

MATTER WHICH THE CHAIRMAN HAS DECIDED IS URGENT BY REASON TO SUBMIT INFORMATION TO THE WELSH ASSEMBLY GOVERNMENT ON THE MRA PRIOR TO CHRISTMAS

THE VALE OF GLAMORGAN COUNCIL

CABINET MEETING: 21ST DECEMBER 2006

REPORT OF THE DIRECTOR OF COMMUNITY SERVICES

MAJOR REPAIRS ALLOWANCE

Purpose of Report

1. To provide additional information on the Major Repairs Allowance as requested by Cabinet on the 25th October 2006 (Minute No. C2720 (3)) and to seek approval for the allocation of Major Repair Allowance funding in relation to the Housing Investment Report.

Background

2. Major Repairs Allowance (MRA) is an element of Welsh Assembly Government subsidy, which represents the capital cost of keeping the Council's housing stock in its current condition. MRA in each authority can be used for any capital expenditure on Housing Revenue Account (HRA) assets. MRA is allocated to Housing Authorities in spring each year and has to be accepted formally with a schedule of grant conditions.
3. On the 5th April 2006 the Council accepted the 2006/07 MRA allocation in the sum of £2.7m. This amount is in addition to a proposed accumulated carry over of £2,832.300 from previous years.
4. On the 9th October 2006 the Welsh Assembly Government wrote a letter requesting a full explanation of why the allocation was unspent.
5. In response, the Welsh Assembly Government were advised that our spend of MRA was linked to the Housing Investment Report which was due to be considered by Cabinet in November. The Welsh Assembly Government were also advised that once the Housing Investment Report was agreed the Council would be in a position to utilise the MRA under spend.
6. The Welsh Assembly Government now require more information in relation to our delay in not spending our allocation and when we are likely to significantly reduce our MRA under spend, before they can consider our request to carry over previous years MRA.

Relevant Issues and Options

7. The Housing Investment Report presented to Cabinet on 8th November (Minute No. C 2743) made a number of recommendations to support a stock retention strategy. The report does not however outline a proposed spending strategy profile for the next three years although it does refer to the timing of expenditure in relation to Capital Receipts and Prudential borrowing.
8. MRA will form the main funding stream for programmed work to achieve the WHQS. In order for the Council to ensure maximum benefit towards achieving the WHQS it is essential that a clear spend strategy is agreed. It is essential that all available capital funding is directed to key element replacement in a programmed approach.
9. The key priorities for meeting the WHQS should be determined by a Stock Condition Survey. The Tribal / HCH Housing Investment report highlighted concerns about accessing qualitative data to determine these priorities and suggested that the Council should undertake a new stock condition survey. Work is ongoing to commission a new stock condition survey in early 2007, that will be subject to a Cabinet report. This stock condition survey will result in a significant increase in capital spend on the Council's housing stock in 2008/09 and onwards.
10. The Housing Investment report also highlighted that some key priorities for reaching the WHQS could be obtained from the previous Stock Condition survey, highlighting a potential spend of capital resources of £5.1M. Property Services are currently examining whether this data is in a format that is reliable. If the data is reliable then this will result in a kitchen, boiler and bathroom replacement programme commencing in 2007/08, and will be subject to a further detailed Cabinet report.
11. Property Section have indicated that they can undertake key elemental programmes of work (e.g. window replacement) in 2006/7 and 2007/8. Currently window replacement contracts (3) have been let which will achieve an expenditure of £400k in total. It is proposed that these contracts will be extended to achieve the additional spend of £400k at the same or pro rata competitively tendered rates contained within the existing contracts. This procedure would not comply with the Contract Standing Orders relating to tenders and this report seeks approval for the variation to same.
12. Appendix 1 to this report outlines proposed spend strategy for 2006/7, 2007/8 and into 2008/9, including the potential kitchen and bathroom replacement programme. It is proposed that an amount of MRA up to this year's allocation of £2.7m be used during 2006/7 and 2007/8 provided that it can clearly be demonstrated to bring elements up to the WHQS.

13. The Property Section will require additional resources to manage, design and procure this future work, which will be funded from the MRA and HRA allocations. As a short term measure Property Services has been requested to appoint temporary staff in early 2007 to ensure adequate progress is made to commission the new Stock Condition survey and progress the highlighted MRA spend for 2007/08. It is proposed that a further report be submitted to Cabinet outlining the staff resources and funding arrangements required to undertake the work required to meet the WHQS for 2008/9 and beyond.
14. It is also proposed that the WAG be requested to consider the proposal to utilise the MRA over the next couple of years, ensuring that any annual MRA under spend is allocated to the works highlighted in the proposed new stock condition survey. This work will commence in late 2007/08.

Resource Implications (Financial and Employment)

15. For a viable Housing Investment Business Plan it is essential that the Council does not lose any MRA by it being clawed back by the WAG. This report outlines a proposed spending strategy and profile, which the Council can submit to the WAG for consideration of the carry over of its MRA allocation. In order to ensure that the Housing Investment Business Plan remains viable it is up dated and run again.
16. The stock condition survey work will be funded from HRA and again would have to be built into the Business Plan.

Legal Implications (to include Human Rights Implications)

17. Any proposed spend of MRA must comply with the Welsh Assembly Government grant conditions.
18. Approval must be obtained from the Welsh Assembly Government in order to carry forward under spend into next financial year.

