of our planned investment focusses on maintaining our asset base in good condition. **Appendix 3** details a draft programme.

8.21 Authority is sought to transfer the equity share repurchase and cash incentives schemes for 2017-18 currently shown on the provisional capital scheme list of **Appendix 5** to the approved programme list.

9. **Robustness of the Budget and Adequacy of Reserves**

9.1 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the budget and adequacy of the proposed financial reserves.

9.2 The budget process started in May 2016. Paragraph 7.2 details the assumptions used in the preparation of the 2017-18 budget.

9.3 Staffing costs have been included based on the Full Time Equivalent (FTEs) included in the approved establishment of 72.50.

9.4 Throughout the budget process the Manager Director, Executive Heads of Service, the Leader and relevant Lead Members have been involved in what is considered to be a deliverable budget.

9.5 A prudent assessment of income has been made and only income that has a high level of certainty of being received is included within the budget. The 2017-18 budget includes a bad debt provision of £275,000, an increase of £125,000 on the amount included in the 2016-17 budget. This reflects the economic climate and continuing welfare reform changes. The level of operating balance remains unchanged at £2.5 million.

9.6 Surrey County Council funding in respect of Sheltered and Supported Housing services is included in the budget for 2017-18. It assumes a reduction in the level of support consistent with the last published business plan.

9.7 Service level risk assessments have been undertaken for both existing major areas of the budget and changes arising from the self-financing regime and legislative changes.

9.8 The corporate risks will be included in the corporate risk register, whilst service risk registers are available along with comprehensive guidance about how to identify and score risks.

9.9 The overarching HRA business plan reflect the changing financial environment in which it needs to operate and to ensure the business plan remains fit for purpose. The HRA will continue to need to balance tenant needs and expectations in the context of its financial situation.

9.10 The value of all housing related reserves as at 1 April 2017 is projected to be around £92.7 million. The estimated value of all HRA reserves for the period up to the 31 March 2022 is shown in paragraph 8.8. The HRA has a significant level of reserves and working balance.

10. Legal Implications

10.1 The HRA is a separate account that all local authorities with housing stock are required to maintain. This account contains all transactions relating to local authority owned housing. The Local Government and Housing Act 1989 prohibit the Council operating its HRA at a deficit. The proposed balanced budget meets this obligation.

10.2 Notices of any increase in rent have to be sent to tenants 28 days in advance of the new charges coming into effect.

11. Human Resource Implications

11.1 The decision to review and where necessary to freeze or delete vacant posts is outlined in paragraph 6.3

12. Conclusion

12.1 The proposed HRA revenue budget not only meets our obligation to deliver a balanced budget but also delivers opportunities to improve services to tenants. It also enables the Council to provide new affordable homes at a time when access to housing is increasingly difficult.

12.2 The proposed HRA capital programme sets out to maintain and improve our existing assets. It is essential we do so, not only to meet our regulatory obligations but also to safeguard future income streams.

13. Background Papers

- Outline budget book 2016-17
- HRA Business Plan 2015 – 2045 - Executive Report: 25 November 2014

14. Appendices

Appendix 1: HRA Revenue Budget

Appendix 2: HRA Fees and Charges

Appendix 3: HRA Investment Programme

Appendix 4: Asset management plan – major investments – Projects

Appendix 5: Housing investment programme, resources and funding statement

Housing Revenue Account Summary - Draft Estimate 2017-18

Appendix 1

2014-15 Actual £	2015-16 Actual £	Analysis	2016-17 Estimate £	2017-18 Estimate £
		Borough Housing Services		
651,611	684,835	Income Collection	653,540	661,540
946,030	961,285	Tenants Services	934,070	935,150
128,403	94,149	Tenant Participation	145,290	139,110
69,481	71,964	Garage Management	69,680	71,080
62,502	63,133	Elderly Persons Dwellings	76,500	63,530
526,690	566,292	Flats Communal Services	447,100	410,770
461,658	414,610	Environmental Works to Estates	560,770	540,570
4,365,787	4,752,742	Responsive & Planned Maintenance	5,092,260	5,167,820
131,157	136,164	SOCH & Equity Share Administration	117,990	133,290
7,343,319	7,745,173		8,097,200	8,122,860
		Strategic Housing Services		
367,945	398,983	Advice, Registers & Tenant Selection	356,810	348,620
189,835	191,815	Void Property Management & Lettings	186,420	170,650
8,161	7,360	Homelessness Hostels	7,930	9,130
214,176	217,176	Supported Housing Management	204,870	202,710
363,535	430,396	Strategic Support to the HRA	471,550	387,900
1,143,652	1,245,728		1,227,580	1,119,010
		Community Services		
885,118	897,939	Sheltered Housing	883,050	875,690
		Other Items		
5,952,153	6,437,625	Depreciation	5,000,000	5,000,000
(22,462,367)	(1,156,635)	Impairment	0	0
104,786	85,409	Debt Management	154,650	159,440
0	0	Rent Rebates	0	0
163,913	154,473	Other Items	506,970	649,220
(6,869,426)	15,409,712	Total Expenditure	15,869,450	15,926,220
(32,275,406)	(32,592,728)	Income	(32,331,290)	(31,739,670)
(39,144,832)	(17,183,017)	Net Cost of Services(per inc & exp a/c)	(16,461,840)	(15,813,450)
232,550	241,767	HRA share of CDC	241,740	238,230
(38,912,282)	(16,941,250)	Net Cost of HRA Services	(16,220,100)	(15,575,220)
(178,802)	(332,979)	Investment Income	(481,030)	(364,250)
5,077,365	5,173,010	Interest Payable	5,130,890	5,143,050
(34,013,719)	(12,101,219)	Deficit for Year on HRA Services	(11,570,240)	(10,796,420)
0	0	Amortised Premiums & Discounts	0	
0	0	REFCUS - Revenue expenditure funded from capital	75,000	75,000
2,500,000	2,500,000	Contrib to/(Use of) RFFC	2,500,000	2,500,000
5,359,879	8,435,425	Contrib to/(Use of) New Build Reserve	8,995,240	8,221,420
0	0	HRA Balance	0	0
(2,500,000)	(2,500,000)	Balance Brought Forward	(2,500,000)	(2,500,000)
(2,500,000)	(2,500,000)	Balance Carried Forward	(2,500,000)	(2,500,000)

2014-15 Actual £	2015-16 Actual £	Analysis	2016-17 Estimate £	2017-18 Estimate £
		Income		
(29,507,308)	(29,937,928)	Rent Income - Dwellings	(29,604,000)	(29,062,000)
(203,864)	(203,864)	Rent Income - Rosebery Hsg Assoc	(234,840)	(203,860)
(181,109)	(194,792)	Rents - Shops, Buildings etc	(181,110)	(181,000)
(662,500)	(661,341)	Rents - Garages	(712,000)	(720,000)
(30,554,781)	(30,997,925)	Total Rent Income	(30,731,950)	(30,166,860)
(359,506)	(300,297)	Supporting People Grant	(280,000)	(250,000)
(896,176)	(970,273)	Service Charges	(967,920)	(978,680)
(78,871)	(27,549)	Legal Fees Recovered	(25,000)	(28,000)
(1,211)	0	Council Tax Recovered	(1,250)	0
(50,488)	(39,590)	Service Charges Recovered	(53,990)	(54,550)
(334,373)	(257,094)	Miscellaneous Income	(271,180)	(261,580)
(32,275,406)	(32,592,728)	Total Income	(32,331,290)	(31,739,670)

