

Report to:	TOURISM, RESOURCES AND ECONOMY SCRUTINY COMMITTEE
Relevant Officer:	John Donnellon, Chief Executive, Blackpool Coastal Housing
Date of Meeting	10 September 2015

DECENT HOMES INVESTMENT PROGRAMME

1.0 Purpose of the report:

1.1 To consider details of the Decent Homes Investment made in the Council owned housing stock, following the award of grant that came with the transfer of management to the Arm's length Management Company Blackpool Coastal Housing.

2.0 Recommendation:

2.1 To consider the investment made into improving the Council owned housing stock and to identify any matters for further consideration.

3.0 Reasons for recommendation:

3.1 To ensure effective scrutiny of improvements made to Council owned housing stock.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? No

3.3 Other alternative options to be considered:

Not applicable

4.0 Council Priority:

4.1 The relevant Council Priority is:

- Improve housing standards and the environment we live in by using housing investment to create stable communities

5.0 Background Information

- 5.1 In the early 2000's considerable priority was given by the government of the day to dealing with the backlog of repairs that existed in Council owned stock. Councils were invited to bid for substantial funds to bring stock up to a uniform standard, provided they were prepared to consider new forms of management that the government believed were better placed to manage assets and investment over the long term, so that social housing stock could be preserved as a viable element of the housing market for decades to come.
- 5.2 As part of the move to an arm's length management arrangement for the stock, Blackpool was awarded £66m to invest in the stock to bring it back to an agreed standard. This money was to be made available over a number of years with the programme concluding in April 2015. Part way into the investment, some £2m was cut from the programme as part of the national spending review. This money was supplemented by Housing Revenue Account capital programme funds to give a larger investment. This investment has provided Blackpool's social housing stock with a significantly improved lifespan and has reduced the investment burden on the Council in the medium to long term.
- 5.3 Whilst there is a continuing need to invest and replace components such as doors, windows, kitchens and boilers, the Decent homes money has meant the Council has not had to find money for historical backlog investment as well as ongoing cyclical maintenance. The one exception to this was the money required for balcony works following the collapse of the balcony at Newby Place. Balcony works were not included in the bid for Decent Homes funding despite some knowledge of their condition being available. Since the collapse, Blackpool Coastal Housing has, through the Housing Revenue Account capital programme, funded works to all stock with balconies were required, following structural surveys. This investment carried out over three years and the interim propping arrangements represents another £3.8m of stock investment outside the original decent homes programme.
- 5.4 Decent homes investment year on year:

Year	Decent Homes Spend (£)
2008/09	14,322,060
2009/10	15,953,050
2010/11	13,780,980
2011/12	8,236,754
2012/13	6,524,427
2013/14	5,140,349
2014/15	3,695,241
Total Spend	67,652,861

5.5 In terms of impact, a significant proportion of Blackpool Council's properties have been improved and a decent base has been laid for continued investment. This level of investment has also enabled the Council to utilise Housing Revenue Account resources that would otherwise have gone towards dealing with backlog repairs and replacements for investment in new stock. An example of this is the Queen's Park development, which is producing a high quality estate in place of the high rise blocks that were both expensive to maintain and undesirable to live in. In terms of individual types of investment the programme has delivered,

Component	Number completed
Kitchen	3538
Bathroom	3374
Boiler	2174
Heating	2853
Windows	2045
External doors	4296
Roof finishes	501
Fascias and soffits	3352
Gutters	1692
TOTAL	23,825

5.6 The Council / Blackpool Coastal Housing are expected to continue to maintain all of their homes to the Decent Homes Standard. In parallel to the Decent Homes investment programme, the Government and councils were investigating methods by which the complicated system of housing subsidies could be simplified. A number of options were considered with a decision in 2012 that all councils would move to a self-financing model. This meant that following a valuation of stock and an assessment of the backlog of maintenance, councils would produce a 30 year business plan that balanced rental income streams against necessary future investment in stock. The government then assessed whether councils would either pay money back to government or receive funds to ensure a 30 year plan was viable. Blackpool Council had £41 million of debt write offs by Government, and is now expected to manage and maintain its own stock solely from its own revenue streams.

5.7 Until the recent government budget announcement on social rents, the amount of rents charged was governed by a centrally determined formula to set rents for each property type in an area and a formula to limit rises. The most recent formula capped annual rent rises at CPI (cost price inflation) plus 1%. The majority of social rented providers based their 30 year plans on annual rent rises as determined by the formula. The recent budget announcement has stated that social rents will be cut by 1% per year for the next four years and while the Council / Blackpool Coastal Housing awaits the details of how this will be implemented, it is clear that the change will

pose a significant pressure for the viability of the 30 year plan. Whatever the pressures, the capital programme is aligned to stock condition informed by regular surveys to ensure we continue to meet the objective of having the housing stock meet decent homes criteria. Blackpool Coastal Housing will continue to replace key components as they come to the end of their life, but will also consider more radical interventions where necessary, such as the demolition of tower blocks at Queen's Park and their replacement with new stock where we have the ability to do so.

- 5.8 In applying the funding, a variety of contractors were recruited through a framework agreement with costs regularly tested for each sub-contract, in order to ensure value for money was retained throughout the life of the whole programme. A key element of the procurement was the requirement to offer local people employment and training opportunities, and the average local labour rates for the contractors involved was 81.7% over the life for the programme, including a number of directly employed apprentices recruited locally.

Does the information submitted include any exempt information?

No

List of Appendices:

None.

6.0 Legal considerations:

- 6.1 None as this report is a retrospective view of a programme that has been completed.

7.0 Human Resources considerations:

- 7.1 None as this report is a retrospective view of a programme that has been completed.

8.0 Equalities considerations:

- 8.1 None as this report is a retrospective view of a programme that has been completed.

9.0 Financial considerations:

- 9.1 None as this report is a retrospective view of a programme that has been completed.

10.0 Risk management considerations:

- 10.1 None as this report is a retrospective view of a programme that has been completed.

11.0 Ethical considerations:

- 11.1 None as this report is a retrospective view of a programme that has been completed.

12.0 Internal/ External Consultation undertaken:

12.1 None as this report is a retrospective view of a programme that has been completed.

13.0 Background papers:

13.1 None