

# Public Document Pack



The following reports are Information Items for the Policy and Resources Scrutiny Committee.

- 1. Corporate Services Miscellaneous Finance 2017/18 Budget Monitoring Report (Period 7).**
- 2. 2017/18 Capital Expenditure Monitoring Report (Period 7).**
- 3. Housing Revenue Account Budget Monitoring - Period 7 2017/18.**
- 4. Care and Repair Merger.**
- 5. Wellbeing Objective WO5 and WHQS Progress Update - Investment in Council Homes to Transform Lives and Communities.**



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT: CORPORATE SERVICES AND MISCELLANEOUS FINANCE 2017/18  
BUDGET MONITORING REPORT (PERIOD 7)**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151  
OFFICER**

---

### **1. PURPOSE OF REPORT**

1.1 To inform Members of projected revenue expenditure for the Directorate of Corporate Services and Miscellaneous Finance for the 2017/18 financial year.

### **2. SUMMARY**

2.1 The report projects the anticipated final outturn for the Directorate of Corporate Services and Miscellaneous Finance based upon expenditure and income trends for the first seven months of the financial year.

### **3. LINKS TO STRATEGY**

3.1 The contents of this report are in accordance with the Budget Strategy agreed by Council at its meeting on 22nd February 2017.

3.2 Effective financial planning and financial control contribute to the following Well-being Goals within the Well-being of Future Generations (Wales) Act 2015: -

- A prosperous Wales.
- A resilient Wales.
- A healthier Wales.
- A more equal Wales.
- A Wales of cohesive communities.
- A Wales of vibrant culture and thriving Welsh Language.
- A globally responsible Wales.

### **4. THE REPORT**

#### **4.1 Corporate Services**

4.1.1 The Directorate of Corporate Services is currently forecasting an underspend of £1,316k for the 2017/18 financial year, full details of which are provided in Appendix 1.

4.1.2 The anticipated underspend of £369k in Corporate Finance relates in the main to delays in appointing to vacant posts together with vacancies which are being held to support the Medium-Term Financial Plan (MTFP) savings requirements for 2018/19 and some one-off additional income.

4.1.3 The anticipated underspend of £52k in Procurement and Customer Services consists of:-

- A small projected underspend of £2k on Procurement which relates to one-off costs being incurred in year to support the Medium-Term Financial Plan savings requirement for 2018/19 offset with some in-year staff vacancies.
- Customer First - £50k underspend which is due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2018/19 offset by a reduction in income.

4.1.4 Legal & Governance is projecting a net underspend of £67k after allowing for the following to be ring-fenced and transferred to earmarked reserves: -

- Projected underspend on Members related expenditure of £60k. This is due in the main to underspends on Members Allowances which is partly off-set by costs on printing/webcasting and new equipment for the new Members.
- Projected overspend of £194k on Electoral Services due to the local elections. The Electoral Service underspends in non-election years are ringfenced to fund the overspends in election years.

The net underspend of £67k for Legal & Governance is due to vacant posts.

4.1.5 There is an anticipated underspend of £374k in Information and Technology, consisting of the following:-

- IT Services - £352k underspend which is due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2018/19 partly offset by additional one off costs needed to facilitate ongoing MTFP savings in future years
- Central Services - £22k underspend due in the main to some staff not being in the pension scheme.

4.1.6 For Corporate Property Services there is a net projected underspend of £57k, consisting of the following: -

- Estates - £99k underspend due mainly to vacant posts and a member of staff on maternity leave.
- Corporate Facilities - £34k underspend mainly due to anticipated savings on various corporate properties partially offset by costs being incurred for Ty Pontllanfraith (£177k) pending demolition of the buildings and disposal of the site.
- Maintenance – Projected £92k overspend mainly due to increased maintenance and rental costs together with one off costs incurred for the floodlighting. These will be monitored closely in year to try to mitigate the anticipated overspend.
- Building Consultancy – Projected £16k underspend due in the main to anticipated increased fee income.

4.1.7 There is a projected underspend of £174k for Human Resources mainly consisting of:-

- Human Resources projected underspend of £105k due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2018/19.
- Communications Unit - £9k overspend due in the main to reduced printing works partially offset by additional income received from a Service Level Agreement (SLA) with schools.
- A projected underspend of £78k for Health & Safety, due in the main to salary savings due to delays in recruitment and additional SLA income from schools.

4.1.8 Corporate Policy is projecting an underspend of £122k after taking account of: -

- Projected underspend of £35k in the Policy Team due to various small in year savings. This is after the transfer of earmarked reserve.

- Projected underspend of £82k in the Equalities and Welsh Language Team due to delays in appointing to translator posts to cope with the additional workload arising from the new Welsh Language Standards, together with more translation being able to be achieved in house with increased staffing.
- Projected small overspend in the Performance Management Unit of £1k
- Projected underspend of £6k on the Community Safety budget.

4.1.9 There is a projected underspend of £60k on Housing services which consists of the following:-

- General Fund Housing is expected to show a £30k underspend at this stage, although there are some offsetting over and underspends contributing to the expected position. These include an increase in spend for the Allocations Team as a result of gearing up for the new Common Housing Register and an underspend in Housing Advice due to the application of transitional funding for preventing homelessness. This service area includes a statutory duty for Temporary Accommodation which is demand led and difficult to predict. This year the budget has had to rely on the income received for leasing out Ty Croeso which has normally been set aside as a renewal fund for future building maintenance works. The temporary accommodation for families at Ty Fesen is assumed to be fully financed but this includes a £20k renewal fund that will be transferred to earmarked balances at year end. This year the budget received its first allocation from the RSG settlement of £282k for homeless prevention of which about £122k is committed for the management fee recently deducted from the Local Housing Allowance formula but is still claimed via Housing Benefits. The remaining allocation is assumed to be utilised this year and officers are in the process of identifying suitable commitments.
- Private Housing is anticipating an underspend of £30k, mainly due to delays in filling vacant posts. The Private Sector Housing Manager has recently retired which could result in further savings pending a management restructure by the Chief Housing Officer. The main concern for this budget is Agency Fee Income which has under-recovered in previous years. The fee income has historically been generated from the private housing capital programme which has reduced substantially over the years. This has recently been supplemented by additional fee income expected from the allocation of WHQS works to leasehold properties, which if achieved should manage any potential shortfall.

4.1.10 The following table provides a summary of progress in delivering agreed 2016/17 savings for the Directorate of Corporate Services: -

| <b>Section</b>                  | <b>Agreed MTFP Savings<br/>£'000</b> | <b>Progress against Savings<br/>£'000</b> | <b>Variance<br/>£'000</b> |
|---------------------------------|--------------------------------------|---|---------------------------|
| Corporate Finance               | 74.75                                | 74.75                                     | 0.00                      |
| Corporate Property Services     | 166.00                               | 166.00                                    | 0.00                      |
| Human Resources                 | 220.00                               | 220.00                                    | 0.00                      |
| Information Technology          | 301.00                               | 298.00                                    | (3.00)                    |
| Legal & Governance Support      | 10.00                                | 10.00                                     | 0.00                      |
| Procurement & Customer Services | 38.00                                | 38.00                                     | 0.00                      |
|                                 |                                      |   |                           |
|                                 |                                      |   |                           |
| <b>Grand Total</b>              | <b>809.75</b>                        | <b>806.75</b>                             | <b>(3.00)</b>             |

4.1.11 The variance of £3K for Information Technology is due to a proposed reduction in rented vans not being achieved. This shortfall will be met by other in-year savings.

## **4.2 Miscellaneous Finance**

4.2.1 There is an overall projected underspend of £1,186k in Miscellaneous Finance.

4.2.2 There is a projected net underspend of £1,078k on Capital Financing budgets which is due to the following: -

- Assumed borrowing in 2017/18 being deferred to 2018/19, this includes the 21<sup>st</sup> Century Schools and HRA, partly offset by a reduced contribution from HRA for the debt costs due to the deferred borrowing.
- Improved returns on investments.

4.2.3 There is a projected overspend of £33k on City Deal programme management costs due to a reduction in the anticipated underspends brought forward from 2016/17.

4.2.4 The remaining projected underspend for Miscellaneous Finance consists of the following: -

- Subscriptions - £9k
- Budget Pressures - £72k
- NNDR Authority Empty Properties - £8k.
- Welsh Language - £52k

## **5. WELL-BEING OF FUTURE GENERATIONS**

5.1 Effective financial management including the effective utilisation of external grant funding is a key element in ensuring that the Well-being Goals within the Well-Being of Future Generations (Wales) Act 2015 are met.

## **6. EQUALITIES IMPLICATIONS**

6.1 This report is for information purposes, so the Council's Equalities Impact Assessment (EqIA) process does not need to be applied.

## **7. FINANCIAL IMPLICATIONS**

7.1 As detailed throughout the report.

## **8. PERSONNEL IMPLICATIONS**

8.1 There are no direct personnel implications arising from this report.

## **9. CONSULTATIONS**

9.1 There are no consultation responses that have not been reflected in this report.

## **10. RECOMMENDATIONS**

10.1 Members are requested to note the contents of the report.

## 11. REASONS FOR THE RECOMMENDATIONS

- 11.1 To ensure that Members are informed of the projected financial position for the Directorate of Corporate Services and Miscellaneous Finance.

## 12. STATUTORY POWER.

- 12.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations.

Author: D. Roberts, Principal Group Accountant, Financial Advice & Support  
[roberda@caerphilly.gov.uk](mailto:roberda@caerphilly.gov.uk) Tel: 01443 863342

Consultees: Corporate Services Senior Management Team  
Christina Harray, Director of Communities.  
Mike Eedy, Finance Manager  
Shaun Couzens, Chief Housing Officer.  
Rob Hartshorn, Head of Public Protection  
Andrew Southcombe, Finance Manager, Corporate Finance  
Lesley Allen, Principal Accountant, Housing  
Nadeem Akhtar, Group Accountant, Revenue Advice & Support  
Cllr Barbara Jones, Deputy Leader/Cabinet Member for Corporate Services  
Cllr Colin J Gordon, Cabinet Member for Corporate Services

Appendices:  
Appendix 1 Corporate Services & Miscellaneous Finance 2017/18 Budget Monitoring Report (Period 7).

| <b>CORPORATE SERVICES DIRECTORATE</b>                          | <b>Original Estimate 2017/18</b> | <b>Revised Estimate 2017/18</b> | <b>Anticipated Outturn 2017/18</b> | <b>Anticipated Variance 2017/18</b> |
|--|----------------------------------|---------------------------------|------------------------------------|-------------------------------------|
| <b>SUMMARY</b>   |                                  |                                 |                                    |                                     |
| <b>CHIEF EXECUTIVE, DEPUTY CHIEF EXECUTIVE AND SECRETARIAT</b> | <b>450,128</b>                   | <b>450,128</b>                  | <b>409,671</b>                     | <b>40,457</b>                       |
| <b>CORPORATE FINANCE</b>                                       |                                  |                                 |                                    |                                     |
| Financial services   | 2,069,794                        | 2,103,458                       | 1,734,320                          | 369,138                             |
|  | <b>2,069,794</b>                 | <b>2,103,458</b>                | <b>1,734,320</b>                   | <b>369,138</b>                      |
| <b>PROCUREMENT &amp; CUSTOMER SERVICES</b>                     |                                  |                                 |                                    |                                     |
| Procurement  | 438,467                          | 390,108                         | 387,737                            | 2,371                               |
| Customer First   | 1,182,248                        | 1,230,607                       | 1,180,733                          | 49,874                              |
|  | <b>1,620,715</b>                 | <b>1,620,715</b>                | <b>1,568,470</b>                   | <b>52,245</b>                       |
| <b>LEGAL &amp; GOVERNANCE SUPPORT</b>                          |                                  |                                 |                                    |                                     |
| Legal & Democratic Services                                    | 1,032,569                        | 1,032,569                       | 965,951                            | 66,618                              |
| Member Services  | 1,648,122                        | 1,648,122                       | 1,587,806                          | 60,316                              |
| Ringfenced to Earmarked Reserves                               |                                  | 0                               | 60,316                             | (60,316)                            |
| Electoral Services   | 315,411                          | 315,411                         | 509,559                            | (194,148)                           |
| Ringfenced from Earmarked Reserves                             |                                  |                                 | (194,148)                          | 194,148                             |
|  | <b>2,996,102</b>                 | <b>2,996,102</b>                | <b>2,929,484</b>                   | <b>66,618</b>                       |
| <b>INFORMATION AND TECHNOLOGY</b>                              |                                  |                                 |                                    |                                     |
| IT Services  | 4,316,066                        | 4,316,066                       | 3,964,044                          | 352,022                             |
| Central Services   | 386,915                          | 386,915                         | 364,791                            | 22,124                              |
|  | <b>4,702,981</b>                 | <b>4,702,981</b>                | <b>4,328,835</b>                   | <b>374,146</b>                      |
| <b>CORPORATE PROPERTY SERVICES</b>                             |                                  |                                 |                                    |                                     |
| Estates  | 519,199                          | 509,656                         | 410,533                            | 99,123                              |
| Corporate Facilities   | 2,380,113                        | 2,355,992                       | 2,322,339                          | 33,653                              |
| Maintenance  | 2,190,006                        | 2,190,006                       | 2,281,886                          | (91,880)                            |
| Building Consultancy   | (57,146)                         | (57,146)                        | (72,853)                           | 15,707                              |
|  | <b>5,032,172</b>                 | <b>4,998,508</b>                | <b>4,941,905</b>                   | <b>56,603</b>                       |
| <b>HUMAN RESOURCES</b>   |                                  |                                 |                                    |                                     |
| Human Resources  | 1,563,174                        | 1,563,174                       | 1,457,879                          | 105,295                             |
| Communications Unit  | 286,527                          | 286,527                         | 295,323                            | (8,796)                             |
| Health & Safety  | 943,894                          | 943,894                         | 865,618                            | 78,276                              |
|  | <b>2,793,595</b>                 | <b>2,793,595</b>                | <b>2,618,820</b>                   | <b>174,775</b>                      |
| <b>TOTAL CORPORATE SERVICES</b>                                | <b>19,665,487</b>                | <b>19,665,487</b>               | <b>18,531,505</b>                  | <b>1,133,982</b>                    |
| <b>CORPORATE POLICY</b>  |                                  |                                 |                                    |                                     |
| Policy   | 703,212                          | 703,212                         | 685,772                            | 17,440                              |
| Use of Earmarked Reserves                                      |                                  | 0                               | (17,107)                           | 17,107                              |
| Equalities   | 382,832                          | 382,832                         | 300,394                            | 82,438                              |
| PMU  | 207,917                          | 207,917                         | 208,342                            | (425)                               |
| Community Safety   | 95,887                           | 95,887                          | 90,011                             | 5,876                               |
|  | <b>1,389,848</b>                 | <b>1,389,848</b>                | <b>1,267,412</b>                   | <b>122,436</b>                      |