Housing Revenue Account - Fees and Charges
Appendix 2

	2016-17 £	2017-18 £	Increase	
	From 1 April 2016	From 1 April 2017	%	#
To be approved by Council				
Sheltered Units				
<u>Guest Room Fees:</u>				
Dray Court	17.60	17.60	0.0%	#
Japonica Court	19.20	19.20	0.0%	#
St Martin's Court	21.60	21.60	0.0%	#
St Martha's Court	21.30	21.30	0.0%	#
Tarragon Court	20.80	20.80	0.0%	#
Millmead Court	18.50	18.50	0.0%	#
Per subsequent night				
<u>Function Room Hire</u>				
Voluntary /Charity Organisations	- Per Hour 12.60	12.80	1.6%	
	- Per Day 63.00	64.00	1.6%	
Education/Social Services	- Per Hour 15.10	15.30	1.3%	
	- Per Day 94.60	96.00	1.5%	
Social/Private Hire	- Per Hour 18.90	19.20	1.6%	
	- Per Day 100.90	102.40	1.5%	
<u>Total charge</u>				
Dray Court	63.11	63.11	0.0%	#
Japonica Court	65.55	65.55	0.0%	#
St Martha's Court	63.07	63.07	0.0%	#
Millmead Court	61.12	61.12	0.0%	#
St Martin's Court	64.33	64.33	0.0%	#
Tarragon Court	57.22	57.22	0.0%	#
Friary House (61 flats)				
Heating, Electricity, Cleaning, Caretaking and Security Services	17.57	16.98	-3.4%	
Garages (on Housing Estates) (VAT is applied at the standard rate on private lets only)				
High demand area (non residents)	17.75	18.02	1.5%	
High demand area	10.80	10.96	1.5%	
Elsewhere	8.86	8.99	1.5%	
Castle Cliffe				
Gas and Electricity Charges - per week	11.08	10.08	-9.0%	
Malthouse Court				
Gas and Electricity Charges - per week	9.74	11.29	15.9%	
Pound Court				
Electricity; Grounds Maintenance	4.29	5.36	24.9%	
Flats				
<u>Where cleaning provided to communal areas:</u>				
Three times per week				
Once per week				
Sandmore (Laundry and Communal Facilities)	4.38		-100.0%	
Decorating charge (Note: charge is per room)	1.49		-100.0%	
Supported Housing				
William Swayne House;				
- Shared Accommodation	0.00			
- Self Contained bedsits	113.34	113.34	0.0%	#
- Self Contained flat	115.60	115.60	0.0%	#
William Swayne Place	35.71	35.71	0.0%	#
Dene Road	73.09	73.09	0.0%	#
79 York Road	33.10	33.10	0.0%	#
Caxtons	56.05	56.05	0.0%	#
Dene Court	74.83	74.83	0.0%	#
Sold Flats Service Charges - Solicitors' Enquiry				
Sales/purchases	126.40	128.60	1.7%	
Remortgages	65.00	66.20	1.8%	
Sold Flats Service Charge Management Fee	165.00	168.00	1.8%	

The 2016-17 supported and sheltered housing charges have been restated at the 2016-17 level pending confirmation from Surrey County Council around the level of supporting people funding. The Director of Community Services has delegated authority to make in-year adjustments in respect of charges and will revisit them once the position is clarified.

2017-18 Asset Management Plan – Major Investments

Appendix 3

Category	Project	Estimate
Schemes		
Retentions & Minor carry-forward	Retentions & minor carry forwards from 2016/17	£30,000
Modern Homes		
Kitchens & Bathrooms	Replacement kitchens, bathrooms and electrical upgrading works <i>Various sites including - Bellfields, Town Centre, Guildford Park, Southway, Park Barn and Worplesdon.</i>	£1,350,000
Doors & Windows		
Doors and Windows Renewal	Replacement of windows & doors to non-estate properties some within conservation areas <i>Various sites including; Castle Cliffe, York Road, Chertsey Street & Dene Road; Town Centre locations, The Mews</i>	£400,000
Structural		
Refurbishment of individual dwellings – Void property	Refurbishment and/or conversion of dwellings on an individual basis to enable them to be re-let, includes improvements and structural repairs.	£400,000
Repairs associated with structural movement.	Structural works to various sites identified via report, inspection or cyclical works	£150,000
Roof Renewal Phase V	Ongoing programme to replace roof coverings reaching the end of their design life. <i>Various addresses</i>	£300,000
Energy Efficiency		
Storage Heater Upgrades	Upgrading existing electric, solid fuel or oil fired installations with high efficiency systems. <i>Replacement with energy efficient air source heat pump heating systems where appropriate.</i>	£450,000
Upgrade existing gas fired heating systems with High Efficiency Boilers	Replacement of older gas fired boilers with high efficiency units, includes improved heating controls and associated upgrade works	£200,000

Category	Project	Estimate
General		
Fire detection and protection	Improve signage, lighting, fire alarms, fireproofing and any associated works following the 2016/17 fire risk assessment of blocks of flats.	£20,000
Lift renewal and refurbishment	Phased programme for the renewal individual lift cars, ropes and motor room gear. <i>Dray Court</i>	£130,000
Communal lighting upgrade	Phased upgrade of communal lighting to blocks of flats.	£40,000
Garage compounds - resurfacing	Renewal of hard surface to garage compound sites	£100,000
Disabled adaptations	Works to adapt housing properties for disabled residents	£625,000
Environmental improvements	General environmental improvements to housing estates. Subject to resident consultation can include external lighting, fencing, security, signage etc	£40,000
Software systems	Software enhancements to improve customer access and business systems supporting frontline staff.	£50,000
Programme support.	Programme support and development to support HRA Business Plan	£100,000
Condition Surveys	Condition surveys and an allowance to address any urgent issues identified	£115,000
	Sub Total	£4,500,000

Notes

Works are subject to detailed site surveys and prevailing market conditions.

