

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF HOUSING AND COMMUNITY CARE
AND DIRECTOR OF RESOURCES

TO:	COUNCIL		
DATE:	27 JANUARY 2009	AGENDA ITEM:	8
TITLE:	HOUSING REVENUE ACCOUNT - FINANCIAL PLAN 2009/10		
LEAD MEMBER:	COUNCILLOR J ENNIS	PORTFOLIO:	HOUSING
SERVICE:	HOUSING	WARDS:	BOROUGHWIDE
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1 PURPOSE AND SUMMARY OF REPORT

- 1.1 Further to Cabinet on 19 January 2009, this report sets out the recommended 2009/10 Housing Revenue Account (HRA) budget. The HRA records all income and expenditure in connection with the Council owned housing stock. The report sets out the latest position for 2008/09 and highlights key implications and issues influencing the budget proposal for 2009/10.
- 1.2 The report asks for consideration of the average increase in rent level to be introduced in April 2009 and the possible limitation of maximum impact for the actual increase on properties because of the impact of rent restructuring.
- 1.3 The report sets out the outline proposed programme of work and procurement plan for investment in the housing stock for 2009/10, which will be subject to consultation with Reading Federation of Tenants and Residents before it is finalised for implementation.
- 1.4 The following documents are appended:

Appendix 1 Housing Revenue Account - Estimates and Probable Budget, 2008/09, and Draft Estimates 2009/10

Appendix 2 Proposed works to Council Housing Stock 2009/10

2 RECOMMENDED ACTION

- 2.1 That Council approves the budget for the Housing Revenue Account set out in Appendix 1.
- 2.2 That Council approves an average level of rent increase of 4.9% to be introduced with effect from 1 April 2009.
- 2.3 That Council notes the impact of rent restructuring requirements, and agrees a limit of 1% above the average to be applied for tenants facing the highest increases resulting from any rent increase introduced with effect from 1 April 2009 and subsequent years.
- 2.4 That Council approves the HRA capital works proposals set out in Appendix 2, and authorises the Head of Housing to make minor amendments following consultation with Reading Federation of Tenants and Residents Association (RFTRA).

3 BACKGROUND

- 3.1 The Housing Revenue Account is the ring-fenced account which covers the Tenancy and Asset Management costs of the housing stock in the ownership of the Council.
- 3.2 The HRA Business Plan is the required document that sets out the budgets and cash flows of the HRA, to demonstrate that the Authority is ensuring that the housing stock will meet Decent Homes Standards by 2010/11 and continue to do so thereafter. A 30-year Business Plan was developed as part of the Stock Option Appraisal (SOA) process which was accepted and verified by the Government Office of the South East (GOSE) and was the subject of detailed and extensive consultation with tenants. The detailed standards to be achieved for decent homes requirements and service levels have also been set out for all tenants.
- 3.3 The completion of the SOA enabled the Council to agree to pursue an option to retain the ownership of the whole stock and reject alternative options (LSVT, ALMO or additional PFI contracts). The Business Plan demonstrated that, provided the Council made realistic plans to align revenue costs with subsidy allowances through a continuing programme of savings, it could use its borrowing powers to improve the stock such that the amount of HRA borrowing is increased to match the amount of debt assumed in the housing subsidy calculation. In this way the Council would meet the stock investment needs to achieve "Decent Homes" by 2010/11. The Plan also supports the Council's commitment to delivering an excellent housing service and providing for improvements to be delivered in response to tenants' feedback and neighbourhood and estate needs. The draft budget for 2009/10 presented in this report takes account of this position.

- 3.4 The HRA includes the North Whitley Private Finance Initiative (PFI) scheme, and the Business Plan includes the financial implications of that scheme over its full life. The PFI contract has been subject to scrutiny since its agreement and completed its Decent Homes improvements 12 months ahead of schedule, and has gone on to strengthen the quality and breadth of its services (reported to Scrutiny in September 2008). The PFI contractor, Affinity, became entitled to the full contract sum, subject to satisfactory performance during 2008/09, reflecting completion of the initial refurbishment phase. The Council uses a smoothing reserve for the scheme, so that its net cost rises annually broadly in line with inflation over the life of the scheme.

