

**THE EXECUTIVE**

**Tuesday, 31 May 2005**

**Open Report**

**Agenda Item 7.      Housing Futures: Stock Option Appraisal  
(Pages 1 - 55)**

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## THE EXECUTIVE

31 MAY 2005

### REPORT OF THE DIRECTOR OF HOUSING AND HEALTH

*The Chair will be asked to determine whether this report can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order to meet the Government Office for London deadline of July 2005.*

HOUSING FUTURES: STOCK OPTION APPRAISAL	FOR DECISION
<p><i>This report concerns the future of the Council's housing stock and the regeneration of a number of flatted estates, this is a strategic decision and therefore this report is presented to the Executive.</i></p> <p><b>Summary</b></p> <p>This report builds upon the decisions made by the Executive on 8 March 2005 on how the Council will achieve the Government's decent homes target and meet tenants' / leaseholders' aspirations. The report brings forward proposals to implement the way forward for Housing Futures and demonstrates that this can be achieved in terms of capital and revenue resourcing by the mixed and localised approach adopted by the Council.</p> <p><b>Wards affected – All Wards</b></p> <p><b>Recommendations</b></p> <p>The Executive is asked to:</p> <ol style="list-style-type: none"> <li>1. Agree to the proposed strategy for delivering Decent Homes and Housing Futures Standard as recommended by the Housing Futures Forum Business Planning Meeting held on 11 May 2005 (see Appendix A, which is to be submitted to Government Office for London);</li> <li>2. Note the results of the Tenants' Survey (April 2005) which supports the way forward recommended by the Housing Futures Forum;</li> <li>3. Note the results of the Stock Condition Survey;</li> <li>4. Note the outcome of the financial appraisal;</li> <li>5. Agree to officers setting up an interim PFI project team to prepare for submission of an expression of interest in October 2005;</li> <li>6. Delegate the Director of Housing and Health to make any structural and procedural changes to facilitate implementation of the stock option appraisal. (Details contained in a separate supplementary private and confidential report)</li> </ol>	

7. Agree to the disposal of a range of Housing Revenue Account land sites and to use the receipts to contribute towards the cost of meeting the Housing Futures standard for the retained homes (Details contained in a separate supplementary private and confidential report) (para 5.5.2).
8. Agree to the release of £24 million of corporate capital resources to support the future investment of retained housing stock (as set out in paragraph 4.a) and repay £18m from 2011 / 2012 onwards. Delegate to the Director of Housing and Health in consultation with the Director of Finance a review of the £24m to a potentially lower sum that may be required prior to submission of the final model to the Government Office for London;
9. Authorise Officers to utilise 50% of the usable right to buy capital receipts for housing;
10. Note the implications on the wider council Capital Programme of the funding package for housing futures using £118m of capital resources that could be used for other than housing (as set out in paragraph 5.5.4);
11. Note that the overall capital investment in housing would be subject to the normal annual review of the Capital Programme as part of the annual budget setting process, based on the approved Housing Futures – Option Appraisal;
12. Delegate to the Director of Housing and Health and the Director of Finance authority to amend the final version of the model prior to final submission; and
13. Undertake a regular review of the final model every three years to coincide with the HRA business plan review.

## Reasons

The proposed solution for delivering the Housing Futures Standard has tenant support, will best deliver the decent homes target, tenants' aspirations and will aid delivery of the regeneration of the Borough. The recommendations are required in order to comply with meeting the government deadline for a signed off option appraisal by July 2005.

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## 1. Introduction

- 1.1 Housing Futures is a key strategy for Barking and Dagenham. Housing is not just about bricks and mortar. Good housing in a pleasant environment is a basic right of every citizen. Housing quality plays a vital role in determining people's health and life chances overall. It is therefore vital that Barking and Dagenham uses Housing Futures, not only to meet the expectations of tenants and leaseholders but as a tool for regenerating the Borough and building stronger sustainable communities.

- 1.2 Overall our plans for Housing Futures will see some £275m of the Council's money spent on its stock with a further £275m re-invested in new affordable housing to estate regeneration when investment in new market housing and improvements and regeneration through PFI are added the total investment over the next 10 years is likely to be around £1billion. This level of investment is both exciting and demanding.
- 1.3 Working closely with tenants, leaseholders, staff, government departments and other stakeholders, we have undertaken the most comprehensive study, consultation and detailed analysis of the options to meet our overall objectives of delivering decent homes, meeting tenants and leaseholders' expectations and regenerating the Borough.
- 1.4 Our proposed route which involves:
- direct spending on our own stock;
  - large scale regeneration of worn out 1960s estates; and
  - partnership with the private sector in PFI to invest in the remaining high rise homes

meets the strong views of our tenants and leaseholders that they wish to remain tenants of the Council and see comprehensive improvements to their homes.

- 1.5 While rejecting large scale voluntary transfer and arms length management organisations as a way forward, tenants and leaseholders none the less asked for the main advantages of these approaches to be incorporated into the Council's future plans. The Housing Futures proposal shows clearly how we will address improvements in consultation involvement, management standards and repairs and maintenance.

## **2. Background**

- 2.1 On the 8 March 2005, Members agreed a way forward that outlined a suggested way forward that would best deliver the Decent Homes Standard, tenants' aspirations and that would aid in the delivery of regeneration of the borough.

- 2.2 Since the 8 March, a number of actions were undertaken and have now been completed as follows:

- Completed the feasibility study to determine the financial model
- 100% survey of all council tenants completed in April 2005 to confirm their support for the suggested way forward (results detailed in para. 3.3)
- Completed further round of staff briefings in April 2005
- Detailed consultation undertaken with high rise tenants regarding the PFI option
- Findings of the above presented to Housing Futures Forum Business Planning Day 11 May 2005

### **3. Consultation and Involvement**

#### 3.1 Members

Members are represented on the high level Housing Futures Forum (HFF) by the Executive lead Members for Regeneration and Housing, and Public Health. The HFF is chaired by the Director of Housing and Health. Members have also been informed, consulted and involved in the project through use of Member Matters, Pre-Assembly briefings, Executive reports and Ward Member meetings.

#### 3.2 Staff

The purpose of the Staff Forum is to enable continuous consultation with Housing and Health and Housing Benefits staff. It is made up of a cross section of all Landlord Services staff. All of the trade unions are also represented on the Staff Forum. Staff, under the guidance of the Council's advisors and senior housing officers, have had presentations on the stock option appraisal process, the council's financial position and have been involved in the production of the staff aspirations survey. The key issues raised by staff in the surveys and various events were: job security, pensions, training and development, TUPE.

#### 3.3 Tenants and Leaseholders

Detailed information is supplied within Appendix A regarding consultation. However, feedback from a Tenant Survey undertaken in April 2005, demonstrates overwhelming support for the proposed way forward. Headline results were:

- 89% of all tenants who responded agreed that stock transfer was not the solution for Barking and Dagenham
- 73% of all high rise tenants who responded agreed that PFI was the solution for delivering decent homes and the Housing Futures Standard to high rise stock.
- 55% of all tenants who responded agreed that ALMO was not an option as it will not deliver the tenants' aspirations.

#### 3.4. Wider stakeholder group

Involvement of the wider stakeholder group was identified and agreed at a report submitted to Executive in September 2004. With the continuation of the Housing Futures Forum and use of local networks and user, wider stakeholder consultation will continue.

### **4. The Proposed Option and Implications**

- #### 4.1
- Members will recall that the report of 8 March proposed no further work on large scale voluntary transfer (LSVT) or arms length management organisation (ALMO) since tenants had expressed a strong desire to remain with the Council and an ALMO did not appear viable since the Council can meet the cost of basic decent homes standard from its own resources.

- 4.2 Accordingly officers have undertaken a rigorous review of the Housing Revenue Account to explore the possibilities of prudential borrowing in the future. Overall the conclusion is that there will be insufficient surplus revenue to support borrowing over a 20-25 year period if current levels of service provision are maintained. This is shown by the very detailed and extensive model developed by Beha Williams Norman for testing the capital and revenue finances in connection with Housing Futures.
- 4.3 The remaining Government option i.e. Private Finance Initiative (PFI) has also been investigated and it is considered that a suitable bid could be made in the 2006 bidding round which will take place in January next year. Advice has been taken from consultants, including the project manager for the Jo Richardson PFI Scheme which indicates that refurbishment of tower blocks combined with an element of regeneration and/or new build would constitute an appropriate bid both in terms of the mix of activities and the scale of finances to be sought.
- 4.4 Given that prudential borrowing is not a realistic possibility officers have been exploring ways of closing the gap in capital funds needed to deliver the Housing Futures standard. This work has been undertaken against a background of changes in the Comprehensive Performance Assessment (CPA) which will make the number of homes failing to meet the decent homes standard a “killer” Performance Indicator. In effect this means that the Council’s score against this PI will determine the maximum score for housing overall. At present the Council’s performance is in the lower middle quartile. If this performance cannot be improved then the Council’s overall rating for housing and the CPA in general may suffer.
- 4.5 It is therefore important to accelerate the rate at which homes are made decent both in terms of the CPA rating and to meet the clear expectations of tenants that homes should be improved within a 5-10 year period.
- 4.6 The following measures are therefore proposed to boost investment in Housing Futures in the first five years of the programme:
- a) £24m be allocated from the Council’s existing capital resources during the years 2006/7, 2007/8 and 2008/9 (i.e. £8m per annum) a large proportion of this sum (£18m) being repaid in later years by the reduced use of right to buy receipts from year 2011/12. (see para 5.5.1) The £24m is a provisional estimate and may be reduced based on work that is currently ongoing.
  - b) Promote sale of surplus land in the Housing Revenue Account to the value of £26m and allocate these receipts to deliver Housing Futures. Elsewhere on this agenda is a list of sites which could be subject to disposal. These have been checked with the Council’s property and planning teams to ensure that there are no objections in principle to disposal and development. (see para 5.5.2).
  - c) The spreadsheet at Appendix B takes account of these proposals as well as a wide range of assumptions about the Housing Revenue Account which are summarised in the blocks shown in the spreadsheet.
  - d) Members will see that the Housing Revenue Account remains in balance until year 22.

- e) Overall this package of measures will deliver the tenants aspirations and allow the Council to meet the tenants desire to remain with the Council as their landlord except where flatted estates are being redeveloped to produce a mix of new housing.
- f) Utilise 50% of the usable right to buy receipts for housing.

4.7 This is summarised in more detail below.

## **5. Financial Implications**

### **5.1 The Base Case**

The financial appraisal of the situation should the Council continue to manage and own the housing stock (the retention scenario) has been carried out by the Council's Consultants, Beha Williams Norman Ltd.

The approach that was undertaken by the consultants involved:-

- Carrying out a critical review of the Council's HRA business plan financial projections with the intention of developing the 'base case' long-term position of the HRA
- Carrying out a number of sensitivity tests to measure the impact on the Base Case of various investment and funding scenarios.
- Assessing the Council's ability to meet the Government's decent homes target and to deliver high standards of repair and improvement to the housing stock.
- Reviewing the relative advantages and disadvantages of the other main strategic options that are available to the Council for the future ownership and management of the housing stock.

### **5.2 Alternative Scenarios**

The financial projections of the position with regard to both the housing revenue account and capital investment have been considered on a number of different bases as follows:-

- Capital investment sufficient to meet the Decent Homes Standards and to carry out other essential repairs (Decency Standard)
- Capital expenditure sufficient to meet the Decency Standard as described above and also to renew kitchens and bathrooms and carry out security works (Housing Futures Standard)
- Capital expenditure sufficient to meet the full industry standard (Full Industry Standard)



### 5.3 Projected HRA position

The projections of the Council's Housing Revenue Account show the Council should be able to maintain a viable HRA for the foreseeable future in each of the above three scenarios.

### 5.4 Investment Requirement

The amount of investment required to bring the stock up to the three different standards is shown in the table below. The figures have been split between the stock contained in the six regeneration areas which are described in section 8 of the Housing Futures option appraisal report (Appendix A) and the remainder of the housing stock. The figures are also split between the investment in the rented properties owned by the Council and flats, which have been sold by the Council on a leasehold basis and where the costs will be recoverable from the leaseholder. All investment requirements are based on the stock condition survey that was carried out by the NBA in 2004 and are at 2004 prices.

	Number of properties	Decency Standard	Housing Futures Standards	Full Industry Standard
	No.	£m	£m	£m
<i>Designated Regeneration Areas</i>				
Rented properties	4147	78	101	119
Leasehold properties	529	4	4	4
<i>Remainder of stock</i>				
Rented properties	17115	302	401	488
Leasehold properties	2126	7	7	8
		<b>391</b>	<b>513</b>	<b>619</b>

In addition to the above the figures have been increased as follows:-

Adjustment to 2005/06 prices	5%
Contingencies	2%
Prelims	10%
Fees	10%

5.4.1 It should be noted that the inflation levels in the model are based on the ODPM model. The Treasury assumes that over the 30 year life of the plan, inflation on construction costs will align with inflation rates overall. We are currently experiencing higher inflation and if that continues there is a potential funding gap that would need to be bridged by:

- a) Finding additional capital resources
- b) Achieving procurement savings
- c) Reducing the level of capital investment

For this reason, it is proposed that regular reviews are carried out every three years to coincide with the HRA Business Plan review.