Bid for Funding : HRA Housing Major Repairs programme 2017-18



General Information			
Project Name	HRA Housing Major Repairs programme 2017-18		
Project Code	PR000413		
Project Description	Complete a programme of major repairs and improvements to property held in the Housing revenue Account.		
Project / Programme Manager	Helen Buck		
Senior Responsible Officer	Philip O'Dwyer		
Corporate Plan Theme	Our Society	Ward	Not Applicable
Directorate	Community	Service Unit	Community
Expected Start Date	03/04/17	Target Completion Date	30/03/18
Drivers and Objectives			
Background Information	<p>The Council holds over 5000 residential properties in the Housing Revenue Account. Stock condition surveys highlight the need for regular investment in the properties to maintain them in good condition. Timely investment avoids higher expenditure in the future and the need for more costly repairs carried out on a responsive basis.</p> <p>The most recent stock survey carried out by Consultants in 2015 suggested we should be looking to invest in the region of £5 million annually on the stock over a five-year period. In practice, investment is driven by a variety of factors that can affect when any particular investment is made. For example, it may be more cost-effective to bring forward works to achieve economies of scale or take advantage of scaffolding access.</p> <p>This programme of works also takes into account the financial pressures the HRA faces following recent policy decisions made by the Government including the imposition of rent reductions over the next 3 years.</p>		
Project / Programme Objectives	To deliver a programme of repairs and improvements to HRA properties		
Implications	If we do not carry out a programme of work the condition of our properties would deteriorate and some tenants who have been waiting for repairs and improvements will be dissatisfied.		
Legal / Statutory requirement?	Yes		
Legislative / Statutory implications	A small number of the projects deal with repairs, which fall within our repairing obligations, set out in the Landlord and Tenant Act 1985. We are also required under the terms of our registration as a social housing provider to meet the Decent Homes Standard and take reasonable steps to ensure we properly maintain our properties.		
Constraints	The programme faces a number of challenges which include -		

	<ul style="list-style-type: none"> • Availability of suitable contractors • Staff resources • Resident co-operation
Assumptions	<p>The draft programme reflects the pattern followed for a number of years with a focus on the key components in tenants homes, which in turns links to our obligations to maintain our properties at the minimum standard set in the Decent Homes Standard.</p> <p>The core elements of the programme will involve -</p> <ul style="list-style-type: none"> • kitchen, bathroom and electrical refurbishments/upgrades • structural repairs/improvements to enable properties to be relet • replacement doors and windows • replacements roof coverings • upgrading old inefficient heating systems • adapting properties for the benefit of disabled households <p>The programme is prepared using data from our property database together with the knowledge of the surveying and maintenance teams. Budget costings are prepared with reference to current tendered costs and our understanding of market conditions likely to prevail in the year ahead.</p>

Outcomes and Outputs					
Expected Changes / Effects	The standard of our residential properties will be improved.				
Tangible Outputs					
Quality Criteria					
Measures for Success:	Repairs and improvements completed within the approved budgets and project time-scales				
Options Appraisal					
Options Appraisal / Feasibility Study?	In Progress				
Viable options and reasons why they have been rejected					
Consents Required					
Is Planning Permission required?	Yes				
Is Building Regulations required?	Yes				
Any other consents required?	Yes				
Provide details of any other consents required.	Depending on the project various other consents may be required including Utility companies, Highways Authority and residents.				
Funding Sources					
Funding Type	Revenue		Capital		
Reserves			£31,500,000		
Costs					
Year	2017/18	2018/19	2019/20	2020/21	2021/22

Capital or Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
Contractor Payments	£4,500,000		£5,000,000		£5,500,000		£5,500,000		£5,500,000	
Total	£4,500,000		£5,000,000		£5,500,000		£5,500,000		£5,500,000	

Financial Benefits

Year	2017/18		2018/19		2019/20		2020/21		2021/22	
Capital or Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
Total										

Non-Financial Benefits

Title	Category	Measure	Expected Delivery Date
Tenant satisfaction	Improved Customer Satisfaction	Tenant surveys	31/03/17
Claims for disrepair	Improved Customer Satisfaction	Number of successful claims made	31/03/17

Risks

Title	Description
Financial risks	<ul style="list-style-type: none"> The nature of many of the projects involve working on existing properties, therefore the risk of unforeseen work is reasonably high. Tender prices can be higher than anticipated
Health and Safety	<ul style="list-style-type: none"> Many of the projects involve working in occupied properties and therefore present a safety risk. Many of the properties were built at a time when hazardous materials were used in the construction of the property. The work can result in damage unless carefully managed.
Reputation	Failure to deliver the projects correctly can result in the Council being criticised and/or subject of a complaint to the Housing Ombudsman.

Prioritisation Scheme	
Fundamental Themes	
Our Economy	4 - Low to medium
For many of the projects, a local supply chain is used benefiting the local economy.	
Our Borough	8 - Medium to high
Providing well maintained homes for members of our community contributes to our objective of providing access to decent housing.	
Our Infrastructure	0 - None
Our Environment	2 - Low
A number of the projects will improve the energy efficiency of HRA properties reducing the amount of CO2 generated by their occupants.	
Our Society	10 - Very high
Ensuring our residential properties in good condition ensures less advantaged members of our community have access to well-maintained homes.	
Your Council	0 - None
Fundamental Themes Total	24
Other Categories Themes	
Asset management	6 - Medium
Business Case	0 - No revenue implications
Health and Safety / Statutory requirement	4 - Medium to high
Service Delivery	10 - Very high
Third Party Funding	0 - No external contribution identified
Other Category Themes Total	20
Total	44
Justification for the scores given	
Maintaining our property portfolio is central to the HRA Business case approved by the Executive.	

Bid for Funding : Mount and Bishops Court - External Cladding



General Information			
Project Name	Mount and Bishops Court - External Cladding		
Project Code	PR000414		
Project Description	External cladding of two high rise residential blocks		
Project / Programme Manager	Helen Buck		
Senior Responsible Officer	Philip O'Dwyer		
Corporate Plan Theme	Our Society	Ward	Friary and St. Nicolas
Directorate	Community	Service Unit	Community
Expected Start Date	05/06/17	Target Completion Date	02/02/18
Drivers and Objectives			
Background Information	The project consists of (1) Consultancy services contract to investigate the optimum design and to specify a new external cladding system - this contract is already in place- Verto reference PR 000362 - updated separately and (2) the building contract to install new external cladding and renew the roof coverings, Verto Reference PR 000414 - this record. The building contract is not programmed to be tendered until later in 2016 and on site in 2017		
Project / Programme Objectives	The objective for this project is to provide a long term solution to rain penetration that occurs during periods of heavy and prolonged rainfall. Due to the high cost of access the opportunity will be taken to carry out associated repairs to the structure.		
Implications	The building would continue to allow wind driven rain to penetrate the external envelope resulting in dampness to the walls and ceilings of the flats. The proposal to clad the structure is the only realistic remedy for weatherproofing the buildings and prolonging their useful life. As freeholder we have an obligation under the terms of the leases to maintain the structure in respect of the leasehold flats. For the tenanted flats we have a similar contractual obligation under the terms of the tenancy and the Landlord and Tenant Act 1985.		
Legal / Statutory requirement?	No		
Legislative / Statutory implications			
Constraints	<p>(1) Leaseholder expectations and consultations - Options under considerations have competing merits and challenges, both cost and technical. Leaseholders exposed to significant cost contribution which may influence their preferences. Possible legal constraints upon how much leaseholders can be recharged.</p> <p>(2) Budgetary - Two options under consideration, of significantly different lifespan and cost. Budget availability may be a constraint</p> <p>(3) Statutory consents are required for: (a)Town Planning - Significant design requirements likely to be presented by planners and this will materially influence the project design and procurement approach, as planning requirements and technical buildability issues are explored and will have to align during the design and procurement stage. Planning requirements are anticipated to be a significant constraint during the early stages (b) Building</p>		

