Tenants', Leaseholders' and Residents' Consultative Forum (Special) SUPPLEMENTAL AGENDA

DATE: **Thursday 31 January 2013**

AGENDA - PART I

5. **HOUSING REVENUE ACCOUNT BUDGET 2013-14 AND MEDIUM TERM FINANCIAL STRATEGY 2014-15 TO 2016-17 AND RENT STRATEGY FOR 2013-14 AND SUBSEQUENT YEARS** (To Follow)

   Report of the Corporate Director of Resources and the Corporate Director of Community, Health and Wellbeing

6. **CONSULTATION ON THE 2013/14 HOUSING CAPITAL PROGRAMME** (To Follow)

   Report of the Divisional Director of Housing

7. **INFORMATION REPORT: GARAGE STRATEGY UPDATE** (Pages 1 - 12)

   Report of the Divisional Director of Housing

AGENDA - PART II - NIL

Note: In accordance with the Local Government (Access to Information) Act 1985, the following agenda item has been admitted late to the agenda by virtue of the special circumstances and urgency detailed below:-

Agenda item	Special Circumstances/Grounds for Urgency
5. Housing Revenue Account Budget 2013-14 and Medium Term Financial Strategy 2014-15 to 2016-17 and Rent strategy for 2013-14 and subsequent years 6. Consultation on the 2013/14 Housing Capital Programme	These reports were not available at the time the agenda was printed and circulated as the reports were being consulted upon. Members are requested to consider this item, as a matter of urgency, in order that the Forum's views may be forwarded to Cabinet.
7. Garage Strategy Report	This report was not available at the time the agenda was printed and circulated as the report was being consulted upon. Members are requested to consider this item, as a matter of urgency.

REPORT FOR:	TENANTS' LEASEHOLDERS' & RESIDENTS CONSULTATIVE FORUM
Date of Meeting:	31 January 2013
Subject:	Housing Revenue Account Budget 2013-14 and Medium Term Financial Strategy 2014-15 to 2016-17 Rent strategy for 2013-14 and subsequent years
Key Decision:	Yes (when considered by Cabinet)
Responsible Officer:	Julie Alderson, Corporate Director of Resources Paul Najsarek, Corporate Director of Community, Health and Wellbeing
Portfolio Holder:	Councillor Bob Currie, Portfolio Holder for Housing Councillor Sachin Shah, Portfolio Holder for Finance
Exempt:	No
Decision subject to Call-in:	Yes (when considered by Cabinet)
Enclosures:	Appendix 1 – HRA Budget 2013-14 Appendix 2 – Average Rents & Service Charges (Tenants)

Section 1 – Summary

This report sets out the assumptions currently used in constructing the Housing Revenue Account ("HRA") Budget for 2013-14 and the medium term financial strategy (MTFS) to 2016-17 to be considered by Cabinet on 14th February 2013.

Recommendations:

To note the report and considerations in setting the HRA budget and provide feedback to Cabinet to assist in the decision making process.

To consider the strategy for setting rents for 2013-14 and subsequent years and to recommend a strategy to Cabinet for consideration.

Reason: (For recommendation)

To consult on proposals to be considered by Cabinet in setting the HRA budget for 2013-14 and subsequent years.

Section 2 – Report

Introductory paragraph

The Council has a statutory obligation to agree and publish the HRA budget for 2013-14. The MTFS to 2016-17 sets out the indicative income and expenditure for the HRA for this period and shows how the income collected will be spent in the management and maintenance of the Council's stock and in meeting its landlord obligations. The MTFS indicates a sustainable position in the medium term, consistent with the development of the 30 year HRA business plan to be presented to Cabinet in April 2013.

The budget and MTFS detailed in Appendix 1, is based on the new financial regime following HRA Reform and is consistent with the developing 30 year business plan for the HRA.

The HRA budget proposed reflects the costs of delivering services at current levels and takes account of areas of identified pressures and savings. It builds on the HRA forecast outturn position at Period 6 (reported to Cabinet 13 December 2012).

The key assumptions that continue to underpin the financial strategy are set out in the following sections.

Consultation

1. Under s.105 of the Housing Act 1985, the Council is required to maintain arrangements as it considers appropriate to enable secure tenants to be informed and consulted about housing management matters which substantially affect them. However, rent and other charges for facilities are specifically excluded from the definition of housing management, therefore there is no statutory requirement to consult secure tenants on proposed rent changes. The Council has however, always consulted through the Tenants Leaseholders and Residents Consultative Forum (TLRCF).

2. The Tenants' Leaseholders and Residents Consultative Forum (TLRCF) have the remit to consider and submit observations to Cabinet on the annual HRA budget and in particular on the consequent rent implications.

3. The current policy of continuing the Government's rent convergence process was considered by TLRCF in March 2011 and this remains the current policy for budgeting purposes. A workshop was held for residents and members on 26th November 2012 in respect of housing finance to raise awareness of finance within the HRA. This workshop included an overview of the need to balance expenditure and income, and highlighted the impact that expenditure decisions could have on rent income as this is the main source of revenue within the HRA. Following this workshop, at the special TLRCF meeting held on 4th December 2012, the need to consider options for rent increases as part of the budget and business planning processes was acknowledged. And it was agreed that rent options would be further considered by TLRCF at a special meeting to be held on the 31st January 2013. Feedback from that meeting will be appended to the final report on the HRA budget to be considered by Cabinet in February 2013.

Balances

4. HRA Balances are forecast to be £3.469m at the end of March 2013. The proposed budget estimates that, after additional investment in the stock and operational services (detailed in paragraph 40), balances of £3.700m at the end of March 2014 will remain. The business plan to be reported to Cabinet in April will look at the longer term investment in the stock and associated expenditure over 30 years and will note the likely level of balances over the longer term.

5. Given the raft of policy changes and potential impact on tenants, together with the financial economic environment in which the Council is operating and the potential implications of welfare reform on the HRA, balances at a level of around £3.5m are proposed.. This equates to more than £700 per tenanted dwelling or approximately 12% of gross annual HRA expenditure and will be reviewed as part of the final preparations for the business plan due to come to cabinet in April.

6. The business plan is a significant milestone and will guide the future direction around HRA resources and potentially changes in investment levels and use of Right to Buy Resources. The budget planning cycle for 2014/15 will be more informed, particularly around the potential impact of the welfare reforms.

7. Decisions regarding future levels of balances need to be taken in conjunction with considerations around future levels of capital investment, availability of Right-to-Buy receipts for use in the HRA, the Council's plans for new affordable housing as these become more developed, and the potential impact of welfare reform as the proposals are phased in. Further review of the relationship between the level and exposure to risk, in relation to the level of balances is required and is being developed as part of the business planning process.

Income

Dwelling rents

8. The Government policy intends that by the end of 2015-16 similar properties in the same area will have similar rents even if owned by different social landlords. The aim is to deliver fairer rents, and greater transparency and choice for tenants. This is generally referred to as rent convergence, however the introduction of intermediate rents in the comprehensive spending review may alter this position as Registered Social Landlords have increased flexibility to enable new build investment.

9. The Council's rental strategy approved in March 2011 was based on a continuation of Government rent policy which assumes rents will increase annually by no more than RPI + 0.5% real growth + £2. At that time, RPI was assumed at 2.5%, however, as part of the annual determination issued by the Government in November, the September 2011 RPI figure was 5.6%; the September 2012 RPI figure was 2.6%.

10. As the self financing settlement assumes adherence to the national rent policy, the inflationary element has been updated. This results in an average rent increase of 3.76% in 2013-14, rather than 3.62% as assumed previously. This results in an average rent of £105.98 per week (the 2012-13 current average is £102.14). This will achieve rent convergence for 4,878 (99.31%) Council dwellings by the target date 2015-2016.

11. We are currently investigating the possibility of alternative options for rent setting and the above assumptions may change in the final version of the HRA budget, subject to the feasibility of the alternative options and the outcome of the appropriate consultation. The reasons for considering alternative options are two-fold:

    - Firstly, whilst we are taking steps to develop strategies for dealing with the worst impacts of welfare reform and the introduction of the benefit cap, we do not currently know what the full impact on the HRA is likely to be. Increasing rents over and above the levels previously assumed would give rise to pot of money that could, at least in part, be set aside for use as an HRA hardship fund to complement the provisions being made within the General Fund.