## 5.5 Resources Available

The table below shows the latest estimate of the level of resource that the Council will have available to support Housing Capital Investment over the 30 years covered by the Business Plan for the entire stock before any mixed solution is considered.

	Yrs 1-7	Yrs 8-10	Yrs 11 – 20	Yrs 21 - 30	Total
	£m	£m	£m	£m	£m
Supported Borrowing	-	-	-	-	
RTB Receipts	61.0	8.9	36.5	42.7	149.1
Major repairs allowance	97.2	42.9	147.6	174.9	462.6
HRA contributions	1.0	-	-	-	1.00
HRA land sales	19.0	9.0	-	-	28.00
Use of corporate capital reserves (para 5.5.1)	24.0	-	-	-	24.00
	<b>202.2</b>	<b>60.8</b>	<b>184.1</b>	<b>217.6</b>	<b>664.7</b>

As can be seen from the above table the use of a significant level of corporate Capital Resources to support future HRA investment has been assumed, subject to Members agreement and to also apply the receipts from the sale of surplus housing land for this purpose, which is covered in detail in a separate report. A comparison with the mixed solution is shown on Appendix C. The detailed assumptions used in the above table for corporate capital resources is as follows:

5.5.1 In order to deliver the decent homes standard a provisional estimate has been made that £24m of accelerated investment is needed. This figure is still being assessed and may reduce.

It is proposed that £24m of the Council's currently unallocated capital resources of £55m be allocated to housing during the years 2006/07, 2007/08 and 2008/09 (i.e. £8m p.a.) with £18m of that being repaid in later years by the reduced use of right to buy receipt from 2011/12 onwards.

The consequence on the Council's other services is that instead of £55m of resources being available to support capital spend on all services other than housing like schools, social services, Cleaner, Greener, Safer, Regeneration, Customer First, libraries, only £31m will be available for the period to 2010/11, from which £3m a year will be available when housing start to repay £18m of the capital resources.

If the Council wishes to undertake a capital programme greater than £31m it will need to generate external funding for projects or go into borrowing sooner than planned. This will incur the associated borrowing costs (approx £2m p.a. for every £25m borrowed).

The £24m investment identified is still only a provisional estimate and it is recommended that the Director of Housing and Health completes as a matter of urgency the review of that estimate and the figure is reduced to the absolute minimum that is required to deliver the decent homes standard.

This would then free up £ for £ capital resources that could be used for services other than housing. It is recommended that this change in the resource requirements be delegated to the Director of Housing and Health in consultation with the Director of Finance.

The use of £24m for housing is essentially an interest free loan, which if invested would generate the general fund approx. £1m investment income a year if not spent on capital.

- 5.5.2 By promoting the sale of surplus land in the Housing Revenue Account to the value of £26m these receipts can be used to deliver Housing Futures.

Although these specific receipts can only be used for Housing purposes, other Right to Buy (RTB receipts) can be used for any purpose.

If the disposal values exceed £26m, then any excess would be considered,(via substitution of RTB receipts) for corporate use across all services of the Council.

If the disposal values are below £26m the Housing Service would need to identify alternative sources of capital funding to bridge any shortfall.

- 5.5.3 The overall programme assumes that 50% of the usable RTB receipts are reinvested in housing (subject to the £18m repayment set out in para 5.5.1.). This amounts to £141m, during the lifetime of the plan.

- 5.5.4 Overall the funding for housing futures uses £118m, of capital resources that could be used for Council services other than housing like schools, social services etc. (see Appendix C).

- 5.6 Comparison of investment requirements with resources.

The table below show a comparison of the level of resource available with the investment requirements of each of the three scenarios.

## Decency Standard

	Yrs 1-7	Yrs 8-10	Yrs 11-20	Yrs 21-30	TOTAL
	£m	£m	£m	£m	£m
Resources available	202.2	60.8	184.1	217.6	664.7
Capital Investment required	155.6	51.5	141.8	274.6	623.5
Surplus/ (Shortfall)	<b>46.6</b>	<b>9.3</b>	<b>42.3</b>	<b>(57.0)</b>	<b>41.2</b>

## Housing Futures Standards

	Yrs 1-7	Yrs 8-10	Yrs 11-20	Yrs 21-30	TOTAL
	£m	£m	£m	£m	
Resource available	202.2	60.8	184.1	217.6	664.7
Capital investment required	241.1	79.1	180.1	291.7	792
Surplus / (Shortfall)	<b>(38.9)</b>	<b>(18.3)</b>	<b>4.0</b>	<b>(74.1)</b>	<b>(127.3)</b>

## Full Industry Standard

	Yrs 1-7	Yrs 8-10	Yrs 11-20	Yrs 21-30	TOTAL
	£m	£m	£m	£m	
Resource available	202.2	60.8	184.1	217.6	664.7
Capital investment required	273.6	101.0	184.1	360.3	919
Surplus / (Shortfall)	<b>(71.4)</b>	<b>(40.2)</b>	<b>0</b>	<b>(142.7)</b>	<b>(254.3)</b>

The figures in the above tables are derived from the latest version of the Council's HRA business plan. Capital investment required is based on the stock condition survey adjusted for right to buy sales and inflation.

It has also been assumed that the properties at the Lintons, one of the six regeneration areas, will be demolished and no provision has been included for the future maintenance of these properties.

### 5.7 Rent Projections

The Government's rent restructuring regime is designed to ensure that local authority rents meet a pre-determined target level appropriate to the size, value and location of the property. Existing rent levels in Barking and Dagenham are on average a little below the target rent and therefore annual increase in actual rents will be above the level of increase in the target rent.

Projected rent increases based on 2004/05 stock numbers and rents.

	No	Average rent £	Increase pa to 2011/12
Bedsits	410	55.81	-1.20%
1 Bed	2863	58.14	0.14%
2 Bed	7311	61.74	1.66%
3 Bed	5288	63.82	2.23%
4 Bed	177	66.01	3.54%
Sheltered	847	59.73	-0.89%
Cadiz Court	40	56.70	2.74%
Gascoigne	2061	57.67	2.19%
London Road	73	58.87	0.87%
Marks Gate	117	59.81	2.62%
Thames Vies	206	57.08	2.55%
Lintons	236	56.13	2.16%
High Rise	1375	56.19	2.27%
	<b>21004</b>		

The above table shows that annual rent increase will vary depending on property type. There will also be variations in the level of rent increase for individual tenants although this is subject to an overall maximum of RPI +0.5% + £2 per week for any individual tenant in any individual year.

## 5.8 Conclusions – The Base Case

In considering the base case for Barking and Dagenham the following conclusions have been reached:

### *Investment in the Housing Stock.*

The Council will have sufficient resources to meet the Decent Homes Standard and to carry out other essential repairs. However, the Council will not have the resources necessary to meet the locally determined Housing Futures Standard nor the Full Industry Standard.

### *Housing Revenue Account*

In all scenarios tested the HRA will remain viable for the foreseeable future.

### *Overall*

Given the desire to bring properties up to the Housing Futures Standard the Council will be obliged to consider one or more of the other strategic options. This is considered in the next sections of the report

## 5.9 The Alternative Options

These are explained in detail in the Housing Futures option appraisal report in Appendix A.

## 5.10 Mixed Solutions

Based on the results of the consultation carried out with the tenants and other stakeholders the Council believes that a mixed strategy will be the most appropriate option for Barking and Dagenham. The mixed approach that has been developed by the Council in conjunction with the other stakeholders and is designed to:-

- ensure that there are sufficient resources to enable the stock remaining in Council ownership to be brought up to the Housing Futures Standard
- maximise the amount of stock remaining in the Council ownership
- deal with the Council's most deprived housing areas and least popular stock.

As discussed in other sections of the report the Council developed a number of criteria that could be used to evaluate areas for re-development within the Borough. Using these criteria the Council has identified six regeneration areas as follows:

	<b>Number of Freehold</b>	<b>Number of Leasehold</b>
Cadiz Court	40	4
East Thames View	206	13
Gascoigne Estate	2061	364
The Lintons	236	19
London Road	73	12
Marks Gate	118	26
	<b>2742</b>	<b>438</b>

Please refer to the Option Appraisal report for detailed information regarding the housing renewal areas.

## 5.11 Impact on overall investment requirements/resources.

The disposal of the properties within the regeneration areas would have the following effect on overall investment requirements:

- Investment requirements will reduce by some £101 million (based on the Housing Futures Standard).
- Resources for investment will also fall as a result of the loss of the Major Repairs Allowance for stock disposed of and a reduction in RTB sales income.
- The reduction in investment need is significantly higher than the loss of resources. (Over the next 7 years expenditure is estimated to fall by some £55 million whereas resources are shown to fall by £18 million)

Based on the projections of the Housing Revenue Account the Council would have sufficient resources to be able to meet the Housing Futures Standard for the next 26 years.

## 5.12 Impact on the Housing Revenue Account

The HRA business plan projections also show that the loss of a significant amount of housing stock would impact adversely on the Housing Revenue Account. However, a package of achievable savings have been identified which will ensure that the Account would remain viable for the next 21 years, a deficit is forecast in year 22 with increasing levels of deficit in subsequent years

## 5.13 Conclusion

Whilst the projections show that there may be some difficulty in sustaining investment levels and maintaining a viable HRA in the longer term, these are so far into the future that they need not act as a deterrent to the adoption of a mixed option strategy based on current proposals. Accordingly it is considered that the mixed option strategy would meet the key objectives as shown in paragraph 5.2. A detailed breakdown of the mixed option costs are shown in Appendix B. Also shown on Appendix C is a breakdown of the proposed funding and the implications this would have on the Council's overall Capital Programme.

## 6. Other Implications

### 6.1 Legal

The Solicitor of the Council has been consulted and there are no implications to be reported at this stage.

### 6.2 Human Resources

The Council has a workforce development plan which sets out what skills, knowledge and behaviour need to be in place within the organisation in order to achieve its objectives and also, how these will be met.

Throughout the department, management and staff are working hard to ensure we maintain high standards in support of the corporate goal to gain Investor in People accreditation.

Our Housing Future Staff Forum meets regularly on a monthly basis. The purpose and role of the Forum is to ensure that we deliver the Housing Futures agenda, ensure that staff have the basic knowledge of Housing Futures, process and communicates staff ideas, view and aspiration across the organisation. The group has 13 team representatives including four Trade Unions.

The staffing implications due to the loss of stock via the Housing Renewal Areas and possible transfer of management of stock being refurbished under the PFI programme is covered in further detail in a separate report.

### 6.3 Service Delivery

The option proposed above means that Thames Accord will lose repairs and management responsibilities for, the five regeneration areas and those properties sold under the Right to Buy. With regard to management and maintenance of the PFI scheme, an exploration exercise will be undertaken to determine whether this can be retained in-house. However, this will depend upon the final outcome of the contract/consortium. The implications of this are the subject of a separate report.

## 7. Project Management

7.1 The Council has the capacity to deliver on all aspects of the project within its current resources with the exception of preparing for and managing the Private Finance Initiative (PFI).

7.2 In order to ensure the effective and efficient delivery of the Housing Futures options appraisal the following structure will support the delivery of the project:

- The existing project team will remain which consists of:
  - 1 Project Leader whose role will oversee the PFI Project Manager, Housing Strategy and HRA Business Plan
  - 2 Project Officers
  - 1 Project Administrator
  - 1 Administrative Assistant
  
- In light of this skills gap, members are asked to agree that the Director of Housing and Health procures the services of a number of specialist staff to prepare for submission of an outline business case to the Office of the Deputy Prime Minister in January 2006. The following resources will be required for the first phase of the PFI project to January 2006:
  - 1 Project Manager PFI
  - 1 Technical advisor
  - Financial consultant
  - Further technical advice will be brought in as necessary such as quantity surveyors, legal expertise etc.
  - ITA

## 8. Risk Management

8.1 In order to plan for the negative consequences of any decisions, processes or actions associated with Housing Futures, risk management is designed to identify and rectify possible situations that may result in negative losses. Management of those risks provides improved protection and as such may lower costs.

8.2 The areas outlined in the table below have been identified as additional risks associated with the Housing Futures project and the risk assessment plan will be revised once the outcome of this report has been determined.