	Regulations - The selected external cladding system will have to comply with the building regulations.
Assumptions	<p>The estimated cost has been provided by Consultants engaged to deliver the project and are based on a solution that the planning authority have suggested may be acceptable. At this point the estimated cost excludes any contribution leaseholders will be asked to make under the terms of their lease.</p> <p>A market engagement exercise is planned which will be used to inform a more up to estimate of the likely cost, however with such specialist work it is extremely difficult to predict tender levels some way into the future.</p> <p>The developments are held within the Housing Revenue Account and the Councils contribution can therefore be funded from the Major Repairs reserve.</p>
Outcomes and Outputs	
Expected Changes / Effects	<p>(1) The buildings (Mount and Bishops Court), will be weathertight, whereas now they suffer from rain penetration</p> <p>(2) They will be insulated to modern standards. Currently, the external walls are uninsulated and new external cladding is the only realistic insulation option</p> <p>(3) The buildings will be visually more presentable</p> <p>(4) Improved occupier satisfaction</p>
Tangible Outputs	
Quality Criteria	
Measures for Success:	<p>(1) Optimum cost and occupier satisfaction</p> <p>(2) Timely completion and smooth progress against programme</p> <p>(3) Success in terms of town planning - suitability of design solution for the particular setting and its impact on the townscape</p>
Options Appraisal	
Options Appraisal / Feasibility Study?	Yes
Viable options and reasons why they have been rejected	<p>Initial report detailed the mechanisms for rainwater penetration. Options to remedy rainwater penetration are to (i) provide new external cladding, either insulated render (lowest initial cost, least durable, less architectural control over appearance) or rainscreen cladding (highest initial cost, longer lifespan, better appearance) (ii) repair the building defects across all elevations of both buildings (iii) reactive maintenance to deal with issues as they are reported by occupants.</p> <p>Option (iii) has been the method adopted in the past and has not adequately dealt with the problem of rainwater penetration. It is technically and managerially unrealistic as a building/estates management strategy for three principal reasons (a) it makes no provision for a planned preventative strategy (b) remedies often require significant disturbance of the building fabric and require the properties to be void in order to carry out the work (c) repair work involving removal of external walling cannot be undertaken without great expense in high rise buildings and may have to be repeated with each new reported occurrence, as would be expected as the existing building fabric exposed to the elements continues to age.</p> <p>Option (ii) is not feasible as the defects are the result of the buildings ageing combined with lack of quality control in construction when they were built. They are thus commonplace across all elevations and at all heights and would require significant removal and remaking of existing elements of construction without the confidence of removing the potential for further problems. Adequate insulation of the external walls could not be achieved with this option.</p>

Option (i) is the only realistic option for providing a long term solution which would achieve the three principal objectives of (a) remedying the problem of rainwater penetration through the external walls and into flats, (b) upgrading the insulation to modern standards and (c) enhancing the visual amenity of the buildings and extending their useful lifespan. Overcladding systems are well established as improvements to high rise buildings as they are designed to address the type of defects and issues affecting Mount and Bishop Court and present a range of choices on technical and cost arguments. They incorporate by design more than one benefit - rainwater exclusion, insulation and good appearance.

Consents Required

Is Planning Permission required?	Yes
Is Building Regulations required?	Yes
Any other consents required?	No
Provide details of any other consents required.	

Funding Sources

Funding Type	Revenue	Capital
Reserves		£3,500,000

Costs

Year	2017/18		2018/19		2019/20		2020/21		2021/22	
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
Contractor Payments	£1,750,000		£1,750,000							
Total	£1,750,000		£1,750,000							

Financial Benefits

Year	2017/18		2018/19		2019/20		2020/21		2021/22	
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
Leaseholder contribution Type: Income	0	0	250,000	0	0	0	0	0	0	0
Total	0	0	250,000	0	0	0	0	0	0	0

Non-Financial Benefits

Title	Category	Measure	Expected Delivery Date
Mount and Bishop Court	Improved Service Provision	Performance of the buildings	01/06/18

Risks

Title	Description
Mount and Bishop Court	Buildings do not perform as required and there is a significant risk to the Council's reputation if this is not remedied

Prioritisation Scheme

Fundamental Themes	
Our Economy	0 - None
Our Borough	4 - Low to medium
The provision of affordable housing is one of our key objectives, this work will safeguard the provision of much needed accommodation in Guildford town centre	
Our Infrastructure	0 - None
Our Environment	4 - Low to medium
Any cladding system will improve the thermal insulation qualities of the external walls. This will reduce the energy required to heat the dwellings and reduce CO2 reduction from the development.	
Our Society	8 - Medium to high
It is important that we ensure that the properties we let to low income households remain available for occupation/letting.	
Your Council	0 - None
Fundamental Themes Total	16

Other Categories Themes	
Asset management	8 - Medium to high need
Business Case	0 - No revenue implications
Health and Safety / Statutory requirement	8 - Medium to high
Service Delivery	10 - Very high
Third Party Funding	1 - 10% of the gross project is to be financed by external contributions
Other Category Themes Total	27
Total	43

Justification for the scores given

Maintaining our property portfolio is central to the HRA Business case approved by the Executive. The proposed works will improve the energy efficiency of the block and help ensure we comply with our contractual repairing obligations.

