

11. Housing investment and resources

Housing investment in the form of capital and revenue resources is a key element of this strategy and is aimed at meeting housing needs by the provision of new homes, access to and improving the repair or improvement of existing homes, and the provision of housing services.

In order to implement the aims in this strategy, we need to ensure that there is sufficient housing investment in the district. Our priorities for housing investment are clearly articulated and based upon four prime sources of funding:- capital receipts, Housing Corporation funding, housing association private funding, and revenue funds reserved for capital purposes. Future consideration of borrowing is required.

Our priorities for housing investment have been influenced by the results of recent housing needs surveys (the Housing Needs Survey 2005¹ and the ETHMA²) and related research, and have remained largely unchanged in recent years with priority being given to providing more affordable homes, maintaining Decent Homes, addressing household growth, tackling homelessness and providing affordable rural housing, as reflected in the Housing Corporation's Regional Investment Priorities.

We currently work with a small number of RSLs and will support development proposals from partner RSLs operating in the district with a strong management presence, who bring forward realistic, high quality, value for money schemes, in appropriate locations, to address identified housing needs. RSLs are encouraged to discuss their development proposals with us at the earliest opportunity and to take into account the aims of this strategy when formulating development or acquisition proposals.

11.1 Capital programme

We have allocated in excess of £12.6 million in our corporate Capital Plan for housing projects for the period 2008-2011. This represents 66% of the Council's total capital programme. However, for the Capital Plan to effectively enable the provision of homes to meet expressed housing need it must be supplemented with sufficient levels of funding from other sources, including Housing Corporation investment.

The following table sets out our **capital spending plans for 2008-2011** which clearly demonstrate the high priority given to housing investment (all figures in £000s).

¹ 2005 Housing Needs Survey Update March 2005, Fordham Research – www.eastdevon.gov.uk

² Exeter and Torbay Strategic Housing Market Assessment 2007 (ETHMA), Opinion Research Services

PROGRAMME	06/07	07/08	After Outturn 08/09	09/10	10/11
HRA Housing					
Major Improvements	176	59	176	200	200
Parking	31	3	291	75	75
Remodelling of sheltered schemes	273	38	266	200	200
Roadworks	5	0	83	20	20
Sewage	341	187	270	200	200
Disabled adaptations	200	389	161	200	200
	1,026	676	1,247	895	895

General Fund Housing					
Disabled Facilities Grants	434	469	512	512	512
Home Stay Grants	178	222	393	393	393
Affordable Housing					
- Bonners Glen	0	0	550	0	0
- Fortfield Terrace	0	80	0	0	0
	612	771	1,455	905	905

Full Housing Spend	08/09	09/10	10/11	Total
Capital Programme HRA	1,247	895	895	3,037
Capital Programme General Fund	1,455	905	905	3,265
Major Repairs Allowance	2,692	2,772	2,855	8,319
Total Gross Spend	5,394	4,572	4,655	14,621
Less External Funding:				
Capital Programme General Fund	(801)	(561)	(561)	(1,923)
Total Net	4,593	4,011	4,094	12,698

Total EDDC Capital Programme	After Outturn 08/09	09/10	10/11	
GF Capital Programme	4,994	3,637	2,745	11,376
Major Repair Allowance	2,692	2,772	2,855	8,319
HRA Capital programme	1,247	895	895	3,037
Gross Expenditure	8,933	7,304	6,495	22,732
Less external funding	(1,412)	(973)	(1,181)	(3,566)
Net Programme	7,521	6,331	5,314	19,166

The above figures do not include monies arising from Section 106 agreements, some of which are allocated for providing affordable housing. This funding is kept in a separate reserve and the amount available for local affordable housing within East Devon is approximate £374,000 (as at September 2008).

11.2 Capital Strategy

Our Capital Strategy documents the principles and framework which underpins long-term capital investment and expenditure proposals. It sets out our corporate programme for capital investment that will assist in the achievement of our strategic objectives.

Detailed within the Capital Strategy is the expenditure programme for housing which is principally the provision of grant to RSLs to provide affordable housing within the district, maintaining council housing to a high standard and the provision of Disabled Facilities Grants and other forms of housing assistance.

Competition for capital resources is keen and careful prioritisation of projects is necessary to ensure they are spent wisely to fulfil corporate aims and objectives. As potential sites on our development programme (see Section 5.3) progress they will be put before the Council's Executive Board for individual consideration.

11.3 Revenue funding

We are using revenue funding to support a variety of housing initiatives aimed at providing various housing solutions.

The main revenue expenditure in 2007/08 outside the Housing Revenue Account (HRA) is for homelessness and related activities (£462,000 net expenditure), private sector housing (£167,000 net expenditure), housing enabling (£54,000 net expenditure) and the Home Safeguard service (£70,000 net expenditure). We also use revenue funding for Rent Deposit/Rent in Advance Schemes.

11.4 Housing Revenue Account (HRA)

A summary of the HRA is shown below.