**CORPORATE SERVICES & MISCELLANEOUS FINANCE 2017/18 BUDGET MONITORING REPORT (PERIOD 7)****APPENDIX 1**

|   |                   |                   |                   |                  |
|---|-------------------|-------------------|-------------------|------------------|
| <b><i>HOUSING SERVICES</i></b>              |                   |                   |                   |                  |
| General Fund Housing                        | 980,955           | <b>990,666</b>    | 960,666           | <b>30,000</b>    |
| Private Housing                             | 363,572           | <b>363,362</b>    | 333,362           | <b>30,000</b>    |
| Building Maintenance                        | 9,501             | <b>0</b>          |                   | <b>0</b>         |
|   | <b>1,354,028</b>  | <b>1,354,028</b>  | <b>1,294,028</b>  | <b>60,000</b>    |
|   |                   |                   |                   |                  |
| <b><i>TOTAL NON- CORPORATE SERVICES</i></b> | <b>2,743,876</b>  | <b>2,743,876</b>  | <b>2,561,440</b>  | <b>182,436</b>   |
|   |                   |                   |                   |                  |
| <b><i>TOTAL SERVICES</i></b>                | <b>22,409,363</b> | <b>22,409,363</b> | <b>21,092,945</b> | <b>1,316,418</b> |



| <b>MISCELLANEOUS FINANCE</b>                           | <b>Original Estimate 2017/18</b> | <b>Revised Estimate 2017/18</b> | <b>Anticipated Outturn 2017/18</b> | <b>Anticipated Variance 2017/18</b> |
|--|----------------------------------|---------------------------------|------------------------------------|-------------------------------------|
| <b>MISCELLANEOUS FINANCE</b>                           |                                  |                                 |                                    |                                     |
| <b>Staff Related Costs</b>                             |                                  |                                 |                                    |                                     |
| Pension Contribution - Former Authorities Ongoing      | 1,215,689                        | 1,215,689                       | 1,215,689                          | 0                                   |
| Recharge to Education - Former Authorities             | (189,629)                        | (189,629)                       | (189,629)                          | 0                                   |
|  | <b>1,026,060</b>                 | <b>1,026,060</b>                | <b>1,026,060</b>                   | <b>0</b>                            |
| <b>Catering</b>  |                                  |                                 |                                    |                                     |
| Subsidy  | 56,313                           | 56,313                          | 56,313                             | 0                                   |
|  | <b>56,313</b>                    | <b>56,313</b>                   | <b>56,313</b>                      | <b>0</b>                            |
| <b>Statutory Benefit Schemes</b>                       |                                  |                                 |                                    |                                     |
| Council Tax RS   | 14,560,178                       | 14,560,178                      | 13,650,000                         | 910,178                             |
| Ringfenced to Earmarked Reserves                       |                                  |                                 | 910,178                            | (910,178)                           |
| General Rent Allowances                                | 28,118,381                       | 28,118,381                      | 28,335,115                         | (216,734)                           |
| Rent Rebates   | 29,009,587                       | 29,009,587                      | 28,375,398                         | 634,189                             |
| Rent Allowance War Widow Concessions                   | 35,000                           | 35,000                          | 35,000                             | 0                                   |
| Housing Benefit Subsidy                                | (57,127,968)                     | (57,127,968)                    | (56,710,513)                       | (417,455)                           |
|  | <b>14,595,178</b>                | <b>14,595,178</b>               | <b>14,595,178</b>                  | <b>0</b>                            |
| <b>Levies Upon the Council</b>                         |                                  |                                 |                                    |                                     |
| Coroner  | 196,975                          | 196,975                         | 196,975                            | 0                                   |
| Archives   | 209,092                          | 209,092                         | 209,092                            | 0                                   |
| Fire Service Authority                                 | 8,378,145                        | 8,378,145                       | 8,378,145                          | 0                                   |
|  | <b>8,784,212</b>                 | <b>8,784,212</b>                | <b>8,784,212</b>                   | <b>0</b>                            |
| <b>Capital Financing</b>                               |                                  |                                 |                                    |                                     |
| Debt Charges   | 14,316,180                       | 11,126,151                      | 10,497,924                         | 628,227                             |
| Investment Income net of Recharges                     | 259,960                          | 259,960                         | (190,040)                          | 450,000                             |
| CERA (Capital Expenditure funded from Revenue Account) | 217,872                          | 3,407,901                       | 3,407,901                          | 0                                   |
|  | <b>14,794,012</b>                | <b>14,794,012</b>               | <b>13,715,785</b>                  | <b>1,078,227</b>                    |
| <b>Corporate and Democratic Core Costs</b>             |                                  |                                 |                                    |                                     |
| Bank Charges   | 185,978                          | 185,978                         | 185,978                            | 0                                   |
| Income from HRA  | (31,281)                         | (31,281)                        | (31,281)                           | 0                                   |
| Income from DLO/DSO                                    | (13,353)                         | (13,353)                        | (13,353)                           | 0                                   |
| External Audit Fees                                    | 474,584                          | 474,584                         | 474,584                            | 0                                   |
| Income from HRA  | (79,825)                         | (79,825)                        | (79,825)                           | 0                                   |
| Income from DLO/DSO                                    | (34,074)                         | (34,074)                        | (34,074)                           | 0                                   |
| Subscriptions  | 110,736                          | 110,736                         | 102,066                            | 8,670                               |
|  | <b>612,765</b>                   | <b>612,765</b>                  | <b>604,095</b>                     | <b>8,670</b>                        |

| <b>MISCELLANEOUS FINANCE</b>              | <b>Original Estimate 2017/18</b> | <b>Revised Estimate 2017/18</b> | <b>Anticipated Outturn 2017/18</b> | <b>Anticipated Variance 2017/18</b> |
|---|----------------------------------|---------------------------------|------------------------------------|-------------------------------------|
| <b>Grants to Voluntary sector</b>         |                                  |                                 |                                    |                                     |
| Assistance to Voluntary sector            | 175,817                          | 175,817                         | 175,817                            | 0                                   |
|   | <b>175,817</b>                   | <b>175,817</b>                  | <b>175,817</b>                     | <b>0</b>                            |
| <b>Private Finance Initiative</b>         |                                  |                                 |                                    |                                     |
| PFI Schools                               | 2,459,038                        | 2,459,038                       | 2,459,038                          | 0                                   |
| PFI SEW                                   | 4,043,023                        | 4,043,023                       | 4,043,023                          | 0                                   |
|   | <b>6,502,061</b>                 | <b>6,502,061</b>                | <b>6,502,061</b>                   | <b>0</b>                            |
| <b>Other</b>                              |                                  |                                 |                                    |                                     |
| Budget Pressures                          | 121,166                          | 121,166                         | 48,795                             | 72,371                              |
| NNDR - Authority Empty Properties         | 130,608                          | 130,608                         | 123,064                            | 7,544                               |
| Counsel Fees                              | 330,720                          | 330,720                         | 330,720                            | 0                                   |
| Careline                                  | 35,900                           | 35,900                          | 35,900                             | 0                                   |
| Carbon Management Scheme                  | 27,618                           | 27,618                          | 27,618                             | 0                                   |
| Carbon Energy Tax                         | 221,856                          | 221,856                         | 221,856                            | 0                                   |
| IT Replacement Strategy                   | 129,257                          | 129,257                         | 129,257                            | 0                                   |
| PV Panels Income                          | (40,600)                         | (40,600)                        | (40,600)                           | 0                                   |
| Risk Management Contribution              | (456,511)                        | (456,511)                       | (456,511)                          | 0                                   |
| Class 1A NI                               | (60,000)                         | (60,000)                        | (60,000)                           | 0                                   |
| Welsh Language                            | 52,115                           | 52,115                          | 0                                  | 52,115                              |
| City Deal                                 | 60,000                           | 60,000                          | 92,670                             | (32,670)                            |
| Trade Union Facilities                    | 26,122                           | 26,122                          | 25,962                             | 160                                 |
| Matched Funding for Community Schemes     | 25,400                           | 25,400                          | 25,400                             | 0                                   |
|   | <b>603,651</b>                   | <b>603,651</b>                  | <b>504,131</b>                     | <b>99,520</b>                       |
| <b>TOTAL MISCELLANEOUS FINANCE</b>        | <b>47,150,069</b>                | <b>47,150,069</b>               | <b>45,963,652</b>                  | <b>1,186,417</b>                    |
| <b>EXPENDITURE TO DIRECTORATE SUMMARY</b> | <b>69,559,432</b>                | <b>69,559,432</b>               | <b>67,056,597</b>                  | <b>2,502,835</b>                    |



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT: 2017/18 CAPITAL EXPENDITURE MONITORING REPORT (PERIOD 7)**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151  
OFFICER**

---

### **1. PURPOSE OF REPORT**

1.1 To inform Members of projected capital expenditure for the 2017/18 financial year.

### **2. SUMMARY**

2.1 The report provides details of actual and projected capital expenditure based on information available as at month 7 of the 2017/18 financial year.

### **3. LINKS TO STRATEGY**

3.1 The contents of this report are in accordance with the Budget Strategy agreed by Council at its meeting on 22<sup>nd</sup> February 2017.

3.2 Prudent financial management contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:-

- A prosperous Wales.
- A resilient Wales.
- A healthier Wales.
- A more equal Wales.
- A Wales of cohesive communities.
- A Wales of vibrant culture and thriving Welsh Language.
- A globally responsible Wales.

### **4. THE REPORT**

4.1 The approved Capital Programme for the 2017/18 financial year totalled £70.04m, consisting of £16.46m for the General Fund and £53.58m for the Housing Revenue Account (HRA). Appendix 1 provides details of the 2017/18 approved budget, the 2016/17 slippage carried forward and additional in-year funding for 2017/18 as at period 7.

