

Meeting of the Cabinet – 8th August 2024

Joint Report of the Director of Housing and Communities and Director of Finance and Legal Services

Review of Housing Finance

Purpose of report

1. To provide an update to Cabinet following discussions at the Housing Select Committee on the findings of the Housing Stock Condition Surveys and associated compliance with the Decent Homes Standard, and the recommendations for a revised 2024/25 Housing Capital Programme to ensure compliance with the Decent Homes Standard. The contents of the report presented to the Select Committee were approved by Cabinet on 15th July 2024.

Recommendations

2. It is recommended that Cabinet:
 - Receive and discuss any verbal feedback from the Select Committee meeting held on 1st August 2024.
 - Agree any amendments to the proposed Capital Programme as a result of Select Committee and further Cabinet discussions.
 - Recommend to Full Council to approve the proposed Housing Capital Programme, subject to any amendments.

Background

3. On 27th February 2023 Council approved the Deployment of Resources – Housing Revenue Account and Public Sector Housing Grant report, a copy of which is attached at Appendix 1. Within the report the five year Housing Capital Programme was set out as a thematic programme as detailed below:

Thematic Programme	2024/25	2025/26	2026/27	2027/28
Maintaining existing homes	£14.2m	£14.3m	£13.8m	£16.0m
Major works to empty homes	£9.4m	£9.7m	£10.0m	£10.3m
Building safety	£4.5m	£4.5m	£3.9m	£2.8m
Independent living	£4.0m	£3.0m	£3.0m	£3.0m
Energy, decarbonisation and fuel poverty	£4.0m	£4.0m	£4.0m	£4.0m
Community and estate improvements	£1.4m	£1.4m	£1.4m	£1.4m
New council housing	£12.5m	£5.8m	£9.8m	£7.3m
Strategic asset management	£0.8m	£1.4m	£0.9m	£0.9m
Total	£50.8m	£44.1m	£46.8m	£45.9m

4. Issues with data quality were subsequently discovered and the Council self-referred to the Regulator of Social Housing in March 2023 due to concerns about the data quality, including stock condition data which had previously been used to inform the housing capital programme. Since the self-referral the Council have met monthly with the Regulator to discuss progress and have been open about their intention to await full robust stock condition data before setting a new detailed capital investment programme to ensure the programme focuses on improving those homes which have been identified as not meeting the Decent Homes Standard. Details of the Decent Homes Standard and what is included within the definition are attached at Appendix 2.

Current Position

5. On 26th February 2024 Council approved the recommendations set out in the Review of Housing Finance report, a copy of which is attached at Appendix 3. Within the report Members were asked to approve a high level capital budget as set out in Appendix 3 to the report, and detailed below:

Proposed Capital Programme	2024/25	2025/26	2026/27
Responsive and cyclical (maintenance)	£17.5m	£18.2m	£18.9m
Programmed investment works (development)	£69.9m	£74.1m	£74.5m
Total	£87.4m	£92.3m	£93.4m

6. Paragraph 26 of the report notes that a more robust and accurate capital programme could not be fully set out until the stock condition surveys on all DMBC housing stock were complete:

26. During 2023/24 the council commissioned stock condition surveys on 100% of homes to gain a robust and up to date position on property condition and compliance. The stock condition surveys will be completed by March 2024 and the data gathered will be used to inform a new capital investment programme and asset management strategy, ensuring that appropriate planned investment works are delivered in occupied properties to maintain and improve the decent homes position.

This was further reinforced in paragraph 29 of the same report:

29. The proposed capital programme at Appendix 3 sets out current anticipated spend for 2024/25, 2025/26 and 2026/27 based on what is currently known about investment needs. However, the five year capital programme will need to be further reviewed following the completion of the stock condition surveys, which may inform a change in programme spend in the first three years. At this stage the programme spend has not been profiled for 2027/28 and 2028/29 as this will need to be informed by longer term investment needs and the robust and up to date property information that the surveys will provide.

7. Following completion of the Stock Condition Surveys and subsequent robust data analysis and modelling, undertaken by industry experts Savills, a clear capital investment programme for the next five years to 2028/29 has been developed as detailed in the table below, with the figures in brackets indicating the number of jobs included within the cost:

Theme	2024/25	2025/26	2026/27	2027/28	2028/29	Total
HHSRS*	£0.4m (975)	£0	£0	£0	£0	£0.4m
Key components	£0.3m (154)	£27.1m (10,613)	£1.6m (931)	£14.2m (4363)	£4.1m (1546)	£47.3m
Non- key components	£0.1m (12)	£4.7m (1277)	£1.2m (315)	£1.2m (326)	£2.7m (713)	£9.9m
Modern facilities	£0	£0	£0	£0	£0.01m (2)	£0.01m
Thermal comfort	£0.7m (539)	£0	£0	£0	£0	£0.7m
Total	£1.5m	£31.8m	£2.8m	£15.4m	£6.81m	£58.31m