Bid for Funding : Revelopment of 16-18 Ladymead and



adjoining land

General Information			
Project Name	Revelopment of 16-18 Ladymead and adjoining land		
Project Code	PR000461		
Project Description	Construction of 12 apartments on land next to the Fire Station		
Project / Programme Manager	Rachel Dawson		
Senior Responsible Officer	Philip O'Dwyer		
Corporate Plan Theme	Our Society	Ward	Friary and St. Nicolas
Directorate	Community	Service Unit	Community
Expected Start Date	30/11/16	Target Completion Date	31/03/18
Drivers and Objectives			
Background Information	<p>The Council owns two properties at 16 and 18 Ladymead, which we currently lease to Riverside ECHG. These are houses in multiple occupation and although structurally sound, are in somewhat poor repair. Surrey County Council owns the land to the West (formerly the marquee business). SCC is obliged to provide 6 units of affordable housing due to a S106 agreement for the Fire Station. We have agreed to provide this if they transfer their land to the Council at nil value and underwrite up to £60,000 of decontamination costs. In addition we will provide 6 units of affordable housing for the Council.</p>		
Project / Programme Objectives	<p>We aim to provide 12 apartments for affordable rent, four of which will be set aside for SCC, who will have nomination rights. These 4 flats are intended for people with support needs e.g. learning disability. Planning permission was gained by SCC four years ago, but has expired. We aim to submit a new application and build out the site, starting on site in late summer 2017.</p>		
Implications	<p>Not completing this project would mean that SCC are unable to provide affordable housing as agreed. They would have to find an alternative means of provision. We would not benefit from updating our housing stock and providing more appropriate self-contained accommodation, which will replace the current HMOs. It is also likely that if we don't go ahead with this, the marquee site will remain empty/derelict for some time because there is not sufficient space to redevelop it without combining with our site and it is not an easy building to let.</p>		
Legal / Statutory requirement?	Yes		
Legislative / Statutory implications	There is to some degree a statutory requirement in that SCC are obliged to reprovide housing which they demolished to build the new fire station .		
Constraints	<p>The main constraints are:</p> <ul style="list-style-type: none"> - potentially contaminated land. The site is next to a petrol station. - potential archaeological finds. There were significant finds on the fire station site, and the foundations will have to be dug carefully and under observation. - access from the busy road of Ladymead will have to be carefully managed - 16 and 18 Ladymead are currently leased to Riverside ECHG, who will have to move their tenants to alternative accommodation (this has been discussed with them). However there is time to do this because the planning process and various surveys that are required will take several months. 		
Assumptions	See above. We have dug boreholes and tested for contamination so are		

Additional asset Type: Financial	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0

Non-Financial Benefits

Title	Category	Measure	Expected Delivery Date
New affordable housing	Improved Customer Satisfaction	Provision of good quality affordable housing	31/03/18

Risks

Title	Description
Ground conditions	Danger of added delay and/or cost due to contamination or archaeological finds

Prioritisation Scheme	
Fundamental Themes	
Our Economy	2 – Low
Creation of jobs building the flats. Improving the appearance of a key entrance road into the town.	
Our Borough	8 - Medium to high
Sensitive integration of development in existing communities.	
Range of housing to meet need	
Our Infrastructure	0 - None
Our Environment	2 - Low
Using a brownfield site, and building 3 storeys high, thus relieving pressure on Green Belt development	
Our Society	10 - Very high
Every person matters – improving the lives of residents	
Improving public health and wellbeing	
Reducing social inequality	
Your Council	0 - None
Fundamental Themes Total	22
Other Categories Themes	
Asset management	10 - Maintenance etc. essential
Business Case	0 - No revenue implications
Health and Safety / Statutory requirement	0 - None
Service Delivery	0 - None
Third Party Funding	0 - No external contribution identified
Other Category Themes Total	10
Total	32

Justification for the scores given

Bid for Funding : Bright Hill Development



General Information			
Project Name	Bright Hill Development		
Project Code	PR000248		
Project Description	Construction of in the region of 60 apartments and re-provision of public car parking on the existing Bright Hill Surface Car Park		
Project / Programme Manager	Rachel Dawson		
Senior Responsible Officer	Philip O'Dwyer		
Corporate Plan Theme	Our Borough	Ward	Christchurch
Directorate	Community	Service Unit	Community
Expected Start Date	01/04/17	Target Completion Date	31/03/21

Drivers and Objectives

Background Information	<p>CURRENT SITUATION</p> <p>Bright Hill Car Park currently provides 121 spaces of surface parking. It has been allocated for housing in the Local Plan for many years, but has not been brought forward due to concerns about loss of parking, particularly whilst G Live was being built.</p> <p>Our architects have reviewed the site and previous proposals, and have concluded that a scheme of 60+ apartments with parking for the homes plus re-provision of the public parking spaces, via use of basement parking, is achievable on the site.</p> <p>Demand for housing</p> <p>There is considerable demand for housing in the borough, both private and affordable, as shown by the SHMA and the Council's housing register. This site would meet the Council's aim of taking a 'brownfield first' approach to development.</p> <p>Advice from local estate agents indicates that a value of £550 per square foot is achievable for sales of apartments on the site. It is in a prime location with views over Guildford, and agents view it as being in the medium to high end of the market.</p> <p>Specification</p> <p>The following options have been considered for the site:</p> <ol style="list-style-type: none"> 1. Redevelopment as residential with associated parking 2. Redevelopment as residential, with most units having allocated parking, and re-provision of 120 public car parking spaces <p>Both involve building apartments over basement parking.</p>
-------------------------------	--

THE SCHEME

PDP architects have reviewed the scheme and concluded that 60+ units are possible.

ERMC surveying have reviewed the build cost of the options above.

FINANCIAL APPRAISAL

Current Income

£208k p/a

Current Costs

£35k p/a

Potential Income

Viewing the scheme as if provided by a private developer, with the planning policy minimum 35% affordable housing, the total scheme has an estimated Gross Development Value of £22 million.

This has to be offset against the construction costs below.

Construction Costs

ERMC surveyors have reviewed the outline construction costs for the two scheme options.

This excludes planning, design and other consultants fees and S106 contributions.

Assumptions for these are made in the table below (numbers have been rounded):

ERMC costing

Fees

S106 contributions

TOTAL

Option 1

£11 million

£2 million

£400,000

£13 million

Option 2

£14.5 million

£2.5 million

£400,000

£17 million

	<p>Value of site</p> <p>Option 1 means the loss of 121 public car parking spaces and hence the loss of this revenue.</p> <p>The residual value of the site is best calculated from Option 2, which is neutral in terms of parking provision/revenue. This gives a residual value of £7.8 million.</p> <p>It should be noted, however, that these options do not include other potential costs, which are discussed in the Risks section below, for example ground condition, services, highway improvements.</p> <p>It should also be noted that the residual value of £7.8 million does not include any developer profit. Developers would normally expect to make 20% of GDV, i.e. £4.4 million. So the actual value of the land with option 2 is closer to £3 million.</p> <p>The intention is for the Council to develop the site, with the sale of properties financing the re-provision of public car parking. It is assumed that the HRA will finance the build of the affordable housing (rather than it being sold to the HRA as completed units).</p> <p>The HRA will contribute approximately £3.5 million to build 25 affordable units. The overall cost for Option 2 is £17 million, therefore a contribution of £13.5 million would be required from the general fund to finance the overall build cost of £17 million, against an estimated GDV for the private housing of £17 million.</p> <p>The preferred option therefore at this stage would be Option 2.</p> <p>Appendix 1 – PDP architects review</p> <p>Appendix 2 – Report from ERM surveyors</p>
Project / Programme Objectives	Increase housing supply in town centre
Implications	The site would continue to not achieve its full potential in social and economic terms
Legal / Statutory requirement?	No
Legislative / Statutory implications	
Constraints	<ul style="list-style-type: none"> • Access to the site is difficult. It is on a steep hill in a one-way system • It may not be possible to construct the scheme wholly from within the site, road closures may potentially be required • Various properties overlook the site • The Eastern boundary is adjacent to the Adult Education Centre, which is a listed building. There is a substantial retaining wall along this boundary which is in a poor state of repair and may require significant investment to stabilise to enable this development • The pub on the site is a listed building and will need to be retained • The site is within a conservation area • Re-development will mean a temporary loss in parking provision, so must be co-ordinated with the parking strategy
Assumptions	<ul style="list-style-type: none"> • Professional fees have been estimated at 15% of cost • S106 fees have been estimated based on other developments. A more detailed assessment will be obtained from Planning in due course