    - Secondly, given the extremely high levels of housing need within the Borough, part of any additional income could be used alongside other resources such as Right-to-Buy receipts to support and enable the commencement of a programme of new affordable housing development within the HRA to help alleviate some of this need

12. We have set out above the "no change" option, but an alternative option for setting rents is set out below. This option has been developed following confirmation from the Department for Communities and Local Government that they believe there is a mechanism in place to collect data relating to property values and that this data would then be fed into the calculation of Limit Rents for the purposes of calculating Rent Rebate Subsidy Limitation. This is important because it means that increases in rents as a result of increased property values would not ultimately result in a loss of part of the additional rental income raised through the effects of Rent Rebate Subsidy Limitation, although there may be some short-term losses as a result of timing differences in the rate of application of increases to actual rents compared with those applied to Limit Rents.

    The alternative strategy we are suggesting should be considered is that of re-valuing properties to reflect the significant levels of investment that have taken place since the original valuations were carried out in 1999, and therefore the enhanced condition of the housing stock compared with that time. Our valuers have suggested that it would be appropriate to apply an increase of 7.5% to the original values to reflect this investment. The result of these increases in property values would be to increase the target rent by an average of 2.85%, or £3.06 per week on top of the existing calculation. We would then have two options:

- apply the whole of this increase next year, which would obviously generate additional income, but would definitely result in a "loss of income" (i.e. a charge to the HRA to offset some of the income) through rent rebate subsidy limitation, regardless of the fact that the increase in property valuations was factored into the limit rent calculations. This is because limit rents are assumed to follow a convergence path, and any increase in the convergence target would mean higher increases in limit rent each year until convergence is reached, rather than in one go.

- phase in the increase, which would result in the additional income being generated over the remainder of the convergence period. This would result in no loss of rent income through rent rebate subsidy limitation as limit rents would then be converging with the higher target rents calculated using the increased valuations

13. In the event that a decision is taken to increase property values in line with the above, the impact on rent levels and the HRA for next year would be as shown in the table below, with the “no change” option being also shown for comparative purposes.

    It should be noted that any increase in the January 1999 valuations would be solely for the purposes of calculating target rents, and would not impact on the balance sheet value of the properties.

    It can be seen that if the option to increase valuations and apply the increase in full were chosen as the preferred option, whilst this would result in additional income of over £0.75m, nearly 50% of this would be lost as a result of rent rebate subsidy limitation. In subsequent years the amount lost would reduce until such time as convergence was reached, at which point no rent would be lost. If the increase was phased in, there should be no rent lost as result of rebate subsidy limitation as limit rents would also increase, and the full amount of additional income would be retained. This would increase over time as convergence continued, at which point the gross additional income would be in excess of £0.75m.

Comparison of rent options for 2013/14		Increase property values by 7.5% - target rent increases by £3.06	
	No Change option	Increase phased in	Increase applied in year
Average rent	£105.98	£106.88	£109.04
Increase from 2012/13	3.76%	4.64%	6.76%
Total gross rent	£27.230m	£27.460m	£28.016m
Additional rent generated	Nil	£0.230m	£0.786m
Estimated rent lost through subsidy limitation	Nil	Nil	(£0.388m)
Net additional income	Nil	£0.230m	£0.398m

14. Regardless of the increase for next year, void dwellings are assumed to continue to be re let at target rents for new tenants. Rents for existing tenants will gradually move towards convergence based on the formula and maximum rent increase.

15. Detailed below are some of the other increases being considered across London for comparison purposes. The 3.76% proposed increase is still lower than some Councils. This may be for many reasons, including the number of properties which are already at the target rent, or that some Councils may have decided to increase rents above the Government formula to maximise rental income (although this may result in their actual rents being above limit rents, and the HRA having to fund an element of rent rebates as a consequence of rent rebate subsidy limitation).

Council	Rent Increases
Harrow	3.76%
Ealing	3.00%
Southwark	4.85%
Lambeth	4.17% to 4.54%

16. There have been eleven sales under Right-to-Buy so far in 2012-13 as a result of new discounts and a further five sales are anticipated by the year end. A stock level of 4,949 at the start of April 2013 is therefore assumed. It is envisaged the HRA will continue to be viable if Right-to-Buy sales continue at these levels. A sustained increase in sales could result in increased risk in this area, although maintaining close control over cost levels would mitigate this risk.

Service charges: Tenants & Leaseholders

17. Tenants who benefit from specific estate based services will pay a charge to the Council on a weekly basis in addition to their weekly rent charge. This service charge will increase by 2.61% on average resulting in an average weekly charge of £2.75 (2012-13 current service charge £2.68), an increase of £0.07 on the current weekly charge.

18. Currently the costs of the leasehold service (excluding contribution towards estate based costs) total £627k. These costs are largely funded by various charges including the recovery of the annual insurance to leaseholder and the annual administration charge (currently £45 per leaseholder). In recent years we have been unable to recharge certain of the costs to leaseholders (e.g. grounds maintenance) due to a lack of the supporting information required to provide the necessary evidence to justify the charges. The risk of successful challenges in respect of unsubstantiated charges, and the associated possibility of incurring court costs and the loss of trust resulting from this, has been seen as too high to warrant levying charges in respect of these items. We are now developing the necessary systems and coding structures to enable us to accurately identify the full costs associated with leasehold properties, and to produce the detailed information needed to recover the full cost of services in the knowledge that we can support any charges made. This will result in increased income over time. In 2013/14 there is estimated to be a shortfall in the region of £104k, and this is projected to reduce over the period of the MTFS.

19. Leaseholders are no longer charged an estimated service charge but are invoiced annually by the end of September for the previous financial year, based on actual recovery of costs (resulting in the leasehold financial year spanning the 30th Sept

to 31st August rather than the financial year of 1st April to 31st March) Leaseholders are required to settle these invoices within 30 days, but in practice the challenge process and the payment options available to leaseholders results in some leaseholders not settling their accounts until well into the following financial year. The total income expected to be recovered from leaseholders in 2013-14 (excluding s20 income in relation to capital schemes) is £523k and reflects the recovery of costs associated with estate based costs, communal lighting, repairs, ground maintenance, insurance premiums and administration charges. Leasehold arrears at the start of the financial year 01/04/12 was £69K. However following invoicing of the annual service charges of £382K in September 2012, the service charge arrears figure now stands at £187K as at 30th November 2012. Note the service charge year is Sept 2012– Sept 2013.

Other income

20. Historically other rental income from garages, car parking, and facilities charges are recommended to increase by an annual percentage, consistent with fees & charges across the Council. The charge for garage rents in 2011-12 was held pending a review of the strategy and investment requirements; in 2012-13 the TLRCF recommended at their meeting in January 2012 that the charge should be frozen pending finalisation of the Garage Strategy Review. Given that the review is now nearing completion, we are proposing to continue this policy by freezing rents for HRA garages and car parking pending finalisation of the review. We anticipate that the outcome of the Garage Strategy Review may include alternative pricing strategies for garages and car parking, and a further report will be presented following completion of this work.

21. Costs in relation to community centres are now being separately captured, with the exception of associated repair costs and are making a surplus in the region of £31k.

Expenditure

Employee Costs

22. The HRA budgets are based on the staffing establishment, and assume a pay reduction of 1% in from January 2013 consistent with the Council-wide implementation of new terms and conditions, and increases of 1% in 2013/14 and 2014/15, and 2% annually thereafter in line with public sector pay policy.

23. Some Housing staff spend their time on both HRA and General Fund activities and as a result staff costs are split based on percentages of time spent on relevant services. Salary allocations between the HRA and the General Fund have been reviewed as HRA Reform has led to a change in emphasis of work; this has resulted in an increase in the time spent on HRA services and increased staffing costs of £215k being charged back to the HRA.

Utility Costs

24. Annual charges are made for energy costs i.e.; gas, electricity and water. Historically the budgets associated with these charges have been difficult to establish with any certainty and has led to an under recovery of costs. We anticipate carrying out a joint housing/finance project early in 2013 to identify the full costs of providing services to residents in order that full recovery of costs can

be phased in. In 2012-13 energy budgets were reviewed and have been based on consumption data provided by the utility companies. These budgets have been uplifted in 2013-14 by 10%, 5% subsequently, as this is the corporate assumption on the general level of increases for utilities costs; if a lower rate of inflation were to be used, any under recovery of costs would increase.