4.2 Actual expenditure as at period 7 has been reviewed and budget holders have provided updates on anticipated spend for the remainder of the financial year. Schemes totalling £45.40m have been identified that are unlikely to be delivered in 2017/18. Consequently, these schemes will be carried forward as slippage into the 2018/19 financial year. Members will note from the table below that the majority of the slippage relates to Corporate Projects; Engineer's schemes; Property Services and the HRA WHQS programme.

| <b>Service Area</b>                              | <b>Scheme</b>                                      | <b>£'000</b>  |
|--|--|---------------|
| Corporate Services                               | Corporate Projects                                 | 4,459         |
| Corporate Services                               | Various Corporate Services                         | 61            |
| Corporate Finance                                | 2018/19 & 2019/20 Capital Programme                | 494           |
| Education  | Asset Management                                   | 517           |
| Education  | Health & Safety Regulatory Works                   | 120           |
| Education  | Various Education Schemes                          | 137           |
| Education  | 21st Century Schools                               | 1,307         |
| Environment - Community & Leisure Services       | Cemeteries   | 1,160         |
| Environment - Community & Leisure Services       | Playground Reinstatement                           | 326           |
| Environment - Community & Leisure Services       | Ty Duffryn   | 769           |
| Environment - Community & Leisure Services       | Various CLS Schemes                                | 98            |
| Environment -Economic Development & Regeneration | Cwmcarn Forest Campsite (Glamping)                 | 124           |
| Environment- Engineers                           | A472 Drainage Nelson                               | 570           |
| Environment- Engineers                           | Caerphilly Basin (Pwly Pant)                       | 4,476         |
| Environment- Engineers                           | Corporate Maintenance Tips Mines & Spoils          | 200           |
| Environment- Engineers                           | Engineer's Former Liabilities                      | 695           |
| Environment- Engineers                           | Monmouth & Brecon Canal                            | 140           |
| Environment- Engineers                           | Various Engineers                                  | 183           |
| Environment- Land Reclamation/ Engineers         | Bedwas Colliery                                    | 238           |
| Environment- Land Reclamation/ Engineers         | Unfunded Liabilities Former Land Reclamation Sites | 1,907         |
| Environment - Urban Renewal                      | Bargoed Cinema Development – Under Review          | 411           |
| Environment - Urban Renewal                      | Risca S106   | 474           |
| Environment - Urban Renewal                      | Various Urban Renewal                              | 354           |
| HRA  | WHQS   | 17,856        |
| Private Housing                                  | Various Private Housing                            | 784           |
| Property Services                                | Demolition of Civic Building Pontllanfraith        | 628           |
| Property Services                                | Demolition of Pontllanfraith &Oakdale Schools      | 2,317         |
| Property Services                                | Former Meals On Wheels Pengam                      | 228           |
| Property Services                                | Longbridge Baths Risca                             | 999           |
| Public Protection                                | CCTV Replacement                                   | 83            |
| Public Protection                                | Ty Llwyd Landfill Site                             | 200           |
| Social Services                                  | Children's Centre For Complex Needs                | 3,088         |
|  |  |               |
| <b>Total: -</b>                                  |  | <b>45,403</b> |

- 4.3 The slippage of £4.46m on Corporate Projects relates to the capital earmarked reserve of £7.47m that was approved by Council on the 22<sup>nd</sup> February 2017. This is yet to be allocated to a specific scheme. A report will be presented to Members later in the year that will identify new capital schemes that require funding from this budget allocation.

- 4.4 The slippage of £0.769m held against Ty Duffryn relates to funding that was initially set aside for the potential Waste Transfer Station. The funding is to remain ring-fenced pending the outcome of the ongoing waste strategy review.
- 4.5 The slippage of £4.48m on Pwly Pant Highways scheme will be fully utilised in 2018/19 financial year once WG grant funding has been utilised.
- 4.6 The slippage on the WHQS programme could potentially be greater at the end of the financial year due to ongoing issues relating to procurement, condition surveys and asbestos. This slippage will be ring-fenced to the WHQS.
- 4.7 The Children's Centre for Complex Needs is currently at design phase. The capital budget has been requested to be carried forward as slippage into 2018/19 financial year when construction works is likely to commence.
- 4.8 The table below summarises identified projected underspends totalling £1.25m: -

| Service Area      | Scheme                            | £'000        |
|-------------------|-----------------------------------|--------------|
| Corporate Finance | Unallocated underspends           | 954          |
| Property          | Penallta House Car Park Extension | 200          |
| Property          | Caerphilly Leisure Centre         | 99           |
|                   |                                   |              |
| <b>Total: -</b>   |                                   | <b>1,253</b> |

- 4.9 The underspends identified in the table above will be monitored throughout the year and will be made available to support the Capital Programme in future years following consultation with the budget holder as part of the outturn meetings.
- 4.10 As at 31<sup>st</sup> October 2017 Education was projecting overspends against schemes to the value of £172k: -

| Service Area    | Scheme                              | £'000      | Comments   |
|-----------------|-------------------------------------|------------|--|
| Education       | Islwyn High Traffic Calming         | 111        | Proposal to fund overspend from Education reserves.                |
| Education       | School Boiler Replacement Programme | 61         | Overspend to be carried forward and funded from 2018/19 programme. |
|                 |                                     |            |  |
| <b>Total: -</b> |                                     | <b>172</b> |  |

- 4.11 As indicated above, the projected overspends totalling £172k will be met from within existing Education capital budgets or other identified funding.

## 5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 The establishment of budget monitoring is a key element of effective financial management which assists the achievement of the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015.

## 6. EQUALITIES IMPLICATIONS

- 6.1 This report is for information purposes only. The Council's Equalities Impact Assessment (EqIA) process does not need to be applied.

## **7. FINANCIAL IMPLICATIONS**

7.1 As detailed throughout the report.

## **8. PERSONNEL IMPLICATIONS**

8.1 There are no direct personnel implications arising from this report.

## **9. CONSULTATIONS**

9.1 There are no consultation responses that have not been reflected in this report.

## **10. RECOMMENDATIONS**

10.1 Members are requested to note the contents of the report.

## **11. REASONS FOR THE RECOMMENDATIONS**

11.1 To ensure that Members are advised of projected spend for the 2017/18 Capital Programme.

## **12. STATUTORY POWER**

12.1 Local Government Act 1972.

Authors: N. Akhtar – Group Accountant -Treasury Management & Capital  
E-mail: [Akhtar@caerphilly.gov.uk](mailto:Akhtar@caerphilly.gov.uk) Tel: 01443 863313

Consultees: S. Harris, Interim Head of Corporate Finance, Deputy S151 Officer  
A. Southcombe, Finance Manager, Corporate Finance  
Cllr B. Jones- Deputy Leader and Cabinet Member for Finance, Performance and Governance

Appendices:  
Appendix 1 Capital Monitoring 2017/18 - Period 7

## Capital Monitoring 2017/18 - Period 7

| Service Area                                | B/f Funding   | B/f Funding Adjustments | Revised B/f Funding | Approved Budget 2017-18 | Virement | Additional In Year Funding 2017-18 | Total Available Funding 2017-18 | Expenditure to 31.10.2017 | Projected Expenditure to 31 March 2018 | Slippage (committed & non-committed) | Projected Outturn Variance Underspend (+); Overspend (-) |
|---|---------------|-------------------------|---------------------|-------------------------|----------|------------------------------------|---------------------------------|---------------------------|--|--------------------------------------|--|
|   | £000          | £000                    | £000                | £000                    | £000     | £000                               | £000                            | £000                      | £000                                   | £000                                 | £000   |
| Corporate Finance- Unallocated Balances     | 1,148         | 300                     | 1,448               | 0                       | 0        | 0                                  | 1,448                           | 0                         | 0                                      | 494                                  | 954  |
| Corporate Services                          | 113           | 0                       | 113                 | 7,764                   | -3,010   | 0                                  | 4,867                           | 6                         | 347                                    | 4,520                                | 0  |
| Education & Lifelong Learning               | 2,837         | 0                       | 2,837               | 1,445                   | 0        | 10,467                             | 14,749                          | 7,440                     | 12,840                                 | 2,081                                | -172   |
| Environment- Community and Leisure Services | 2,189         | 0                       | 2,189               | 669                     | 0        | 164                                | 3,022                           | 152                       | 669                                    | 2,353                                | 0  |
| Environment- Economic Regeneration          | 42            | 0                       | 42                  | 100                     | 0        | 192                                | 334                             | 37                        | 210                                    | 124                                  | 0  |
| Environment- Engineers                      | 4,241         | 0                       | 4,241               | 2,618                   | 0        | 4,859                              | 11,718                          | 1,645                     | 5,454                                  | 6,264                                | 0  |
| Environment- Land Reclamation               | 2,128         | 0                       | 2,128               | 0                       | 0        | 17                                 | 2,145                           | 0                         | 0                                      | 2,145                                | 0  |
| Environment- Urban Renewal                  | 1,059         | 0                       | 1,059               | 110                     | 0        | 602                                | 1,771                           | -27                       | 532                                    | 1,239                                | 0  |
| HRA   | 0             | 0                       | 0                   | 53,582                  | 0        | 109                                | 53,691                          | 16,173                    | 35,835                                 | 17,856                               | 0  |
| Private Housing                             | 1,427         | 0                       | 1,427               | 2,200                   | 0        | 169                                | 3,796                           | 1,378                     | 3,012                                  | 784                                  | 0  |
| Property Services                           | 1,840         | -300                    | 1,540               | 700                     | 3,010    | 723                                | 5,973                           | 413                       | 1,502                                  | 4,172                                | 299  |
| Public Protection                           | 332           | 0                       | 332                 | 500                     | 0        | 162                                | 994                             | 534                       | 711                                    | 283                                  | 0  |
| Social Services                             | 3,157         | 0                       | 3,157               | 350                     | 0        | 0                                  | 3,507                           | 39                        | 419                                    | 3,088                                | 0  |
| <b>General Fund Total</b>                   | <b>20,513</b> | <b>0</b>                | <b>20,513</b>       | <b>70,038</b>           | <b>0</b> | <b>17,464</b>                      | <b>108,015</b>                  | <b>27,790</b>             | <b>61,531</b>                          | <b>45,403</b>                        | <b>1,081</b>   |



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT: HOUSING REVENUE ACCOUNT BUDGET MONITORING - PERIOD 7  
2017/18**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151  
OFFICER**

---

### **1. PURPOSE OF REPORT**

- 1.1 To inform members of the projected expenditure for the Housing Revenue Account (HRA) for the 2017/18 financial year. The HRA capital programme which is predominantly funded by the HRA is also included within this report.

### **2. SUMMARY**

- 2.1 Members will be aware of the distinction between the HRA, which is funded by rental income received from council tenants, and General Fund Housing activities, which fall under the General Fund and is funded via the Council taxpayer.

Although there is a clear separation of these funds, the majority of council tenants rent is funded from housing benefits which is derived from the tax payers purse and therefore value for money must always be sought.

- 2.2 The report outlines the projected outturn for the HRA based upon the expenditure and income for the first seven months of the year
- 2.3 The HRA budget for 2017/18 is £48.3m with its main components consisting of £13m of salaries (net of WHQS funding), £7.9m of capital financing charges, £8.1m of response repairs, and £16.6m of revenue contributions to fund the WHQS programme. The underspend at period 7 is projected to be £1.6k and the main reason for this is detailed below.

### **3. LINKS TO STRATEGY**

- 3.1 The content of the report is in accordance with the budget strategy agreed by Council at its meeting of 15th February 2017. Cabinet approved the 2016/17 Housing Revenue Account on the 1st February 2017.
- 3.2 Budget management itself is in accordance with the Corporate theme of Delivering the Strategies.
- 3.3 The Wellbeing of Future Generations Act 2015 sets out the following wellbeing goals which link with the aims of this report:-
- A sustainable Wales
  - A prosperous Wales



- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales

## **4. THE REPORT**

### **4.1 Introduction**

4.1.1 The following paragraphs highlight the major budget variances.

### **4.2 HRA (£1.6m underspend)**

4.2.1 The HRA is currently projecting a £1.6m under-spend, which represents about 3% of the total HRA budget. The main variances are summarised below and full details are provided in Appendix 1.

### **4.3 Salaries & Mileage (£170k overspend)**

4.3.1 Salaries and associated costs within the HRA are currently expected to overspend by some £170k on a £13m salary budget. There are some offsetting over and under spends in this area given the volume of staff, but the net result includes anticipating overspends within the Housing Response Operations team as a result of increasing resources to address the increase in work, particularly to support the WHQS programme and also revenue projects where efficiencies have been achieved in areas such as the Non DLO budget, noted further in this report.

### **4.4 Service Specific Related and Office Related (£200k underspend)**

4.4.1 The main area of activity relates to a projected increase in spend in materials and transport for the HRO team, along with salaries mentioned in 4.3.1 above, as a result of increased works associated with the WHQS programme. However, this has been offset by recharges to the WHQS Programme which has generated additional income to the HRO service, together with potential savings on sub-contractors and renewal of vehicles. Typically there are some budget areas within this category that tend to be quite volatile and therefore could generate further savings throughout the year, such as bad debt provisions, utility charges and various housing projects.