<b>Area of Risk</b>	<b>Controls in Place</b>
Change of Government Policy and /or guidance	Maintain close liaison with Government Office for London and the Office for the Deputy Prime Minister
Land disposal income not realised	Property and Planning Divisions involved, soft market testing of land values
Capital costs of works increase above anticipated levels	Regular triennial review of the Business Plan
PFI bid unsuccessful	Bartlett/Oldmead project acting as blue print for specification and identification of risks.  Submission of Outline Business Case rather than Expression of Interest in January 2006
Unable to secure staff management and maintenance of the PFI high rise blocks and regeneration areas	Identifying staff training via skills audit and liP, planning to achieve 2 * rating in October 2006.

## **8. Conclusion**

- 8.1 The outcome of the 2004/5 housing stock options appraisal indicates that the Council cannot meet the Decent Homes target in addition to meeting the Housing Strategy objectives and tenants aspirations. This rules out the option of retaining management and ownership of all the Council stock. As such, a mix'n'match solution, supported by the Assembly in July 2004, has been rigorously pursued and tested.
- 8.2 The Housing Futures Forum meeting held on 11 May 2005 was unanimous in its recommendation of the proposed option appraisal model which is:
- To pursue PFI as the solution for the majority of the high rise blocks
  - To undertake demolition and reprovision of five of the six housing renewal areas
  - To pursue in-fill opportunities for Marks Gate around Padnell and Reynolds Court
  - To retain the remainder of the stock
- 8.3 The feedback from a Tenant Survey undertaken in April 2005, demonstrates overwhelming support for the proposed option appraisal model.

### **Background papers used in the preparation of this report:**

- Housing Futures Option Appraisal Report
- Executive Report 8 March 2005 Housing Futures Stock Option Appraisal
- BWNL Technical Presentation to Housing Futures Forum 11 May 2005
- Analysis of Survey results April 2005

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## Appendix A. HOUSING FUTURES – Option Appraisal

Local Authority	London Borough of Barking & Dagenham
Date of Submission	June 2005
Name and contact details of Project Leader	Wendy Ahmun
Summary of chosen option	<ul style="list-style-type: none"> <li>▪ direct spending on our own stock;</li> <li>▪ large scale regeneration of worn out 1960s estates; and</li> <li>▪ partnership with the private sector in PFI to invest in the remaining high rise homes</li> </ul>
<b>CRITERIA</b>	
<b>COMMENTS (e.g. supporting evidence)</b>	
1. Introduction	
2. Tenant Involvement	Appendix 1, Evidence Folder
3. Consultation	Appendix 1, Evidence Folder
4. Financial Appraisal	Appendix 2, Evidence Folder
5. Stock Condition Date	Appendix 2, Evidence Folder
6. Analysis of Demand	Appendix 3, Evidence Folder
7. Mixed solutions	
8. Tenant Management and Tenant Led Solutions	
9. Neighbourhood Renewal links	Appendix 3, Evidence Folder
10. Evaluation of options	Appendix 3, Evidence Folder
11. Decision Making Process	Appendix 3, Evidence Folder
12. Change Management	
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# Foreword

by Councillor Liam Smith, Lead Member for Housing and Public Health

Housing Futures is a key strategy for Barking & Dagenham. Housing is not just about bricks and mortar. Good housing in a pleasant environment is a basic right of every citizen. Housing quality plays a vital role in determining people's health and life chances overall. It is therefore vital that Barking & Dagenham uses Housing Futures, not only to meet the expectations of tenants and leaseholders but as a tool for regenerating the Borough and building stronger sustainable communities.

Overall our plans for Housing Futures will see some £275m of the Council's money spent on its stock with a further £275m re-invested in new affordable housing to estate regeneration when investment in new market housing and improvements and regeneration through PFI are added the total investment over the next 10 years is likely to be around £1billion.

This level of investment is both exciting and demanding.

Working closely with tenants, leaseholders, staff, government departments and other stakeholders, we have undertaken the most comprehensive study, consultation and detailed analysis of the options to meet our overall objectives of delivering decent homes, meeting tenants and leaseholders' expectations and regenerating the Borough. I should like to thank all those concerned for their wholehearted and valuable support in helping the Council to deliver a Housing Futures proposal which truly meets the needs of the community.

Our chosen route which involves direct spending on our home stock, large scale regeneration of worn out 1960s estates, partnership with the private sector in PFI to deal with not to invest in the remaining high rise homes meets the strong views of our tenants and leaseholders that they wish to remain tenants of the Council and see comprehensive improvements to their homes and the Council's management standards. It is interesting to note that while rejecting large scale voluntary transfer and arms length management organisations as a way forward tenants and leaseholders none the less asked for the main advantages of these approaches to be incorporated into the Council's future plans. We are happy to do this and the Housing Futures proposal shows clearly how we will address improvements in consultation involvement, management standards and repairs and maintenance.

# Introduction

## Housing & Health Strategic Position

### Community Strategy

Delivering decent homes is a commitment in the national strategy for neighbourhood renewal. Local Strategic Partnerships are at the heart of the sustainable communities agenda. The Borough's community strategy *Building Communities Transforming Lives* states that access to decent housing is key to people's quality of life. The 'Shape up for Homes' programme has gone some way to address the decent homes agenda, however, there is still much to do in terms of attaining the standard as well as meeting tenants' aspirations which go above and beyond the DHS. In Barking & Dagenham the development of this strategy has been branded as "Housing Futures".

### Housing Strategy 2003-6

In March 2003, the Government Office for London awarded the Council's Housing Strategy and Business Plan the 'Fit for Purpose' status (see Appendix 3, Evidence Folder). The overarching aim of the Housing Strategy is: 'a decent home and attractive environment for everyone, supporting the Borough's economic and social regeneration by:

- Building balanced and Sustainable communities
- Improving housing standards across all sectors
- Strategic partnering and procurement'

### Business Plan 2003-6

There are three main sections to the Business Plan. It is section one that is of paramount importance to Housing Futures 'Improving the condition and standards of the Council's stock'. The key priorities within this section are:

- Meeting the decent homes target
- Addressing wider issues of liveability for council homes
- High rise renewal

### Best Value

Meeting the Government's Decent Homes target is a central aim for the Council, and progress towards this target is therefore monitored through Best Value (BV164) and through the Council's balanced scorecard. As of 1st April 2004 51.2% of the Council's stock was classed as decent, a 10% increase over the year before. This increase was due to the Shape Up for Homes Project, MRA and the refurbishment of voids. However, these programmes can only deliver up to a certain level due to resource pressures. Housing Futures was set up to review the investment options established by the Government and to lever in the Challenge and Compete element of the review of the Landlord Services. The outcome of the Housing Inspectorate's review of Landlord Services in October 2004, graded the division '1\* with promising prospects'. This service is due to be re-inspected in October 2005.

## 1. Tenant & Leaseholder Involvement

### All Consultation

The existing Community Housing Partnership structure forms the basis upon which stakeholder involvement and consultation is based. The options appraisal process places a requirement on the Council to produce along with its stakeholders a strategy for ongoing involvement and communication.

In October 2004 the draft Communication, Consultation and Tenant Empowerment Strategy was signed off by the Community Housing Task Force (ODPM). This document is attached as (Appendix 1, Evidence Folder) and outlines the strategy that is used to consult with and involve Member, Tenants and Staff.

#### **Tenants (which includes leaseholders)**

The Tenant Empowerment Strategy was produced in alignment with the Tenant Participation Compact 2004. The Housing Futures Residents' Forum (HFRF), chaired by an elected CHP Board tenant, has been meeting on a fortnightly basis in order to be kept abreast of project progress and ensure continuous involvement. The HFRF informed the development and final version of the tenants' aspiration survey and the results showed that 79% of tenants want to retain the authority as landlord, and required new kitchens, bathrooms and improved security in this order of importance. The HFRF played a key role in the link between the project and the CHP Boards where regular feedback on survey results and the progress of project has been presented to the Boards by the ITA and Senior Management Team. The HFRF are also fully represented on the Housing Futures Forum, as is the Independent Tenants' Advisor (ITA) where they have been able to benefit from capacity building seminars; included in decisions regarding the project direction; and provided the HFF with useful feedback on their own investigations around the options in other local authorities and guided estate walkabouts with the ITA. Tenants have had ongoing access to free advice from the ITA's free telephone advice service.

The Hard to Reach Groups were given a presentation on the borough's latest Housing Futures Options and overall results of the Resident Aspirations Survey. At the BME meetings, (25 residents in attendance), the vast majority of residents wanted "to stay with the council" as their preferred option (rather the devil they know). Also a member of the BME group has joined the Residents Housing Futures Forum and is feeding back to his group the latest proposals in regard to the Housing Futures Options.

The latest meeting of the Elderly (Sheltered Scheme) voiced the same view of wanting to stay with the Council as their landlord (21 residents in attendance).

However, although the same view of "stay with the council" could be said in regard to the preference of the Youth Forum (20 residents in attendance) one resident from the Gascoigne Estate stated that he preferred the option of Stock Transfer in order to obtain the high level of investment required for the estate.

#### Evidence

A full schedule of tenant involvement activity is outlined in Appendix 1, Evidence Folder (Doris/Sue to produce)

## **2. Consultation and Involvement**

### **Members**

Members are represented on the high level Housing Futures Forum (HFF) by the Executive lead members for Regeneration and Housing, Health and Adult Care. Scrutiny recommended a further Member to sit on the HFF. The HFF is chaired by the Director of Housing & Health. Members have also been informed, consulted and involved in the project through use of Member Matters, Pre-Assembly and Labour Group briefings, Executive reports and ward member meetings.

## **Staff**

The purpose of the Staff Forum is to enable continuous consultation with Housing & Health and Housing Benefits staff. It is made up of a cross section of all Landlord Services staff at all levels, with a representative range of minority staff by gender, ethnicity and disability. It is chaired by the Head of Human Resources. All of the trade unions are also represented on the Staff Forum. As with tenants and Members, staff, under the guidance of the Council's advisors and senior housing officers, have had presentations on the stock option appraisal process, the council's financial position and have been involved in the production of the staff aspirations survey. A significant number of staff briefings and seminars have been held (and 433 people attended) throughout the project life-cycle and Staff Forum members attended the borough wide bus tour to gain insight into the range of stock and related issues. The key issues raised by staff in the surveys and various staff events were: job security, pensions, training and development, TUPE. As a result of this a forward plan has been designed to manage the change process and this is outlined in Appendix 1. A free phone telephone line is available for all staff to discuss Housing Futures.

## Evidence

A schedule of staff briefings and findings of the staff survey is attached in Appendix 1, Evidence Folder.

## **Wider stakeholder group**

Involvement of the wider stakeholder group was identified and agreed at a report submitted to Executive in September 2004, which outlined the general process of involvement and communication. The full membership of the Housing Futures Forum is outlined in Appendix 1, Evidence Folder. Articles have been submitted in the Citizen magazine which targets a much broader stakeholder group. In addition, a presentation given to the Barking and Dagenham Partnership the Housing Futures project and how it linked to the wider community issues in the Borough is outlined in Appendix 1, Evidence Folder.

## **3. Financial Appraisal**

### **The Base Case**

The financial appraisal of the situation should the Council continue to manage and own the housing stock (the retention scenario) has been carried out by the Council's Consultants, Beha Williams Norman Ltd.

The approach that was undertaken by the consultants involved:-

- Carrying out a critical review of the Council's HRA business plan financial projections with the intention of developing the 'base case' long-term position of the HRA.
- Carrying out a number of sensitivity tests to measure the impact on the Base Case of various investment and funding scenarios.



- Assessing the Council's ability to meet the Government's decent homes target and to deliver high standards of repair and improvement to the housing stock.
- Reviewing the relative advantages and disadvantages of the other main strategic options that are available to the Council for the future ownership and management of the housing stock.

### Alternative Scenarios

The financial projections of the position with regard to both the housing revenue account and capital investment have been considered on a number of different bases as follows:-

- Capital investment sufficient to meet the Decent Homes Standards and to carry out other essential repairs (Decency Standard)
- Capital expenditure sufficient to meet the Decency Standard as described above and also to renew kitchens and bathrooms and carry out security works (Housing Futures Standard)
- Capital expenditure sufficient to meet the Full Industry Standard

### Projected HRA position

The projections of the Council's Housing Revenue Account show the Council should be able to maintain a viable HRA for the foreseeable future in each of the above three scenarios.

### Investment Requirement

The amount of investment required to bring the stock up to the three different standards is shown in the table below.

The figures have been split between the stock contained in the six regeneration areas which are described in section 9 of the report and the remainder of the housing stock.

The figures are also split between the investment in the rented properties owned by the Council and flats, which have been sold by the Council on a leasehold basis and where the costs will be recoverable from the leaseholder.

All investment requirements are based on the stock condition survey that was carried out by the NBA in 2004.

	Number of properties	Decency Standard	Housing Futures Standards	Full Industry Standard
	No.	£m	£m	£m
Designated Regeneration Areas				
Rented properties	4147	78	101	119
Leasehold properties	529	4	4	4
Remainder of stock				
Rented properties	17115	302	401	488
Leasehold properties	2126	7	7	8
		<b>391</b>	<b>513</b>	<b>619</b>

In addition to the above the figures have been increased as follows:-

Adjustment to 2005/06 prices	<b>5%</b>
Contingencies	<b>2%</b>
Prelims	<b>10%</b>
Fees	<b>10%</b>

### Resources Available

The table below shows the latest estimate of the level of resource that the Council will have available to support Housing Capital Investment over the 30 years covered by the Business Plan.

