

2018 to 2022 BUDGET PROCESS

SAVINGS PROPOSAL

SERVICE: Health & Housing – Council Housing

PROPOSAL: HRA Property Conversion - former scheme managers' houses to sheltered flats

To bring back into use long term empty properties to address housing demand and increase rental income to the HRA.

Conversion into flats of former scheme manager houses at: 14 Altham Walk and 21 Melling House to create 4 flats. The houses are currently empty, due to their positions on the respective schemes. The newly converted flats would be let as sheltered units.

Council housing tenants, resident, and the Council. The benefits are the provision of additional social housing units for both current and future tenants, and residents of the district. In addition these works will bring an increase income to the HRA. There are no perceived detrimental impacts arising from these proposals.

Efficiency Saving Service Reduction Income Generation Invest to Save

OTHER:

ESTIMATED REVENUE COSTS/(SAVINGS)

	2018/19	2019/20	2020/21	2021/22
	£	£	£	£
Annual Rental Income (Marginal Impact)	0	(2,700)	(5,600)	(5,800)
Total	0	(2,700)	(5,600)	(5,800)

FOLLOWING BUDGET COUNCIL – 01 MARCH 2018

ESTIMATED LEAD-IN: 19 months

IMPLEMENTATION DATE: October 2019

SCHEME INVESTMENT NEEDED: £150,000 **PAYBACK:** see finance comments below

CAPITAL/REVENUE: Capital - maximum capital cost of converting properties - to be funded from the HRA Business Support Reserve.

BASIS OF INCOME PROJECTIONS: Based on existing comparable rent levels and projected increases.

BASIS OF COST PROJECTIONS: Construction costs based on recent similar projects.

POTENTIAL RISKS INHERENT IN FINANCIAL ASSUMPTIONS:

The key risk is the lack of take up, although this should be mitigated by existing demand.

AGREED SUPPORT REQUIREMENTS / PROGRAMMING IMPLICATIONS: Will be managed through the HRA capital programme by RMS. Input will be required from Resources – finance and property group, Legal, and Planning.

FINANCE / S151 COMMENTS:

The properties to which this request relates are listed as 'general needs' and revenue estimates in respect of gross rental income include the above properties as 'rented'. However, these properties are currently vacant due to their proximity to sheltered accommodation, and following the vacation by the previous scheme managers, a management decision has been taken to not offer these properties for tenancy. The proposal changes the lettings from 'general needs' to 'sheltered' and so it should be noted that the estimated gross rent collectable from the converted properties of £14K per annum would provide a payback period of 11 years. Whilst this seems higher than the normal payback period for capital investment, the proposal should be considered in terms of the 'whole life' cycle of the asset and also taking into account its expected life expectancy (i.e. around 40 years). The proposal would also mitigate any potential future R&M costs associated with a vacant property.

2018 to 2022 BUDGET PROCESS

SAVINGS PROPOSAL

SERVICE: Health & Housing – Council Housing

PROPOSAL: HRA Property Conversion - Redundant shop unit to flat

To bring back into use long term empty properties to address housing demand and increase rental income to the HRA.

Conversion and development of redundant shop unit at 9 Beech Avenue into a 1 bed flat. Council housing tenants, resident, and the Council. The benefits are the provision of additional social housing units for both current and future tenants, and residents of the district. In addition these works will bring an increase income to the HRA. There are no perceived detrimental impacts arising from these proposals.

Efficiency Saving Service Reduction Income Generation Invest to Save

OTHER:

ESTIMATED REVENUE COSTS/(SAVINGS)

	2018/19	2019/20	2020/21	2021/22
	£	£	£	£
Annual Rental Income	0	(3,200)	(3,300)	(3,500)
Total	0	(3,200)	(3,300)	(3,500)

FOLLOWING BUDGET COUNCIL – 01 MARCH 2018

ESTIMATED LEAD-IN: 13 months

IMPLEMENTATION DATE: April 2019

SCHEME INVESTMENT NEEDED: £65,000 **PAYBACK:** 17 years (see finance comment below)

CAPITAL/REVENUE: Capital - maximum capital cost of converting properties - to be funded from the HRA Business Support Reserve.

BASIS OF INCOME PROJECTIONS: Based on existing comparable rent levels and projected increases.