4 PROPOSAL

- 4.1 To prepare the draft HRA 2009/10 budget, the Business Plan assumptions and budget projection have been used as the base, but amended to take account of the HRA subsidy determination issued by DCLG in mid December and following consultation the proposals were broadly confirmed just before Christmas. The Business Plan assumptions and draft subsidy determination key features are outlined below:

- Due to higher than anticipated inflation and the awaited outcome of the review of the HRA finance system (see below), the Government has decided to move away from RPI+0.5% working assumption to an average Guideline Rent increase for the next 2 years. The national average guideline rent for 2009/10 is 6.2%; Readings is 6.3% (and 6.2% in 2010/11).
- Increase in Guideline Rent used to calculate Reading's subsidy from £3,930.18 to £4,178.44 (6.3%).
- Management allowance has increased from £608.74 to £647.34 (6.34%).
- Maintenance allowance has increased from £1,090.06 to £1,153.95 (5.86%).
- Average Major Repairs Allowance per property has increased from £716.40 to £743.77 (3.82%), which means that the (non-PFI) MRA for 2009/10 will be £4.49m (£4.35m in 2008/09).

- 4.2 In addition to changing the approach to setting guideline rents, the Government has decided to move from having a fixed period for rent restructuring to be completed nationally, to a variable one. Last year's changes took the date from 2013 to 2017, and the government currently project restructuring will now take until 2023/24 to complete. In general the move to a variable period allows rent convergence, and therefore rent increases, to be managed in response to changes in inflation, and if inflation falls the completion date will tend to move forward and vice versa. (You will recall that rent restructuring aims at a national level, to align rents of similar social housing properties regardless of whether in registered social landlord or local authority tenure).

- 4.3 Until 2008/09, since the conclusion of the SOA, the Council's practice had been to increase rents so as to maximise housing subsidy. This was closely aligned to the Government's approach of increasing guideline Council housing rents nationally by inflation + 0.5%, and supported the Council's policy to retain ownership of the housing stock, whilst also delivering, as a minimum,

the decent homes standard across the stock and strong and improving services to our tenants and estates. The approach also enabled rents to be restructured in line with Government restructuring requirements and was consistent with delivering the commitments made to tenants during the SOA consultation process. In 2006/07 there was an underspend in the HRA and part of the judgement the Council came to last year in setting a rent increase about 1% below the limit rent was that the underspend could be returned to tenants through a lower increase without significantly jeopardising the Council's long term plans for the HRA.

4.4 In considering the 2009/10 increase you will need to take into account

- The increase in the guideline rent of 6.3%
- The indicative planned increase in the guideline rent of 6.2% next year
- That the rent increase required to match the limit rent (and maximise subsidy) is around 7.24%, but the government has set a national limit of 7% for rent increases (indicating that it will pay additional subsidy (estimated at £40k) to Councils who set their rent at the limit
- Inflation was 5% in September, but has subsequently fallen, and is expected to continue to fall into 2009.
- Officers estimate that an increase below 5.75% will lead to a widening of the gap between actual and limit rents which will have to be made up between 2009/10 and the eventual conclusion of rent restructuring.

4.5 Table A (below) sets out the effect of a range of rent increases on average weekly rent payments for tenants and for the HRA business income in 2009/10. Whilst the amounts change by relatively modest sums between (say) 5.75% and 7% (£389k, in the context of an account with well over £30m turnover), it must be remembered that this loss of income occurs in every future year until the Council has a higher increase to close the limit to actual rent gap.