Outcomes and Outputs

Expected Changes / Effects	<p>Expected Changes / Effects</p> <p>The anticipated outcomes are that this project will deliver new housing, both private and affordable in this sustainable location, as well as maintaining the existing level of public car parking</p> <p>The cost of constructing the replacement parking and private sale housing units may be covered by the proceeds from the sale of the market housing</p> <p>Tangible Outputs</p> <p>60+ new homes (35% affordable)</p> <p>Replacement public car parking facility</p>
Tangible Outputs	Additional homes
Quality Criteria	
Measures for Success:	<ul style="list-style-type: none"> • A well designed scheme, supported by the local community • Completion of new homes • Sale of units, with sales receipts covering the cost of the development of the new parking facility • Provision of high quality affordable housing • An improved, more secure parking facility

Options Appraisal

Options Appraisal / Feasibility Study?	Yes
Viable options and reasons why they have been rejected	<p>Retain existing use - will not achieve objective to increase additional housing in town centre</p> <p>Develop with no public parking - significant implications for service provision and income stream</p> <p>Develop with re-provision of existing public parking spaces - income stream is retained, increase in provision of housing in town centre</p>

Consents Required

Is Planning Permission required?	Yes
Is Building Regulations required?	Yes
Any other consents required?	Yes
Provide details of any other consents required.	Usual consents associated with new developments

Funding Sources

Funding Type	Revenue	Capital
Capital Bid		£13,500,000
Reserves		£3,500,000

Costs

Year	2017/18		2018/19		2019/20		2020/21		2021/22	
Capital or Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
Contractor Payments			£3,000,000		£8,000,000		£5,500,000			
Consultants Fees	£500,000									
Total	£500,000		£3,000,000		£8,000,000		£5,500,000			

Financial Benefits

Year	2017/18		2018/19		2019/20		2020/21		2021/22	
Capital or Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
Sale of market housing Type: Financial	0	0	0	0	0	0	0	0	£17,000,000	0
Total	0	0	0	0	0	0	0	0	£17,000,000	0

Non-Financial Benefits

Title	Category	Measure	Expected Delivery Date
Additional housing	Improved Customer Satisfaction	Increased housing numbers	31/03/20

Risks

Title	Description
Consents	Failure to obtain necessary consents. We have assumed that planning approval for the scheme will be granted.
Site constraints	Very limited site studies have been carried out in terms of site conditions, contamination, ecology, traffic studies etc. All of these factors may have potential cost implications which may impact on the overall scheme viability.
Over-runs	Design issues, unforeseen works, supplier failure leading to cost or time over-runs
Viability	Based on the limited information available at this stage, we have assumed that the income generated from the sale of the private units will be sufficient to pay for the construction of these units, plus the re-provision of the existing public parking spaces. Further work will be required to provide greater cost certainty, and comfort that these aspects of the scheme will be self-financing.
Professional and other fees	We have made an allowance for professional and other fees at 15% of the anticipated construction cost for the preferred option. These will become clearer as the scheme proceeds.
Highways	Improvements may be required to the adjacent road network and junctions to accommodate additional traffic generated by the housing development
Housing Market	Although the housing market in Guildford is strong and has always been resilient even in times of downturn, a small drop in selling prices for the private units could have a significant impact on the viability of the scheme.
Construction Costs	Build costs continue to increase and there is a view that the industry may be unable to meet the required demand in the coming years The current projections are based on very limited design information and may

	vary once further site investigation work has been done and the scope of construction works is more certain
Buildability	Re-providing a large proportion of the the existing surface car parking spaces underground may require a highly engineered solution that may not be constructable from within the site boundary. There is a possibility that the adjacent roads may need to be closed for a period to facilitate piling works,

Prioritisation Scheme	
Fundamental Themes	
Our Infrastructure	4 - Low to medium
The project will enable the Council to meet (or at least maintain) the following priorities:	
<ul style="list-style-type: none"> Improved parking to meet the needs of the town and villages 	
Our Economy	6 - Medium
The project will enable the Council to meet the following priorities:	
<ul style="list-style-type: none"> Unlocking the economic advantages of urban regeneration 	
Our Borough	8 - Medium to high
The project will enable the Council to meet the following priorities:	
<ul style="list-style-type: none"> Providing for a range of housing to meet need Sensitively integrating development into existing communities 	
It will also contribute to the following priorities:	
<ul style="list-style-type: none"> Ensuring an attractive, competitive, multi-faceted and vibrant town 	
Our Environment	2 - Low
The project will enable the Council to meet the following priorities:	
<ul style="list-style-type: none"> Being a clean and attractive borough Protecting and improving our environment 	
Our Society	8 - Medium to high
The project will help to meet the following priorities:	
<ul style="list-style-type: none"> Reducing social inequality [<i>via provision of affordable housing</i>] 	
Your Council	6 - Medium
Fundamental Themes Total	34
Other Categories Themes	
Asset management	6 - Medium
Business Case	0 - No revenue implications
Health and Safety / Statutory requirement	0 - None
Service Delivery	10 - Very high
Third Party Funding	5 - 50% of the gross project is to be financed by external contributions
Other Category Themes Total	21
Total	55

Bid for Funding : SARP - Affordable housing investment by the Housing Revenue Account



General Information			
Project Name	SARP - Affordable housing investment by the Housing Revenue Account		
Project Code	PR000462		
Project Description	The Slyfield Area Regeneration Project is a major redevelopment of the Slyfield area of Guildford. The project seeks to provide around 1000 new homes, of which 35% will be affordable dwellings, on a key brownfield site on the outskirts of the town. The site will be created by the relocation of the existing Thames Water sewage treatment works, the Council's operational depot and the relocation of the County Council's waste transfer station.		
Project / Programme Manager			
Senior Responsible Officer	Philip O'Dwyer		
Corporate Plan Theme	Our Society	Ward	Stoke
Directorate	Community	Service Unit	Community
Expected Start Date	03/06/14	Target Completion Date	31/12/16
Drivers and Objectives			
Background Information	<p>The objective for this project is to deliver around 1000 new homes on a brown field site at Slyfield, Guildford. In order to do so it is necessary to</p> <ul style="list-style-type: none"> • close the existing sewage treatment works (STW) which is owned and operated by TW, • construct a modern new STW, reducing odour and flies, being built on the former Slyfield Landfill site • close the Council's operational services depot • construct a new build depot facility on the site of the existing TW sludge pits • relocate and enlarge the Surrey County Council (SCC) waste facilities <p>An update on the project's viability was reported to Executive in September 2016. Based on the assumptions made, there is a small deficit on the project. Officers and the Council's professional advisors will continue to review the assumptions made but at this stage the shortfall is considered to be bridgeable.</p> <p>The bid is based on the base business case assumption that the Council will fund the relocation of the STW and the Council's own depot, remediate the land, obtain outline planning permission for the site and then arrange for the residential development. Options for the residential development could include the Council playing a direct role in delivery of some of the housing itself either through the Housing Revenue Account (HRA) or through North Downs housing</p>		