	Yrs 1-7	Yrs 8-10	Yrs 11 – 20	Yrs 21 - 30	Total
	£m	£m	£m	£m	£m
Supported Borrowing	-	-	-	-	
RTB Receipts	56.0	8.9	36.5	42.7	144.1
Major repairs allowance	97.2	42.9	147.6	174.9	462.6
HRA contributions	1.0	-	-	-	1.00
HRA land sales	24.0	9.0	-	-	33.00
Use of corporate capital reserves (para 5.5.1)	24.0	-	-	-	24.00
	<b>202.2</b>	<b>60.8</b>	<b>184.1</b>	<b>217.6</b>	<b>664.7</b>

As can be seen from the above table the Council has agreed to use a very significant level of its Capital Resources to support future HRA investment and to also apply the receipts from the sale of surplus housing land for this purpose.

### Comparison of investment requirements with resources.

The table below shows a comparison of the level of resource available with the investment requirements of each of the three scenarios.

### Decency Standard

	Yrs 1-7	Yrs 8-10	Yrs 11-20	Yrs 21-30
	£m	£m	£m	£m
Resources available	202.2	60.8	184.1	217.6
Capital Investment required	155.6	51.5	141.8	274.6
Surplus/ (Shortfall)	<b>46.6</b>	<b>9.3</b>	<b>42.3</b>	<b>(57.0)</b>

### Housing Futures Standards

	Yrs 1-7	Yrs 8-10	Yrs 11-20	Yrs 21-30
	£m	£m	£m	£m
Resource available	202.2	60.8	184.1	217.6
Capital investment required	241.1	79.1	180.1	291.7
Surplus / (Shortfall)	<b>(38.9)</b>	<b>(18.3)</b>	<b>4.0</b>	<b>(74.1)</b>

### Full Industry Standard

	Yrs 1-7	Yrs 8-10	Yrs 11-20	Yrs 21-30
	£m	£m	£m	£m
Resource available	202.2	60.8	784.1	217.6
Capital investment required	273.6	101.0	184.1	360.3
Surplus / (Shortfall)	(71.4)	(40.2)	0	(142.7)

The figures in the above tables are derived from the latest version of the Council's HRA business plan. Capital investment required is based on the stock condition survey adjusted for right to buy sales and inflation.

It has also been assumed that the properties at the Lintons, one of the six regeneration areas, will be demolished and no provision has been included for the future maintenance of these properties.

### Rent Projections

The Government's rent restructuring regime is designed to ensure that local authority rents meet a pre-determined target level appropriate to the size, value and location of the property.

Existing rent levels in Barking and Dagenham are on average a little below the target rent and therefore annual increase in actual rents will be above the level of increase in the target rent.

*Projected rent increases based on 2004/05 stock numbers and rents.*

	No	Average rent £	Increase pa to 2011/12
Bedsits	410	55.81	-1.20%
1 Bed	2863	58.14	0.14%
2 Bed	7311	61.74	1.66^
3 Bed	5288	63.82	2.23%
4 Bed	177	66.01	3.54%
Sheltered	847	59.73	-0.89%
Cadiz Court	40	56.70	2.74%
Gascoigne	2061	57.67	2.19%
London Road	73	58.87	0.87%
Marks Gate	117	59.81	2.62%
Thames Vies	206	57.08	2.55%
Lintons	236	56.13	2.16%
High Rise	1375	56.19	2.27%
	<b>21004</b>		

The above table shows that annual rent increase will vary depending on property type. There will also be variations in the level of rent increase for individual tenants although this is subject to an overall maximum of RPI +0.5% + £2 per week for any individual tenant in any individual year.

### Conclusions – The Base Case

In considering the base case for Barking and Dagenham the following conclusions have been reached.

### **Investment in the Housing Stock.**

The Council will have sufficient resources to meet the Decent Homes Standard and to carry out other essential repairs. However, the Council will not have the resources necessary to meet the locally determined Housing Futures Standard nor the Full Industry Standard.

### **Housing Revenue Account**

In all scenarios tested the HRA will remain viable for the foreseeable future.

### **Overall**

Given the desire to bring properties up to the Housing Futures Standard the Council will be obliged to consider one or more of the other strategic options. This is considered in the next sections of the report

## **THE ALTERNATIVE OPTIONS**

### **Arm's Length Management (ALMO)**

Adopting the ALMO option would mean that the Council would establish an arm's length company to take over responsibility for management of the housing stock. In principle, an ALMO would be eligible for increased Government support for investment in the housing stock.

The perceived advantages of adopting the ALMO option are as follows:-

- It could harness additional support from Government for investment in the housing stock.
- It would provide the opportunity for tenants to increase their role in the management of the housing service.
- It could potentially lead to the Decency standard being met.
- It would allow the Council to retain the housing stock and the tenants to retain their existing tenancy agreements.

However, the disadvantages which limit the attractiveness of the ALMO option in the context of Barking and Dagenham are as follows:-

- Additional funding from Government is restricted to that needed to achieve the decent homes target. However the Council can already achieve this with its current resources. It would not provide the level of support needed to increase investment to the level that would meet the actual aspirations of the tenants.
- In order to secure the permission to borrow the additional funding, the new organisation must achieve a 2 star inspection rating from the Housing Inspectorate. The new ALMO will have up to 2 years to achieve this standard, and if it does not meet this requirement further borrowing permissions may be withheld until it does.
- The setting up costs of approximately £500,000 (this relates to staff time, consultancy fees and the costs of consultation with tenants) may be difficult to justify if no additional funding is received.
- The Housing Futures and Full Industry Standards are unachievable.

Since an ALMO cannot provide any additional funding over and above that required to meet the Decent Homes standard, its benefits in Barking and Dagenham are limited. The only real advantage it offers is the opportunity to have increased tenant empowerment through membership of the Management Board. However following consultation with tenants and leaseholders this advantage is not attractive enough to outweigh the disadvantages. Therefore an ALMO does not seem to be a realistic way forward for Barking & Dagenham

### **Stock Transfer**

Stock transfer would involve the disposal of the housing stock to an independent Registered Social Landlord (RSL) that would take over responsibility for both ownership and management.

The main perceived advantages of the stock transfer option are as follows: -

- The Housing Futures and Full Industry Standards should be achievable.
- There would be opportunities for investment in improvements in service delivery.
- Tenants would be able to play a more significant role in the management of the housing stock.

The financial consultants have calculated the housing stock has a negative valuation of in the region of £44m based on the assumption that the new landlord would be required to bring the condition of the stock up to the Full Industry Standard. Whilst the negative valuation could be covered via a successful bid for Gap funding from the Government the Council would not receive a capital receipt from the sale of the housing stock.

The Council would also have to meet its own setting up costs related to the implementation of the transfer and to deal with the impact of diseconomies of scale in central departments estimated at over £2 million per year.

Furthermore stock transfer is only a realistic option if it has the support of tenants and leaseholders. Feedback during the options study indicates that the tenants are strongly opposed to wholesale stock transfer and have further indicated their preference for a strategy which retains the maximum amount of properties in Council ownership whilst delivering the Housing Futures investment standard. This led the Council to a preference for a mixed rather than wholesale solution – see following sections.

### **Private Finance Initiative**

A PFI scheme would involve the transfer of the management of part of the housing stock to an independent managing agent (probably an existing RSL). In principle, Government support is available to enable the managing agent to increase investment in the stock included within the scope of the PFI scheme.

Thus the main advantages of a PFI option would be to increase investment in part of the housing stock whilst allowing the Council to retain ownership of the stock and the tenants to retain their existing tenancy agreements.

However housing PFI schemes are relatively small in scale and have so far been directed towards areas where investment needs are relatively high.

In the context of Barking and Dagenham the multi storey blocks of flats that are outside the regeneration areas meet this criteria.

Currently the Council owns 1405 of these multi-storey flats and holds the freehold interest in another 91 that have been sold under the right to buy on a leasehold basis.

Investment requirements over the next 10 years are estimated to be a little over £28 million to bring the properties up to the full Industry Standard. On the other hand if available resources were to be allocated proportionately some £17 million would be invested in the properties.

Thus we have concluded that a PFI scheme for the multi-storey flats could attract additional investment of some £11 million although this must be regarded as very indicative at this stage.

The reasons for adopting the PFI approach are identified as follows:

- It could attract significant additional investment
- It could form a key element of a mixed options strategy

The financial analysis shows that this proposal together with other elements of the mixed options strategy as described in the following section would have a negative effect on the Council's HRA. However given the strength of the HRA this is not seen as a serious deterrent.

#### 4. Stock Condition Survey

The Council has a Stock Condition Survey (SCS) which has been assembled over the last 3 years. In 2002 N B A were appointed to undertake a SCS in line with government guidance. This covered 100% of properties externally and a 10% sample internally. Since that time additional survey work has been undertaken by the Council to a further 15% of the stock. In addition a firm of structural engineers were commissioned in 2004 to undertake surveys of the high rise stock. The original SCS has been updated with this additional information by NBA. The resultant database therefore represents a robust basis for this appraisal. (Copies of the Stock Condition Survey 2002 and 2004 are found in Appendix 2).

The Council has also appointed a Stock Investment Manager within the Housing Department to oversee and co-ordinate work on the SCS and future investment plans. There are dedicated staff, trained by NBA, who manage the database and annual updates are verified by NBA to ensure consistency.

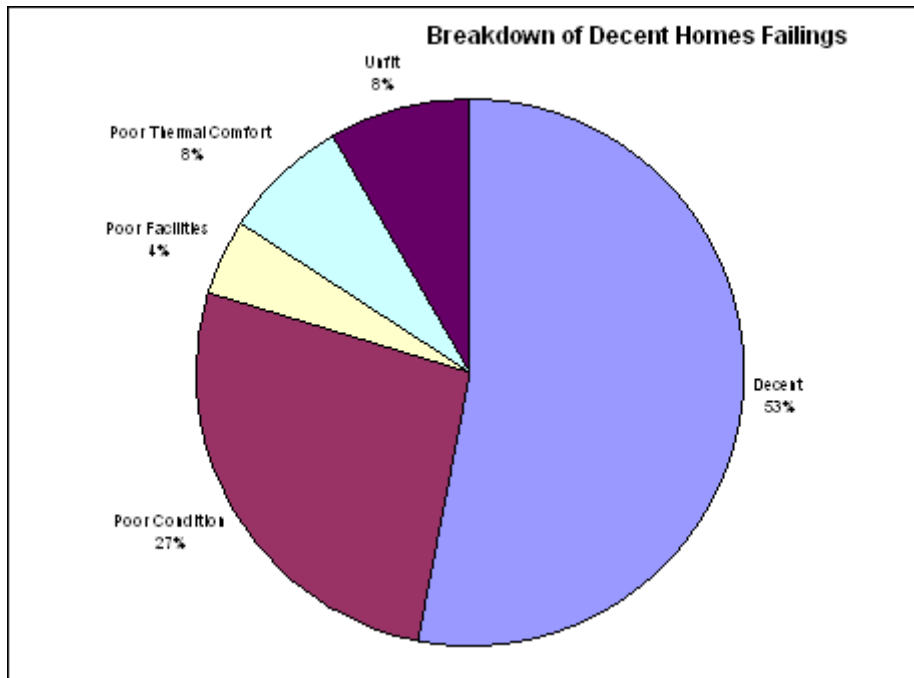
An annual report is produced at the start of each year showing detailed information on the current condition of the stock including not only Decency figures but also details of potentially Non-Decent properties giving reasons and dates when properties will fail. The database also includes for cyclical works such as external painting and can therefore provide a complete programme of works, including costings to achieve and maintain the Decent Homes Standard for all stock over a full 30 year period.

The costings used have also been reviewed annually and updated as necessary. Most recently they have been increased in line with the relevant BCIS inflation figures (second quarter 2003-2004) by 7.6%.

Costings have also compared with those used in other London boroughs and found to be consistent with them. They have also been reviewed by our financial consultants (BWN) with their experience in other similar authorities and found again to be consistent.

Although the costings used are below those currently being achieved in recent procurement exercises the Council is confident that with improvements in procurement, again in line with Government recommendations and best practice the savings anticipated will be realised.

The chart illustration gives an accurate picture of our homes in relation to Decent Homes Standard.



## 5. Analysis of Demand

Work on identifying housing need and demand has been undertaken at both a regional and sub-regional level.

The currently draft London Housing Strategy has identified 63,000 people in temporary accommodation and over 60,000 in severely overcrowded accommodation across London. The strategy will form an important part of planning for decent homes in the future. The strategy has also identified an expected growth of 800,000 more people living in London by 2016 and a target provision of over 24,000 new homes per year.