Central Recharges

25. The costs of central recharges have increased by £104k against those previously approved for 2013-14 following a review of recharges across the Council. These costs are expected to reduce in future years as departmental costs, particularly back office costs, are reviewed to ensure resources are targeted towards front line service delivery. It has not been possible at this stage to estimate the likely level of reduction in this respect and moving forward, annual inflationary increases of 2% have been assumed.

The Housemark benchmarking report 2011/12 highlighted that Harrow are 13th out of 20 in relation to high level central recharge costs compared with other London Boroughs and ALMOS.

Repairs

26. The responsive and void repairs budgets will be increased in 2013-14 over the previously approved levels by £448k and £213k reflecting both the reinvestment of procurement savings achieved following the successful re-tendering of the repairs contracts in 2012 and an increase in the revenue budget following changing patterns of Health & Safety expenditure. Cyclical repairs will be reduced by £240k against that previously approved reflecting reallocation to works to response and void works and the implementation of the repairs charter.

27. The proposed 2013-14 budget assumes response repairs at £3.026m (and 19,764 jobs) and £0.943m in relation to void repairs (290 jobs).

28. The benefits of the re-procurement exercise also extended to External Decorations and cyclical repairs which are estimated at £434k and £301k respectively in 2013-14. Programmes for these works are being constructed and will be consulted with TLRCF. Section 20 income will be recovered as appropriate in relation to these programmed works.

Additional Revenue Investment Proposals

29. Additional investment of £1.4m for 2013-14, rising to £1.55m over the term of the MTFS was assumed in the 2012-13 HRA budget. Options have already been developed in respect of a restructure of Resident Services in support of our objective of getting closer to the customer, the development of a repairs charter to improve the repairs service we deliver to our tenants and leaseholders, and in respect of improving communications and our complaints procedures. Additional options are being considered for the remaining unallocated resources, and these will be the subject of further discussion and Member approval. The service improvements already developed reflect the objectives that were considered important to tenants and residents at the special meeting held at the end of September 2011 and are summarised in the table below:

Improvement Area	2013-14 £000
Repairs service	311
Resident Services - Getting Closer to the Customer	453
Communications	44
Complaints Officer	20
Sub total	**828**
Cash Incentives	250
Balance of Improvement budget	322
Total	**1,400**

For the purposes of developing the business plan we are currently assuming that these changes would be a permanent increase in expenditure, and this represents a worst-case scenario. In practice, we will aim to review service provision regularly with a view to ensuring that we are meeting the needs of the service, whilst at the same time controlling costs in line with stock numbers and delivering value for money.

Charges for Capital

30. Capital charges to the HRA are expected to continue to be charged on the basis of a single pool and combined rate of interest. The combined rate of interest increased from the 4.238% budgeted for in 2012-13 to an actual rate of 4.3% as a result of the final loans pool calculations in that year, and this rate is budgeted to apply in 2013-14 and future years.

31. The capital charges also include the HRA share of the Council debt redemption premium and discounts over the next five years. As part of the business planning process, consideration will be given to the ability to repay debt, and to reduce capital charges to the HRA. Interest rate risk is one of the key risks associated with the longer term planning of the HRA finances, and whilst the risk is relatively small as the loans pool is predominantly comprised of long-term fixed rate loans, the main risk will be as a result of the rates available as existing loans are re-financed on maturity.

32. Interest on HRA balances, including the Major Repairs Reserve are expected to be earned at a rate of 0.65% for 2013-14.

Capital Investment

33. Under HRA reform further capital investment in the stock is planned on an annual basis, and will enable the investment requirements of the stock condition data to be fully delivered over the 30 years of the business plan – this is in the region of £222m at today's prices.

34. The additional resources freed up under the reforms meant that the capital programme was able to increase to £7.497m in 2012-13 (to include adaptations to Council properties), and will increase over the term of the MTFS, enabling the historic backlog of repairs to be achieved much sooner than had originally been anticipated. Furthermore, the efficiencies achieved following the re-procurement

exercise should enable tenants to see significant improvements made to their properties. In the medium term further improvements to Council dwellings and estates, and in the longer term, consideration of wider housing issues can now be considered.

35. Some of the costs in relation to the capital investment programme will be recovered from leaseholders in relation to external works to properties purchased under the RTB scheme. The costs recovered from leaseholders will be dependent on the scheme, the number of leasehold properties, the scope of works and consultation with leaseholders in accordance the section 20 process.

36. As leaseholders are required to contribute to the cost of these works, some of them will receive significant bills. As a result of the likely increase in cost of works to leasehold properties, a Major Work Loan Policy for leaseholders has been agreed by Cabinet; once finalised and operational on the SAP system this policy is intended to offer leaseholders a range of payment options to assist with these bills, particularly in this economic climate. These include payment plans spanning several years dependent on the amount of the works, as well as the Council placing a legal charge on the property until it is sold. To minimise the financial risk to the Council initial discussions have taken place with its Citizen Advice Bureau partner with a view to commissioning them to undertake affordability assessments on all leaseholders prior to agreeing any loan. In addition, to ensure impartiality, leaseholders will be advised to seek independent financial advice.

37. The proposed capital programme is in excess of £7.6m for 2013-14, and is the subject of a separate report on this agenda. This relates to major investment work in the housing stock, compared with the repairs figures shown in Appendix 1, which relate to more day-to-day type expenditure. The detailed investment programme for 2013-14 provides for the replacement of 159 kitchens, 219 bathrooms and 159 heating systems. External works to our stock includes the replacement of 599 external doors and 386 sets of windows, these being largely carried out as part of a wider enveloping programme. Detailed programmes for 2014-15 and 2015-16 are in the process of being formulated. Following the implementation of HRA Reform, the HRA is at its borrowing cap and so cannot borrow any more money to carry out investment. It is therefore funding the majority of its capital programme from amounts set aside from the revenue account.

38. The amount of money available for investment in the stock is part of the balancing act of the HRA, and is dependent on the availability of resources to fund the necessary investment. As a result of the current view to maintain the HRA balances at around £3.5m throughout the period of the MTFS, and that Right-to-Buy receipts should not be used to fund HRA capital expenditure, it has been necessary to scale back the programme of investment by just over £1m over the period to 2016/17 so as to reduce the funding demand on the revenue account. Further discussions on this will develop as part of the final preparations for the HRA business plan which will be presented to Cabinet in April 2013.

39. It should be borne in mind that whilst we have had to reduce the investment programme slightly, the level of investment forecast to be delivered is still far in excess of that which would have been possible before the implementation of self-financing. In the final year of the HRA Subsidy system, our projections for HRA capital investment for 2012/13 to 2014/15 were in the region of £6.2m per annum, whereas under self-financing, the average of the equivalent years' expenditure is in excess of £7.7m, an average increase of £1.5m pa. As indicated above, we

would anticipate future levels of HRA capital investment to be considered as part of the overall review of risks, resources and reserves, and that the profile of investment could potentially change as factors impacting on the HRA start to crystallise.

40. To ensure an element of flexibility with the housing investment programme, it is proposed that Housing Services is granted delegated authority to consult on and implement variations to the HRA Capital programme, within agreed limits and within the Council's scheme of delegation and financial regulations, to meet the requirements of the Housing Asset Management Strategy. As is currently the case, the HRA Capital programme would continue to be funded from HRA revenue resources, and therefore any such variations would not affect the Council's borrowing position or General Fund resources.

Impairment Allowance

41. Current tenant arrears continue to reduce. However, whilst a number of payment arrangements have been agreed for former tenant arrears, former tenant arrears remain high and require a significant level of provision. The continuing welfare benefit changes are likely to have an impact on arrears, although it is difficult to quantify at this stage. The annual increase in the provision is budgeted to be £300k in 2013-14, rising to £400k in 2014-15 reflecting the full impact of the welfare changes, then dropping to £300k per annum in subsequent years.

General Contingency

42. In addition to the HRA balances, an annual amount of £200k is set aside to cover unforeseen expenditure that may arise in the management and maintenance of the housing stock.

Summary

43. The HRA Budget and MTFS detailed in Appendix 1 continues to reflect the significantly improved position reported in last year's budget as a result of HRA reform. The HRA business plan is currently in development, and will build on the final budget and MTFS to forecast the HRA over 30 years. Current forecasts suggest that significant balances could be generated within the HRA over the period of the business plan, depending on expenditure and income decisions made in the future, with current levels of projected investment expenditure being fully funded over this period. This remains an extremely positive position for the Council to be able to report and will enable the Council to meet both the challenges faced by the service from the Government changes and the increasing expectations of its tenants and Members.