### **4.5 Capital Finance Charges (£500k underspend)**

4.5.1 This underspend relates to a slightly lower interest rate than projected on a lower debt base due to the fact that borrowing has not been undertaken as yet this year.

### **4.6 Building Maintenance (£1.1m underspend)**

4.6.1 This area includes all building revenue works to fund the maintenance of the public housing stock which is undertaken in the main by the Housing Repair Operations team and/or Contractors.

4.6.2 Revenue Projects (£770k under-spend) – this category mainly includes budgets that fall outside of the other budgets remits (i.e. not planned, cyclical or in house responsive). The under-spend mainly relates to the non DLO budget (£411k), asbestos (£30k) and dampproofing (£150k) which is an offset related to the extra work mentioned in 4.4.1 above. Projects for the infrastructure works budget has not been fully utilised as yet this year, as a consequence of work being picked up in the WHQS Programme so a pro rata underspend is projected at £82k. Recent training on door entry systems has allowed the in-house HRO team to install these on more favourable terms than a subcontractor and this has projected savings

of £29k. The contingency budget of £500k is prudently assumed to be fully committed at this stage, but will release further savings if not utilised by year end.

- 4.6.3 Planned Cyclical (£320k under-spend) – this relates to costs associated with our statutory servicing and maintenance obligations, e.g. heating, electrical, and legionella testing. Under-spends in this area relates to Alarm & Light Servicing (£74k), Fire safety doors (£50k). Other savings are anticipated due to works being completed under the WHQS Programme and revised contractual arrangements, such as Gas & Electric Servicing Contracts (£87k), Gas & Electric Remedial Works (£24k), Water Treatment (£18k), and Lift Contracts (£38k).
- 4.6.4 As part of the merger of the Building Maintenance DLO with the HRA, the WHQS holding account was set up to monitor the in house workforce costs that would be recharged to the WHQS capital programme. A budget of £12m has been allocated in 2017/18 along with an income recharge to the capital programme so that the HRA had a nil cost.
- 4.6.5 The In House Workforce had increased its budget by some £3.3m in 2017/18 to account for the additional work programmed for our sheltered schemes. The projected spend is still an increase on the previous year but due to the unfilled vacant posts, this spend is anticipated to be £248k less than originally planned at the start of the year. All overspends are funded by the capital programme.

#### 4.7 **Income (£170k overspend)**

- 4.7.1 The under recovery of income is mainly due to the increase of void properties which is netted off the rental income. Void properties do not generate any income and the increase is as a consequence of our commitment to ensure all void properties are brought up to WHQS standard and to accommodate this, void times have been extended.

#### 4.8 **Revenue Contribution to Capital (RCCO) (£190k underspend)**

- 4.8.1 The HRA allows for some £16.6m of revenue contributions towards the WHQS programme and this includes an element for the WHQS management team responsible for the delivery of the WHQS Programme which is anticipating a £190k underspend as a result of unfilled vacant posts.
- 4.8.2 The total expenditure on the WHQS capital programme as at period 7 is some £17.3m against a budget of £53.6m. However, following a review of costs earlier in the year, which was based on more accurate costs in place of Savills estimates and up to date survey information, spend for the year is likely to be in the region of £35m.
- 4.8.3 The HRA RCCO will fund this budgeted spend in addition to the £7.3m Major Repairs Allowance (MRA) from Welsh Government with the remaining balance being funded from HRA working balances and borrowing if required.
- 4.8.4 Borrowing will only be actioned this year if the WHQS programme exceeds some £42m.

#### 4.9 **HRA Working Balances**

- 4.9.1 Working balances at the beginning of the 2017/18 financial year are £15.6m. This is expected to be partly utilised this year (estimated £11m) with the remainder being carried forward to next year's programme. To date no borrowing has been undertaken to fund the WHQS programme.

### 5. **WELL-BEING OF FUTURE GENERATIONS**

- 5.1 Effective financial management is a key element in ensuring that the well-being goals within the Well-being of Future Generations Act (Wales) 2016 are met.

## **6. EQUALITIES IMPLICATIONS**

- 6.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the categories identified in Section 6 of the Council's Strategic Equality Plan. There is no requirement for an Equalities Impact Assessment Questionnaire to be completed for this report.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 The overall underspend is relatively small compared to the total budget and whilst close monitoring is regularly carried out throughout the year, the scale of the HRA budget inevitably leads to variances throughout the year due to the large volume of staffing required to manage and operate the service, the reactive nature of the response repairs service, fluctuation in void properties and changes to interest rates to name but a few.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 There are no personnel implications.

## **9. CONSULTATION**

- 9.1 There are no consultation responses, which have not been reflected in this report.

## **10. RECOMMENDATIONS**

- 10.1 Members are requested to note the contents of this report.

## **11. REASONS FOR THE RECOMMENDATIONS**

- 11.1 To inform Members of the financial position of the Housing Revenue Account.

## **12. STATUTORY POWER**

- 12.1 Local Government Acts 1972 and 2003 and the Councils Financial Regulations.

Author: Lesley Allen - Group Accountant, Housing.  
(E-mail: allenl@caerphilly.gov.uk)

Consultees: Cllr L Phipps – Cabinet Member Homes & Places  
Nicole Scammell - Acting Director of Corporate Services & Section 151 Officer  
Christina HARRY – Corporate Director Communities  
Shaun Couzens – Chief Housing Officer  
Fiona Wilkins - Public Sector Housing Manager  
Paul Smythe – Housing Repairs Operations Manager  
Stephen Harris – Acting Head of Corporate Finance  
Marcus Lloyd – WHQS Infrastructure and Strategy Manager

Appendices  
Appendix 1 HRA financial plan p7 2017/18

| <b>HOUSING</b>   | <i>Page</i> | <b>Revised</b>   | <b>Projected</b> | <b>Variance</b>  |
|--|-------------|------------------|------------------|------------------|
|  | <i>No</i>   | <b>2017/2018</b> | <b>2017/2018</b> | <b>2017/2018</b> |
| <b><u>HOUSING REVENUE ACCOUNT</u></b>                            |             |                  | £                | £                |
| <b><u>SUMMARY</u></b>  |             |                  |                  |                  |
| <b>GENERAL MANAGEMENT</b>  |             | 1,047,188        | 1,001,660        | 45,528           |
| <b>CAPITAL FINANCING</b>   |             | 7,955,549        | 7,451,220        | 504,329          |
| <b>CENTRAL RECHARGES</b>   |             | 2,216,879        | 2,216,879        | 0                |
| <b>STRATEGY AND PERFORMANCE</b>                                  |             | 1,661,352        | 1,581,933        | 79,419           |
| <b>PUBLIC SECTOR HOUSING</b>                                     |             | 5,166,210        | 5,161,096        | 5,114            |
| <b>SUPPORTED HOUSING</b>   |             | 0                | 0                | 0                |
| <b>BUILDING MAINTENANCE SERVICES</b>                             |             | 30,215,448       | 29,033,560       | 1,181,888        |
| <b>GROSS EXPENDITURE</b>   |             | 48,262,626       | 46,446,348       | 1,816,278        |
| <b>INCOME</b>  |             | (48,262,626)     | (48,092,685)     | -169,942         |
| <b>(SURPLUS)/DEFICIT CONTRIBUTION (TO)/FROM WORKING BALANCES</b> |             | 0                | (1,646,337)      | 1,646,337        |
| <b><u>HOUSING REVENUE ACCOUNT</u></b>                            |             |                  | £                | £                |
| <b><u>GENERAL MANAGEMENT</u></b>                                 |             | 1,047,188        | 1,001,660        | 45,528           |
| <b><u>CAPITAL FINANCING COSTS</u></b>                            |             |                  |                  |                  |
| Interest Charge  |             | 5,691,057        | 5,190,487        | 500,570          |
| Principal  |             | 2,263,700        | 2,259,941        | 3,759            |
| Debt Management  |             | 39,481           | 39,481           | 0                |
| Resheduling Discount   |             | (38,689)         | (38,689)         | 0                |
| <b>EXPENDITURE TO HRA SUMMARY</b>                                |             | 7,955,549        | 7,451,220        | 504,329          |
| <b><u>CENTRAL RECHARGES</u></b>                                  |             |                  |                  |                  |
| Central Recharges  |             | 1,767,942        | 1,767,942        | 0                |
| Grounds Maintenance recharge to HRA                              |             | 448,937          | 448,937          | 0                |
| <b>EXPENDITURE TO HRA SUMMARY</b>                                |             | 2,216,879        | 2,216,879        | 0                |

| <b><u>HOUSING REVENUE ACCOUNT</u></b> |  |                  | £                | £             |
|---------------------------------------|--|------------------|------------------|---------------|
| STRATEGY & PERFORMANCE                |  | 86,776           | 49,536           | 37,240        |
| PERFORMANCE DEVELOPMENT               |  | 650,793          | 652,346          | -1,553        |
| COMMUNICATIONS & ENGAGEMENT           |  | 99,576           | 98,304           | 1,272         |
| TRANSFORMING LIVES & COMMUNITIES      |  | 824,207          | 781,747          | 42,460        |
| <b>EXPENDITURE TO HRA SUMMARY</b>     |  | <b>1,661,352</b> | <b>1,581,933</b> | <b>79,419</b> |
| <b><u>HOUSING REVENUE ACCOUNT</u></b> |  |                  | £                | £             |
| <b><u>PUBLIC SECTOR HOUSING</u></b>   |  |                  |                  |               |
| Landlord General                      |  | 173,311          | 147,186          | 26,125        |
| Sheltered Accommodation               |  | 1,367,613        | 1,368,219        | -606          |
| Holly Road Community support          |  | 1,884            | 3,550            | -1,666        |
| Eastern Valley AHO                    |  | 649,340          | 647,288          | 2,052         |
| Upper Rhymney AHO                     |  | 770,932          | 794,480          | -23,548       |
| Lower Rhymney Valley                  |  | 0                | 23,169           | -23,169       |
| Gilfach NHO                           |  | 0                | 0                | 0             |
| Lansbury Park NHO                     |  | 333,546          | 332,524          | 1,022         |
| Graig Y Rhacca NHO                    |  | 273,184          | 260,038          | 13,146        |
| Housing Allocations Cont.             |  | 118,445          | 128,881          | -10,436       |
| Tenants & Communities Involment       |  | 497,097          | 477,038          | 20,059        |
| Leaseholders Management               |  | 49,083           | 61,561           | -12,478       |
| Tenancy Enforcement                   |  | 272,693          | 257,528          | 15,165        |
| Rents                                 |  | 703,435          | 703,987          | -552          |
| Community Wardens                     |  | (44,353)         | (44,353)         | 0             |
| <b>EXPENDITURE TO HRA SUMMARY</b>     |  | <b>5,166,210</b> | <b>5,161,096</b> | <b>5,114</b>  |

| <b><u>HOUSING REVENUE ACCOUNT</u></b>             |                   |                   | £                 | £                |
|---|-------------------|-------------------|-------------------|------------------|
| <b><u>SUPPORTED HOUSING</u></b>                   |                   |                   |                   |                  |
| Dispersed Alarms                                  |                   | 0                 | 0                 | 0                |
| Telecare Centre                                   |                   | 0                 | 0                 | 0                |
| Ty Croeso Hostel                                  |                   | 0                 | 0                 | 0                |
| <b>EXPENDITURE TO HRA SUMMARY</b>                 |                   |                   | <b>0</b>          | <b>0</b>         |
| <b><u>HOUSING REVENUE ACCOUNT</u></b>             |                   |                   | £                 | £                |
| <b><u>RESPONSE REPAIRS &amp; MAINTENANCE</u></b>  |                   |                   |                   |                  |
| <b>Employee Expenses net of recharges</b>         |                   | <b>1,360,647</b>  | <b>1,332,713</b>  | <b>27,934</b>    |
| <b>Repairs &amp; Maintenance on Housing Stock</b> |                   |                   |                   |                  |
| Responsive Repairs                                | 8,114,142         | 8,237,338         | -123,196          |                  |
| Revenue Contribution to Capital - WHQS Programme  | 16,648,485        | 16,456,028        | 192,457           |                  |
| Group/Planned Repairs (priorities 5 & 8)          | 0                 | 0                 | 0                 |                  |
| Void Repairs (priority 6)                         | 0                 | 0                 | 0                 |                  |
| Revenue Projects                                  | 2,234,000         | 1,467,994         | 766,006           |                  |
| Planned Cyclical                                  | 1,632,336         | 1,314,533         | 317,803           |                  |
| Planned Programme                                 | 0                 | 0                 | 0                 |                  |
|   | <b>28,628,963</b> | <b>27,475,893</b> | <b>1,153,070</b>  |                  |
| <b>Transport Related</b>                          |                   | <b>8,950</b>      | <b>10,207</b>     | <b>-1,257</b>    |
| <b>Supplies &amp; Services</b>                    |                   | <b>216,888</b>    | <b>214,747</b>    | <b>2,141</b>     |
| <b>EXPENDITURE TO HRA SUMMARY</b>                 |                   | <b>30,215,448</b> | <b>29,033,560</b> | <b>1,181,888</b> |