4.6 Whilst you are asked to consider an *average* rent increase, restructuring results in varied levels of increase for individual tenants. To date we have capped individual increases at RPI + 0.5% + £1, (£1 below Government requirements). For some properties (with virtually any level of rent increase) this produces an increase of well over 6%. The extended period to complete restructuring provides an opportunity to consider a percentage limitation cap at individual rent level in addition to the RPI + 0.5% + £1 arrangement. Last year we set a cap at 1% above the average rent increase. For most of the averages illustrated in Table A this would constrain the increase on around 300 properties. In almost all of these cases restructuring requirements can be met over the now extended period without excessive future rent increases.

4.7 The Council started implementing the transition from its former rent point scheme to restructured rents in 2004/05 in order to achieve Government policy of bringing Actual Rents, Guideline Rents and Limit Rents in line with the Local Authority Formula Rents by 2011/12. In line with the Government's revised timetable, individual rents will need to be determined with the aim of achieving the required alignment by 2023/24.

TABLE A

Rent Increase	Weekly Rent Increase (49wk)	Additional Rent Collected	Subsidy Limitation	Net Income	Net Expenditure Est 2009/10	Net Balance 31/03/2010
0.00%	0.00	0	0	0	2,145,000	3,937,000
1.00%	0.86	311,000	0	311,000	1,834,000	4,248,000
2.00%	1.73	621,000	0	621,000	1,524,000	4,558,000
3.00%	2.59	932,000	0	932,000	1,213,000	4,869,000
4.00%	3.45	1,243,000	0	1,243,000	902,000	5,180,000
4.50%	3.88	1,398,000	0	1,398,000	747,000	5,335,000
4.75%	4.10	1,476,000	0	1,476,000	669,000	5,413,000
4.90%	4.23	1,522,000	0	1,522,000	623,000	5,459,000
5.00%	4.31	1,553,000	0	1,553,000	592,000	5,490,000
5.25%	4.53	1,631,000	0	1,631,000	514,000	5,568,000
5.50%	4.74	1,709,000	0	1,709,000	436,000	5,646,000
5.75%	4.96	1,786,000	0	1,786,000	359,000	5,723,000
5.90%	5.09	1,833,000	0	1,833,000	312,000	5,770,000
6.00%	5.18	1,864,000	0	1,864,000	281,000	5,801,000
6.25%	5.35	1,926,000	0	1,926,000	219,000	5,863,000
6.50%	5.61	2,019,000	0	2,019,000	126,000	5,956,000
6.75%	5.78	2,081,000	0	2,081,000	64,000	6,018,000
6.90%	5.95	2,143,000	0	2,143,000	2,000	6,080,000
7.00%	6.04	2,175,000	0	2,175,000	-30,000	6,112,000
7.23%	6.24	2,246,000	0	2,246,000	-101,000	6,183,000
7.24%	6.24	2,249,000	1,000	2,248,000	-103,000	6,185,000
7.25%	6.25	2,252,000	3,000	2,249,000	-104,000	6,186,000

4.8 Garages & Temporary Accommodation Rents and Heating & Service Charges.

Garage and temporary accommodation rents are increased in line with the average rent increase. Heating and Service charge setting has been delegated to Officers with a policy where charges are set to meet heating costs over time. It should be noted that heating charges are likely to rise above inflation reflecting changes in gas costs.

5 COMMUNITY ENGAGEMENT

- 5.1 An initial consultation meeting was held with the Joint Consultation Council Reading Federation of Tenants and Residents Association (RFTRA) on 1st December 2008. Officers explained the HRA, Business Plan, key aspects of the 2009/10 subsidy changes, and the issues that will need to be considered in deciding the rent increase as set out in 4.4 above. A further meeting occurred on January 12th, where the proposed increase of 4.9% was discussed. Tenants representatives present accepted the proposal was reasonable in the current circumstances, striking an appropriate balance between the pressures on the

account and the current pressures on tenant households in the context of the present economic climate.