Financial Implications

44. Financial matters are integral to this report

Corporate Priorities

45. The report is in line with the corporate priority of 'united and involved communities' by engaging more effectively with residents.

Section 3 - Statutory Officer Clearance

Name: Donna Edwards. Date: 25 January 2013..	X	on behalf of the Chief Financial Officer
Name: …Paresh Mehta………… Date: 25 January 2013..	X	on behalf of the Monitoring Officer

Section 4 - Contact Details and Background Papers

Contact:

Dave Roberts, Housing Finance Business Partner
Direct 0208 420 9678

Background Papers: None

Appendix 1

HRA Proposed Budget 2013-14 and MTFS 2014-15 to 2016-17- Expenditure

All figures in £s	Budget 2013-14 (proposed)	Budget 2014-15 (proposed)	Budget 2015-16 (proposed)	Budget 2016-17 (proposed)
Operating Expenditure:				
Employee Costs	2,428,020	2,448,510	2,489,040	2,530,360
Supplies & Services	904,260	821,710	822,680	823,670
Utility cost (Water & Gas)	594,460	624,180	655,390	688,160
Estate & Sheltered Services	2,648,200	2,685,240	2,772,020	2,815,620
Central Recharges	3,534,170	3,604,860	3,676,960	3,750,490
Operating Expenditure	**10,109,110**	**10,184,500**	**10,416,090**	**10,608,300**
Repairs Expenditure:				
Repairs - Voids	943,230	974,390	983,770	982,330
Repairs - Responsive	3,026,110	3,132,290	3,196,190	3,235,210
Repairs – Other	2,292,040	2,322,710	2,363,720	2,405,540
Repairs Expenditure	**6,261,380**	**6,429,390**	**6,543,680**	**6,623,080**
Other Expenditure:				
Contingency - General	200,000	200,000	200,000	200,000
Investment in Services	571,740	473,750	458,780	443,560
Impairment allowance	300,000	400,000	300,000	300,000
RCCO	-	1,179,980	1,719,720	2,304,240
Charges for Capital	6,387,890	6,358,500	6,346,560	6,346,620
Depreciation	6,103,330	6,103,330	6,103,330	6,103,330
Other Expenditure	**13,562,960**	**14,715,560**	**15,128,390**	**15,697,750**
Total Expenditure	**29,933,450**	**31,329,450**	**32,088,160**	**32,929,130**

Appendix 1 (cont'd)

HRA Proposed Budget 2013-14 and MTFS 2014-15 to 2016-17 – Income

All figures in £s	**Budget 2013-14 (proposed)**	**Budget 2014-15 (proposed)**	**Budget 2015-16 (proposed)**	**Budget 2016-17 (proposed)**
Income				
Rent Income – Dwellings	(27,086,090)	(27,985,500)	(28,917,890)	(29,688,450)
Rent Income – Non Dwellings	(714,650)	(716,290)	(717,970)	(719,680)
Service Charges - Tenants	(1,135,860)	(1,164,480)	(1,193,940)	(1,223,660)
Service Charges – Leaseholders	(462,890)	(466,080)	(469,340)	(472,660)
Facility Charges (Water & Gas)	(518,870)	(540,350)	(562,820)	(586,310)
Interest	(3,600)	(3,000)	(2,500)	(2,000)
Other Income	(80,000)	(80,000)	(80,000)	(80,000)
Recharge to General Fund	(163,000)	(163,000)	(163,000)	(163,000)
Total Income	**(30,164,960)**	**(31,118,700)**	**(32,107,460)**	**(32,935,760)**
In Year Deficit / (Surplus)	**(231,510)**	**210,750**	**(19,300)**	**(6,630)**
BALANCE brought forward	**(3,468,590)**	**(3,700,100)**	**(3,489,350)**	**(3,508,650)**
BALANCE carried forward	**(3,700,100)**	**(3,489,350)**	**(3,508,650)**	**(3,515,280)**

The 2013-14 HRA budget reflects updated assumptions as detailed in the main body of the report. The MTFS for 2014-15 to 2016-17 details the likely position for future years and will be updated in subsequent budget rounds.

Appendix 2

Average Rent & Service Charges

	Number of Dwellings	2012-13	2013-14			Increase / (decrease)
		Total Weekly Charge	Rent	Service Charge	Total	£
0 Bedsit bungalow	21	£93.93	94.60	2.44	97.04	3.11
1 Bed bungalow	115	£103.86	105.40	2.10	107.50	3.64
2 Bed bungalow	25	£119.21	119.64	3.26	122.90	3.69
0 Bedsit flat	84	£81.41	80.73	3.73	84.46	3.05
1 bed flat	1222	£90.34	90.48	3.28	93.75	3.41
2 bed flat	821	£102.35	102.81	3.76	106.56	4.21
3 bed flat	45	£112.11	112.96	4.39	117.34	5.24
2 bed Maisonette	53	£101.71	102.36	3.44	105.79	4.08
3 bed Maisonette	48	£112.55	114.08	3.97	118.05	5.50
2 bed Parlour House	35	£113.27	116.24	1.18	117.42	4.15
3 bed Parlour House	544	£125.75	128.71	1.59	130.30	4.56
4 bed Parlour House	57	£136.35	139.16	2.23	141.39	5.04
2 bed Non Parlour House	521	£110.62	112.69	1.87	114.56	3.94
3 bed Non Parlour House	746	£120.85	123.55	2.01	125.56	4.70
4 bed Non Parlour House	30	£135.47	136.69	2.77	139.47	4.00
0 bed Sheltered bedsit	55	£83.48	83.48	2.47	85.59	2.11
1 bed Sheltered flat	490	£89.04	88.78	2.94	91.72	2.68

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REPORT FOR: Tenants', Leaseholders' and Residents' Consultative Forum

Date of Meeting:	31st January 2013
Subject:	**Consultation on the 2013/14 Housing Capital Programme**
Key Decision:	Yes, when considered by Cabinet
Responsible Officer:	Lynne Pennington Divisional Director of Housing
Portfolio Holder:	Councillor Bob Currie, Portfolio Holder for Housing
Exempt:	No
Decision subject to Call-in:	Yes, when considered by Cabinet
Enclosures:	Appendix 1 - Procedure for Prioritising Capital Projects for Assets Other Than Homes

1 Section 1 – Summary and Recommendations

This report updates the Tenants', Leaseholders' and Residents' Consultative Forum (TLRCF) on the further consultation undertaken with HFTRA on the 2013/14 Capital programme since the December meeting and seeks approval on the recommendations to be made to Cabinet on building flexibility into the programme and a process to determine how to re-invest any current and future savings.

Recommendations:

TLRCF is requested to consider the recommendations to be made to Cabinet on building flexibility into the capital programme and a process to determine how to re-invest any current and future savings. The Forum is asked to make recommendations and/or comments to Cabinet.

Reason: (For recommendation)

To ensure that TLRCF is consulted on the housing capital programme and to enable feedback to be given to Cabinet to assist with the decision making process.

2 Section 2 – Report

Consultation on the Housing Capital Programme for 2013/14

1. Objective of consultation

1.1. As TLRCF members will recall an outline proposal was brought to the December TLRCF to begin consultation on the 2013/14 capital programme. Since then proposals have been further developed and consultation undertaken with Harrow Federation of Tenant and Resident Associations HFTRA.

1.2. This report is being brought to TLRCF to both update members on the progress made and seek approval on the recommendations to be put to February Cabinet to both build flexibility in to the programme and design a process to enable prompt re-investment of any savings from procurement of next year's programme.

2. Draft Capital Programme 2013/14

2.1 The table below shows the draft capital programme for 2013/14, and where appropriate the number of homes likely to benefit from each element of the programme.

2.2 Most of the descriptions should be self- explanatory, but those that are not so clear are marked with an * on the table below and explained here.

- Capitalised salaries-this is the money that is spent on the proportion of staff salaries that directly relates to capital works
- Major voids – this is for any work done in voids (empty properties) that can be coded to capital. This will include fitting a new bathroom, or a new boiler where it has to be done before the tenant moves in.