Fordham Research on behalf of the GLA, the ALG and London sub-regions have produced a report as part of the 'London and sub-regional strategy support studies project'. Fordhams have used data that has been collected in the housing needs surveys of a large number of London Boroughs to create a picture of specific groups across London. It is intended that this will aid the development of regional and sub-regional housing policy. The three areas it covers are ethnicity, special needs and the dynamics of migration with an individual report focusing on each of these areas for each sub-region.

An accurate assessment of housing need is essential for underpinning the Council's Housing Strategy and subsequent delivery of future housing provision. A determination of the need for affordable housing is particularly important, in addition to the total need for additional housing.

The Council's Housing Strategy 2003 – 06, (Appendix 2, Evidence Folder) underpinned by a Housing Needs Survey in 1998 and which was refreshed in 2002, set a target of providing 390 new affordable homes per annum.

Two complementary housing studies were commissioned in 2004 to explore housing need and demand. The Council commissioned Fordham Research Limited to carry out a Housing Needs Survey, in line with the Basic Needs Assessment Model outlined by ODPM guidance. This also met the further ODPM requirement that councils must consider the overall housing market within their areas rather than just affordable housing needs. The survey concentrates on identifying the housing characteristics and needs of the current population, which are the determinants used for the net affordable housing requirement.

The Council and English Partnerships jointly commissioned a further study from BBP Regeneration, the Barking Housing Study. This is concerned with the basis on which decisions are made on the mix and tenure of housing for the area. The Barking Housing Study is fundamentally different as it considers how housing requirements may be affected by substantial changes in population characteristics. It is important to consider future changes in the population as a result of future sub-regional growth, including the development of the Thames Gateway. Economic development will bring changes to patterns of housing needs and aspirations.

The East London Sub Region has the highest calculated need for housing in London, as stated in the East London Affordable Housing Framework 2004/5 (Appendix 2, Evidence Folder). It is not disputed that there is a strong need for affordable housing, as this is supported by housing waiting list evidence and a need to provide decant properties for estate renewal schemes. On the other hand it would not be advisable to provide too high a level of affordable housing, as the Barking Housing Study identifies that the level of affordable housing identified in the Housing Needs Survey may not be locally justified.

There are several reasons why affordable housing should not be over-provided. The borough already has one of the highest proportions of social renting in London (38%). There is a strong relationship between high levels of social housing and deprivation. The Barking & Dagenham's Community Strategy supports changing the mix of tenures and sets targets to be achieved.

It is important to consider wider policies which aid regeneration and these have been recognised and implemented by the Council. The existing Housing Strategy 2003-6 highlights the importance of providing a suitable tenure mix, and the creation of balanced and sustainable communities is one of its key priorities. The Council is committed to diversification of tenure through its estate renewal developments, and the Housing Futures programme will build upon this. Future development should follow the direction of travel established by the Council. The Housing Strategy also reflects national, regional and sub-regional priorities, in terms of developing balanced and sustainable communities with an appropriate mix of tenure. An appropriate tenure mix for the borough would be consistent with the ODPM principles on sustainable communities.

The borough's private sector market does not offer a wide range of choice, developing this sector would help to diversify tenure and promote wider regeneration benefits. Many residents apply for socially rented homes as they believe that there are few alternatives. The development of the East London economy will provide an ideal opportunity to generate a boost to the private housing market. The borough will have a raised profile in the heart of the Thames Gateway and will have an ideal opportunity to maximise promotion and marketing.



The Housing Needs Survey also mentions that some of the affordable housing requirement can be met by intermediate/low cost housing. Although the survey exercise caution in this area, the Barking Housing Study indicates that there may be more significant opportunities to do so.

It is therefore important to recognise that traditional ways of assessing and delivering on housing need have to be reassessed in a changing economic context. The final results from these studies will soon be made available. The Council is currently in the process of reconciling the findings from these studies, and agreeing an appropriate policy on affordable housing which will be incorporated in the Housing Strategy 2006 - 10. From initial assessments it would seem that the annual target for new affordable homes in this period will be in the range of 450-500.

A Sheltered Review was set up with a view to look at existing sheltered housing provision to ensure that current and future needs in the context of changing expectations and service provision patterns are met.

The Review was divided into 4 key areas:

#### **The role of Wardens and Welfare Officers**

To review the roles of all staff that offer support services to vulnerable people. This would include Scheme Wardens, Housing Welfare Officers, Housing support Officers and any other officers or Manager roles that may be necessary to provide modern professional dedicated support services in compliance with the Supporting People Protocols and guidelines. The review would also provide a Supported Services Handbook to guide all Officers and residents on all support services offered by the Borough.

#### **Stock Condition**

The stock condition survey will identify the numbers of 'fit for purpose' schemes. The research would highlight concerns with our facilities, locations and various other issues arising.

#### **Reviewing the Warden Call System**

To look at the Warden Call systems installed at sheltered sites and recommend improvements for the future.

#### **Meeting the needs of the BME Community and ensuring equality of access.**

There are relatively few BME residents within the sheltered stock and this means that we have a very small number of existing residents to consult about current progress. An exploration of the experiences of residents in other organisation may or may not prove suitable remedies if the demographics or BME needs are not comparable to Barking & Dagenham.

#### **So Far**

A lot of work has been done in this review and this has many implications for the vulnerable.

1. A review of all Job description of support staff for the vulnerable has been done. New jobs have been introduced while the old ones have been updated to cope

with the changing expectations of the future. Results so far achieved would have to fall in with the findings for the existing sheltered housing stock

2. The warden call system has been undertaken and recommendations have been made.
3. Hanover Housing Association has done an evaluation of all existing sheltered housing stock and a final report will be drawn up before the end of June.
4. Questionnaires have been sent out and received back with positive feedback to be used in conjunction with the four points above.

### **The next Stage**

The next stage of this review would be to table the findings, write up a final report to the executive and implement all changes detailed in the report.

## **6. Mixed Solution**

Based on the results of the consultation carried out with the tenants and other stakeholders the Council believes that a mixed strategy will be the most appropriate option for Barking and Dagenham. The mixed approach that has been developed by the Council in conjunction with the other stakeholders is designed to:-

- ensure that there are sufficient resources to enable the stock remaining in Council ownership to be brought up to the Housing Futures Standard
- maximise the amount of stock remaining in the Council ownership
- deal with the Council's most deprived housing areas and least popular stock.

As discussed in other sections of the report the Council developed a number of criteria that could be used to evaluate areas for re-development within the Borough. Using these criteria the Council has identified six regeneration areas as follows:

	Number of Freehold	Number of Leasehold
Cadiz Court	40	4
East Thames View	206	13
Gascoigne Estate	2074	364
The Lintons	237	19
London Road	67	12
Marks Gate	118	26
	<b>2742</b>	<b>438</b>

For the purpose of the options appraisal it has been assumed that the properties in the regeneration areas will be redeveloped and replaced by mixed development including a proportion of new social housing.

Again for the purpose of the options appraisal it has assumed that the redevelopment can be achieved at no cost to the Council and that the redevelopment will not generate any capital receipts.

### **Impact on overall investment requirements/resources.**

The disposal of the properties within the regeneration areas would have the following effect on overall investment requirements:

- Investment requirements will reduce by some £101 million (based on the Housing Futures Standard).
- Resources for investment will also fall as a result of the loss of the Major Repairs Allowance for stock disposed of and a reduction in RTB sales income.
- The reduction in investment need is significantly higher than the loss of resources. (Over the next 7 years expenditure is estimated to fall by some £55 million whereas resources are shown to fall by £18 million)

Based on the projections of the Housing Revenue Account the Council would have sufficient resources to be able to meet the Housing Futures Standard for the next 26 years.

### **Impact on the Housing Revenue Account**

The HRA business plan projections also show that the loss of a significant amount the housing stock would impact adversely on the Housing Revenue Account. The Account would remain viable for the next 21 years.

### **Conclusion**

Whilst the projections show that there may be some difficulty in sustaining investment levels and maintaining a viable HRA in the longer term future, these are so far into the future that they need not act as a deterrent to the adoption of a mixed option strategy based on current proposals.

Accordingly it is considered that the mixed option strategy would meet the key objectives as shown in paragraph 7.1.1

## **7. Tenant Management & Tenant Led Solutions**

Information is not available on Tenant Management Organisation's; there are not any in operation in this borough.

With regard to Information collected from Registered Social Landlords (RSL), for each new RSL shared ownership development once the units have all been sold purchaser profiles are sent to me by each RSL. The profiles contain various data relating to purchasers including ethnicity, age, percentage of equity shares purchased, borough where previously lived and income. The data is extracted from the profiles and produced in a report which is updated periodically. A copy of this report goes to Councillor Liam Smith.

Although Barking & Dagenham is still the cheapest London Borough affordability of home ownership is a real issue. Comparing information such as incomes will be extremely valuable when negotiating the percentage of shares to be purchased for shared ownership units on new developments.

## 8. Neighbourhood Renewal/Housing Renewal Areas

### **Context**

From the inception of Housing Futures the programme has been shaped by the Borough's regeneration agenda. This can be seen from the 6 housing estate renewal schemes which are integral to the localised approach of the Housing Futures programme.

The Barking Town Centre Partnership, which comprises English Partnerships, GLA/LDA, Housing Corporation and Barking and Dagenham Council, has adopted a strategy with, at its centre the creation of an additional 4,000 homes and a change in the existing tenure mix. The two Wards which make up Barking Town Centre are within the 10% most deprived in England and 70% of the homes are Council owned at present.

The estate renewal projects under Housing Futures within the town centre as well as achieving the objectives for the regeneration of the area are also about delivering the Government's Sustainable Communities Plan and the Mayor's London Plan. This can be seen by these projects being planned to deliver:-

- Increased housing densities
- More balanced mix of tenures
- Improved built environment and public realm
- Improved environmental sustainability
- Better quality of housing conditions

Barking Riverside is one of the key areas within Thames Gateway in terms of delivering almost 11,000 new homes. Thames View Estate, a 1950's built council estate, is adjacent to Barking Riverside.

The estate renewal project involving the eastern end of Thames View is vital to ensure that the 'cliff edge' effect between an existing area and the new development will be eradicated. In doing this, housing densities will be raised together with the change of tenure mixes.

The Housing and Planning Minister announced the introduction of Housing Opportunity Boroughs in London. Barking and Dagenham has been selected by the Government Office for London as one of the pilots on the basis of the case brought forward to develop housing capacity above existing targets, from sites outside the growth areas. One of these sites involves the estate renewal of Reynolds Court and Padnall Court within Marks Gate estate. The development of these blocks to meet the Housing Futures Standard and the large, poorly laid out and underused areas of land contained within them will bring forward double the existing number of homes.

### **Gascoigne Estate**

To deliver a regenerated Gascoigne the Executive have agreed a programme to appoint a lead developer to be a Joint Venture /Private Public Partner in conjunction with the Housing Futures Project to deliver phased rolling programme for estate renewal in line with agreed development principles

The Gascoigne is the authority's largest recognised "Estate". It was constructed between 1966 and 1971 following a slum clearance programme to demolish Victorian terraced housing in a traditional street grid. It comprises high rise blocks and low rise

flats. The total number of homes within the Estate footprint is approximately 2400, around 1000 of these are within the high rise blocks.

Early Regeneration projects were developed following full consultation with local residents and were funded from the Councils Capital works programme and concentrated primarily on environmental improvements. The last major published plan for Gascoigne regeneration was the Estate Action plan in 2000. The Estate Action Plan was developed in consultation with the Community but did not have a robust financial feasibility or options study to enable delivery and also proposed a reduction in density which is not now viable due to changes in grant criteria and cross subsidy arrangements. It also does not fully address the requirements of the Sustainable Communities Plan, the London Plan or the Barking Town Centre Framework Plan.

The objective is to deliver the regeneration and renewal via a JV/PPP with development partners, RSL's and investors are encompassed in the development principles below, these principles have been developed from the original Estate Action Plan and therefore involvement of the Ward Members and Community;

- Community Involvement at all stages.
- Strong visual and pedestrian linkages between the River Roding and Town Centre, via the High Street Network.
- Street patterns to be restored removing the 'the estate feel'.
- High quality urban design standards to provide an interesting "entry point" to Barking and high quality accommodation standards.
- The correct level of social infrastructure, particularly schools and health facilities.
- Innovative and leading sustainable development outcomes.
- Demonstration of the appropriate level of density taking into consideration policy objectives up to 50% increase in number of homes.
- Delivering sustainable communities through a housing mix of 70% affordable and 30% private sale
- Continue with addressing community safety and Estate Management issues as a priority whilst regeneration plans are made.
- Introduction of some mixed use including compatible employment uses.
- Creation of smaller neighbourhoods.
- Development of a buffer zone between the employment land and the Estate at the southern end near the A13.
- Flexible allocations policy's, local lettings and use of phasing to minimise decants and ensure those who want to remain can do so.
- True pepper potting of all tenures throughout the new development areas
- Any refurbished homes to fully meet Decent Homes Standard Plus

The procurement of the JV/PPP partner is ongoing in accordance with OJEU requirements; the chosen partner will be required to work, within a contract agreed, with the housing authority, elected members, and the community to bring forward a radical urban regeneration programme, in accordance with the above principles. The scope of work will include the selection in conjunction with the Barking Town Centre Strategic Partnership of an Architect/master planner; means of finance; and implementation of detailed design and construction.