Crime and Disorder Implications

19. An improved housing stock will support the Community Safety Strategy.

Equal Opportunities Implications (to include Welsh Language Issues)

20. An improved housing stock will reduce poverty and enhance social inclusion.

Corporate/Service Objectives

21. The housing investment proposals support a key element of the Corporate Plan "to make the Vale a safe and healthy place in which individuals, children and families can live their lives to the full".

Policy Framework and Budget

22. This report is a matter for Executive decision by the Cabinet.

Consultation (Including Ward Member Consultation)

23. The Council will need to liaise with the proposed Vale Tenants Panel regarding the spending strategy produced through the new stock condition surveys.

Appropriate Scrutiny Committee

24. The lead Scrutiny Committee is Corporate Resources and the Housing Sub-Committee is the Subordinate Committee responsible for housing stock issues.

RECOMMENDATIONS

It is recommended that the Cabinet:

1. Endorse the updating of the HRA Business Plan that includes the proposed spending profile to ensure the viability of the Plan and request a further report setting out the updated HRA Business Plan.
2. Approve the MRA spending strategy as outlined in Appendix 1 to this report and the funding be added to the Capital Programme and that the use of the Council's emergency powers are used to allow submission to WAG by the required deadline.
3. Note the temporary arrangements to ensure that the new stock condition survey is commissioned.
4. Request a further reports about:
 - (i) The additional resources required to manage, design and procure the work to be identified by the new stock condition survey and funded from the MRA and HRA.
 - (ii) The new stock condition survey
 - (iii) The potential kitchen and bathroom replacement programme in 2007/08
5. Approve the waiving of Contract Standing Orders in order that the three existing window replacement contracts can be extended to achieve the increased expenditure in 2006 /07.
6. Request the Director of Community Services to formally requests WAG to allow a carry forward of the MRA as outlined in Appendix 1.

Reasons for recommendations

1. To ensure the Housing Investment Business Plan remains viable.
2. To commence planned maintenance programmes working towards the Welsh Housing Quality Standard for the housing stock and to provide a strategy to submit to the Welsh Assembly Government in order to obtain approval to carry forward MRA under spend into 2007/8.
3. To ensure sufficient resources are made available to implement the proposed spending strategy.
4.
 - (i) To achieve the require expenditure target for 2006/07
 - (ii) To ensure sufficient resources are made available to implement the proposed spending strategy
 - (iii) To ensure Elected Members are kept informed about a significant Capital Programme.
5. To ensure the Council's financial / standing orders are met.
6. To request a carry forward of the MRA.

Background Papers

Nil

Contact Officer - Alun R Billingham
Acting Head of Housing and Community Safety
(01446) 709488

Officers Consulted – Director of Finance, ICT and Property
Head of Building Services
Operational Manager Property Section

J. W. Cawley
Director of Community Services

Major Repair Allowance Capital Spend Strategy

<u>AGENTS</u>	<u>2006/7</u>		<u>2007/8</u>		<u>2008/9</u>	
	<u>Work / Element</u>	<u>Expenditure £000</u>	<u>Work / Element</u>	<u>Expenditure £000</u>	<u>Work / Element</u>	<u>Expenditure £000</u>
<u>AGREED MRA SCHEMES</u>						
<u>Property Section</u>	Window Replacement	400				
	Electrical Testing	70				
	Rewire Communal Areas	80				
	Central Heating	330				
	Disabled Adaptations in Communal Areas	30				
<u>Private Sector Housing</u>	Disabled Facilities Grants	240				
	Council properties in Phase 4A in PCRA	6				
	Council properties in Phase 4B in PCRA	179				
	Council properties in Phase 4D in PCRA	200				
	Energy Efficiency (HEES) Top up grants	90				
	Energy Efficiency Scottish Power Projects	294				

<u>General</u>	Completion of various schemes from 2005/6	35				
<u>Agreed MRA schemes</u>		1,954		0		0
<u>Sub-total</u>						
<u>PROPOSED MRA SCHEMES</u>						
<u>Property Services</u>	Window Replacements	400	Window Replacements	583.9	Window Replacements	200
			Bathroom replacement	853*	Bathroom replacement	650
			Kitchen replacement	619*	Kitchen replacement	500
			Boiler replacement	655*	Boiler replacement	400
			Electrical Wiring	100	Electrical Wiring	353
			Install Central Heating	185		
			Rewire Communal Areas	20	Rewire Communal Areas	20
			Disabled Adaptations in Communal Areas	20		
		General External and Internal refurbishment	284			
	Gwenog Court Showers	76				
					Programmed Area Based maintenance and Improvement	2041.1
<u>Private Sector Housing</u>			Disabled Facilities Grants	240		240
			Council properties in Phase 4A in PCRA	1		

			Council properties in Phase 4B in PCRA	5		
			Council properties in Phase 4D in PCRA	100		
			Council properties in Phase 4DV in PCRA	50		
			Energy Efficiency (HEES) Top up grants	100		
			Energy Efficiency Scottish Power Projects	200		
<u>Proposed MRA Schemes Sub Total</u>		2,430		4015.9		4404.1
<u>Available MRA</u>		2,700 (& 2,800 c/fwd under spend) Total = 5,500		2,700 (Predicted & 3,070 c/fwd under spend) Total = 5,770		2,700 (Predicted & 1754.1 c/fwd under spend Total = 4454.1
<u>TOTAL SPEND</u>		2,430 (90% spend of annual MRA allocation)		4015.9 (Full spend plus some carry over from previous years)		4404.1 (Full spend plus full spend of carry over from previous years)

*subject to a further Cabinet Report