| <b><u>HOUSING REVENUE ACCOUNT</u></b>       |                     |                     | £               | £ |
|---|---------------------|---------------------|-----------------|---|
| <b><u>INCOME</u></b>                        |                     |                     |                 |   |
| <b><u>Rents - Dwelling</u></b>              |                     |                     |                 |   |
| Gross Rent - Dwellings                      | (41,756,862)        | (38,710,861)        | -3,046,001      |   |
| Gross rent - Sheltered                      | (4,639,651)         | (7,721,698)         | 3,082,047       |   |
| Gross Rent - Hostel                         | 0                   | 0                   | 0               |   |
| Voids - General Needs Dwelling/Sheltered    | 700,000             | 821,036             | -121,036        |   |
| Voids - Hostel                              | 0                   | 0                   | 0               |   |
| Net Rent                                    | <b>(45,696,513)</b> | <b>(45,611,523)</b> | <b>-84,990</b>  |   |
| <b><u>Rents - Other</u></b>                 |                     |                     |                 |   |
| Garages                                     | (383,876)           | (382,873)           | -1,003          |   |
| Garage Voids                                | 138,195             | 155,842             | -17,647         |   |
| Shop Rental                                 | (60,092)            | (82,508)            | 22,416          |   |
|   | <b>(305,773)</b>    | <b>(309,539)</b>    | <b>3,766</b>    |   |
| <b><u>Service Charges</u></b>               |                     |                     |                 |   |
| Sheltered - Service Charges                 | (1,420,280)         | (1,301,514)         | -118,766        |   |
| Sheltered - Heating & Lighting              | (151,668)           | (182,644)           | 30,976          |   |
| Sheltered & Dispersed- Alarms               | 0                   | 0                   | 0               |   |
| Catering Recharge - Sheltered Accommodation | (38,378)            | (35,029)            | -3,349          |   |
| Voids Schedule Water                        | 58,945              | 70,832              | -11,887         |   |
| Non Scheduled Water Rates                   | (42,813)            | (57,128)            | 14,315          |   |
| Welsh Water Commission                      | (615,447)           | (615,447)           | 0               |   |
| Leaseholder - Service Charges               | (10,000)            | (10,000)            | 0               |   |
|   | <b>(2,219,640)</b>  | <b>(2,130,930)</b>  | <b>-88,711</b>  |   |
| <b><u>Government Subsidies</u></b>          |                     |                     |                 |   |
| Housing Subsidy                             | 0                   | 0                   | 0               |   |
|   | <b>0</b>            | <b>0</b>            | <b>0</b>        |   |
| <b><u>Interest Receivable</u></b>           |                     |                     |                 |   |
| Mortgage Interest                           | (700)               | (700)               | 0               |   |
| Investment Income                           | (10,000)            | (10,000)            | 0               |   |
|   | <b>(10,700)</b>     | <b>(10,700)</b>     | <b>0</b>        |   |
| <b><u>Miscellaneous</u></b>                 |                     |                     |                 |   |
| Miscellaneous                               | 0                   | 7                   | -7              |   |
| Private Alarms                              | 0                   | 0                   | 0               |   |
| Ground Rent                                 | (30,000)            | (30,000)            | 0               |   |
|   | <b>(30,000)</b>     | <b>(29,993)</b>     | <b>-7</b>       |   |
| <b><u>INCOME TO HRA SUMMARY</u></b>         |                     |                     |                 |   |
|   | <b>(48,262,626)</b> | <b>(48,092,685)</b> | <b>-169,942</b> |   |



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT: CARE AND REPAIR MERGER**

**REPORT BY: INTERIM CHIEF EXECUTIVE**

---

### **1. PURPOSE OF REPORT**

- 1.1 To provide members of the Policy and Resources Scrutiny Committee with information on the recent merger of Care and Repair Caerphilly with Care and Repair Blaenau Gwent to form Blaenau Gwent and Caerphilly Care and Repair.

### **2. SUMMARY**

- 2.1 Care and Repair provides advice and support to older and vulnerable people to remain independent in their own homes. Previously 22 Care and Repair Agencies operated across Wales, however, in 2014 the Welsh Government announced a significant reduction in funding for the agencies which necessitated a programme of mergers in a bid to reduce expenditure whilst continuing the successful provision of core services.
- 2.2 In Gwent the five former agencies, located in each of the local authority areas, merged into three, comprising Torfaen and Monmouthshire, Newport, and Blaenau Gwent and Caerphilly. The Blaenau Gwent and Caerphilly Agencies subsequently merged in January 2017 to form Blaenau Gwent and Caerphilly Care and Repair. They continue to provide a comprehensive package of advice and support to households across Caerphilly County Borough.

### **3. LINKS TO STRATEGY**

#### **3.1 The Caerphilly Delivers - Single Integrated Plan 2013-2017 priorities:**

improve standards of housing and communities, giving appropriate access to services across the County Borough, and

ensure people are supported to live in their own homes and communities in safety.

#### **3.2 The Strategy For Older People in Wales 2013-2023:**

ensuring that older people in Wales have the resources they need to deal with the challenges and opportunities they face.

#### **3.3 Improving Lives and Communities: Homes in Wales (Welsh Government, 2010):**

sets out the national context on meeting housing need, homelessness, and housing-related support services.



- 3.4 This report would link most closely to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:
- A prosperous Wales
  - A resilient Wales
  - A more equal Wales
  - A Wales of cohesive communities
  - A globally responsible Wales.

#### **4. THE REPORT**

- 4.1 Care and Repair is a third sector organisation providing advice and support to older and vulnerable households to enable them to remain independent in their own homes for as long as possible. It provides a comprehensive casework and technical service. This includes advice and support in relation to welfare benefits, fuel poverty and housing grants as well as technical expertise involving scheduling services, monitoring the quality of building work and management of an approved list of contractors.
- 4.2 In 2014 Welsh Government confirmed that Care and Repair revenue budgets would be cut by 10% in the following year and highlighted to the 22 Care and Repair agencies across Wales the need for them to become more efficient. They tasked Care and Repair Cymru with leading discussions to develop proposals that would protect front line services from the effects of budget cuts, and made clear their expectation of mergers between agencies, with fewer chief officers, and reduced management, administrative and overhead costs.
- 4.3 At the time it was considered that the Williams Commission may provide a template for mergers but Welsh Government stressed that the agenda for Care and Repair mergers stood irrespective of the outcome of the Commission and the associated discussions on its implementation within Local Government and wider public services. Care and Repair therefore proceeded with its own 'merger map', using Williams as a starting point.
- 4.4 Key objectives of the Framework for Change included:
- The need to continue to provide core services in all communities in Wales ensuring, as far as possible, local delivery of services by core funded case workers and technical officers.
  - The need to guard against the loss of local funding from partners, including Local Authorities and Housing Associations, and to minimise the risk of weakening locally developed strong partnerships and social enterprises.
  - Growing relationships with the NHS around prevention and the delayed transfer of care agenda.
  - Developing more diverse and robust income generation streams to make agencies more resilient to national and local grant cuts in future years.
  - Review aims, requirements and efficient use of grant funding. Also, develop conditions that strengthen governance, raise service quality and consistency across wales, improve awareness and access to services, promote service sustainability and growth, and ensure best value for back office and shared functions.
- 4.5 Within Gwent consideration was given to either a two or three agency model. The three agency model was favoured by the Gwent agencies following consideration of detailed operational and financial information and financial cost modelling. Whilst Caerphilly Care and Repair would have preferred to remain independent, in light of the associated financial implications they were minded to merge with Blaenau Gwent.

- 4.6 The rationale behind the 3 agency model was that Torfaen and Monmouthshire Care and Repairs were located within Melin Homes and Newport Care and Repair was located within Seren Housing Group. The remaining two agencies were both Industrial and Provident Societies (IPS), now known as Community Benefit Societies, making merger less legally complex (2 merging as opposed to 3) and as two IPS merging, issues of possible pension debt crystallisation became less problematic.
- 4.7 As Welsh Government funding was only available for two Agencies in Gwent, Care and Repair Cymru advised the Gwent Agencies that the core cost of the additional manager, administration and overheads would need to be met by the two Housing Associations. The Boards of Melin and Seren subsequently confirmed that commitment.
- 4.8 A Shadow Board for Blaenau Gwent and Caerphilly Care and Repair was established in April 2015, consisting of representatives of the two Agencies. The Shadow Board appointed legal representation to support them through the merger process, and a third sector specialist to advise and guide them through the stages of the merger, including HR management and staff consultation.
- 4.9 In accordance with the legal advice provided the two Agencies subsequently merged in January 2017, changed their names to Blaenau Gwent and Caerphilly Care and Repair in June 2017 and converted to a charitable company limited by guarantee, registered with the Charity Commission, in November 2017. Services provided to households have not been directly affected by the merger.
- 4.10 The former Chief Executive Officer of Caerphilly Care and Repair has been appointed Chief Executive Officer of the new organisation, which is located in the offices of the former Blaenau Gwent Agency at Roseheyworth Business Park in Abertillery. There were no compulsory redundancies however a small number of staff opted to take voluntary redundancy.
- 4.11 Partnership working and collaboration remain at the heart of service delivery with the Agency's core service continuing to be funded by Welsh Government. In addition advice and financial support continues to be received from its partners, including Blaenau Gwent and Caerphilly County Borough Councils, Aneurin Bevan University Health Board, Public Health Wales, Gwent Police and South Wales Fire and Rescue Service.
- 4.12 As the Agency is a registered charity they now have Trustees rather than Board members. The Chair of the trustees is the former Chair of the Board of the Blaenau Gwent Agency. Both the Council's Cabinet Member for Homes and Places and the Interim Private Sector Housing Manager have recently been asked to become Personal Trustees of the Charity as they were previously members of the Board, nominated by Caerphilly County Borough Council.

## **5. WELL-BEING OF FUTURE GENERATIONS**

- 5.1 This report contributes to the Well-being Goals as set out in Links to Strategy above. It is consistent with the five ways of working as defined within the sustainable development principle in the Act
- Long Term – Provides future sustainability of Care and Repair services within the County Borough.
  - Prevention - Supports older person households to remain safely and securely in their own homes. Reduces the likelihood of hospital and care home admissions.
  - Integration – Improved standards of housing and stable communities.
  - Collaboration – Facilitates partnerships and joined up working arrangements with a range of agencies to support older people in their communities.
  - Involvement – Engages support agencies and partners in relation to sustainment of communities

## **6. EQUALITIES IMPLICATIONS**

- 6.1 This report is for information only so the Council's full Equalities Impact Assessment process does not need to be followed. Securing the future of Care and Repair within the County Borough will, however, benefit many older people within the community.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 This Authority has previously supported Care and Repair Caerphilly, most recently providing an element of imputed support in relation to accommodation and day to day office costs together with an annual cash contribution. At a meeting on 17<sup>th</sup> February 2016 Cabinet endorsed 2016/17 budget proposals prior to final determination at Council. The proposals referenced the proposed Agency merger and proposed the withdrawal by Housing of funding support for Care and Repair Caerphilly to generate savings of £10,000 in 2016/17 and a further saving of £5,000 in 2017/18. No funding has therefore been provided in 2017/18.
- 7.2 In addition to budgetary restrictions imposed on partner organisations providing financial support to Care and Repair, in 2014 Welsh Government confirmed that Care and Repair revenue budgets would be cut from £5.1m to £4.6m in 2014/15. They reiterated the need for Agencies to make savings by requiring the merger of Agencies across Wales to reduce overheads whilst minimising the impact on clients.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 There are no personnel implications associated with this report.

## **9. CONSULTATIONS**

- 9.1 All responses from consultations have been incorporated in the report

## **10. RECOMMENDATIONS**

- 10.1 This report is for information only.

## **11. REASONS FOR THE RECOMMENDATIONS**

- 11.1 There is no recommendation; the report is to update members on the merger of Blaenau Gwent and Caerphilly Care and Repair.

## **12. STATUTORY POWER**

- 12.1 No statutory powers.