### **London Road / North Street**

Forms part of the Barking Town Centre Action Plan. The Executive agreed on 29 September 2004 (see Appendix 3, Evidence Folder), the disposal of the site including the car parks. The London Road/North Street block consists of a medium rise

residential block containing 64 flats with shop units on the ground floor, the majority of which are in Council ownership. There are nine leaseholders within the block and the Council is the owner of the car parks to the rear of the block. Executive agreed on 20 January 2003 (see Appendix 2, Evidence Folder) that the Council enter into a partnership with Metropolitan Housing Trust to deliver the affordable housing element of the development.

The Barking Town Centre Framework Plan, agreed by the Executive on 18<sup>th</sup> March 2003, (see Appendix 3, Evidence Folder) identifies London Road North Street as a key regeneration site, needed to deliver its vision of Barking as a lively, urban, mixed-use town centre. Resident Consultation pre dates this report as the blocks ability to fully address the Decent Homes Standard had been of concern to the Ward Members and residents for sometime.

In April 2004 a public meeting was held for residents with Ward members, officers of the Council and representatives from Metropolitan Housing Trust to inform residents of the implications of the inclusion of the area in the Framework plan and the proposals for demolition the Estate and replacement with new private sector and RSL dwellings and a combination of commercial and community uses on the ground floor. Residents were sought to form a focus group. The focus group would be used to ensure residents could have their say as to how the site should be developed.

Following a presentation to the Barking Town Centre Strategy Group by the Barking Town Centre Team, English Partnerships proposed jointly funding a feasibility study with the Council, which would examine issues of:

- Scale of development
- Mix of uses
- Levels and type of housing
- Urban design principles
- Anticipated levels of Public Sector Intervention

Consultants with an expertise in the following fields have been appointed to complete the study:

- Urban/Master Planners
- Property Consultants
- Cost Consultants
- Project Manager to oversee the programme

English Partnerships are leading this project group with LBBB and the preferred RSL along with the appointed consultants. LBBB representation on the group will ensure that the Councils ambitions for the area in the context of the Framework Plan and other town centre regeneration projects are fully considered.

Decanting and repurchasing of the Leasehold interests is underway with the decanting, Master Planning and development programme process timed to bring forward the development with no unnecessary delays.

### **The Lintons**

The Lintons forms part of the Station Quarter element of the Barking Town Centre Redevelopment Plan. The Executive agreed to the demolition of the blocks on this estate. A programme of consultation with tenants is underway and decanting is in progress. Officers are currently investigating with the Minister for Housing, whether the

project would be a suitable opportunity to demonstrating principles in the Thames Gateway Housing Framework.

The redevelopment of the Lintons Estate is key to the Barking Town Centre Framework Plans aim to improve the quality of accommodation, it is a key Estate Regeneration project which will also be able to test the principles of the Thames Gateway Housing Framework, in particular how we can build out from existing Town Centres maximising the areas excellent transport links and infrastructure.

The Lintons Estate comprises of one high rise and two medium rise blocks which contain a total of 256 homes of non traditional construction with associated problems of meeting the Decent Homes Standard, anti social behaviour and security. The proposal for the redevelopment programme has received full support of the community with ongoing input from residents in a Focus Group to help shape the future development in the area.

The Linton's is included in the area known as the Station Quarter and like the London Road North Street is subject to a joint feasibility study with English Partnerships to examine the issues of:

- Scale of development
- Mix of uses
- Levels and type of housing
- Urban design principles
- Anticipated levels of Public Sector Intervention

Consultants with an expertise in the following fields have been appointed to complete the study:

- Urban/Master Planners
- Property Consultants
- Cost Consultants
- Project Manager to oversee the programme

English Partnerships are leading this project group with LBBB along with the appointed consultants. LBBB representation on the group will ensure that the Councils ambitions for the area in the context of the Framework Plan and other town centre regeneration projects are fully considered

Decanting and repurchasing of the Leasehold interests is underway with the decanting, Master Planning and development programme process timed to bring forward the development with no unnecessary delays.

### **Cadiz Court**

Following Ward Councillors and tenants consultation, the Executive agreed on the 14 September 2004 (see Appendix 3, Evidence Folder), to proposals to demolish this block and redevelop several garage sites in the area. New affordable housing for this site will be provided by Metropolitan Housing Trust. The rationale for this option was that the cost of meeting the decent homes standard and other essential landlord works were outweighed by the social and economic benefits of developing the site and reproviding high quality homes.

Cadiz Court is the oldest tower block in Dagenham and it had become evident prior to the stock condition survey from the increasing incidence and seriousness of repair works that major investment would become necessary to ensure that unfitness and disrepair be averted.

Residents of Cadiz Court, principally because of their concern at the condition of the block have been very proactive in discussing the future of their block with Ward Councillors and Council officers. A resident's focus group has been established and is currently working with officers and Metropolitan Housing Trust in preparing a development brief for the redevelopment of the primary site at Cadiz Court.

The new affordable housing provision will replace the existing socially rented units with any additional housing including some intermediate tenures such as shared ownership. The redevelopment of Cadiz Court and neighbouring redundant garage sites will contribute towards the diversification of tenure as set out in the Housing Strategy whilst retaining the existing number of socially rented units. The project will also improve the local environment by eliminating disused garage sites that are proving to be anti-social behaviour traps.

The redevelopment will raise housing density, greatly improve environmental sustainability standards and contribute towards the ODPM's Sustainable Communities Plan

### **Eastern End Thames View**

Thames view estate lies to the south of the A13 adjacent to the northern and eastern fringes of Barking Riverside, an EP/Bellway partnership. At the eastern end, the estate adjoins the first phases of Barking Reach. Meeting decent homes, particularly in the eastern end, is a major challenge as well as a rising need to provide accommodation that meets local need. The estate is located in one of the most deprived areas within the Borough and has a range of social and economic issues. The four high rise blocks at the eastern end as well as approximately one hundred other homes are earmarked for estate renewal.

The project is to redevelop the eastern edge of Thames View Estate.

The redevelopment of the eastern end of Thames View represents a major opportunity, to regenerate an area of the Thames View Estate which has poorer standards of accommodation and environment. The flats on this area of the estate have been relatively unpopular and historically more difficult to let. Estate renewal here will reduce the "cliff edge" effect that will become increasingly marked with the developments taking place within Barking Riverside. The redevelopment will also enhance a 'gateway' development to Barking Riverside, one of the key growth areas for the Thames Gateway. This area of Thames View Estate would benefit from a radical redevelopment approach rather than refurbishment of the existing housing stock. The pipeline proposals for the ELT (East London Transit), possible new station at Renwick Road and further development at Barking Riverside provide a major impetus for the regeneration of this area.

The redevelopment site comprises 247 flats and houses. This includes 4 tower blocks (Gilstead, Navestock, Stanford and Bredo Houses), as well as bedsits, 1 bed flats, 2 bed maisonettes and 3-4 bed houses. The demolished garage sites and the grassed strip along the southern edge of the estate at its eastern end are also included within the development site and represent an opportunity to raise the number of homes, change the tenure mix, substantially improve the built environment and provide better / more secure public space.

Over a number of years there have been a variety of reports dealing with land contamination on the estate, a healthy walking scheme along the green edge and structural reports on the condition of the tower blocks. The tower blocks have had no internal modernisation carried out to them under the Council's Shape Up programme as this was targeted at low rise flats and houses. It is estimated that between £800k to



£1m would need to be spent on each tower block in order to be brought up to the decent homes standards and deal with any external works, this cost does not include the works to meet the tenants' aspirations. This should prolong the life of the tower blocks by a further 10 years. This means that at least £32,300 needs to be spent on each property within the four tower blocks.

It is planned that the redevelopment of the site should facilitate the building of approximately 500 new homes consisting of 1 and 2 bed flats with some larger family housing. All of which will be built to a high standard of design and build. Residents have stated that they would support a demolition and redevelopment option for the area (tenant and resident questionnaire April 2005).

The Council's Regeneration Board and Executive have endorsed this approach and agreed that the redevelopment should proceed. The Executive has also agreed to the exercise of the Council's Compulsory Purchase Order powers in respect of those properties sold under the Right To Buy.

## 9. Objective robust Evaluation of Options

As part of the Government's desire to link increased spending on better outcomes, a target was established to ensure that all social housing meets set standards of decency – the Decent Homes Standard (DHS) – by 2010. To meet this standard by 2010, councils are required on a bi-annual basis to quantify the level of non-decent housing stock, develop an investment strategy to tackle this and measure progress towards its elimination. This report is concerned with the development of an investment strategy to achieve the 2010 target. In Barking & Dagenham the development of this strategy has been branded as "Housing Futures".

### **National and Regional Context Decent Homes Standard**

The Office for the Deputy Prime Minister (ODPM) set a national target and common definition of housing decency so that all social landlords could work towards the same goal.

A decent home meets the following four criteria:

- It meets the current minimum standard for housing
- It is in a reasonable state of repair
- It has reasonably modern facilities and services
- It provides a reasonable degree of thermal comfort.

*Sustainable Communities: building for the future* reaffirmed the government's commitment to provide all social housing tenants with a decent home by 2010. It also sets Decent Homes in a wider context, which is the integration with wider public services and the sustainability agenda that is being pursued across government.

### **Thames Gateway**

In a housing context, the vision for the London Thames Gateway for sustainable development includes building and renovating homes to the highest possible eco-standards and investing in high quality urban design. London Thames Gateway is in process of testing their principles for development.

### **Landlord Services**

Our vision for Landlord Services is:

‘To be recognised as the best public housing provider within the Thames Gateway’

We feel that the service is on its way to fulfilling this vision. Since 2000 the service has been subject to three Best Value inspections by the Audit Commission. The most recent being 2004, (see Appendix 3, Evidence Folder) when the service achieved a 1 star rating with promising prospects for improvement. We intend to build upon the outcome of the inspection by recognising and responding to the recommendations made by the audit commission through the implementation of a robust improvement plan. In addition to this we are actively engaging our customers in shaping the future service using input from the CHP boards, the outcome of the Status Survey and the many focus groups that we run.

The service achievements have been recognised and acknowledged in the following ways:

- recognised as having lower than average management costs within London<sup>1</sup>
- actively embraced the competitive environment e.g. outsourced the housing repairs function
- introduced innovative methods of customer empowerment e.g. Community Housing Boards (CHPs)
- an efficient rent recovery service
- staff reflect the community it serves in terms of ethnicity
- good performance against a number of PIs
- following re inspection by the audit commission an increase rating for the repairs service

### **Continuous Improvement**

The service is committed to achieving further improvements, and in the process provides a better service to all stakeholders.

A robust and challenging improvement plan is in place. Each action point within the improvement plan has been assigned a priority and a lead officer. The improvement plan has been designed to:

- ensure that the recommendations that were made by the audit commission are put in place
- ensure continued improvements in service delivery
- ensure that staff are focused specific tasks

Given the importance that we have attached to delivery of the improvement plan stringent report and monitoring mechanisms are in place:

- the improvement plan is monitored by the Corporate Monitoring Group
- six weekly progress meetings take place which include tenant representatives
- reports are presented to each CHP board

Outside of the improvement plan improvements to services are achieved in other ways:

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<sup>1</sup> Source Housemark benchmarking group

### **Consultation**

Consultation has been recognised as a valuable way of enhancing performance. A number of stakeholder focus groups have been and are used to test and change service standards.

### **Stakeholder Surveys**

The service carries out a number of stakeholder surveys and the responses are used to influence or change practices. Unlike many local authorities we carry out an annual Status Survey. The outcome of which is linked to service changes.

Following engagement with our stakeholders we are also making changes to the way that we deliver our front line services. A fundamental review of our local housing structures is underway wherein caretaking and cleaning services are being realigned with estate management to provide a seamless service with more local presence on the estates.

### **How we test ourselves**

We are placing greater importance on how we test our performance. We are part of the Housemark benchmarking group and it is our intention to pursue this further with an annual peer inspection regime.

We use external agencies to 'mystery shop' our front line services and publicise the outcomes.

The service has also made use of a Critical Friend Group (CFG). The CFG was put together when the housing repairs service was subject of a best value review in 2000. The group is made up of stakeholders and is used to test and challenge the way that services are provided.

### **Re engineering the way services are provided.**

A number of our services are scheduled to move into the Barking and Dagenham Direct call centre. This will present opportunities for better ways of engaging with the public.