- 5.2 In the December meeting it was explained that we were at a very early stage in the rent setting process and so wanted their views about the rent increase in the context of the current economic climate. In the meeting some concerns were expressed about the need to keep close to the stock retention business plan, but equally there was recognition that an increase of 6.2% or 7% would be considered very high in the context of expected falls in inflation. Some of those present raised the possibility of a deflationary period, and queried how that might impact the Council's costs. There was also acknowledgement that the introduction of service charges, due next year, would add further costs, especially to those tenants (c.23%) not in receipt of housing benefit.
- 5.3 In addition to the current debt advice leaflets sent out with every recovery letter, it is planned to provide leaflets with all the rent increase letters to encourage tenants to contact the rent service if they are experiencing any problems or concerns in paying their rent. These leaflets will be accompanied by a poster campaign.

6 BUDGET DEVELOPMENT

6.1 2008/09 Probable Budget

Overall the HRA income is forecast to exceed expenditure by approximately £283,000 compared to an original budget estimated net expenditure of approximately £598,000. The £315,000 variance comprises of an underspend on Supervision & Management costs of £210,000 (mainly relating to efficiencies and vacancies) and reduced Housing Subsidy/Capital Financing costs of £100,000.

6.2 2009/10 Budget Build

In line with budget guidelines, management budgets have been built to provide a continuation of the present service taking account of known service and price changes.

- 6.3 The 2009/10 Repairs budget has been built using the business plan repairs programme which is updated each year to incorporate efficiency savings achieved by the housing repairs and maintenance service. The proposed budget for 2009/10 is £13,130m. This budget will allow a work programme to be developed that will ensure that decent homes standards are achieved by 2010/11. In response to comments raised by tenants, RFTRA, councillors and others the budget for 2009/10 includes a £370k provision for environment improvements, to enhance the general appearance of housing estates, so that as well as having a decent home, further investment is made in to ensuring tenants live in a "decent neighbourhood."
- 6.4 The Management and Repairs budget build includes the full year effect of savings identified so far in accordance with the HRA Business Plan requirements. To date £2.67m savings have been achieved.

6.5 Budget Risk Assessment

6.6 This assessment is designed to test the overall robustness of the draft budget proposals for the Housing Revenue Account. A risk-scoring matrix has been used to provide an indication of the potential scale of each risk (Table B). This is based on a combination of probability and impact as shown below.

Table B					
Risk Assessment Scale					
Risk Index		Probability			
		Very Low	Low	High	Very High
Impact	Marginal	1	2	4	7
	Significant	3	5	8	10
	Critical	6	9	11	12

6.7 In this table higher numbers for the risk index represent higher risk.

Table C	
Risk Assessment	
Risk	Risk Score
Overall Budget: Expenditure	
Inadequate allowance made for inflation	2
Increase in service demands from Customers	5
Unexpected increase in Contract Payments and/or materials	5
Increase in project & other workloads (capacity)	5
Increased costs due to Legislative Change	2
Overall Budget: Achievement of Income	
Stakeholder resistance leading to Modified Proposal	2
Delay in implementing Fee Increases	3
Downturn in economy	7
SOA Savings Options	
Delays in implementing/Modified Proposals	8
Value of saving proves to be too high	8
Lack of capacity to continue SOA savings programme	9

6.8 The table indicates that, whilst many of the HRA risks are relatively low (score below 4), the need to implement savings and the timing of that implementation represent the highest risk to the account and a number of other factors, whilst being assessed as having a low likelihood of occurrence, would cause a significant impact (notably increased tenant demands, increased contract, material or staffing prices/costs, delay or lack of capacity in implementation). These factors carrying greater risk will be closely monitored as part of normal budget monitoring.