Author: Fiona Wilkins, Public Sector Housing Manager - [wilkife@caerphilly.gov.uk](mailto:wilkife@caerphilly.gov.uk)  
Consultees: Christina HARRY, Interim Chief Executive  
Shaun Couzens, Chief Housing Officer  
Cllr Lisa Phipps, Cabinet Member for Homes and Places.  
Todd Rawson, Solicitor  
Claire Davies, Interim Private Sector Housing Manager  
Mark Jennings, Housing Strategy Officer  
Pat Jones, Chief Executive Officer, Blaenau Gwent and Caerphilly Care & Repair



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT: WELLBEING OBJECTIVE WO5 & WHQS PROGRESS UPDATE –  
INVESTMENT IN COUNCIL HOMES TO TRANSFORM LIVES AND  
COMMUNITIES**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151  
OFFICER**

---

- 1.1 The attached report was presented to the meeting of the Caerphilly Homes Task Group on 14th December 2017 where its contents were received and noted.
- 1.2 The same report is attached as an information item for the Policy and Resources Scrutiny Committee, and Members are asked to note the contents of the report.

Author: R. Barrett, Committee Services Officer, Ext. 4245

Appendices:

Appendix 1 Report to Caerphilly Homes Task Group on 14th December 2017 - Wellbeing Objective WO5 and WHQS Progress Update - Investment in Council Homes to Transform Lives and Communities.



## CAERPHILLY HOMES TASK GROUP - 14TH DECEMBER 2017

**SUBJECT: WELLBEING OBJECTIVE WO5 & WHQS PROGRESS UPDATE – INVESTMENT IN COUNCIL HOMES TO TRANSFORM LIVES AND COMMUNITIES**

**REPORT BY: CORPORATE DIRECTOR - COMMUNITIES**

### 1. PURPOSE OF REPORT

- 1.1 To update progress against Wellbeing Objective (WO5) and provide an update on progress made to deliver the Welsh Housing Quality Standard (WHQS) programme – Investment in Council homes to transform lives and communities for the first six months of 2017/18.

### 2. SUMMARY

- 2.1 It is acknowledged that good quality, well managed homes in safe and attractive communities contributes to tenants' health, education and wellbeing. This report covers the period April 2017 to September 2017 and looks at the contribution that Caerphilly Homes has made to WO5 as part of its major investment programme to bring the council's housing stock up the Welsh Housing Quality Standard by 2020. Such an investment has also been used to target support for local businesses, training, employment and the local economy as a whole, as well as improving standards within our tenants' homes.
- 2.2 Members will be aware of the Wales Audit Office report which was recently presented following a review that was undertaken in March/April 2017. This report concluded that the Council was unlikely to achieve WHQS by 2020 and made a number of recommendations aimed at delivering improvements.
- 2.3 A number of the issues highlighted in the WAO report were already being progressed by officers at the time of the review and improvements have been realised which have resulted in significant progress having been made during 2017/18.
- 2.4 The internal works have achieved 1039 completions against a whole year target of 2618 (40% at the half way point through the year). Overall, since the commencement of the programme a total of 7,096 properties have benefitted from internal improvements (65% of the housing stock). The external completions have achieved 1302 completions against a whole year target of 4675 which equates to 28% at the half way point through the year). Overall the total number of external completions now stands at 2,602 (24% of the housing stock). The total number of properties that were fully compliant with WHQS for 2016/17 was 252 and the current compliance for 2017/18 stands at 1103 (10.2%). (See Appendix 2).
- 2.5 Although good progress has been made in relation to the completion of external works, during the first half of 2017/18 this remains significantly behind programme and requires further improvements to be made, however significant numbers of contracts are progressing well.
- 2.6 Works in relation to energy efficiency have progressed well during the year.
- 2.7 A number of 'core' community benefits have been delivered.

- 2.8 There has been good progress made in relation to the consultation process to support the delivery of the environmental programme, with a number of projects now underway.
- 2.9 Tenant satisfaction levels remain high with extremely low levels of complaints.
- 2.10 Significant support and adaptations have been provided to sustain tenancies and to meet tenants' individual needs
- 2.11 The programme continues to be financially viable and no borrowing has been required to date, as the Major Repairs Allowance (MRA) and Housing Revenue Account (HRA) have provided the required financial support, together with grant funding.
- 2.12 The programme remains challenging, but improved progress has been made and new arrangements introduced to ensure momentum is improved to deliver the standard by 2020. During the period covered by this report it is assessed that achievement against the Wellbeing Objective WO5 is deemed to be partially successful.

### **3. LINKS TO STRATEGY**

- 3.1 The delivery of the Welsh Housing Quality Standard (WHQS) programme is coterminous with the aims of the Wellbeing of Future Generations (Wales) Act 2015 which requires public bodies to work towards a shared vision comprising 7 goals and adopt 5 "Ways of Working". The 7 goals and the 5 Ways of Working will underpin the delivery of the programme and include planning and acting for the long term, integration, involvement, collaboration and prevention.
- 3.2 The Welsh Housing Quality Standard (WHQS) is intended to ensure that all local authority and housing association homes are improved and maintained to achieve specified standards. It is a Welsh Government requirement that the WHQS is achieved by 2020. The WHQS identifies 7 specific aims (Welsh Assembly) Government – Revised Guidance for Social Landlords – July 2008).
- 3.3 The Caerphilly Delivers - Single Integrated Plan 2013-2017 has a priority to "improve standards of housing and communities, giving appropriate access to services across the County Borough".

### **4. THE REPORT**

#### **Overall Position**

- 4.1 The Council has a housing stock of 10,822 properties and is investing approximately £220m in bringing all homes up to the Welsh Housing Quality Standard by 2020. Since embarking on the delivery of the programme, it has always been our intention to utilise this investment, not just to improve homes, but to also transform people's lives and the communities in which they live.
- 4.2 The WAO Review resulted in a number of key recommendations which are set out below:-

#### **WAO Recommendations**

- 4.3 *R1: By September 2017, develop a comprehensive, overarching, financial and operational programme, setting out how the Council will achieve WHQS by 2020. This programme should:-*
  - i) *Establish the full scope of investment needed in the Council's housing stock based on accurate, comprehensive and up-to-date stock condition information.*

- ii) *Set out how the Council, by March 2018 will:-*
  - (a) *Review its procurement arrangements to ensure value for money.*
  - (b) *Provide clear and transparent information to members and tenants about the current position of the programme and a commitment to stakeholders with accurate projected completion dates, and*
  - (c) *Secure the resources needed to deliver the programme by 2020.*
- iii) *contain clear and measurable milestones and relevant performance measures for delivering the programme up to 2020*
- iv) *set out the programme management, governance and accountability responsibilities and arrangements so that urgent remedial action can be taken if further slippage occurs and those tasked with delivering the programme can be held to account at appropriate decision making levels*

4.4 *R2: Assure itself that it is meeting its statutory landlord responsibilities by ensuring that:*

- (i) *All properties have a valid gas safety certificate in place, or are having the Council's non-compliance arrangements applied to them fully*
- (ii) *Arrangements for undertaking asbestos surveys and recording the results of these surveys are robust.*

4.5 *R3: Ensure it has sufficient project management capacity to deliver the Council's WHQS programme effectively by 20210.*

4.6 In relation to "Recommendation 1" a review of the overarching programme has been undertaken using up to date surveys and financial information and taken into account previous completions and current performance. The revised programme has not resulted in any changes to the overall timelines and is still based on achieving WHQS by 2020.

4.7 The information contained within the programme will be reviewed further to ensure it provides clear and transparent information to members and tenants on the current position and projected commitments.

4.8 Procurement arrangements are being reviewed to ensure value for money, which will include benchmarking against other comparators. Procurement arrangements are progressed in line with relevant legislation and Council standing Orders to ensure compliance.

4.9 There are already significant programme management, governance and accountability responsibilities defined through various working groups, committees and Cabinet, although the terms of reference for some groups will be reviewed.

4.10 Additional resources are being secured to support and deliver the programme through internal recruitments and the implementation of the Dynamic Purchasing System (DPS). Eleven new contracts have already been awarded via the D.P.S. and more are being progressed in this way with a particular emphasis on increasing the momentum of the external works.

4.11 Significant progress has again been made to address "Recommendation 2" with a new no access procedure having been implemented with the aim of improving, in particular, the performance of gas servicing. At the time of the review our performance in Wales was average at 98%, however since the introduction of forced entries, our performance increased to 99% and continues to climb.

- 4.12 Arrangements for undertaking and recording asbestos surveys has been reviewed and changes implemented. This has resulted in the appointment of a dedicated resource and information being recorded and accessible on one common system to improve efficiency and avoid duplication.
- 4.13 Structural changes have been made within Caerphilly Homes service to improve integration with the aim of maximising the efficient and effective use of resources across the service area to contribute towards the delivery of WHQS and address "Recommendation 3". In addition the resources within other services across the council are also being utilised including Building Consultancy, Grounds Maintenance, Highways Operations Group and Network Contracting Services.
- 4.14 The approach taken was in accordance with W.G. guidance and included consultation with tenants, which resulted in the programme being delivered by undertaking internal and external works separately and in different communities. The programme set out the number of properties that were required to be completed within each community for each year, in order to achieve the standard by 2020. Due to various reasons, the programme has changed and been subsequently reprofiled on an annual basis
- 4.15 Due to the scale of the project, work was to be undertaken by both the in-house workforce and external contractors and was structured to provide opportunities for local businesses in order to maximise support for the local economy. In addition, the contracts included core requirements for the contractors to provide community benefits, particularly in relation to providing opportunities for work placements, training, apprenticeships and jobs as well as providing various projects within the communities.
- 4.16 An environmental programme was also agreed in order to meet the WHQS requirements that properties be located in attractive and safe environments. This is programmed to be delivered over the next two and a half years, with the work predominantly being undertaken by various in-house services including Housing Repair Operations Team, Highways Operations Group and Grounds Maintenance. Resources are also being used across Caerphilly Homes to assist in identifying projects through local knowledge, tenant and member enquiries, as well as consultation with various community groups.
- 4.17 The WHQS requires properties to meet the specific needs of the household which aims to not only assist with individuals' health and wellbeing, but also helps to reduce accidents within the home. To deliver on this requirement a number of Occupational Therapists have been appointed and work alongside our surveyors to provide a needs assessment.
- 4.18 To date the WHQS Team have delivered internal improvements to 7,096 properties, which leaves a total of 3,726 required to be completed over the next two and a half years, which have been broken down as follows:-
- |         |   |       |
|---------|---|-------|
| 2017/18 | - | 1,276 |
| 2018/19 | - | 1,754 |
| 2019/20 | - | 696   |
- 4.19 With regards to external works, a total of 2,602 properties have been completed since the commencement of the programme. Whilst this is behind the numbers initially programmed, there has been a significant improvement recently following the introduction of new contractual arrangements. In order to deliver the standard over the remaining years, the following profile has been established:-
- |         |   |       |
|---------|---|-------|
| 2017/18 | - | 3,640 |
| 2018/19 | - | 2,579 |
| 2019/20 | - | 2,001 |



- 4.20 It is accepted that the external works programme is challenging, but with changes to the contractual arrangements, improvements made in surveying, efficiencies introduced through mobile working and increased capacity, meeting the target by 2020 is still considered to be deliverable.