## **10. Decision Making Process**

### **Synopsis Borough wide Housing Futures Survey**

As part of the London Borough of Barking and Dagenham's Stock Options Appraisal process and a commitment to Tenant and Leaseholder consultations, the Council's Housing Futures Forum agreed to carry out an Aspirations Survey.

The questionnaire was drafted by PPCR's Associates, which was subsequently amended following resident and staff's consultations and approved by the Housing Futures Forum. The survey was designed to address the following issues:

- a) To provide a clear opportunity for Tenants and Leaseholders to identify key issues affecting the quality of their homes, service priorities, type of future improvements to both properties and the area in which they live in.
- b) To gauge resident awareness and knowledge of the Stock Options Appraisal, the need to achieve the Decent Homes Standard and the opportunities to increase investment.

c) A survey was also an opportunity to provide certain up to date demographic information such as age and length of residency.

The survey was carried out by means of a postal questionnaire, and a summary of the results were as follows:

A 100% sample of 4,677 completed questionnaires represented a return rate of 20%, and with a confidence level and marginal error of +/- 1.28% provided a very robust return rate.

## **Survey Findings**

### a) Views about your Home

With regard to issues of management and maintenance overall respondents feel that their homes are both well managed and maintained (58% and 56%). 23% and 31% disagree with the view.

### b) Priorities for the Home

The question on priorities show that respondents regarded them as all being important. Particularly, respondents wished the Council to retain ownership of the stock and continue to provide security of tenure and affordable rents.

### c) Improvements to the Home

Given the list of possible improvements, respondents were able to highlight which were the most important most significantly these included, new bathrooms (68%), shower over bath (67%), new kitchen (69%), security improvements (63%) and improvements to communal areas (61%).

### d) Services and Facilities

Respondents were invited to comment on the importance of a range of services and facilities through the questionnaire. Respondents felt that they were all important and there were no significant variations amongst the sub-groups responses.

### e) Leaseholder Issues

Leaseholders were asked to comment on a number of services and relevant issues. With the exception of the Council remaining as the Freeholder (Leaseholders 56%), all the other issues and services merited rankings of over 80%.

### f) Views about the Area

Services to communal areas and strategies for dealing with issues such as controlled parking and anti-social behaviour were all regarded as highly important issues, with no significant variable responses amongst the sub-groups.

### g) Priorities for the Housing Services

A range of questions aimed at identifying priorities for the Housing Service, received significant support from all respondents as identified in this report.

### h) Right to Buy

The wish to exercise the Right to Buy is particularly high amongst BME Groups.

i) Decent Homes, Housing Futures, Stock Investment Options

Knowledge and awareness Investment of the above was not significantly high. More respondents feel that Decent Homes and the Council continuing to deliver the Housing service, compared to other investment options and the overall Stock Options Appraisal process.

### **Resident Consultation on the Borough wide Resident Aspiration Survey Results**

As mentioned above, the residents have been consulted in regard to the findings and results of the residents' aspirations postal questionnaire and a series of meetings were held with all six Community Housing Partnerships throughout October, November and December 2004, to ensure that the results of the aspirations postal questionnaire were made known to residents.

At the request of Officers of the Borough, the results of the findings were broken down further on a geographical area-by-area basis. So that residents within each CHP could see which aspirations were felt in need of being addressed and in priority order. Further rounds of CHP meetings were then held in January and February 2005.

### **Resident consultation on the way forward in making homes decent in the Borough**

Residents were consulted in April on the proposed way forward in achieving Decent Homes Standard in the Borough, and a 100% sample of 1,704 completed questionnaires represented a return rate of 7.1%. The findings and results of the survey show their agreement to the proposed solution as follows;

Of all the tenants and leaseholders who were surveyed the majority agreed with the proposals as follows;

- 89% agreed that Stock Transfer should be set aside.
- 55% agreed that ALMO is not an option for the Council because we would not qualify for extra funding as we can meet decency under our own steam.
- 63% agreed that a Private Finance Initiative is the best solution for the High Rise blocks that not included within the 6 regeneration areas.
- 73% agreed that direct management with Prudential Borrowing is the best solution for the low rise blocks and houses.

Of tenants and leaseholders who live in a high rise block the majority agreed as follows;

- 84% agreed that Stock Transfer should be set aside.
- 64% agreed that ALMO is not an option for the council because we would not qualify for extra funding as we can meet decency under our own steam.
- 73% agreed that a Private Finance Initiative is the best solution for the High Rise blocks that are not included within the 6 regeneration areas.

- 71% agreed that direct management with Prudential Borrowing is the best solution for the low rise blocks and houses.

Of tenants and leaseholders who live in low rise blocks and houses, the majority agreed as follows;

- 90% agreed that Stock Transfer should be set aside.
- 54% agreed that ALMO is not an option for the council because we would not qualify for extra funding as we can meet decency under our own steam.
- 62% agreed that a Private Finance Initiative is the best solution for the High Rise blocks that are not included within the 6 regeneration areas.
- 74% agreed that direct management with Prudential Borrowing is the best solution for the low rise blocks and houses.

### Evidence

Appendix 1, surveys, Evidence Folder

### **Conclusion**

As can be seen from the above extensive consultation strategy which has been carried out in partnership with Barking and Dagenham Council a considerable number of residents have had their opportunity to state or voice their opinion and preference for the Housing Futures Programme option of their choice.

Residents have been fully involved throughout the process and have been the driving force in shaping the preferred regenerations options chosen by the borough for its housing estates (see appendix 1, Evidence Folder).

The inclusive consultation programme has been continuous from July 2004 to date and has been successful in obtaining a clear mandate from residents. The programme included a full borough wide residents' postal survey, Tenant and Resident Association meetings, and visits to ALMO, PFI and Stock Transfer schemes. Together with Sheltered Groups, BME Groups, Youth Groups and Keyworker Focus Group have been consulted. Throughout the Stock Options appraisal, residents have been centrally involved in the process through the Housing Futures Forum and their valuable contributions have been considerable.

## **11. Change Management**

The Council has a workforce development plan which sets out what skills, knowledge and behaviour need to be in place within the organisation in order to achieve its objectives and also, how these will be met.

We are fully committed in our efforts to invest in our staff in Housing & Health as part of the corporate initiative and in August 2003, we celebrated our success in achieving Investor in People accreditation. Throughout the department, management and staff are working hard to ensure we maintain high standards in support of the corporate goal to gain Investor in People accreditation. We believe our staff will be able to deliver excellent services as we invest the time and resources they need to keep our focus and make sure we continue to move forward. We have formed an Investor in People Steering group which meets monthly, and is made up of representatives from each area of our service.

In December 2004, a 'broad-brush' skills audit was carried out. The % detailed represents the numbers in the workforce who are estimated to have these skills to a level sufficient for their jobs:-

Technical professional skills	54.5%
Basic Skills	81.8%
ICT Skills	46.5%
Qualification	90.9%
Equalities & Diversity	72.7%
Management	21.2%
Customer Care	87.9%
Health & Safety	72.7%

We have a leadership excellence programme which creates a culture that encourages managers to deliver continuous improvement, based on effective performance management processes, and focussed on appropriate activities via clear goals. Leaders and managers will have the appropriate skills to implement performance management processes, such as appraisal, and give feedback effectively; this will give us motivated staff with good morale. We will grow leadership capability, in-built succession planning and develop staff as managers. Our leaders will be visible and know how to impact positively on our culture and to avoid 'blame' so that staff feel able to do different things or do things differently and take risks.

Our Housing Future Staff Forum meets regularly on a monthly basis. The purpose and role of the Forum is to ensure that we deliver the Housing Futures agenda, ensure that staff have the basic knowledge of Housing Futures, process and communicates staff ideas, view and aspiration across the organisation. The group has 13 team representatives including four Trade Unions.

We have held a number of staff events including briefings and carried out staff Housing Futures surveys. Our vision is to continue to support and involve staff in the change management process, to provide regular project updates and to communicate through the Intranet, staff briefings and team meetings etc.

We have an exciting Customer First programme, "Done in One" to provide new facilities in the coming years. This places a duty on us to challenge the way we work, and increase residents' confidence that we are making every effort to excel in customer care. As a result we are reshaping and transforming our customer services in Landlord Services, Health & Consumer Services, and Housing Strategy in order to meet the "Done in One" campaign.

## 12. Management of the Process

The Council has the capacity to deliver on all aspects of the project within its current resources with the exception of Private Finance Initiative (PFI).

In order to ensure the effective and efficient delivery of the Housing Futures options appraisal the following structure will support the delivery of the project.

the existing project team will remain which consists of:

- 1 Project Leader
- 2 Project Officers
- 1 Project Administrator
- 1 Administrative Assistant

In light of this skills gap, the Council has committed to procuring the services of a number of specialist staff to prepare for submission of an outline business case in January 2006. As such additional resources will provided as follows:

- 1 Project Manager PFI
- 1 Technical advisor
- Financial consultant
- Further technical advice will be brought in as necessary such as quantity surveyors, legal expertise etc.
- ITA

Our Communication, Consultation and Tenant Empowerment Strategy will continue to remain the methodology behind consultation and involvement of Tenants, Members and Staff. The Communication sub-group will continue to co-ordinate and monitor the communication and involvement of key stakeholders who fall within the sub-divisions of the mixed model, e.g. the PFI project will develop its own Tenant Empowerment Strategy.

### Project Plan PFI

In order for the authority to position itself to bid successfully for the 2006 PFI round, it is anticipated that with the procurement of the additional expertise the Council will seek to submit an Outline Business Case well within the anticipated October 2007 deadline. The foundation for this is due to the fact that a major piece of the work required to submit an expression of interest by January 2006 has already been completed as part of the stock option appraisal. Furthermore, the Council is undertaken a major refurbishment exercise of the Bartlett and Oldmead tower blocks. This exercise will not only deliver the Housing Futures Standards to these blocks, but will also act as a internal 'pathfinder' for the PFI procurement process should the Council be successful in its bid.

The following table outlines the proposed timescales for submitting our bid to the ODPM in January 2006.

### Proposed Timescales for Pre-PFI Project - Submission to ODPM

ID	Task Name	Duration	Start	Finish
463	<b>LBBD PFI PROJECT</b>	<b>554 days?</b>	<b>Tue 08/03/05</b>	<b>Fri 20/04/07</b>
464	Housing Futures Report (Options Appraisal)	0 days	Tue 08/03/05	Tue 08/03/05
465	Housing Futures Decision (Options Appraisal)	0 days	Tue 31/05/05	Tue 31/05/05
466	Sign Off by Local Government	0 days	Tue 31/05/05	Tue 31/05/05
467	Letter from ODPM inviting Expression of Interest	20 days	Mon 03/10/05	Fri 28/10/05
468	Develop Expression of Interest	173 days	Wed 01/06/05	Fri 27/01/06
469	Corporate Sign Off	36 days	Mon 30/01/06	Mon 20/03/06
470	LBBD Submit Expression Of Interest	0 days	Mon 20/03/06	Mon 20/03/06
471	ODPM approval period	48 days	Tue 21/03/06	Thu 25/05/06
472	Announcement of successful Eol	0 days	Fri 26/05/06	Fri 26/05/06
473	Progress Outline Business Case (OBC)	40 days	Thu 14/09/06	Wed 08/11/06
474	Corporate Sign Off	36 days	Thu 09/11/06	Thu 28/12/06
475	LBBD Submit OBC	1 day?	Fri 29/12/06	Fri 29/12/06
476	Project Review Group Approval	80 days	Mon 01/01/07	Fri 20/04/07
477	<b>PFI Procurement of Specialists (OJEU)</b>	<b>127 days</b>	<b>Tue 21/03/06</b>	<b>Wed 13/09/06</b>
478	Legal	127 days	Tue 21/03/06	Wed 13/09/06
479	Financial	127 days	Tue 21/03/06	Wed 13/09/06
480	Technical	127 days	Tue 21/03/06	Wed 13/09/06