	<p>Ltd.</p> <p>The site has received Housing Zone designation and the Council therefore has access to a loan of £90 million from the Public Works Loans Board (PWLB) loan at preferential rates. A decision on the drawdown of this funding would be made as part of the treasury management function of the Council. In addition, the Council had secured a grant of £600,000 from the HCA to assist with the review of the financial assumptions for the project.</p> <p>TW and the Council entered into a non legally binding Memorandum of Understanding in December 2015. Both parties are moving towards entering into a legally binding Development Agreement for the SARP project, on the basis of the proposed heads of terms (HoT) approved by the Executive in September 2016.</p> <p>The key point of the DA was to progress the project to secure outline planning approval for all aspects: housing, depot and new STW. On securing all planning permissions, a full business case will be presented to the Executive for approval to commence construction.</p>
Project / Programme Objectives	To ensure a significant percentage of the dwellings provided as part of the SARP project are affordable rented units.
Implications	The benefits described would not materialise, placing additional pressure on the greenbelt.
Legal / Statutory requirement?	No
Legislative / Statutory implications	
Constraints	<p>The project itself faces a number of constraints which have been outlined in the main project bid. This bid focuses on the HRA being one of the developers delivering the residential element of the project. The constraints outlined below relate to the funding ability of the HRA.</p> <ul style="list-style-type: none"> • The HRA has little or no capacity to undertake additional borrowing under the current national financial regime. Successive Governments have been reluctant to lift HRA borrowing caps irrespective of whether an individual HRA has the capacity to support further borrowing. • Current Government policy is to require Councils to sell higher value properties - this will increase HRA unit costs leaving less funds available for investment. • The Government wants to reduce the cost of Housing Benefit and have required social landlords to reduce rents annually by 1% for 3 years. It is thought they will avoid allowing landlords to increase rents above inflation when this policy period ends. Again this will leave less funds available for investment.
Assumptions	<p>CBRE have carried out a development appraisal which PwC have used to inform the financial analysis. The costs in this bid and the potential capital receipts are based on the respective advice of CBRE and PwC.</p> <p>The reserves held by the HRA along with the 1-4-1 receipts remain available to be applied to this project.</p>
Outcomes and Outputs	
Expected Changes / Effects	At least 35% of the residential units developed will be categorised as affordable housing.

Tangible Outputs	
Quality Criteria	
Measures for Success:	The HRA will develop 200 units for affordable rent or its equivalent.
Options Appraisal	
Options Appraisal / Feasibility Study?	In Progress
Viable options and reasons why they have been rejected	
Consents Required	
Is Planning Permission required?	Yes
Is Building Regulations required?	Yes
Any other consents required?	Yes
Provide details of any other consents required.	Usual wide range of consents associated with any major development.
Funding Sources	
Funding Type	Revenue Capital
Reserves	£50,000,000
Costs	
Year	
Capital or Revenue	Capital Revenue Capital Revenue Capital Revenue Capital Revenue Capital Revenue
Total	
Financial Benefits	
Year	2017/18 2018/19 2019/20 2020/21 2021/22
Capital or Revenue	Capital Revenue Capital Revenue Capital Revenue Capital Revenue Capital Revenue
Rental income Type: Income	0 0 0 0 0 0 0 0 0 0
Total	0 0 0 0 0 0 0 0 0 0
Non Financial Benefits	
Title	Category Measure Expected Delivery Date
Affordable housing units delivered	Improved Social Benefits Number units delivered as a percentage of the total homes provided. 31/12/25
Rate development delivered	Improved Social Benefits Number of units delivered above that traditionally seem on a market led development. 31/12/25
Risks	

Title	Description
Project viability	Ability to obtain necessary consents from the various agencies
Project viability	Being a brownfield site there are significant project cost overheads involved in releasing the site for residential development.
HRA funding	Ability of the HRA to fund at the projected level in light of the changes imposed by central Government.

Prioritisation Scheme

Fundamental Themes

Our Economy

10 - Very high

The project will bring an old landfill site back into economic use through a new sewage treatment works, council depot and two industrial units. Housing has overall economic benefits.

Our Borough

10 - Very high

The project will deliver

- Around 1,000 new homes and community uses
- Modern sewage treatment works
- Improved waste handling facility
- Improved Council operational depot
- Additional industrial lettings

Our Infrastructure

10 - Very high

- Improved and increased capacity sewage treatment works
- Improved waste handling facility

Our Environment

8 - Medium to high

Our Society

10 - Very high

The project will provide additional homes in a sustainable location on a brownfield site. The Council is in a position to ensure we deliver the much needed affordable housing a developer might attempt to limit on such a difficult site.

Your Council

8 - Medium to high

This project is unlikely to happen without intervention by the Council. The complexity of the project will increase the skill base within the organisation and its capacity to manage very challenging projects

Fundamental Themes Total

56

Other Categories Themes

Asset management

0 - No maintenance required

Business Case

0 - No revenue implications

Health and Safety / Statutory requirement

0 - None

Service Delivery

10 - Very high

Third Party Funding	3 - 30% of the gross project is to be financed by external contributions
Other Category Themes Total	13
Total	69

Justification for the scores given

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2016-17 to 2021-22: HRA APPROVED PROGRAMME

APPENDIX 5

	Project Budget	2015-16 Actual	Project Spend at 31-03-16	2016-17 Estimate	2016-17 Projected Outturn	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	Total Project Exp
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Acquisition of Land & Buildings	3,302	0	0	3,500	3,302	0					3,302
New Build											
Lakeside Close, Ash	5,100	1,256	4,655	128	128	0	0	0	0	0	4,783
New Road, Gomshall	4,250	1,051	4,066	106	106	0	0	0	0	0	4,172
Guildford Park	75	0	0	75	75	0	0	0	0	0	75
Slyfield Green (Corporation Club)	2,448	0	0	1,850	2,098	350	0	0	0	0	2,448
Willow Way	1,000	0	0	800	0	975	25	0	0	0	1,000
Garage sites	2,500	0	0	1,350	350	2,000	150	0	0	0	2,500
The Homstead	500	0	0	485	0	500	0	0	0	0	500
Appletree pub site		43	43	0	0	0	0	0	0	0	43
Various small sites & feasibility/Site preparation	1,000	0	0	0	0	0	0	0	0	0	0
Schemes to promote Home-Ownership											
Equity Share Re-purchases	annual	312	annual	400	400						annual
Major Repairs & Improvements											
Retentions & minor carry forwards	annual	0	annual	5,000	5,000						annual
Kitchens & Bathrooms	annual	1,308	annual	0							annual
Doors and Windows	annual	138	annual	0							annual
Structural	annual	1,059	annual	0							annual
Energy efficiency: Central heating	annual	1,501	annual	0							annual
General	annual	967	annual	0							annual
Grants											
Cash Incentive Scheme	annual	0	annual	75	75						annual
TOTAL APPROVED SCHEMES	0	7,635	8,765	13,769	11,534	3,825	175	0	0	0	18,824

