

## Cheltenham Borough Council

### Social & Community Overview & Scrutiny Committee 4<sup>th</sup> November

#### Principles for the Capital Investment Plan for Council Owned Homes

##### Report of the Deputy (Neighbourhood & Community)

### 1. Summary

- 1.1 This report, which has already been considered and approved in principle by the Cabinet, complements that considered previously on principles for the establishment of Cheltenham Borough Homes. Arguably, the most significant outcome from establishing Cheltenham Borough Homes as an ALMO is the additional funding it can potentially release and the resulting improvement of our council homes. To allow stakeholder consultation the principles for the capital investment plan are outlined separately at this stage, but in the final submission to the Government will form part of the Cheltenham Borough Homes delivery plan.
- 1.2 The basis for investment at an individual home, street or estate level is stock condition compared to Government criteria for decent homes. This however needs to be augmented with the aspirations of our tenants for other standards; management criteria (such as priorities and void rates); housing needs and wider social and economic factors. Investment must therefore give value for money and be sustainable. The cabinet would welcome the views of the Social and Community Overview and Scrutiny Committee on this report.
- 1.3 **I therefore recommend that:**
  - 1.3.1 **The Social and Community Overview and Scrutiny Committee notes the basis for investment set out in this report.**
  - 1.3.2 **Any further criteria which may arise from the Committee's consideration of this report be fed into the corporate project team. This would allow the criteria to be incorporated into the ALMO documents before Cabinet considers them on 26<sup>th</sup> November.**

### 2. Information

- 2.1 The Council has already made outline proposals for capital investment in its ALMO application (February 2002) in order to gain the conditional funding allocation. The detailed Capital Investment Plan will build on this and mirror and expand on the HRA Business Plan. It is intended overall that investment be pro-rata to stock need by area, subject to sustainability and value for money criteria.
- 2.2 Appendix A contains an analysis of current stock condition, and an analysis of investment needs compared to Government standards. Key points from this are:
  - the stock condition analysis points to modernisation and refurbishment as the key works to improve the majority of our homes to the decency standard;

- certain types of property, and certain estates require far higher investment than the average.

### 2.3 Appendix B

Contains proposals for developing a sustainability indicator for each of our letting areas through a model of area demand. By linking an analysis of current stock use and requirements, and the housing needs survey to social conditions including benefit dependency, domestic burglary rate and the number and proximity of local amenities.

Key points from this are:

- housing need varies considerably between areas;
- demand from applicants is the key indicator, but other community indicators give a broader picture if used with it to target investment.

### 2.4 Appendix C contains an approach for option appraisals at individual property or group level including mechanisms for assessing economically the viability of investment, demolition or other re-development. Essentially this aims to link the technical and financial analysis of Appendix A with the local context of Appendix B. Key points in this are:

- option appraisal would be used as a template for properties within the context of the capital strategy as a whole. It therefore operates within stated Council policies for areas and communities;
- thresholds for investment will vary by property type and area in the town i.e. it does not give a blanket cut-off point for investment into a property.

### 2.5 Appendix D contains a draft procurement strategy for contracting and delivery of works. Key points are:

- meeting Government (“Egan”) requirements for procurement, quality and pricing and value chain management between suppliers, contractors and clients;
- performance targets for completion timescales and standards.

### 2.6 Once the proposals have been consulted on, it will be possible to develop the proposed programmes of capital investment to the stock in detail for the forthcoming year and with a rolling 4 year programme. This will also distinguish between funding sources. It is proposed to represent this in ‘map’ form to allow stakeholder consultation.

## 3. Implications

### 3.1 Financial

Approval of the application by the Secretary of State, and meeting the Government’s criteria, will lead to £13.5m in 2003-2005 in extra capital borrowing permissions, with linked subsidy to the HRA. The Government is “minded to” release a further £12.5m in 2005-2007 along the same lines.

Project costs have been budgeted for in this year's HRA, as reported to Cabinet in July. Set up costs will need to be considered in this autumn's budget round, part of which can be capitalised.

### 3.2 Legal

Section 27 of the Housing Act 1985 requires the Secretary of State to consider requests from Housing Authorities to delegate the management of council homes or land to another body.

From the date of this report the council's legal services division are acting for the Council's interest; external solicitors will be appointed to advise the Shadow Board of Cheltenham Borough Homes.

### 3.3 Personnel

Approximately 130 employees will be subject to transfer.

### 3.4 Equal opportunities, social justice and anti-poverty

The improvement to decency standard of 3,900 council homes will significantly contribute to quality of life and sustainability in our communities.

### 3.5 Environmental

Improving homes will include limited environmental improvements, and also use of sustainable materials and reduced heating costs for tenants.

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#### Background papers:

Cabinet Reports:

7<sup>th</sup> September 2002

24<sup>th</sup> July 2002 (Project Initiation Document for the ALMO)

5<sup>th</sup> February 2002 (Principles for the ALMO bid) and subsequent ALMO bid document

4<sup>th</sup> December 2001 (Preparation for an ALMO)

6<sup>th</sup> November 2001 (Feedback from Options Working Group)

Other:

4<sup>th</sup> October 2002 Overview and Scrutiny Committee (Establishment of Cheltenham Borough Homes)

9<sup>th</sup> September 2002 Overview and Scrutiny Committee (Best Value Review and Communications)

24<sup>th</sup> June 2002 (Progress on the ALMO)

Housing Investment Conferences 14<sup>th</sup> June 2002, 26<sup>th</sup> October 2001 and 15<sup>th</sup> June 2001

Cheltenham Borough Council housing options appraisal (Beha Williams Norman Ltd) and minutes of Housing Options Working Group (Aug-October 2001)

Cheltenham Borough Council HRA Business Plan 200  
and 2002

DTLR Guidance on Arms Length Management of Local  
Authority Housing, April 2001

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**Accountability**

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