	(1682)	(11,890)	(1246)	(4579)	(2261)	
% non-decency	3.43%	56.32%	5.90%	22.16%	10.71%	

8. The Stock Condition Surveys have provided valuable insight into when homes which currently meet the Decent Homes Standard will fall out of decency, and clearly indicate a sharp rise in the number of non-decent homes in 2025/26. If these are not addressed then there will be a corresponding increase in levels of non-decency for the subsequent year.
9. The table below brings together the stock condition data and associated investment programme (referred to as the “SCS Programme” for ease of reference) with the thematic programme approved by Council on 27th February 2023 to ensure that all required elements of capital spend are included. The table also shows the costs of the proposed capital investment programme against the capital budgets for 2024/25, 2025/26 and 2027/28 approved by Council on 26th February 2024.
10. Finally, the proposed capital programme set out in the table enables the council to deliver it’s key responsibilities within the overall capital budgets for 2024/25, 2025/26 and 2026/27 approved by Council on 26th February 2024. The proposed programme above also includes proposed spend for 2027/28 and 2028/29 to give a full five year capital programme for approval.

Capital Workstream	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total five year programme £m
Future Major Works	31.9	14.7	33.4	22.8	29.2	131
Exceptional Extensive Works	16	7.3	16.7	11.4	14.6	66
HHSRS works	0.4	0	0	0	0	0.4
Key Components	0.3	27.1	1.6	14.2	4.1	47.3
Non-key components	0	4.7	1.2	1.2	2.7	9.8
Thermal comfort	0.7	0	0	0	0	0.7
Modern facilities	0	0	0	0	0.01	0.01
Independent Living	3	3	5	4	3	18
Community and Estate Improvement	1	1.5	1.5	1.5	1.5	7
New Housing Developments and Acquisitions	10	10	10	10	10	50
Assets professional fees	5.9	5.9	5.9	5.9	5.9	29.4
Voids capitalisation	9.9	9.9	9.9	9.9	9.9	49.5
Responsive capitalisation	8.2	8.2	8.2	8.2	8.2	41.1
Total	87.3	92.3	93.4	89.1	89.1	
					Total	451.2

11. Moving forward, the stock condition data and associated analysis has produced an indicative 30 year investment programme for the first two programme workstreams above, indicating that similar investment levels will be required throughout the 30 year programme. These indicative figures are set out below for information and will be used to review and refresh the Asset Management and Investment Strategy during Q2/Q3:

	1-5 £m	6-10 £m	11-15 £m	16-20 £m	21-25 £m	26-30 £m	Totals £m
Future Major Works	151.8	159.3	165.9	188.4	141.5	115.3	922.2
Exceptional Extensive Works	46.1	25	24.7	24.8	24.5	24.5	169.6
Total	197.9	184.3	190.6	213.1	166	139.8	1091.8

Finance

12. This report is financial in nature and relevant information is contained within the body of the report.

Law

13. HRA finances are governed by Section 74-78B and 85-88 in Part IV of the Local Government and Housing Act 1989. The HRA also has to be mindful of the Department of Levelling Up, Housing and Communities guidance on the operation of the HRA ring-fence published in November 2020.

Risk Management

14. The key risk associated with the proposed capital programme is capacity for delivery. This will be closely monitored on a monthly basis with robust forecasting discussions to ensure early identification of any issues in achieving spend.

Equality Impact

15. There are no direct equality impacts arising from the proposals within this report. However all Dudley housing tenants will be assured that there is a robust programme in place to ensure their homes are safe and well maintained, and that where possible thermal comfort and energy efficiency measures are in place

Human Resources/Organisational Development

16. There are no direct HR implications arising out of this report

Commercial/Procurement

17. All contracts associated with the capital programme will be procurement in compliance with the Council's Contract Standing Orders and relevant procurement legislation.

Council Plan

18. The recommendations within this report support the following priorities within the 2024/25 Dudley Council Plan:

- Financial sustainability, efficiency and providing best value
- Delivering for our customers, residents and communities



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Appendices

- [Appendix 1 – Deployment of Resources – Housing Revenue Account and Public Sector Housing Grant report](#)
- [Appendix 2 - Decent Homes Standard guidance](#)
- [Appendix 3 - Review of Housing Finance report](#)

[All appendices are available to view on the Committee Management Information System \(CMIS\)](#)

List of Background Documents

None