7 FINANCIAL IMPLICATIONS

- 7.1 Appendix 1 sets out the estimate and probable budget for 2008/09 and the draft budget for 2009/10. The budget for 2009/10 incorporates the savings that have been so far identified in accordance with the requirements of the HRA Business Plan. The draft budget shows a projection for the HRA to have a balance of £3,937,000 before any rent increase is applied, but uses balances in excess of £1.5m. This is not a sustainable position.
- 7.2 Whilst the statutory obligation to ensure the account has a positive balance at each financial year end is met, the financial modelling for the SOA shows that increased revenue is required to sustain the HRA. Therefore action to restrain expenditure and to increase rent, sustained into the medium term, is necessary. Some further reductions in overhead costs are planned in 2009/10.
- 7.3 The Head of Finance & Director of Corporate Resources are of the opinion that the rent increase for any particular year should be guided by the Business Plan, but take account of wider factors, such as the current economic situation. However, in the context of guideline rents increasing by 6.3%, the limit rent of 7% and that a rent increase below 5.75% will widen the gap (that needs to be made up in future years) between the average and limit rent, a rent increase that replaces all or most of the money being taken through the subsidy changes should be implemented. Should the Council be minded to widen that gap in the context of the current economic climate the risk that there will be a need for service reductions or a substantial increase in future becomes more significant, so an increase substantially below 5.75% could be detrimental to the longer term retention strategy.
- 7.4 The impact of subsidy and other key implications are set out in the main body of the report. The budget has been informed by the needs identified in the Business Plan in conjunction with the Stock Options Appraisal.
- 7.5 Over the period to 2023/24 Government policy requires us to endeavour to converge actual rent levels with formula rent levels (which match those of housing associations offering similar properties in Reading). Any increase in rents below the optimum level this year is likely to lead to a need to make a compensating increase above the Government's average in a future year to meet the convergence requirements. An increase significantly below that anticipated in the Business Plan may lead to a question as to whether the Retention Case remained sustainable.
- 7.6 In introducing the HRA subsidy determination for 2009/10 the Government is mindful of the review of the HRA finance system currently underway and due to report in spring 2009. As outcomes of this review are unclear, they are assumed to have a neutral effect on the Business Plan in the medium term.

8 LEGAL IMPLICATIONS

8.1 The Housing Acts 1985 and 1996 set out the Council's responsibilities to keep in good repair tenants' homes and to consult on the level of service provided and the annual setting of rent to pay for them.

8.2 By law the Council must budget to avoid a debit balance on the HRA at 31 March 2010 by the end of February 2009. The proposed budget and rent increase meets that requirement.

9 SUSTAINABILITY IMPLICATIONS

9.1 Bringing empty homes into use quickly, looking after the appearance of housing estates, keeping homes wind and watertight, and providing efficient and reliable heating sources all contribute to sustaining the environment, the community and individual householders within it.