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2016-17 to 2021-22: HRA PROVISIONAL PROGRAMME

APPENDIX 5

	Project Budget £000	2015-16 Actual £000	Project Spend at 31-03-16 £000	2016-17 Estimate £000	2016-17 Budget Changes	2016-17 Projected Outturn £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	Total Project Exp £000
Acquisition of Land & Buildings	6,000	0	0	6,000	0	0	6,000	0	0	0	0	6,000
New Build												
Fire Station/Ladymead	1,195	0	0	1,195		0	1,195	0	0	0	0	1,195
Guildford Park	16,000	0	0	0		0	1,320	3,510	11,170	0	0	16,000
Appletree pub	3,200	0	0	2,500		100	2,400	700	0	0	0	3,200
Schemes to promote Home-Ownership												
Equity Share Re-purchases	annual		annual				400	400	400	400	400	annual
Major Repairs & Improvements												
Major Repairs & Improvements	annual		annual				5,000	5,000	5,000	5,000	5,000	annual
Retentions & minor carry forwards	annual		annual									annual
Modern Homes: Kitchens and bathrooms	annual		annual									annual
Doors and Windows	annual		annual									annual
Structural	annual		annual									annual
Energy efficiency: Central heating	annual		annual									annual
General	annual		annual									annual
Grants												
Cash Incentive Scheme	annual		annual				75	75	75	75	75	annual
Total Expenditure to be financed	26,395	0	0	9,695	0	100	16,390	9,685	16,645	5,475	5,475	26,395

	2015-16 Actual £000	2016-17 Estimate £000	2016-17 Projected Outturn £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000
EXPENDITURE								
Approved programme	7,635	13,769	11,534	3,825	175	0	0	0
Provisional programme	0	9,695	100	16,390	9,685	16,645	5,475	5,475
Total Expenditure	7,635	23,464	11,634	20,215	9,860	16,645	5,475	5,475
FINANCING OF PROGRAMME								
Capital Receipts	1,105	250	400	400	400	400	400	400
Contribution from Housing Revenue a/c (re cash incentives)	0	75	75	75	75	75	75	75
Future Capital Programme reserve	0	0	0	0	0	0	0	0
Major Repairs Reserve	4,972	5,000	5,000	5,000	5,000	5,000	5,000	5,000
New Build Reserve	0	12,592	4,311	10,318	3,070	7,819	0	0
1-4-1 receipts	749	5,397	1,848	4,422	1,316	3,351	0	0
Grants and Contributions	808	0	0	0	0	0	0	0
Total Financing (= Total Expenditure)	7,634	23,314	11,634	20,215	9,860	16,645	5,475	5,475

RESERVES - BALANCES

	2015-16 Actual £000	2016-17 Estimate £000	2016-17 Projected Outturn £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000
Reserve for Future Capital Programme (U01035)								
Balance b/f	23,328	23,329	25,828	28,328	30,828	33,328	35,828	38,328
Contribution in year	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Used in year	0	0	0	0	0	0	0	0
Balance c/f	25,828	25,829	28,328	30,828	33,328	35,828	38,328	40,828

Major Repairs Reserve (U01036)

Balance b/f	2,070	1,285	3,536	4,488	4,488	4,488	4,488	4,488
Contribution in year	6,438	5,678	5,952	5,000	5,000	5,000	5,000	5,000
Used in Year	(4,972)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Balance c/f	3,536	1,963	4,488	4,488	4,488	4,488	4,488	4,488

New Build Reserve (U01069)

Balance b/f	20,953	20,629	29,390	33,458	32,135	32,065	27,246	30,246
Contribution in year	8,437	8,683	8,379	8,995	3,000	3,000	3,000	3,000
Used in Year	0	(12,592)	(4,311)	(10,318)	(3,070)	(7,819)	0	0
Balance c/f	29,390	16,720	33,458	32,135	32,065	27,246	30,246	33,246

Usable Capital Receipts: 1-4-1 receipts (T01011)

Balance b/f	2,368	2,004	3,887	4,525	1,294	1,196	(903)	386
Contribution in year	2,268	908	2,486	1,191	1,217	1,252	1,289	1,327
Used in Year	(749)	(5,397)	(1,848)	(4,422)	(1,316)	(3,351)	0	0
Balance c/f	3,887	(2,485)	4,525	1,294	1,196	(903)	386	1,713

Note: a contribution to this reserve is dependent on the number of RTB sales in the year determined in the HRA self financing model. There are many variables to the calculation of the 1:4:1 contribution. As an estimate, I have used a model provided by Sector which is based on our assumption of RTB sales

Usable Capital Receipts - HRA Debt Repayment (T01010)

Balance b/f	1,979	716	2,623	3,467	4,126	4,798	5,482	6,180
Contribution in year	644	100	844	659	672	684	698	711
Used in Year	0	0	0	0	0	0	0	0
Balance c/f	2,623	816	3,467	4,126	4,798	5,482	6,180	6,891

Note: each RTB sale generates a contribution to this reserve toward debt repayment determined in the HRA self financing model. A small number of sales are anticipated each year.

Usable Capital Receipts - pre 2013-14 (T01008)

Balance b/f	17,452	17,408	17,276	14,251	14,251	14,251	14,251	14,251
Contribution in year	0	0	0	0	0	0	0	0
Used in Year (HRA = above)	0	0	0	0	0	0	0	0
Used in Year (GF Housing)	0	0	(2,857)	0	0	0	0	0
Used in Year (GF Housing - DFG)	(176)	(330)	(168)	0	0	0	0	0
Balance c/f	17,276	17,078	14,251	14,251	14,251	14,251	14,251	14,251

Note: Can only be used for HRA capital expenditure, affordable housing and regeneration schemes as set by GBC policy

Usable Capital Receipts - post 2013-14 (T01012)

Balance b/f	3,127	1,235	4,715	4,190	3,665	3,140	2,615	2,090
Contribution in year	3,101	200	200	200	200	200	200	200
Used in Year (HRA = above)	(1,105)	(325)	(475)	(475)	(475)	(475)	(475)	(475)
Used in Year (GF Housing)	(408)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Balance c/f	4,715	860	4,190	3,665	3,140	2,615	2,090	1,565

Note: Can only be used for HRA capital expenditure, affordable housing and regeneration schemes as set by the Government