Income and Expenditure for 2007/08 (in £millions)

	Income		Expenditure
Dwelling rents	12.81	Housing management	4.10
Garage rents and other income	1.01	Repairs and maintenance	2.43
Interest on council house mortgages	0.11	Government subsidy	4.71
Contribution from Supporting People	0.62	Transfer to balances	0.52
Miscellaneous (including pension fund adjustments)	0.22	Depreciation and miscellaneous items	3.01
Total	14.77	Total	14.77

We continue to maintain a healthy surplus in the Housing Revenue Account despite the ambitious maintenance and improvement programmes. This position was achieved through good financial management, effective rent collection procedures, and careful control over expenditure.

The HRA Business Plan provides full details of our revenue expenditure plans, and can be viewed on our website www.eastdevon.gov.uk.

It should be noted that the majority (75%) of the capital receipts produced through Right to Buy Sales will not be available to the authority due to the pooling arrangements which will redistribute funding to other areas.

11.5 Rent collection

The 2008/09 rent year is forecast to generate (from dwelling and garage rents) an income of £13.7 million. Approximately half of this will be paid directly by tenants and the other half will be paid indirectly to tenants as housing benefit.

Rent income collection rates are monitored by BVPI 66a. This indicator measures the total amount collected over the whole financial year as a proportion of gross rent due. The performance at the end of 2007/08 was 97.84% (against a target of 98%). The target for 2008/09 is set at 98.5%.

We have extended the range of choice of methods of paying rent. We now have a 24 hour, seven days a week phone line for customers to make payments by debit card. We have also added monthly 'direct debits' as a payment method, which is proving popular already, although it has not yet been fully advertised. By the end of this rent year we will have contacted all rent payers and offered them the choice of switching to direct debit. Direct debit is one of the cheaper methods of payment to process and there are savings to be made here.

Since June 2007 we have been sending our customers quarterly rent statements. The statements provide the customers with weekly details of their rent, payments, housing benefit and the balance of their account. We are currently developing a more user friendly statement which should be introduced by the end of this rent year.

If customers terminate their tenancies (for whatever reason) they sometimes leave unpaid rent debts. We actively pursue these debts and if they are not paid we refer them to a debt collection agency. These debts would otherwise have been considered for writing off. We have only been engaged with the debt agency for some 14 months and they have collected debts to the sum of £3,590 in that time. The cost of this service is 22% of what is collected and the cost to collect this sum to date was £790 which gave us a net gain of £2,800.

Our aims for the future are to improve rent collection levels and to achieve top quartile performance. Rent collection performance has been improving year on year for the last four years. Introducing new payment methods and focusing on debt prevention are key to this improvement.

Whilst our aim is to reduce the levels of rent arrears it will not mean more property repossessions. We will do all we can to keep customers in their homes and paying their rent. It is better for the customer to retain their home and pay their debt. If we repossess a home the debt is normally written off and we then have to deal with a homeless household.

11.6 HRA subsidy

We are in a position of 'negative subsidy' meaning that we contribute to a central pool from which subsidies are paid towards the housing operations of other councils.

The structure and rules of the current housing finance system make it difficult for councils to continue to own their housing stock. No additional funds are made available for councils to achieve and maintain their stock at the Decent Homes Standard, and the housing subsidy rules mean that we currently pay central government almost 40% of rental income. Rents are fixed by formula and major repairs allowances set. We operate as a local authority in a heavily constrained system of housing finance which has forced many housing authorities to transfer the ownership or management of their housing stock.

Clearly we would be able to achieve so much more if this 40% of our income were available to us. Consequently East Devon, along with other stock retaining authorities, has been lobbying the Government to make changes to the housing subsidy system.

11.7 Private Sector Renewal Programme

Discretionary Housing Assistance Grants are an important feature of our Capital Plan and are being targeted towards elderly and disabled people on low incomes who live in unhealthy and unsafe homes. Our adopted policy also targets grants to bring empty properties back into use.

Expenditure on Disabled Facilities Grants is anticipated to continue at a level of £512,000 per annum towards essential adaptations for disabled people (see Section 7.11).

11.8 Home Improvement Agency funding

Continued revenue support for the Home Improvement Agency from the partner organisations, which include ourselves and Devon County Council Social Services (Supporting People), is essential to the on-going success of the scheme and to enable the Agency to assist an increasing number of clients with repairs, improvement and adaptations to their homes.

11.9 Risk management

We have completed risk assessments on the main housing activities and drawn up plans that avoid disruption or interruption to services. These are outlined in the HRA Business Plan³ and are kept under review to ensure that they are still relevant and comprehensive.

11.10 Local and countywide staffing resources

In total there are 84 full-time equivalent (fte) staff carrying out the housing functions with East Devon. This is broken down as:

- 65 fte staff involved in the management of the Council's own housing stock
- 2 fte staff carry out the strategic and enabling functions
- 13 fte staff carry out the homelessness, housing advice and housing register service
- 4 fte staff in our Environmental Health team carry out the private sector housing function.

With other Devon authorities we share two countywide Rural Housing Enablers, a countywide Homelessness Coordinator and a countywide Affordable Housing Coordinator, who all assist in the delivery of this strategy in East Devon.

³ www.eastdevon.gov.uk