- Health and Safety-this is for specific projects such as road resurfacing on housing land and issues arising from our Health and Safety inspections that are capital works
- Enveloping-works to the outside of a house or block of flats-likely to include windows, doors, roofs, soffits, weather boards etc.
- Structural issues – this is for structural issues affecting homes that require major works such as underpinning of properties.
- Garages. This is money set aside to respond to the outcomes of the garage strategy project work. We anticipate decisions being made on which garages to keep, and bring back in to use in the next couple of months-but what we do not know yet is the cost of these works or whether it will be capital or revenue money needed to repair or improve those garages.
- Capitalisation Responsive Repairs-this is for any works done under the responsive repairs budget that can be charged to capital. This might be an urgent boiler replacement or other improvement to the home that cannot wait for the programmed works.
- Develop Wider Housing Initiatives Pot - This is a sum of money to contribute to the various initiatives being explored to increase the number of homes available for those in housing need. How this will be spent will become clearer over time as the project to review investment opportunities to increase affordable housing in Harrow makes recommendations

Description	**13/14**	**Units**
Capitalised Salaries	£317,000	*
Major Voids	£76,870	*
Kitchen and Bathrooms	£1,542,000	370
Programmed	0	382
Allowance for referrals	0	60
Health and Safety	£200,000	3 schemes plus ad hoc works
Heating	£871,230	275
Programmed	0	200
Ad-hoc / Other spec capitalised	0	70
Enveloping	£1,523,660	400
Enveloping Francis Road	£1,000,000	78
Door Entry upgrade/renewal	£512,500	52
Lifts	£207,500	1 scheme
Sheltered Warden Voids	£51,250	*
Structural Issues	£256,250	*
Garages	£61,500	*
Aids and Adaptations	£615,000	
Capitalisation Responsive Repairs	£142,500	*
Develop Wider Housing Initiatives Pot	£256,240	*
Total	**£7,633,500**	

2.3 Details of the streets and number of homes in each one, to be included on the programme can be released once Cabinet have agreed the draft programme.

2.4 It is also worth mentioning that some works to improve the energy efficiency of homes are likely to be carried out in 2013/14 (as they have been in the current year) but as these are funded by external grant money, rather than from the HRA, this work does not show on the programme.

2.5 In addition to the programme as detailed there is likely to be an underspend from the 2012/13 programme that can be carried forward to next year. This will be for a combination of the following reasons:

a) That some projects have slipped as it has not been possible to complete them in the current year. These projects will now be carried out in 2013/14 so any underspend from these projects in 2012/13 will just be carried forward and added in to the programme to be spent in 2013/14

b) That the element of the programme was completed, but actually cost less money than had been anticipated when the programme was agreed. This means we achieved a saving and that saving can now be re-invested in something else.

2.6 At the moment the underspend from 2012/13 is expected to be approximately £800k, with about 50% of it savings we can re-invest (the remaining 50% will be carried forward for projects slipped from this years programme). Although that figure could change before the end of March this potentially gives us £400k, in addition to what is on the table above to spend next year on the capital programme.

2.7 This would be subject to there being adequate resources to finance the capital programme in 2013-14 and subsequent years.

3.0 Process to re-invest procurement savings, either carried forward from 2012/13 or made in 2013/14

3.1 It is proposed that Cabinet be asked if some flexibility can be built into how we spend the money in the programme for the following reasons:

- There may be an urgent need for capital investment arising during the course of the year that may cause us to change priorities. This could be some urgent works to properties or estates that we are not yet aware of, or responding to an emergency like a fire or flood. Cabinet will be asked to agree that an amount of “contingency funding” is set aside in case it is needed, which will enable the service to respond to any emergencies more quickly. The proposal is that an amount of £250,000 is set aside for this from the savings likely to be brought forward from 2012/13 (expected to be about £400k) to fund this new element of the programme.
- If more savings are brought forward than needed for the contingency fund, the proposal is that this is invested in doing more improvements to homes such

as kitchens & bathrooms, heating upgrades etc. than detailed on the programme. We would bring forward items on the draft 2014/15 programme to 2013/14 to spend this money.

- In addition to bringing forward savings from this year, we may continue to be able to procure some of the elements of the programme at a lower cost than anticipated in 2013/14 too. This would generate some more savings to be re-invested and it is proposed to ask Cabinet to authorise spending this money as it becomes available, with the Portfolio Holder's agreement, without having to go back to Cabinet for permission. This will enable quicker responses where we achieve savings and provide a better opportunity to spend all the money in the 2013/14 year, and of course for tenants and leaseholders to see the council keep its promises to undertake improvements to their homes and estates.

3.2 It is therefore proposed to ask Cabinet to give delegated authority to the Housing Portfolio Holder to make decisions on re-investing those savings, provided expenditure remains within the overall capital expenditure envelope approved by Cabinet, without having to go back to Cabinet for the decision to be made. To ensure that this is done fairly, and to build in consultation with tenants and leaseholders the proposal to determine how we might re-invest any money that becomes available during 2013/14 is as follows:

- Where the money is available because there is an element of the programme that cannot be delivered i.e. because of a change of policy or because works are either no longer needed, have to be funded from revenue rather than capital (this could apply to garages and some health and safety works) or are not as extensive as originally thought we bring forward additional improvement works to homes from the 2014/15 programme. This would mean completing more kitchens & bathrooms, heating systems or doors and windows than originally planned and that some tenants will see improvements to their homes more quickly than anticipated.
- If we set aside some money for the contingency fund and it is not all needed we would also re-invest that money in more kitchens & bathrooms, heating systems, doors and windows etc.
- However where the money is available because we have been able to complete the works for less money than we anticipated we would use this money to carry out works that might not otherwise have been included on the programme for some years. Examples might be an improvement to a communal area, the external environment or a new initiative that would improve the quality of life for tenants and leaseholders living in that area such as developing scooter stores in sheltered housing. Priority could be given to ideas where the improvements could resolve a management problem or reduce on-going costs. If this proposal was agreed in principle we would develop a system for identifying and prioritising this type of project that included consultation with tenants and leaseholders. A suggested process is included at appendix 1

3.3 Another factor to be considered is the level of debt held by the HRA as the Council is unable to borrow any additional funds to finance the HRA capital programme. Because of this, the opportunity to use any uncommitted resources to repay debt more quickly than currently planned should be kept under review. It is proposed that this is reconsidered closer to the start of the financial year 2014/15.

3.4 One reason for not making a decision on this for another year is that the work to determine how we might invest some resources in responding to the Housing Changes agenda is not yet completed. Another is that 2012/13 is the first year that the new Asset Management structure has been operating and procuring the works competitively so it is difficult to predict how much might be saved next year. As these issues may be clearer in a year's time – it seems sensible to postpone making a decision about additional repayment of debt until then.

4.0 Consultation with HFTRA

4.1 All the proposals in this report have been discussed and developed in discussion with HFTRA. In particular HFTRA were asked the following questions and their feedback is included below:

Question	HFTRA view
Have we got the balance right between the elements on the capital programme?	In the main HFTRA supported the balance. Some concern was expressed that the provision for structural works may be inadequate but officers explained this amount was for works already identified as needing to be done in 2013/14. Should other urgent matters arise they would be assessed and added to the programme as required.
How should we spend savings from the 2012/13 programme?	HFTRA supported the proposal to invest any savings in both bringing forward improvement works to homes in to the 2013/14 programme ***and*** developing a new scheme to progress new ideas and initiatives, as long as tenants and leaseholders were fully involved in both identifying possible schemes and prioritising them. However where decisions are to be made as to which improvements to homes should be brought forward
How should we re-invest any additional savings we make in 2013/14	HFTRA supported the proposal to invest any savings made in 2013/14 in both bringing forward improvement works to homes in to the 2013/14 programme and developing a new scheme to progress new ideas and intiatives, as long as tenants and leaseholders were fully involved in

	both identifying possible schemes and prioritising them. In particular HFTRA would like to see some capital investment in Community Halls
How much should we ask Cabinet to set aside for the contingency element?	HFTRA felt that the officer proposal of £250,000 being set aside for contingency seemed about right.
If we decide to invest future savings in new projects and initiatives what system should we develop to identify and prioritise projects and new initiatives to spend these savings on? How should tenants and leaseholders be involved?	The proposal at appendix 1 has been reviewed to take on board HFTRA's comments-which were predominantly to ensure that adequate consultation with tenants, leaseholders and other residents on possible schemes took place locally, and that once feasibilities were completed HFTRA were consulted on priorities.
Should we consider setting aside some savings for repayment of debt in 2013/14 or wait to make a decision on this until we are discussing the 2014/15 programme when anticipated savings, and our plans to invest in new initiatives (i.e. the Housing Changes work) might be clearer	HFTRA were very clear that the priority for investment should be to invest in the improvements to the housing stock and other housing owned assets, rather than to set aside a proportion of the savings for faster repayment of debt

Section 5 - Financial Implications

Any financial issues are contained within the body of the report.