10 BACKGROUND PAPERS

10.1 Housing Revenue Account Business Plan 2004/34

10.2 Housing Strategy Statement 2002/06

10.3 Decent Homes Standards

10.4 Housing Repairs and improvements Best Value review - summary and improvement plan.

10.5 Stock options appraisal decent homes monitoring 07/08 - HH &CC Scrutiny Panel (September 2008)

10.6 Review of landlord services for 2007/8 - HH&CC Scrutiny Panel (September 2008)

10.7 Housing Subsidy Determination 2009/10

10.8 Summary - HRA working papers

APPENDIX 1

HOUSING REVENUE ACCOUNT

	2008-09 Estimate	2008-09 Probable	2009-10 Estimate
	£'000	£'000	£'000
<i>Expenditure</i>			
Responsive & Planned Repairs	5,125	5,120	5,050
Major Repairs	7,685	7,685	7,880
Emergency Provision	200	200	200
Total Repairs	13,010	13,005	13,130
Managing Tenancies	1,699	1,672	1,768
Management, Policy & Support	4,527	4,558	4,504
North Whitley PFI	6,168	6,168	6,472
Rent Collection	936	908	994
Building Cleaning, Warden, Concierge & Energy Costs	1,680	1,627	1,744
Rents, rates and other	768	635	721
Total Supervision & Management	15,778	15,568	16,203
Housing Subsidy	4,753	4,653	5,513
Capital Financing & Transition	2,100	2,100	2,250
Funding of Capital Expenditure (excl MRA)	-3,335	-3,335	-3,390
	3,518	3,418	4,373
TOTAL HRA EXPENDITURE	32,306	31,991	33,706
<i>Income</i>			
Dwelling Rents	30,565	30,565	30,565
Garages	346	346	346
Heating Charges	186	186	186
Shop Rents	215	215	215
Total Rents	31,312	31,312	31,312
Mortgages Interest	15	15	15
Interest on Revenue Balance	350	350	200
Other Income	31	31	34
Total Other Income	396	396	249
TOTAL HRA INCOME	31,708	31,708	31,561
Net (Expenditure)/Income	(598)	(283)	(2,145)
Unallocated balance brought forward	5,804	6,371	6,082
Earmarked balances brought forward	861	1,461	967
Earmarked balances to be used in 08/09		(500)	
Earmarked balances carried forward	861	967	967
Unallocated balance carried forward	5,206	6,082	3,937
Total balance carried forward	D10 6,067	7,049	4,904

APPENDIX 2

	Works to Council Housing Stock	2009/10 Budget £'000
Responsive & Planned Repairs		
1	Responsive Repairs	1,950
2	Garage Repairs	60
3	Estate Maintenance	100
4	Temporary Accommodation	90
5	Voids (includes £500k Capital work)	1,200
6	TVHA	45
7	Tenants Improvement Fund	100
8	Gas Servicing	330
9	Essential Cyclical	250
10	Pensioner Decorations	190
11	Common Areas	150
12	Garages Planned Maintenance	75
13	Electrical Checks	60
14	External Repairs and Decorations	750
Major/Capital Repairs		
15	Special Adaptations	635
16	Roofs/Structural Works	620
17	Rewiring	500
18	Windows & Door Replacements	300
19	Sheltered Blocks	20
20	Central Heating and Boilers	1,100
21	Insulation	60
22	Kitchens & Bathrooms	2,420
27	Asbestos / legionella	400
24	Environmental improvements	370
25	CCTV/TV Aerials	20
26	Lifts	190
27	Communal areas safety (Fire Protection & door entry)	200
28	Major Repairs	545
29	Contingencies	400
	TOTAL	£13,130

£13,130,000 WORKS TO COUNCIL STOCK 2009-2010

1. Responsive Repairs - £ 1,950,000

The Repair budget has reduced for a number of years, a fall from £2,100,000 2004/5, which was in turn was a 30% reduction on 2002/03. Last year we set the budget at £1.9m and this year the budget indicates a small rise to £1,950,000, reflecting increases in raw material costs. Any significant further changes to this budget await the introduction of Handheld Mobile Working.

2. Responsive garage repairs - £60,000

To provide day-to-day repairs to the garage stock of 2000 sites. It is envisaged that any funding for replacement garages will be through Capital Receipts and therefore garage capital investment is not detailed in this listing of works.

3. Estate Maintenance - £100,000

Housing Management controlled budget to attend to estate management issues and estate repair needs.

4. Temporary Accommodation - £90,000

Reflecting a budget for the repair and maintenance of temporary accommodation. This fell last year by £30,000 to reflect the loss of stock with the demolition of mobile home sites and this figure remains unchanged.

5. Voids - £1,200,000

The budget, whilst a reduction from £1.7m in 2005/6 figure represents a repeat of last two year's budget of £1.2m. The budget reflects an approach of keeping a balance between expenditure, re-let times and re-let standards.

6. Thames Valley Housing Association - £45,000

This is a repair budget for the 42 properties in the HRA leased for 20 years from Thames Valley Housing Association, but managed by them. The money is paid to TVHA annually till 2010.

7. Tenants Improvement Fund (formally called Tenant's Choice /Devolved budget) - £100,000

Money used by tenants' groups to provide local improvements to Council homes and their estate. This has been used to improve lighting, notice boards, improve mobility on estates, add security features, tarmac paths, and improve signs, drying areas and bin areas. This budget is marketed as "tenant choice" at the request of resident groups and managed by the Housing Management team.