BASIS OF COST PROJECTIONS: Construction costs based on recent similar projects.

POTENTIAL RISKS INHERENT IN FINANCIAL ASSUMPTIONS:

The key risk is the lack of take up, although this should be mitigated by existing demand.

AGREED SUPPORT REQUIREMENTS / PROGRAMMING IMPLICATIONS: Will be managed through the HRA capital programme by RMS. Input will be required from Resources – finance and property group, Legal, and Planning.

FINANCE / S151 COMMENTS: Whilst the payback period seems very high, due to the current structure, it is not possible for demolition and so the only real operational consideration is to bring the vacant shop back into housing use, resulting in net increased income over the longer term. The proposal should also be considered in terms of the 'whole life' cycle of the asset, taking into account its expected life expectancy (i.e. around 40 years). The proposal would also mitigate any potential future R&M costs associated with a vacant property.

2018 to 2022 BUDGET PROCESS

SAVINGS PROPOSAL

SERVICE: Health & Housing – Council Housing

PROPOSAL: New Garages

The Council manages just over 400 garages within the HRA. The proposal is to build 18 new garages on an existing garage site at Carnforth.

In January 2017 Cabinet established a rent setting policy for garages within the HRA:

“That for 2017/18, all garage rents be increased by the Consumer Price Index (CPI) plus £1, with an additional CPI + £1 increase in each subsequent year until 2019/20, with CPI increases thereafter.”

Garage rents are outside Government rent controls, and there is potential to increase the number of garages to let within the HRA to meet specific demands. There is an existing demand at Carnforth and this proposal will also contribute to facilitating the potential new build housing proposal.

Efficiency Saving Service Reduction Income Generation Invest to Save

OTHER:

ESTIMATED REVENUE COSTS/(SAVINGS)

	2018/19	2019/20	2020/21	2021/22
	£	£	£	£
Annual Rental Income	(4,500)	(10,000)	(10,300)	(10,500)
Total	(4,500)	(10,000)	(10,300)	(10,500)

FOLLOWING BUDGET COUNCIL – 01 MARCH 2018

ESTIMATED LEAD-IN: 7 months

IMPLEMENTATION DATE: October 2018

SCHEME INVESTMENT NEEDED: £45,000

PAYBACK: 5 years

CAPITAL/REVENUE: Capital - based on a cost of £2,500 per Garage = 18 * £2,500. To be funded from HRA Business Support Reserve.

BASIS OF INCOME PROJECTIONS: Based on existing garage levels and projected increases

BASIS OF COST PROJECTIONS: Construction costs based on recent similar projects

POTENTIAL RISKS INHERENT IN FINANCIAL ASSUMPTIONS:

The key risk is the lack of take up, although this should be mitigated by existing demand.

AGREED SUPPORT REQUIREMENTS / PROGRAMMING IMPLICATIONS: Will be managed through the HRA capital programme by RMS.

2018 to 2022 BUDGET PROCESS GROWTH/REDIRECTION PROPOSAL

SERVICE: Health & Housing – Council Housing

PROPOSAL: Additional Income Management Officer

The introduction of the Income Manager to lead on managing the income management team has highlighted further need to increase capacity to improve income collection rates in response to growing casework from the continuing roll out of Universal Credit (UC), and review of the services.

The District is a 'full service' authority for UC, which means that we are one of the first to experience the full online UC service. This has left the Council and tenants on UC exposed to substantial challenges. As a local authority landlord we have always performed strongly around income management, featuring within the top quartile of performance nationally for many years. In the past 12-18 months we have seen an increase in workload, and in the complexity of arrears casework. As of 6/11/17 rent arrears are up by 33% compared to the same period in 2016, and by 84% compared to November 2015. Rent arrears cases (the number of tenants in arrears) have increased from 1,179 in November 2015, to 1,625 in 2016, and 1,819 in 2017.

It is proposed that a further Income Management Officer is appointed to address this increasing case load and provide capacity to undertake more preventative work; providing increased and much needed capacity to provide advice and support to tenants around arrears, benefits, budgeting, and signposting to other services. In addition to this we have reviewed our arrears management processes and our systems and have identified a need to streamline them to provide further capacity to undertake preventative work.