Section 6 - Equalities Implications

There are no equalities implications associated with this report as the identification of priorities for the Housing Capital Programme is determined by the need.
No Equality Impact Assessments have been carried out.

Section 7– Corporate Priorities

All of the above contribute to the corporate priorities, in particular:

- Keeping neighbourhoods clean, green and safe.
- United and involved communities: A Council that listens and leads.
- Supporting and protecting people who are most in need.

Name: Debbie Edwards Date: 23 January 2013	X	on behalf of the Chief Financial Officer
Name: Paresh Mehta Date: 23 January 2013	X	on behalf of the Monitoring Officer

Section 8 - Contact Details and Background Papers

Contact:
Maggie Challoner
Interim Head of Asset Management
Tel: 020 8424 2473
Email: Maggie.challoner@harrow.gov.uk

Background Papers: None

Appendix 1

Procedure for prioritising Capital Projects for Assets other than homes

The Housing Capital programme is, quite rightly predominantly targeted to maintaining our homes. However from time to time there are ideas generated where capital expenditure could help resolve a management problem, reduce spend on responsive repairs in communal areas, generate income and/or improve the areas surrounding homes and therefore tenants' quality of life.

We are working towards a longer term investment plan, linked to the Asset Management Strategy and the HRA business plan where we will identify and programme major works to homes several years in advance.

However as yet there is no clear and priced forward plan in terms of capital works to assets owned in the HRA that are not homes. This includes community centres, garages & car parks, and communal areas in sheltered schemes. It could also apply to improvements to open spaces on housing estates and perhaps an invest to save project such as renewing flooring in communal areas of blocks of flats so that they are easier, and more cost effective to clean.

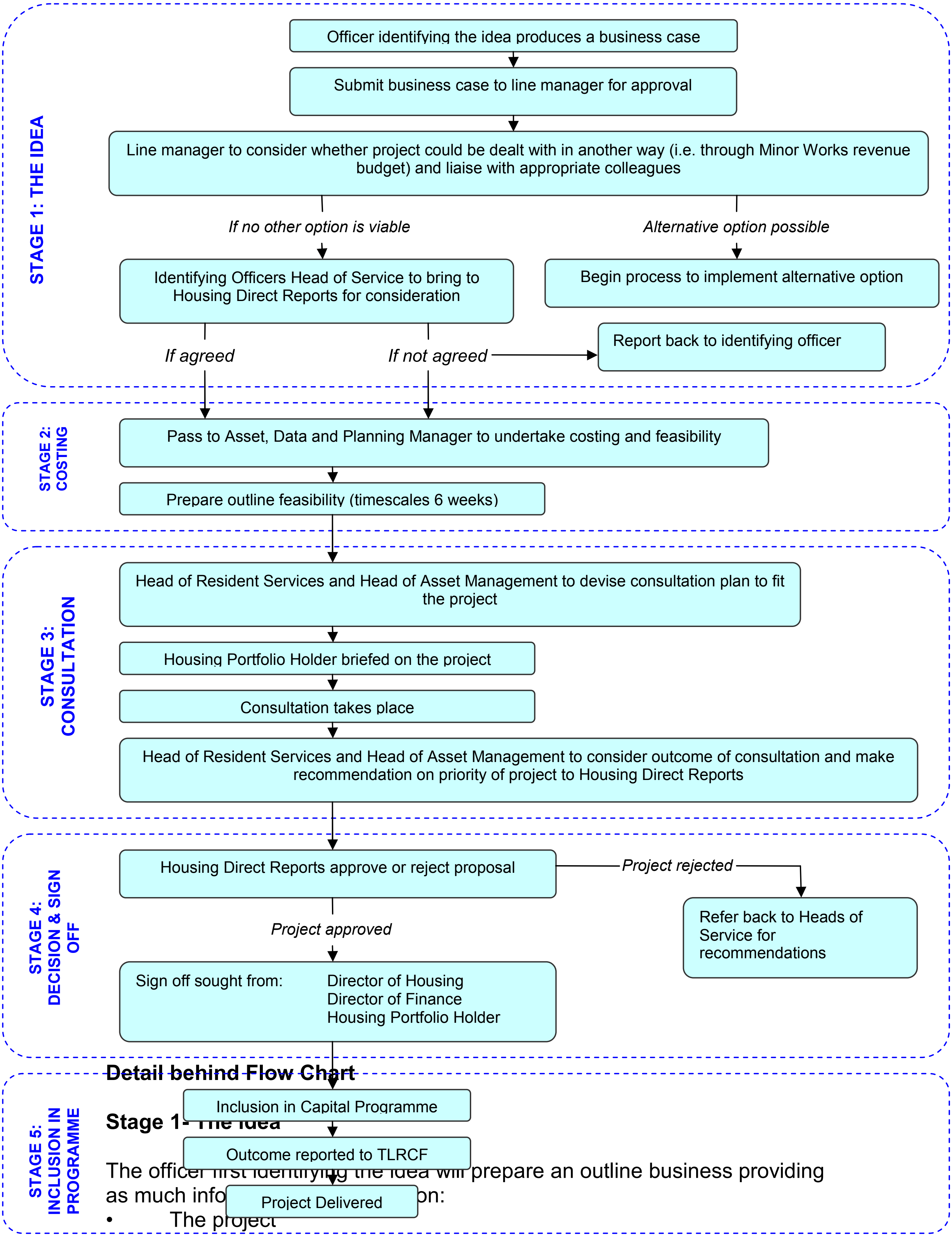
Many of the ideas for improvements to assets that are not homes are generated in Resident Services through Estate Inspections, enquiries from Councillors or tenants and leaseholders or from work done in focus groups such as the Estates Services Steering Group. In one example listed below the idea came from a tenant's letter published in Homing In. However ideas could also be generated in Partnerships and Strategy or in Asset Management.

Currently there is no procedure for costing such proposals, evaluating their benefit to tenants and leaseholders and deciding whether they should be included on future capital programmes-and if so how urgent they are.

A number of examples have come up recently. These range from:

- Repairing underground car park in Churchill Place
- Installing scooter stores in sheltered housing
- Relocating a bin store that is a magnet for ASB (request from the police)
- Changing a steep slope that is the only access for tenants to access bin collection in to staggered steps
- Improvements to Community Centres i.e, roof repairs, replacement windows and upgrading facilities such as kitchens and toilets.

This procedure proposes a process to be adopted to turn ideas into actual projects, and then approve and prioritise them
A flow chart is included below-with more detailed explanations of each stage following on.



Detail behind Flow Chart

Stage 1- The Idea

The officer first identifying the idea will prepare an outline business providing as much info[illegible]on:

- The project

- Where the idea came from- i.e. tenants, Councillors, the police etc
- What support there is for the project-i.e. tenant & leaseholders
- What business reasons there are for the project-i.e. income generation and/or savings, H&S, management reasons etc
- A recommendation-in terms of priority etc

Photo's and site plans should be included in the business case where possible

Once a draft business case has been written the originator should take the business case through their line management for comments and approval. Consideration should be given to whether the idea could be dealt with in any other way-i.e. through the minor estates Improvement budget.

If it is agreed to put the business case forward to be considered as part of the capital programme it should be signed off at this stage at Direct Report level- by the originator's Head of Service, as being put forward for basic costing and feasibility

Stage 2- Estimating costs and outline feasibility

The business case is then referred to the Asset, Data and Planning Manager in Asset Management who will identify the appropriate officer to work up an outline feasibility with estimated costs. This is likely to be the Stock Condition Surveyor, supported by the Data Quality Officer.

Estimated costs and any additional information about the practicality of the project, or options in terms of meeting the need expressed in the business case are then recorded on the business case and signed off by the Asset, Data and Planning Manager.

The timescale for this stage is 6 weeks.

Stage 3 - Consultation

The updated business case is then referred to the Head of Resident Services and Head of Asset Management who will then meet to review the proposal. These officers will decide:

- If the project has merit
- If it is Value for Money
- If it should be put forward for inclusion in the Capital Programme, or whether it can be taken forward in another way (i.e. through revenue budgets)

At this stage the project may be rejected and where this is the case the Head of Asset Management and Head of Resident Services will make that decision and notify the officer generating the idea. Alternatively if they want the project to go forward they will move to consultation.