8. Gas Servicing - £330,000

A landlord is required to carry out gas checks every 12 months to all landlords owned gas appliances. The number of gas services required each year increases as more properties switch from electric to gas heating. Budgets increase by £5,000 to reflect extra properties.

9. Essential cyclical inspection - £250,000

Areas covered by this budget maintenance are: -

- Basic lift maintenance and safety certification
- Common heating systems (Dee Park Estate)
- TV aerials maintenance
- Fire alarms, dry risers
- Warden call system maintenance
- Communal lights maintenance
- Fire extinguishers
- Burglar alarms
- Legionella checks
- Checks and modest repairs to door entry systems

Whilst re-tendering of individual contracts results in some price fluctuations, the overall budget is likely to remain similar

10. Pensioner Decoration - £190,000

Work is now managed by our Surveyors' team but carried out by outside contractors. To be eligible, customers are of pensionable age or receive a Disability benefit and have no resource to an able bodied person who can do the work for them. The Service is only provided where the condition of the existing decorations are poor. This is run on a three-year programme.

The increase in budget this year of £40,000 reflects 173 additional addresses in this year's phase, rather than higher individual costs.

Pre-visits to tenants:

- Ensure eligibility
- Discuss choices in colour and finishes

11. Common areas - £150,000

Historically done every six years, the shift recently has been toward need. Highly trafficked areas, such as an entrance to a large block or where there is a history of damage by necessity are now repainted more frequently. A modest portion of the budget is a contingency to repaint vandalised areas should the need arise. Concerns to ensure old paint finishes meet fire safety standards mean that tests are done to existing paint finishes in the programme as a standard safety check.

12. Planned maintenance to garages - £75,000

Placing garages on a rolling programme of Planned Repairs that run alongside the External Decoration programme. This will fund works to reasonably maintained sites and ensure they are kept up to standard. The budget will not be used to address garages requiring major capital investment but, as sites are brought up to standard, they will routinely be included in a seven year cycle of Planned Maintenance carried out at the same time as the external decorations are carried out in areas selected through the Garages Condition survey.

13. Periodic Electrical checks - £60,000

An electrical check is carried out every ten years either at change of tenancy or as a periodic stage. We use the data collected from an electric check to decide what rewiring programme is needed to meet Decent Homes standards. 600 checks are required across all wards this year to ensure we are up to date.

14. External Repairs and Decoration - £750,000

Typically this includes a repair package, looking at the outside fabric of the homes and carrying out suitable improvements or repairs to

- Roofs, down pipes and gutters and vent pipes
- Brickwork
- Windows and doors
- Porches, sheds

Works are planned to:

Area	Number
Buckingham Drive Estate	99
Grove Road/ Shirley Avenue	34
Scott and Elliot Close estate	57
Aveley Walk Estate (Whitley Street Estate)	109
Dumbarton Road	7

Anglefield Road / Henley Road	36
Stone street / Wigmore Lane	19
Harley Road / Bristow Court	27
Old Norcot Estate	244
Dovedale Close	17
Moss Close /Aquired properties	10
	659

15. Special Adaptations for disabled tenants - £635,000

The budget is built to meet the projected demands on this Service identified by Social Services and Environmental Health and, as such, is increased by £115k this year. Project delivery is now led and run by an outside contractor on a partnership basis and has already seen an improvement in delivery time for this important Service.

16. Roofs and Structural - £620,000

Funding for:

- £400,000 new roofs, old Norcot estate. Works include soffits, fascia gutters downpipes and where needed bay windows and insulation.
- £105,000 relining concrete (finlock) gutters.
- £100,000 structural repairs and monitoring and tree control.
- £ 15,000 gully cleaning of accessible housing surface water gullies (estimated cost)

17. Rewires - £500,000

A major contribution to making homes Decent prior to 2010/11 is the enhanced funding provided to rewiring compared to historical investment. Rewiring a home can be disruptive and we are refused access on occasion. Condition rather than age sets the rewiring budget, and this is something diagnosed when the electrical check is done. A thousand electrical checks are programmed into the last half of 2008/09 and their outcome will determine if this budget has been correctly judged.