#### **Current Position 2017/18**

- 4.21 Work has progressed well during 2017/18 based around the amended WHQS programme approved by Cabinet in March 2017.
- 4.22 Internal works completions to the end of Q2 was 1039 properties against a target of 1309. This provides a completion rate of 79% against target for the first six months of the financial year. There are a number of reasons why there is currently a slight under achievement. Some of this slippage is as a result of “no access”. This is where staff and/or contractors have failed to gain access to properties to undertake works. There are numerous reasons why this may result such as ill health of tenants, tenants not prepared to engage, programme time slot does not suit tenant. In order to improve access, tenants are offered appointments and these are now confirmed with a letter and text messages, with a further message sent nearer the appointment date as a reminder. As tenants are able to ‘opt-out’ of the WHQS works unless health and safety is an issue, continued no access is recorded as an acceptable fail. The property will then benefit from the WHQS works when there is a change of tenancy or if there is a change in other circumstances. There have also been some issues with external contractors’ performance where they have not achieved the targets set and this is currently being managed through tighter contractual control and increased resources being provided by the contractors concerned. Of particular note and influence on the under-performance is one of the main contractors, Contract Services, who ceased trading during August 2017. Options around the re-profiling and procurement of this work are currently still under review. However, the WHQS team are committed to ensuring that delivery of the internal programme can be achieved by March 2020 due to the contingency measures that have recently been built into the programme. It should be noted that the in-house workforce are continuing to perform exceptionally well and are slightly ahead of their required 2017/18 programme.
- 4.23 External works completions are currently lagging behind target although very good progress has been made in the first 6 months of 2017/18. To the end of Q2 1302 properties have been completed against a target of 2337. There is also work ongoing to progress the completion of another 2583 properties. The main reason for the previous low level of performance has been that the Lower Rhymney Valley (LRV) did not have contractual arrangements in place to undertake external works. It was originally envisaged that this work would be undertaken by the in-house workforce. However, resources were reallocated to Rowan Place and are now being targeted at the sheltered housing schemes. Alternate contract arrangements are now in place and were available to utilise from April 2017.
- 4.24 In the Eastern Valley (EV) and Upper Rhymney Valley (URV) area external works contracts have not progressed as quickly as anticipated. This has predominantly been the result of limited contractor availability within the small lots process in the East and the framework arrangement in the North. The arrangement now in place for the Lower Rhymney Valley (LRV) is a more flexible process with contingency built in to allow its use in the other areas if needed. It has already been utilised successfully as an alternate procurement mechanism in the first 6 months of 2017/18. It is anticipated that this will continue to assist in addressing the backlog moving forward as it will provide a larger pool of contractors. Works across all areas are now progressing well with the aim of ensuring that the March 2020 deadline can be achieved for the external works programme.
- 4.25 It should be noted that there have been significant works undertaken in relation to external wall insulation (EWI) to the vast majority of the Council’s non-traditional housing stock. During 2017/18 to date a further 315 properties have benefited from installation of EWI at Lansbury Park. These works transform the appearance of properties as well as assisting to address fuel poverty and reduce tenants’ energy bills. The initial phase 1 work in Lansbury Park has

targeted 320 council owned properties with phase 2 intended to follow on improving the remainder of the 210 council owned properties at Lansbury Park. Other energy efficiency measures include the provision of new heating systems, upgraded loft insulation, heating controls and energy advice.

- 4.26 Whilst the slippage situation needs to be minimised it is unlikely to be completely eradicated as there will inevitably be issues affecting individual properties. The slippage in relation to the internal works is primarily due to access issues and the productivity of the contractors, but this has been estimated and projected forward and there is capacity within the programme to accommodate this. Slippage in relation to external works is mainly due to capacity and arrangements have now been put in place to address this also.
- 4.27 The Housing Revenue Account (HRA) garage programme was planned to be complete by April 2017. Unfortunately in order to comply with procurement legislation, new contract arrangements have had to be put in place to avoid potential claims of disaggregating the contract, which have delayed completion until March 2019 which is well within the overall programme timeline. The programme is currently approximately 50% complete.
- 4.28 Construction work has commenced in relation to sheltered housing schemes. Good progress has been made in this area since the decision was made to undertake these works in-house utilising a full property approach with six schemes nearing completion and two planned for completion prior to year end. A programme of works has been agreed and issued to the tenants within the schemes and individual scheme meetings have been held with those included within the 2017/18 programme to raise awareness of the extent of works and provide tenants with the opportunity to raise any concerns they may have. Physical works to the first two schemes commenced in April 2017. Members will be aware that agreement was reached to look at the potential remodelling of 6 sheltered schemes which may be completed after the 2020 deadline, due to the fact that they are deemed not to be fit for purpose and cannot be made WHQS compliant.
- 4.29 The Environmental Programme has now made some further progress with over 200 small local schemes spread across the borough having been identified. A number have already been completed with many more in progress. Tenant consultations are ongoing to identify further schemes which include various tenant & resident groups, community groups and partnerships. Community consultations have been undertaken recently in Fochriw, Panside and Penyrheol. Project ideas are being assembled and prioritised for consideration by the WHQS Project Board. The programme has been developed to deliver the environmental improvements over the next two and a half years.
- 4.30 Customer satisfaction levels remain high with an average of 89% of tenants being satisfied with the completed works undertaken to their homes against a target of 80%. In relation to standards met this is still high at 85% although it is slightly below the target of 90%. Overall performance can be considered good. This performance has been achieved despite the issues arising from one of the main internal works contractors ceasing to trade in August 2017.
- 4.31 Compliments/complaints are being regularly monitored and addressed in line with the Council's Corporate Complaints Procedure. During the first half of 2017/18 the WHQS team have received 6 stage 1 complaints and 4 stage 2 complaints. In addition there have also been 8 cases of compliments/praise received in writing from tenants. This identifies that there is a balance between views and it should be noted that generally tenants are more likely to raise a concern than provide written praise. This all needs to be balanced against the number of property completions and works in progress so far during 2017/18 which stands at almost 5000 properties for internal and external works. Given this volume of work the number of complaints received is considered to be extremely low.
- 4.32 The Council made a commitment in 2012 at the outset of the programme to ensure that its investment in homes delivered more than simply new kitchens and bathrooms. Its ambition to transform homes, lives and communities has been realised through adaptations to meet the

specific needs of tenants and by incorporating a community benefit requirement into all internal works contracts and its supply partner contract. This has resulted in 419 specific adaptations being made to tenants' homes to help with any medical or physical conditions they may have, during the first six months of 2017/18. In addition, our front line staff have received awareness training in relation to safeguarding, domestic abuse and can provide tenants with energy advice and financial advice in order to sustain tenancies, improve household income and thereby contribute to improving health and wellbeing.

- 4.33 At the halfway point of 2017/18 the following community benefits have been realised; a cumulative total of 71 permanent full time roles have been created as a result of opportunities created by the Council's internal works and supply partner contracts. Within Caerphilly Homes, 106 new opportunities have been created since the start of the programme to date. Additional work awarded to the Council's in house team is likely to increase the opportunities available within the Council. However, this is likely to be mirrored by a decrease in the opportunities made available by the Contractors as one has recently ceased trading. Particular success has been obtained as a result of linking the WHQS programme with the Welsh Governments' LIFT programme. A total of 11 people from workless households within the county borough have benefited from the relationship between the two programmes and the opportunities offered by the Council's contractors and supply partner. Moving forward, the new Communities First arrangements including Communities4work and the new Legacy Fund will be utilised to deliver similar, if not improved outcomes for those people within the county borough who need the opportunities the most. The Council is supporting the delivery of WG employment support programmes through a contribution of £50,000 that is utilised to help support the most vulnerable tenants back into work.
- 4.34 The internal works contractors have created a total of 20 apprenticeships and the Council via it's in house team 43, resulting in a total of 63 apprenticeships.
- 4.35 Additional benefits including the donation of materials to local community groups, the sponsorship of local events, support for the council's foodbank initiative and partnerships with key schools within the county borough are ongoing.

## 5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 The delivery of the WHQS improvement programme is coterminous with the aims of the Wellbeing of Future Generations (Wales) act 2015, in particular the 5 ways of working:-
- **Long Term:** the report includes continued investment and performance to achieve WHQS by 2020. This investment provides long term improvements to the property, community and to the tenants' health and wellbeing.
  - **Integration:** The programme looks to integrate property and environmental improvements that will benefit and transform lives and communities throughout the county borough. It further brings together a variety of stakeholders to deliver long term sustainable benefits for lives and communities.
  - **Involvement:** Tenants and local residents are being consulted on the proposed property improvements and environmental works along with various initiatives that are part of the WHQS programme delivery.
  - **Collaboration:** The programme delivery is focused on internal collaboration, wider partnership arrangements with suppliers and contractors, joint working with the community and various other groups. The delivery of community benefits and tenant engagement by all involved with the WHQS programme is a key focus and is clearly demonstrable within its delivery.
  - **Prevention:** The works to improve lives and communities will help tackle local unemployment. It will further improve the look and feel of the environment and help prevent anti-social behaviour. Improving standards and quality, will aid future programmed maintenance and potentially reduce reactive maintenance schedules.

## **6. EQUALITIES IMPLICATIONS**

- 6.1 An Equalities Impact Assessment is not required as the report is for information.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 The Capital Programme for 2016/17 was £38.6M. The outturn capital expenditure was £31.4M resulting in an under-spend of approximately £7M. The under-spend is being utilised to fund the future years programme. The Capital programme for 2017/18 is anticipated to reach £35m which is within the budget originally accounted for.
- 7.2 Officers will continue to seek alternative funding to support energy efficiency schemes for the Council's housing stock, as this will supplement the current investment being utilised to bring the stock up to the WHQS.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 The timetable pressure is increasing and there has to be the capacity within the staff resources to cope with the volume of work. Staff movement and recruitment difficulties remain a risk to the programme and have continued to be an issue during 2017/18.
- 8.2 Continued close management and monitoring of performance of the programme is essential to ensure that its delivery is not compromised in any way. There will be an increase in workload for the in-house team due to the sheltered housing schemes commencing along with the possibility of undertaking some of the work previously planned for Contract Services. Additional resources will be required to ensure performance in achieving the objective is maintained.

## **9. CONSULTATIONS**

- 9.1 All responses from consultations have been incorporated in the report

## **10. RECOMMENDATIONS**

- 10.1 Members are asked to note the content of the report and to agree or challenge the judgement of partially successful at the 6 month point of 2017/18.

## **11. REASONS FOR THE RECOMMENDATIONS**

- 11.1 To advise Members of the progress made in 2017/18, in delivering the improvement objective and to gain agreement on the judgement of the service as to progress made.

## **12. STATUTORY POWER**

- 12.1 Housing Acts 1985, 1996, 2004, Local Government Measures 2009 and the Well-being of Future Generations (Wales) Act 2015.

Author: Shaun Couzens, Chief Housing Officer

Email: [couzes@caerphilly.gov.uk](mailto:couzes@caerphilly.gov.uk) Tel: 01443 866494

Consultees: Cllr L Phipps - Cabinet Member for Homes and Places

Cllr B Jones - Deputy Leader and Cabinet Member for Finance, Performance and Governance

Christina HARRY - Corporate Director – Communities  
Nicole Scammell - Acting Director of Corporate Services & S151 Officer  
Shaun Couzens - Chief Housing Officer  
Jane Roberts-Waite - Housing Strategy Co-ordination Manager  
Fiona Wilkins - Public Sector Housing Manager  
Lesley Allen - Group Accountant  
Rhys Lewis - Performance and Systems Manager  
Ros Roberts - Performance Manager  
Ian Raymond - Performance Management Officer

Background Papers:

Welsh Housing Quality Standard (WHQS)

The Council's Local Housing Strategy

The Caerphilly Delivers - Single Integrated Plan 2013-2017

Caerphilly County Borough Council 2017/18 – Wellbeing Objectives

Appendices:

Appendix 1 - WO5 Investment in Council homes to transform lives and communities (publication extract).

Appendix 2 – 2017 – WHQS Scorecard – Completions Q2 (To be circulated at Meeting).

## 5. Investment in Council homes to transform lives and communities

Our Well-being Objective is, **to take steps to ensure the physical standard and condition of our housing stock, be improved and maintained to the Welsh Housing Quality Standard (WHQS), helping to improve the quality of life for the people who live in those homes.**

### Why we chose this

The long-term affordability of housing, effects of low incomes, fuel poverty and improving the quality of housing in the social sectors, are some of the main challenges facing the county borough. Council homes across our county borough will require over £200 million investment to meet the Welsh Housing Quality Standard (WHQS) programme by 2020. In 2012 Council tenants took part in a ballot to have their say about the future management of their homes and they voted to remain with the Council as their landlord.

We are taking an **involved, integrated and collaborative approach** by delivering this improvement programme on a community by community basis. Every Council home is surveyed to establish the extent of internal and external work required, type of works to be delivered, products and workforce used, and timeliness of delivery. We have established a 'Caerphilly Homes Task Group' with 7 councillors and 7 tenant representatives, who periodically meet and discuss progress within the WHQS and the improvements to the housing service. The Task Group, is informed by a 'Tenant's Repairs and Improvements Group'.

Due to the scale of this programme, it will be a substantial boost to the local economy. The money spent improving homes, should be a catalyst to wider regeneration, improving lives and communities. The main intention, other than improving homes, is to prevent further deterioration in the housing stock, which can adversely affect the health and quality of life of the tenants.

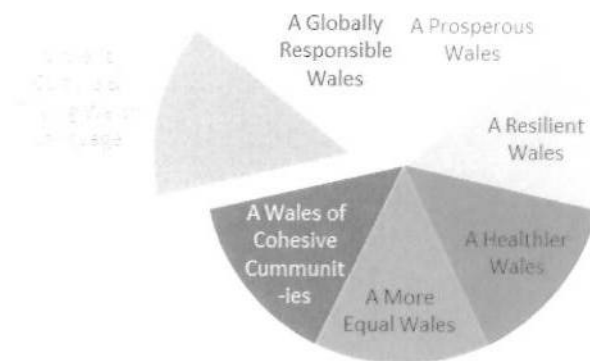
This objective also contributes to the Welsh Government's own current objectives:  
**7. Connect Communities through sustainable and resilient infrastructure and**  
**9. Improve access to secure, safe, efficient and affordable homes.**

## Links to the Well-being of Future Generations (Wales) Act 2015 –Well-being Goals

Between now and 2020 (the Welsh Government target) we want our communities to know:

- We delivered the best quality home improvements to our tenants.
- We did it with them and not to them.
- Their homes created real jobs in our communities.
- We delivered the whole project on time and in budget.