**Appendix 1. Evidence Folder - Consultation**

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EVENT	DATE	EVIDENCE – HF Folder
<u>Presentation to HFRF</u> Tenant Empowerment Strategy	26.5.04	refer to HFRF, Appendix 1
<b>Housing Futures Residents Forum</b>		
<ul style="list-style-type: none"> <li>• HFRF Meetings held fortnightly</li> <li>• HFRF Reports</li> <li>• Leaseholder Forum</li> </ul>	<ul style="list-style-type: none"> <li>April 04 to date</li> <li>July 04 to date</li> <li>24.08.04</li> </ul>	<ul style="list-style-type: none"> <li>refer to HFRF, Appendix 1</li> <li>Refer to PPCR Report, Appendix 1</li> </ul>
<ul style="list-style-type: none"> <li>• Leaseholder mailshot</li> <li>• Visits</li> <li>- ITA guided tour of housing estates</li> <li>o Gascoigne Estate</li> <li>o Marks Gate</li> <li>o Wellington, Burbrook &amp; Ibscott</li> <li>o Thames View Estate</li> <li>- Borough Bus Tour of LBBD housing stock</li> <li>- Brent Housing Partnership (ALMO)</li> <li>- Stock Transfer, Poplar HARCA</li> <li>- PFI, Ashford, Kent</li> </ul>	<ul style="list-style-type: none"> <li>30.9.04</li> <li>26.8.04</li> <li>22.10.04</li> <li>19.11.04</li> <li>25.01.05</li> <li>April 2004</li> <li>21.10.04</li> <li>28.1.05</li> <li>7.2.05</li> </ul>	<ul style="list-style-type: none"> <li>refer to HFRF, Appendix 1, Events</li> <li>refer to HFRF, Appendix 1, Events</li> <li>refer to HFRF, Appendix 1, Events</li> <li>refer to HFRF, Appendix 1, Events</li> <li>refer to HFRF, Appendix 1, Events</li> <li>refer to HFRF, Appendix 1, Events</li> <li>refer to HFRF, Appendix 1, Events</li> <li>refer to <b>HFF</b>, Appendix 1, Events</li> <li>refer to HFRF, Appendix 1, Events</li> <li>refer to HFRF, Appendix 1, Events</li> <li>refer to HFRF, Appendix 1, Events</li> </ul>
<b>Hard to Reach Group</b>		
Meetings with BME Groups	September 04 to date	refer to HFRF, Appendix 1, Meetings
<ul style="list-style-type: none"> <li>• Ethnic Minority Partnership Agency</li> <li>• Community support for disabled</li> <li>• Youth Forum</li> <li>• Age Concern</li> <li>• Sheltered Housing –CHP6</li> <li>• Black History Month</li> <li>• Age Concern</li> <li>• Sheltered Housing – CHP4</li> <li>• Sheltered Housing – CHP3</li> <li>• Ethnic Minority Partnership Agency</li> <li>• Ethnic Minority Partnership Agency</li> </ul>	<ul style="list-style-type: none"> <li>15.09.04</li> <li>21.9.04</li> <li>28.02.05</li> <li>19.01.05</li> <li>19.10.04</li> <li>21.10.04</li> <li>4.11.04</li> <li>30.11.04</li> <li>19.1.05</li> <li>9.3.05</li> <li>21.3.05</li> </ul>	<ul style="list-style-type: none"> <li>refer to HFRF, Appendix 1, Meetings</li> <li>refer to HFRF, Appendix 1, Meetings</li> <li>refer to HFRF, Appendix 1, Meetings</li> <li>refer to HFRF, Appendix 1, Meetings</li> <li>refer to HFRF, Appendix 1, Meetings</li> <li>refer to HFRF, Appendix 1, Meetings</li> <li>refer to HFRF, Appendix 1, Meetings</li> <li>refer to HFRF, Appendix 1, Meetings</li> <li>refer to HFRF, Appendix 1, Meetings</li> <li>refer to HFRF, Appendix 1, Meetings</li> <li>refer to HFRF, Appendix 1, Meetings</li> </ul>
Outreach Worker		
<ul style="list-style-type: none"> <li>• Barking &amp; Dagenham Moslem Cultural Society</li> <li>• Sikh Temple</li> <li>• Sheltered Housing – CHP3</li> <li>• Gascoigne Estate BME residents</li> <li>• Barking &amp; Dagenham Moslem Cultural Society</li> </ul>	<ul style="list-style-type: none"> <li>21.3.05</li> <li>7.4.05</li> <li>20.4.05</li> <li>27.4.05</li> <li>27.4.05</li> </ul>	<ul style="list-style-type: none"> <li>refer to HFRF, Appendix 1, Meetings</li> <li>refer to HFRF, Appendix 1, Meetings</li> <li>refer to HFRF, Appendix 1, Meetings</li> <li>refer to HFRF, Appendix 1, Meetings</li> </ul>
• BME Group & Residents in Dagenham	11.5.05	refer to HFRF, Appendix 1, Meetings

**Appendix 2 Evidence Folder - Financial**

<b>Financial Appraisal</b>		Appendix 2, Evidence Folder
<b>Stock Condition Survey</b>		
	2002	Appendix 2, Evidence Folder
	2004	Appendix 2, Evidence Folder

**Appendix 3 Evidence Folder - Reports**

<b>Reports</b>		Appendix 3, Evidence Folder
	Executive Report – Regeneration	Appendix 3, Evidence Folder
	Executive Report -	Appendix 3, Evidence Folder
	Housing Needs Survey	Appendix 3, Evidence Folder
	HIP returns	Appendix 3, Evidence Folder

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## Appendix B.

### HOUSING FUTURES STANDARD

Barking and Dagenham Standard Capital Baseline £'000 (With mixed Solutions, Inc Kitchens, Bathrooms and Security Works Loan £24 - Repayment £18m @ £1m pa from Yr 8 2011-12)

LB BARKING & DAGENHAM				HRA PROJECTIONS										CAPITAL MAJOR REPAIRS PROJECTIONS									
Yr	Net Rent	Other Income	Sup & Man Expend	Response Repairs	Other Costs	RCCO	Surplus / (Deficit)	HRA Balance	Yr	Major Repairs	RTB Receipts	Other Receipts	Major Rep Resv	RCCO	In Year Shortfall	Cumm Shortfall							
1 2004.05	63,919	4,119	(21,895)	(19,008)	(25,272)	(1,000)	863	2,923	1	2004.05	11,902	1,772	11,775	1,000	0	2,628							
2 2005.06	65,059	4,655	(22,485)	(21,455)	(25,484)	0	291	3,214	2	2005.06	21,326	0	9,533	0	0	6,828							
3 2006.07	66,098	5,181	(23,329)	(21,629)	(25,957)	0	364	3,578	3	2006.07	7,000	16,700	10,619	0	0	9,962							
4 2007.08	68,065	5,064	(23,984)	(20,140)	(29,602)	0	(597)	2,981	4	2007.08	7,000	14,500	18,818	0	0	3,865							
5 2008.09	68,465	5,533	(22,815)	(20,481)	(31,119)	0	(417)	2,564	5	2008.09	2,858	11,000	13,523	0	0	3,054							
6 2009.10	70,168	6,020	(23,228)	(20,834)	(32,766)	0	(640)	1,925	6	2009.10	2,989	3,000	8,054	0	0	7,667							
7 2010.11	64,458	5,551	(20,893)	(18,241)	(32,416)	0	(1,541)	383	7	2010.11	2,686	1,000	8,752	0	0	10,671							
8 2011.12	66,052	5,656	(21,201)	(16,852)	(32,644)	0	1,011	1,394	8	2011.12	1,813	0	11,711	0	0	10,103							
9 2012.13	67,036	5,764	(21,515)	(17,092)	(34,013)	0	180	1,575	9	2012.13	1,662	9,000	7,514	0	0	13,820							
10 2013.14	68,068	5,877	(21,835)	(17,337)	(34,696)	0	76	1,651	10	2013.14	1,786	0	24,101	0	0	1,035							
11 2014.15	70,405	6,030	(22,161)	(17,584)	(34,903)	0	1,787	3,438	11	2014.15	1,947	0	10,052	0	0	2,409							
12 2015.16	70,096	6,181	(22,492)	(17,827)	(35,581)	0	377	3,815	12	2015.16	2,048	0	10,064	0	0	3,876							
13 2016.17	71,102	6,335	(22,829)	(18,067)	(36,298)	0	243	4,058	13	2016.17	2,152	0	10,071	0	0	5,435							
14 2017.18	72,105	6,494	(23,172)	(18,305)	(37,029)	0	92	4,151	14	2017.18	2,259	0	10,074	0	0	7,088							
15 2018.19	73,103	6,656	(23,521)	(18,541)	(37,774)	0	(76)	4,075	15	2018.19	2,368	0	10,072	0	0	8,837							
16 2019.20	74,082	6,778	(23,877)	(18,769)	(38,531)	0	(318)	3,757	16	2019.20	2,569	0	14,110	0	0	6,641							
17 2020.21	75,037	6,947	(24,239)	(18,989)	(39,306)	0	(550)	3,206	17	2020.21	3,687	0	13,114	0	0	5,531							
18 2021.22	77,429	7,121	(24,608)	(19,205)	(40,038)	0	699	3,905	18	2021.22	3,807	0	13,111	0	0	4,505							
19 2022.23	76,917	7,299	(24,983)	(19,416)	(40,783)	0	(966)	2,939	19	2022.23	2,931	0	14,100	0	0	2,567							
20 2023.24	77,838	7,481	(25,365)	(19,621)	(41,584)	0	(1,251)	1,688	20	2023.24	3,057	0	14,081	0	0	722							
21 2024.25	78,803	7,616	(25,755)	(19,837)	(42,403)	0	(1,576)	112	21	2024.25	2,854	0	11,650	0	0	1,378							
22 2025.26	79,814	7,807	(26,153)	(20,064)	(43,237)	0	(1,833)	(1,721)	22	2025.26	2,976	0	11,635	0	0	2,113							
23 2026.27	80,814	8,002	(26,557)	(20,286)	(43,983)	0	(2,011)	(3,732)	23	2026.27	3,102	0	11,615	0	0	2,951							
24 2027.28	81,801	8,202	(26,969)	(20,503)	(44,776)	0	(2,245)	(5,977)	24	2027.28	3,230	0	11,587	0	0	3,894							
25 2028.29	84,347	8,407	(27,388)	(20,713)	(45,569)	0	(917)	(6,893)	25	2028.29	3,362	0	11,552	0	0	4,945							
26 2029.30	83,818	8,563	(27,817)	(20,941)	(46,360)	0	(2,736)	(9,629)	26	2029.30	3,004	0	17,617	0	(12,609)	(12,609)							
27 2030.31	84,934	8,777	(28,253)	(21,187)	(47,148)	0	(2,877)	(12,507)	27	2030.31	3,127	0	12,737	0	(17,597)	(30,206)							
28 2031.32	86,041	8,996	(28,698)	(21,429)	(48,023)	0	(3,112)	(15,619)	28	2031.32	4,254	0	12,826	0	(16,603)	(46,809)							
29 2032.33	87,138	9,221	(29,150)	(21,665)	(48,901)	0	(3,357)	(18,976)	29	2032.33	4,383	0	12,910	0	(16,599)	(63,408)							
30 2033.34	88,223	9,452	(29,611)	(21,896)	(49,780)	0	(3,612)	(22,588)	30	2033.34	4,516	0	12,991	0	(16,586)	(79,994)							

## APPENDIX C HOUSING FUTURES STANDARD

### COSTS AND FUNDING ASSUMED IN THE MODEL

<b>Total Cost of Works: Years</b>	<b>£'m</b>
1 – 7 ODPMs decent homes target date.	186
8 – 10 LBBDs Housing Futures Standard target date	57
11 – 20	145
21 – 30	242
<b>TOTAL COSTS</b>	<b><u>630</u></b>
(Year 1 = 2004/05)	
Financed by:-	
<b>HRA</b>	
RTB Receipts – transitional	33
Major repairs allowance	370
RCCO – HRA	1
Land Disposals	<u>28</u>
Sub-Total HRA	<u>432</u>
<b>General Fund</b>	
Advanced funding from Capital Reserves	24
Less: Repayment £1m p.a. years 2011/12 for 18 years	(18)
RTB Receipts 50% of 25%	107
Pilot PFI scheme (RTB receipts)	<u>5</u>
Sub-Total GF	<u>118</u>
<b>TOTAL FUNDING</b>	<b><u>550</u></b>
<b>SHORTFALL IN FUNDING OF PROPOSAL</b>	<b><u>£80m</u></b>

The current capital programme identifies the following for the HRA:

	<b>£'m</b>
Year 1 2004/05	31.510
Year 2 2005/06	35.535
Year 3 2006/07	20.700
Year 4 2007/08	<u>20.600</u>
	<u>108.345</u>

Therefore, in order to meet the Housing Futures Standard over the 30 year life of the Business Plan, provision will need to be made in the Capital Programme of £521.7m over the remaining 26 years. Approximately £20m per annum.



## COMPARISON OF ORIGINAL AND REVISED

This table shows the movements in the resources available for the entire stock option (para. 5.5), and the mix and match solution (see above).

SOURCE	INITIAL	FINAL	COMMENTS
	£m	£m	
Borrowing	0	0	
RTB Receipts	149.1	145	Minor changes to funding proposals
MRA	462.6	370	MRA is based on dwelling stock, as numbers fall due to regeneration schemes so MRA available reduces. Also change in methodology used by ODPM to calculate MRA has meant a further reduction.
Revenue contributions	1	1	
HRA land disposals	28	28	
Corporate contributions	24	6	Provision made to repay £18m of corporate contribution in later years.
<b>TOTAL</b>	<b>664.7</b>	<b>550</b>	

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