Before consulting tenants and lêseholders the Housing Portfolio Holder will be briefed on the proposal being considered.

The Head of Resident Services and the Head of Asset Management will decide which tenant and leaseholder group it is most appropriate to consult, depending on the nature of the project. For example the scooter store project would go to HSRA, ideas for savings or income generation would go to the VFM group. Other projects may go to Estates Services Steering Group or need a specially co-ordinated group. The Resident Involvement Team will assist with facilitating and/or supporting the consultation as appropriate

As a final stage HFTRA will be consulted on projects, at regular intervals

The outcome of that consultation will be included in the business case.

Decision and Sign Off

Where agreement is reached that this is a suitable project for the Capital Programme, and this is supported by tenant and leaseholder consultation the completed proposal will be referred to Direct Reports for recommendation and prioritisation.

Sign off process to include:
Director of Housing
Director of Finance

The final stage is for sign off by the Housing Portfolio Holder

Outcome will be reported to TLRCF

Inclusion in Capital Programme

Once signed off the final proposal with recommendation, sign off and prioritisation is referred back to the Asset, Data and Planning Manager for inclusion in the appropriate years capital programme.
A full feasibility and costing exercise will then be undertaken by the designated project surveyor so that costs and timescales are identified and the project can be started.

REPORT FOR: **Tenants', Leaseholders' and Residents' Consultative Forum**

Date of Meeting:	31 January 2013
Subject:	**Garage Strategy Update** **INFORMATION REPORT**
Responsible Officer:	Lynne Pennington Director of Housing
Exempt:	No
Enclosures:	Appendix 1 - Garage Sites with Potential for the Development of Affordable Housing

Section 1 – Summary

This report provides an update on the progress of the Garage Strategy from July 2012 to date.

FOR INFORMATION

Harrow COUNCIL
LONDON

Section 2 – Report

2. Introduction

2.1 A report was presented to TLRCF in July 2012, describing the position in relation to the garages on council owned housing estates and setting out the aims and objectives of the Garage Strategy (see paragraph 4. below). A Garage Strategy Steering Group was also set up, attended by Councillor Currie and Councillor Bath, council officers and tenant representatives to take the Strategy forward and identify options to make better use of the garage sites, with the main objective of developing affordable housing, and the secondary objective of increasing rental income to support the Housing Revenue Account (HRA).

2.2 There are 69 individual garage blocks, located over 60 council owned estates in the borough (some estates having more than one garage block, such as Brookside Close). Since the July report, visits to all of the individual garage blocks have been systematically carried out by Councillor Currie, Councillor Bath and a Housing officer, continuing over a number of months. During these visits the development potential of each garage block site has been considered, and void garages have been unlocked and inspected. During these site visits a number of issues were identified regarding the condition, current use and potential future use of the garage sites. In addition, pre application advice on the development potential of sites has also been obtained from a Planning Officer.

3. Background

3.1 We have a total of 959 garages and carports which are available for rent by tenants and leaseholders on the surrounding estate, or the general public. We also have a handful of sites where some garages have been demolished and the site remains vacant.

3.2 Currently, garages must only be used to park roadworthy vehicles which are used on a regular basis, and are not allowed to be used for storage or commercial enterprises.

3.3 At the moment, approximately 400 of the 959 garages are let. We have 524 void garages and 35 in use by Housing Services for storage. Of the 524 void garages, only 162 are currently in lettable condition. The remainder are in need of either clearance or some level of repair before they can be let. Some are boarded up or have had their doors removed to prevent anti social behaviour.

3.4 At the moment we do not have sufficient demand for garages to let all the lettable 162 void garages. Enquiries regarding the renting of a garage are intermittent and some potential lets fall through due to the poor condition of the garage offered. 32 estates have a waiting list for their garages, but typically only 1, occasionally 2, person(s) are on the list for each estate. In total, 50 people are currently on the waiting lists but outstanding repairs or other issues prevent the letting of a garage to them.

3.5 In terms of clearance and repairs to garages, Housing has targeted sites were there is a demand (i.e. someone requesting to rent an individual garage) and no money has been spent on clearing garages where there is no demand. Repairs have mainly been confined to health & safety issues. This has led to problems with anti-social behaviour on garage sites, including fires being lit at Augustine Road and The Middle Way, and to significant number of void garages (at least 93) having rubbish in them which has to be cleared before any letting is possible.

3.6 Site visits to all 69 garage block sites have been undertaken by Councillor Currie and Councillor Bath, accompanied by an officer from Housing. As well as considering the potential for development of affordable housing, Councillors have identified other issues with the garages, including:

- fly tipping in void garages and on garage forecourts;
- vandalism;
- broken locks and keys that do not fit locks;
- issues of access to neighbouring properties over garage forecourts (permitted or otherwise);
- evidence that some garages are too small to use for their permitted use of garaging a vehicle;
- possible illegal structures adjoining garage areas, details of which have been passed to Planning Enforcement for investigation;
- issues of clearance of void garages which are preventing further letting;
- repairs and maintenance issues;
- evidence that a number of void garages are being used for storage without the payment of rent. There are some indications that some are used for running a business or for storing items connected with running a business;
- anti social behaviour issues.

4. Objectives of the Garage Strategy

- To determine which garage sites have development potential;
- To determine which garage sites that do not have development potential to invest in to increase lettings and therefore increase income to the HRA;
- To determine the future of any garage sites that have neither development potential or demand to be let as garages;
- To consider future investment needed in remaining garage stock to maximise income generation over the next few years;
- To consider whether market research would assist with implementation of the strategy and the strategic decisions to be made;

- To review garage rent levels, and determine rental strategy for the HRA business plan;
- To consider further marketing opportunities, change of lettings policy etc to maximise income from any retained garages.

5. Progress against the objectives of the Garage Strategy

Objective 1 - To determine which garage sites have development potential

5.1 Site visits by Councillors to all garage sites have identified garage blocks that could potentially be suitable for the development of affordable housing. In addition, pre application advice has been obtained from a Planning officer who has visited 44 specified locations. The Planning officer has advised on the development potential for affordable housing, based on site size, layout, orientation and relationship to the surrounding area, in the context of current Planning requirements.

5.2 Appendix 1 gives a list of 36 garage block sites that are considered to have development potential for affordable housing and has been signed off by the Garage Strategy Steering Group. The number of potential units in the table in Appendix 1 totals 107. This is an estimate for indicative purposes only and is based on assessment during site visits of the provision of family sized houses (3 bed plus), unless flats are proposed. Numbers of units will be confirmed in the design and Planning processes.

5.3 Further feasibility studies on these sites are required to identify currently unknown barriers to development, such as underground service pipes or Tree Preservation Orders, and to identify options for delivery of housing on appropriate sites.

5.4 In order to progress the feasibility studies, the list of garage sites with development potential has been passed to a specialist housing and finance consultancy for inclusion in an analysis of options for the development of affordable housing in Harrow. This analysis takes a comprehensive view of the delivery of housing, either on individual garage sites, or over wider areas which include garage sites. The initial results of the analysis are expected in February 2013, enabling a decision to be made on prioritising sites that can go forward for individual or larger scale development.

5.5 In addition to the garage sites, nine areas of vacant land on council housing estates have been identified as worthy of investigation for development potential. These additional sites have also been included in information passed to the specialist consultancy for investigation as part of the development options analysis.

The Mayor's Housing Covenant

5.6 Housing has submitted a bid to the GLA under the Mayor's Housing Covenant for funding to develop 10 x 3 bed low cost home ownership properties to be ring fenced for purchase by existing council tenants. The aim of this project is to enable existing tenants to move to home ownership, free up existing social properties for reallocation and to offer opportunities for the participating tenants to develop savings plans and contribute to the design and build process. These properties will be developed on a number of the sites listed in Appendix 1. The results of Harrow's bid will be available from February 2013, when allocations are expected to be announced.

Objective 2 - To determine which garage sites that do not have development potential to invest in to increase lettings and therefore increase income to the HRA

5.7 The Garage Strategy Steering Group has identified 10 garage sites that are possible candidates for repair and letting, based on the following criteria:

- Sites with no development potential;
- Sites with voids which could attract additional income if repairs were to be carried out (i.e. repairs are not being considered for sites that are fully let already);
- Sites with a waiting list for letting, particularly where repairs issues are preventing letting;
- Sites where repair costs are likely to be reasonable and represent value for money.