By addressing each of these items, we are able to show contributions to the following wider Well-being Goals:



### ***To deliver this objective our actions for this year are:***

Through continued delivery of a capital investment programme, pursuit of external funding to support energy improvement opportunities, delivery of sensitive adaptations, adhering to standards, working closely with our tenants, working groups, contractors and suppliers, we will strive to make Caerphilly Homes be;

- ✚ In a good state of repair.
- ✚ Safe and secure.
- ✚ Adequately heated, fuel efficient and well insulated.
- ✚ Fitted with up-to-date kitchens and bathrooms.
- ✚ Well managed (for rented housing).
- ✚ Located in attractive and safe environments.
- ✚ Suitable to meet the specific requirements of the household (as far as reasonable and practicably possible). For example, catering for specific disabilities.

### ***How we will review our progress***

The overall governance, monitoring and control will be through our Cabinet, Scrutiny and the Corporate Management Team. Progress will be reported routinely to our Members in their formal scrutiny capacity which is made publically available, and at the end of the year in our Annual Performance Report.

Progress is constantly monitored by a dedicated internal workforce, as well as by our contractors, the 'Caerphilly Homes Task Group', and 'Tenant's Repairs and Improvements Group'.

There are three key measures that will be used to review progress are

- How quickly we do internal home improvements
- How quickly we carry out external home improvements
- The tenant satisfaction levels of works done.

### ***Resources to deliver***

The Welsh Government and the Council has committed to an investment programme of £200 million to meet the WHQS standards by 2020. We also monitor the wider market place in pursuit of external funding to support energy improvement opportunities (for example through the Utility Suppliers).

The capacity to meet commitment is under constant review in order to respond to ever changing circumstances and the delivery of the necessary changes and improvements are, and will be, subject to certain physical resource constraints and at the mercy of wider market influences, such as the availability of high quality efficient tradesmen and contractors, access to homes, delivery of quality installation and repair products and technologies.

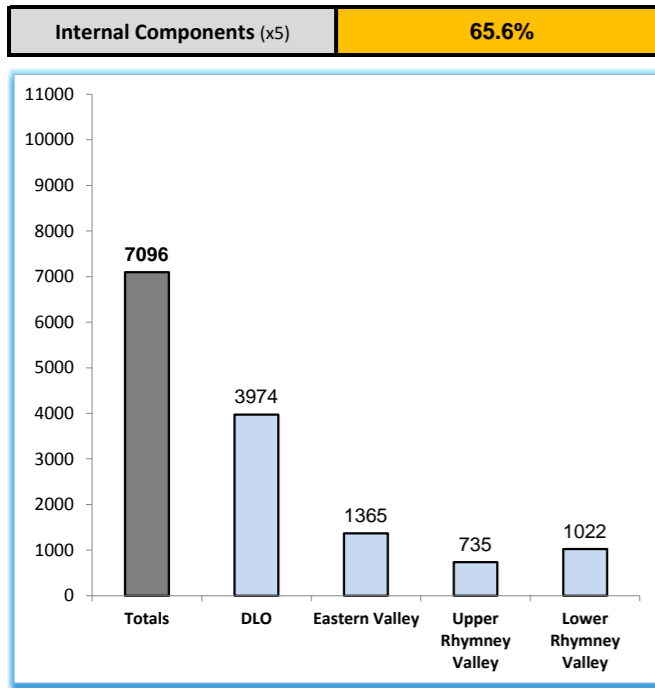
Further information regarding "The Welsh Housing Quality Standard" can be found in the revised guidance for the social landlords on interpretation and achievement of WHQS July 2008, or by access to the Welsh Government website: Welsh Government, Welsh Housing Quality Standard.

<http://wales.gov.uk/topics/housing-and-regeneration/housing-quality/welsh-standard/?lang=en>

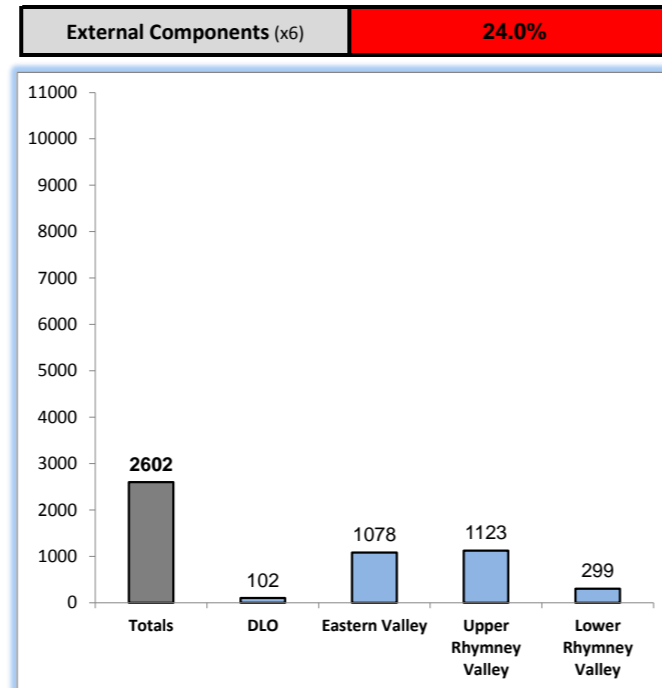


**WHQS - PERFORMANCE SCORECARD - LEVELS OF COMPLIANCE**  
(Standards Met - by Number of Properties)

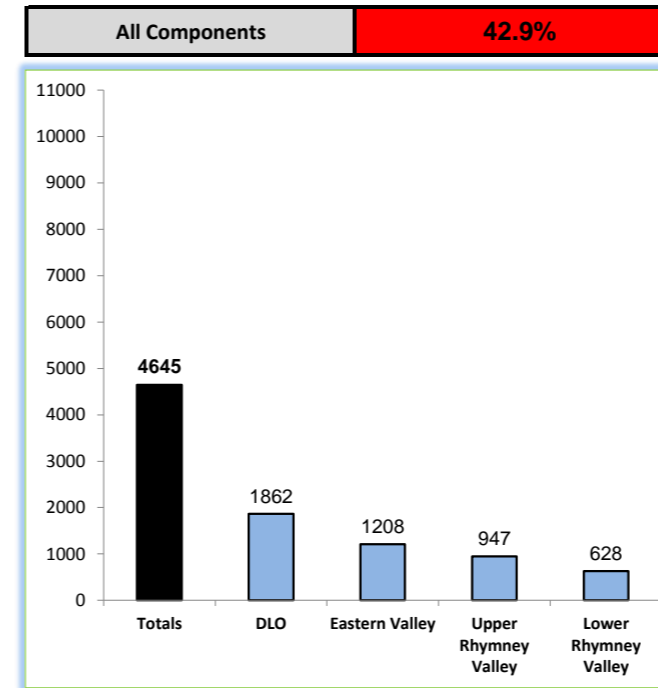
**WHQS - \*INTERNAL Works Programme**  
Proportionate Compliance



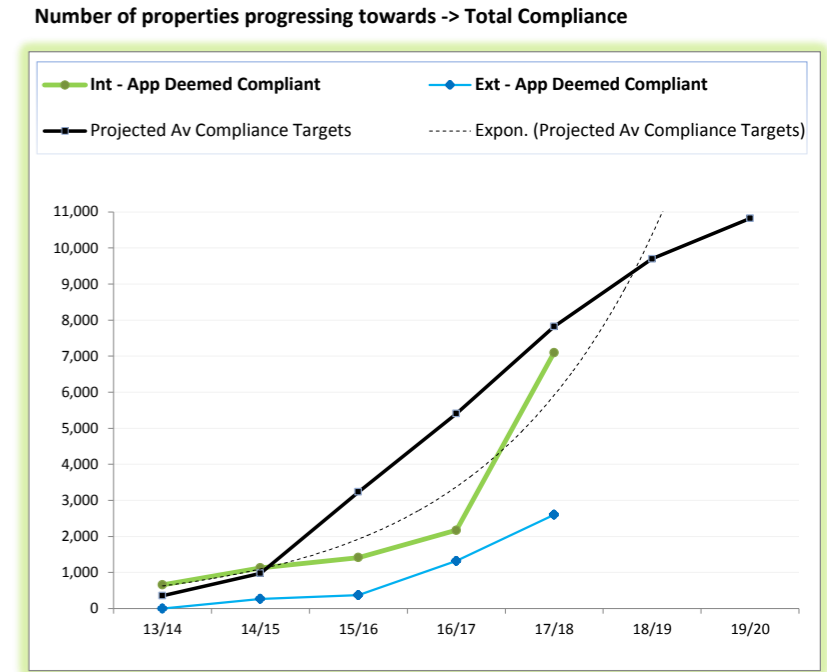
**WHQS - ~ EXTERNAL Works Programme**  
Proportionate Compliance



**WHQS - INTERNAL & EXTERNAL**  
Proportionate Compliance (to date)



**WHQS - INTERNAL & EXTERNAL - Proportionate Completed Works:**



**Notes.**

Work schedules are delivered in a 'phased' (blocks of work) approach across each of the three regions.

Delivered works are reported by surveyors/contractors upon 'property completions' (not upon completions of individual components of work).

Data is collated at site level: Operatives report on completions to site Clerk of Works/Surveyors, who report completions to the Housing Office Operational/Project (Region) Managers, who report completions to the Housing Performance Team for final analysis and reporting purposes.

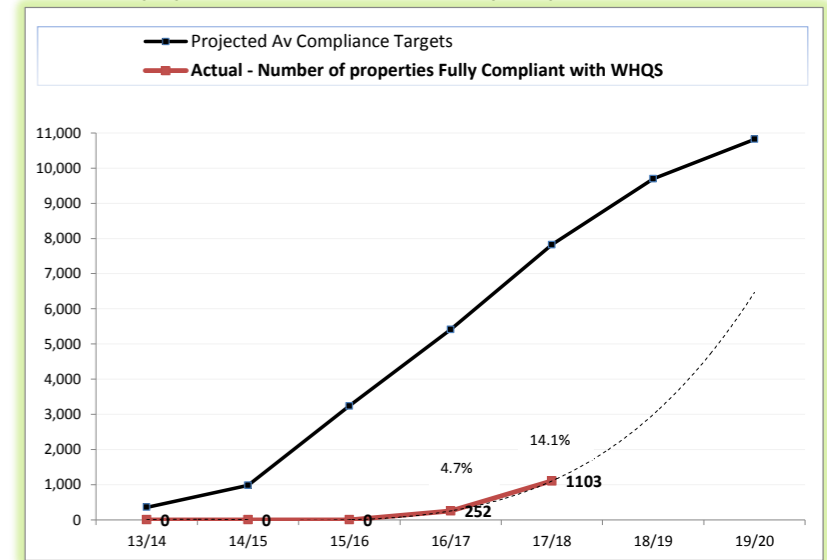
Completions status indicator (Component boxes):

Red = <= 50%  
Amber = > 50.1% < 79.9%  
Green = >= 80%

| Financial Programme | 12/13  | 13/14  | 14/15  | 15/16   | 16/17   | 17/18 Projected | 18/19 Projected | 19/20 Projected |
|---------------------|--------|--------|--------|---------|---------|-----------------|-----------------|-----------------|
| Budget (£,000's)    | 19,100 | 48,320 | 77,990 | 107,660 | 136,880 | 166,100         | 195,320         | 220,000         |
| Actual Spend        | 19,057 | 33,707 | 49,051 | 77,683  | 109,061 | 144,000         | 203,259         | 222,429         |
| Balance             | 43     | 14,613 | 28,939 | 29,977  | 27,819  | 22,100          | -7,939          | -2,429          |

The above finance table details accumulative budget allocations and spend profiles to date, which are subject to annual review and re-profiling.

**Number of properties identified as -> WHQS Fully Compliant**



The charts above, have been based on properties surveyed, improvement works undertaken, post-works inspections and portfolio updates,

focusing on the following WHQS key components:

**Internal Works:** Kitchens, Bathrooms, Boilers and Central Heating, Electrical Systems (wiring), Mains - Smoke Detectors.

**External Works:** Roofs, Walls, Windows, External Doors, Insulation, Paths/Fences/Gardens.

Other specialist works/improvements are also undertaken in conjunction with the WHQS Programme, such as 'Adaptations'.