ESTIMATED REVENUE COSTS / (SAVINGS)

	2018/19	2019/20	2020/21	2021/22
	£	£	£	£
Income Management Officer (G3)	16,900	24,300	25,700	26,800
Northgate OHMs Arrears Express	2,400	2,500	2,600	2,700
Northgate OHMs SMS Integration	1,200	1,200	1,200	1,200
Total	20,500	28,000	29,500	30,700

FOLLOWING BUDGET COUNCIL – 01 MARCH 2018

ESTIMATED LEAD-IN: 4 months

IMPLEMENTATION DATE: July 2018

REDIRECTION FROM OTHER BUDGETS: No other alternative budget can be identified

PERFORMANCE MEASURES/OUTPUTS: Will contribute to improving existing KPIs on income management and tenancy sustainment

AGREED SUPPORT REQUIREMENTS / PROGRAMMING IMPLICATIONS: None currently identified

2018 to 2022 BUDGET PROCESS GROWTH/REDIRECTION PROPOSAL

SERVICE: Health & Housing – Council Housing

PROPOSAL: Additional Housing Intervention Officer

The introduction of two Household Intervention Officers in to the housing management team has proved invaluable in providing a capability and capacity to provide additional tenancy and household support to encourage tenant independence, improve tenancy sustainment. The Household Intervention Officers have been able to get to grips with a household's issues and work with them utilising a mix of methods that support and challenge, joining up local services to deal with each household's issues as a whole rather than responding to each one independently.

The two officers have dealt with over 60 cases since July 2017 with 36 different types of support provided, 57 cases opened and support offered, 3 only cases being unable to be taken on due cases non engagement. 23 cases closed with satisfactory outcomes. Example include: ensuring rent payments in place (direct debit or managed payment), UC claims established, utility bills managed, benefit applications completed (UC/ PIP), crisis grant application processed, clearance and maintenance of home conditions (hoarders), food bank parcels obtained, furniture and basic home items obtained via charity donations/partnership working, and securing arrears payments in place to sustain tenancy.

What this work has established is that there is a growing casework that need supporting, and that with support changes can be made to individual tenants' lives. Approval is being sought to increase the capacity to undertake this work with the introduction of a further Household Intervention Officer.

ESTIMATED REVENUE COSTS / (SAVINGS)

	2018/19	2019/20	2020/21	2021/22
	£	£	£	£
Household Intervention Officer (G4)	21,000	29,900	31,600	32,900
Total	21,000	29,900	31,600	32,900

FOLLOWING BUDGET COUNCIL – 01 MARCH 2018

ESTIMATED LEAD-IN: 4 months

IMPLEMENTATION DATE: July 2018

REDIRECTION FROM OTHER BUDGETS: No other alternative budget can be identified

PERFORMANCE MEASURES/OUTPUTS: Will contribute to improving existing KPIs on income management and tenancy sustainment

AGREED SUPPORT REQUIREMENTS / PROGRAMMING IMPLICATIONS: None currently identified

2018 to 2022 BUDGET PROCESS

GROWTH/REDIRECTION PROPOSAL

SERVICE: Health & Housing – Council Housing

PROPOSAL: Marsh Community Centre

It is proposed that the Marsh Community Centre funding continues for 2018/19 and that the grant amount of £14.4K (including inflation) is funded from Unallocated Balances with any future support being determined as part of the ongoing Voluntary and Community Faith Sector Commissioning of Service review alongside the Ridge Community Centre.

The Council is looking to continue to support residents in the use of the Community Centre as a community space for local voluntary and community organisations e.g. clubs, activities and meetings.

ESTIMATED REVENUE COSTS / (SAVINGS)

	2018/19	2019/20	2020/21	2021/22
	£	£	£	£
Community Development Grant	14,400	0	0	0
Total	14,400	0	0	0

FOLLOWING BUDGET COUNCIL – 01 MARCH 2018

ESTIMATED LEAD-IN: 1 month

IMPLEMENTATION DATE: April 2018

REDIRECTION FROM OTHER BUDGETS: No other alternative budget can be identified

PERFORMANCE MEASURES/OUTPUTS: Performance managed through a Service Level Agreement.

AGREED SUPPORT REQUIREMENTS / PROGRAMMING IMPLICATIONS: No additional support or programming requirements.