5.8 Waiting lists are normally only composed of 1 or 2 names but there are multiple void garages on some of the sites. The sites for potential repair have therefore been cross referenced against the following criteria to maximise letting potential following repair:

- Sites known to have been historically popular for letting;
- Sites where there is potential for demand for letting e.g. in areas where the streets are heavily parked, near stations, behind shops;

5.9 The estimated cost of repair for these 10 garage sites is currently being validated by individual site surveys, carried out by Asset Management's Stock Condition Surveyor, who is aiming to complete surveys of the 10 sites by the end of January 2013

5.10 The Garage Strategy Steering Group has approved the principle that any repairs to garages should pay back from additional income in years 1 – 5. The final decision as to which garages to programme for repair in 2013/14 will be taken at the Garage Strategy Steering Group meeting in February, once costs of repair have been validated by Asset Management. Councillor Currie has requested that the £60,000 garage repair budget for 2012/13 be rolled over to 2013/14 so that a fully informed decision on repairs can be taken.

5.11 Councillor site visits and the Garage Strategy Steering Group have identified a number of factors affecting the repair and subsequent letting of garages:

- Size of garages. Some garages may be too small for the permitted use of parking a car.
- A significant number of void garages have rubbish in them which would need to be cleared either as part of, or separate to, a repairs programme;

- Investment in garage repairs should be targeted to enable payback from additional income within a 5 year timescale;
- Repaired garages would need to be properly marketed at a competitive rent level and managed effectively;
- Access to some garages is obstructed by cars being parked on the garage forecourt and in front of garage doors, effectively preventing letting.

Anti social behaviour (ASB)

5.12 Whilst a handful of garages have had incidents of anti social behaviour in the past, the garages at Augustine Way and The Middle Way have suffered repeated ASB issues. Garages at The Middle Way have been gated and boarded off to prevent access to the garage site. There are 3 individual blocks of garages at Augustine Road, one of which suffers the worst ASB, leading to a number of garage doors being removed recently to prevent the garages being used as 'dens'. Asset Management and Resident Services will work together to consider options to prevent further ASB on this site. This will include consultation with local residents

Objective 3 - To determine the future of any garage sites that have neither development potential nor demand to be let as garages

5.13 There are 23 individual garage blocks that have no development potential or have low letting potential if repaired and the next step in the Garage Strategy is to explore options for the future use of these sites, as well as addressing the remaining objectives in the Garage Strategy. A revised action plan is now being drafted to address the outstanding objectives.

5.14 Councillors and members of the Garage Strategy Steering Group have identified several factors affecting options for the future use of garage sites:

- Planning permission is required for a change of use e.g. to storage use, and there may be Planning issues to overcome relating to the loss of the garages / parking provision if an alternative use was proposed;
- External funding (e.g. lottery funding) may be available to provide community facilities;
- Any alternative use, such as community gardens, should not attract or encourage ASB;
- Management and maintenance costs will need to be considered for alternative uses;
- In some heavily parked areas, garage sites could be demolished to provide extra parking areas, although the cost of demolition can be high because of the cost of asbestos management during the demolition process;
- Full consultation would be undertaken on proposed future use of garage sites so that estate tenants, leaseholders and residents are fully informed and can assist in the decision making process.

Section 6 – Financial Implications

6.1 If all of the garages were let, this would generate a gross annual income of some £684,000. However, given the level of voids and use for storage, the annual budgeted income to the HRA for 2012-13 is reduced to around £341k excluding VAT.

6.2 The Council needs to ensure that its assets are maintained and used in a way that enables income to be maximised where possible. Apart from the £61,500 set aside in the 2013/14 capital programme there is no other budget identified to tackle the current problems with the garages. Any expenditure in future years, including repair of garages, demolition and development of sites, would have to be included in the HRA business plan and taken into account in the setting of future years budgets. It is not clear at this stage whether the expenditure will be revenue or capital in nature, until the specifications of works are fully developed.

6.3 Any plans to reduce the number of garages is likely to have a negative impact on the current surplus generated to the HRA from garage lets, as any decisions taken will affect blocks, rather than individual garages. However, the creation of more rental demand, coupled with a more commercialised approach to the use and management of garages, may mitigate this impact. At this stage, it is not possible to quantify the impact to the HRA of this project, although this will be identified going forward and be taken into account in the decision making process.

6.4 If we make the decision to develop the garage sites for affordable housing we would have to identify how we would do this and the funding we would require. It is possible that development options could result in an increased number of dwellings therefore generating additional income for the HRA. The development options appraisal currently being carried out will inform this process. Similarly, other funding requirements will be reviewed and agreed as the project progresses.

Section 7 - Equalities implications

7.1 The Garage Strategy is concerned with making the best use of Council assets and we have not identified a need to do an Equalities Impact Assessment at this stage, as we are not changing the service to garage tenants. However, this will be reviewed as the project progresses.

Section 8 – Corporate Priorities

8.1 Improving the use and availability of garages for rent that are in a good state of repair, developing additional affordable housing and improving facilities on housing estates would all contribute to the corporate priorities of:

- Keeping neighbourhoods clean, green and safe
- United and involved communities: a Council that listens and leads
- Supporting and protecting people who are most in need

Name: Donna Edwards	√	on behalf of the Chief Financial Officer
Date: 25 January 2013		

Section 9 - Contact Details and Background Papers

Contact:

Elaine Slowe
Enabling Manager
Housing Service
Communities, Health and Wellbeing
Elaine.slowe@harrow.gov.uk
020 8420 9229

Background Papers:

Appendix 1 – Garage sites with potential for the development of affordable housing

Appendix 1

Garage sites with potential for the development of affordable housing

Note- not all garage blocks on individual estates will have development potential. Garages are therefore listed below by garage numbers for identification purposes.

Garage Nos.	Address	Count	Voids	Waiting list	Potential unit type	No. of potential units
12 -17	Allerford Court	6	0	0	House	4
6 - 10	Antoneys Close	5	2	0	House	1
11 - 16	Antoneys Close	6	3	0	House	1
1-11	Apsley Close	11	4	0	House	1
1 - 16	Atherton Place	16	5	0	House	2
1 - 14	Bernays Close	14	8	1	House	1
16 - 26	Brookside Close	11	5	0	Bungalows	2
1 - 22	Buckingham Road	22	14	1	Flats	10
62 - 75	Charles Crescent	14	9	2	House	4
53 - 61	Charles Crescent	9	6	0	House	1
1 - 23	Chichester Court	23	12	0	Flats	18
102 - 113	Deacons Close	12	8	1	6 flats and 3 houses	9
1 - 19	Downing Close	19	12	0	House	1
1 - 4	Eastcote Lane	4	0	3	Flats	4
2 - 17	Eaton Close	16	11	0	House	1

Garage Nos.	Address	Count	Voids	Waiting list	Potential unit type	No. of potential units
11 -1 2	Ellement Close	2	0	2	House	1
1 - 10	Ellement Close	10	7	0	house	1
1 - 11	Grove Avenue	11	8	0	Houses	3
1 - 21	Hazeldene Drive	21	6	1	House	2
117 - 123	Howards Close	7	6	0	House	6
30 - 83	Hutton Lane	54	35	0	House	4
100 - 115	Juxon Close	16	5	0	House	2
1 -27	Kenton Lane	27	15	1	House	1
1 – 6	Latimer Close	6	2	0	House	1
1 - 14	Masefield - Chenduit Way (demolished)	0	0	n/a	House	5
15 - 35	Masefield Avenue (site swap to reprovide play area	21	14	2	n/a	0
1 - 8	Milman Close	8	5	1	House	1
tbc	Nelson Road	16	3	1	House	1
1 - 16	Pinewood Close	16	6	0	House	1
1 - 13	Sandymount Avenue	13	2	0	House	1
1 – 10	Silverdale Close	10	6	1	House	1

Garage Nos.	Address	Count	Voids	Waiting list	Potential unit type	No. of potential units
1 - 8	Stonegrove Gardens	8	3	0	House	1
5 - 52	Stuart Avenue	48	28	0	House	8
1 -4	Stuart Avenue	4 demolished	n/a	0	House	2
20 - 23	The Heights	4	0	0	Flats	4
9 - 27	Westbere Drive	19	10	0	House	1
					Total estimated potential units	107

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