18. Window Replacements and doors £ 300,000

Window programme is £ 150.000

Address	Number
St Giles Close roof lights	23 windows
Brook Gardens Roof lights	18 windows
Helmsdale Close houses / bungalows	37 properties
	£150K

Half of this budget is to provide new doors, mainly flat doors at various locations to meet decent homes and update fire safety levels.

19. Sheltered blocks - £20,000

To carry out small, tenant led improvement works in Sheltered Housing communal areas

20. Boilers and heating - £800,000 plus £300,000 new systems

The replacement of boilers has been fixed on a 15-year plan. In addition we continue to invest £300,000 in new gas central heating to replace less energy efficient storage heaters.

The funding set in this budget heading meets this Decent Homes need. A 45-year cycle for system replacement interspersed with two boiler replacements is programmed. We are re-tendering the contract in 2008/9 and envisage most investment falling into the last three quarters of the year.

The high investment made in this sector over the last five years has contributed to a considerable saving in annual repair costs resulting in the:

- Number of Gas Engineers employed to carry out Repairs and Servicing halving over the same time period
- The fuel efficiency of systems increasing
- This year sees extended parts and labour guarantees on new boilers. These guarantees will continue to drive down Repair and Maintenance costs in the future.

21. Insulation - £60,000

Most of the stock has high levels of insulation. Opportunities for matched funding from energy suppliers will continue to be sought. Funding has also been gained in the past few years to augment the cost of new boilers.

22. Kitchens & Bathrooms - £2,420,000

Under the precise definition of a Non-Decent Home, most properties with a failing kitchen will continue to meet the Decent Homes standard, and only fail if a second item fails, such as a bathroom etc. Reading aims to replace every failing kitchen and bathroom to meet the local standard we have set ourselves for the condition of our housing stock. We need continued strong investment over two years to replace outdated kitchens and bathrooms and meet this Decent Homes Plus target.

We are steadily generating 100% stock survey. About 80% of kitchens and bathrooms have been inspected, and the focus for surveys this year is to pick up on properties in all areas yet to be surveyed.

New kitchens are given adequate electrical sockets, storage and surfaces. New kitchens take account of the size and range of tenants' 'white goods' and we aim to accommodate these (space permitting). New bathrooms are tiled.

23. Asbestos Removal & Encapsulation - £400,000

An Asbestos Officer has been appointed and funding has again increased to reflect the growing knowledge of asbestos. An additional stock survey will also be carried out to improve the information we hold on asbestos in the Council housing stock.

24. Environmental works - £370,000

Whilst continuing to meet Decent Homes Standards targets, and focusing on improvements inside the home, we will this year start to develop, in close consultation with tenants and residents, the investment we can make to improve satisfaction with the 'look and 'feel' of communal areas outside the home.

25. CCTV/ TV aerials - £20,000

In the build up to the loss of the analogue signal for television in 2012 we are updating all communal aerials. All aerials will be updated by 2009/10.

26 Lifts - £190,000

The reports on lifts are updated to provide a 30- year investment plan that is further informed by regular service reports. Reports show a need for a comparatively high investment need this year and anticipate this reducing to approximately half this figure in future years.

27. Community Safety & Fire protection £ 200,000

Fire protection works needed at fire break walls and in response to risk assessments made to communal areas regarding fire safety and security.

28. Major repairs - £545,000

Major repairs(fencing, drainage etc) are batched together for increased efficiencies.

As well as the traditional demand on this budget the intention this year is to focus more on repairs analysis to generate programmes of investment

29. Contingencies - £ 400,000

A contingency of £400,000 has been set in case of unforeseen eventualities in the coming year (including flooding, fire, major storm damage, etc.)