



ADUR DISTRICT
COUNCIL

Adur Joint Strategic Sub-Committee
6 December 2022

Key Decision [Yes/No]

Ward(s) Affected: All
Cabinet Portfolio: Adur Homes and
Customer Services

Accelerating the capacity to improve Council Homes

Report by the Director for Communities

For further information

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Executive Summary

1. Purpose

- 1.1. To request additional resources for this financial year (2022/23) from Adur District Council's reserves for the Housing Revenue Account to accelerate the work required to ensure Adur Homes complies with health and safety regulations.

2. Recommendations

- 2.1. The Adur Joint Sub- Committee is asked to:
 - i) That approval is granted to provide additional resources of £47,410 to be released from the Capacity Issues Reserve to support the proposed programme of Health and Safety work; and
 - ii) Notes that the residual £99,090 will be funded through the HRA revenue budget in 2023/24.

3.0 Background and Context

- 3.1 As a social landlord, Adur District Council's social housing stock, under the brand name Adur Homes, is required to comply with health and safety regulations.
- 3.2 In a report dated 13 April 2022 to the JOSC Working Group on Adur Homes Repairs and Maintenance, an update was provided on the actions the Council was taking to ensure the stock was compliant.
- 3.3 Housing services supported by Norse Property Services (NPS) carried out a detailed gap analysis of health and safety compliance in Adur Homes stock. The analysis identified gaps in the following areas - asbestos management, electrical safety, fire safety contracts, gas safety check compliance, legionella, lifts servicing, community alarm replacement, the Inner Rooms Project and building inspections..
- 3.4 Progress has already been made on identifying risks and improving our stock conditions and the management of this work through the transformation work, including projects actively ongoing with communal alarm replacement, the Inner Rooms Project and various fire safety remedial works.
- 3.5 To ensure continued progress, an Interim Asset Manager was recruited who has led the efforts to ensure the Council's stock is compliant. Apart from the works mentioned above, experienced surveyors started building inspections. These inspections are identifying issues which need to be acted upon swiftly. Additional resources are required to oversee the delivery of the works identified and also ensure the inspections can continue.
- 3.6 Building inspections are important as they not only help to identify technical building issues, they also provide useful data that will be used to develop a long term asset management plan and strategy, and also inform the capital investment programme. It is anticipated that upon completion of inspections of all the stock, a regime will be implemented which will ensure at least a fifth of the stock is inspected annually, keeping the data on the Adur Homes stock up to date.
- 3.7 A procurement sub-group has also been working to procure various contracts for Adur Homes, some of which will deliver work that will contribute towards achieving health and safety compliance. Some of these contracts, which are about to be signed, will require specialist skill sets to deliver. These skill sets are currently not in Housing Services and therefore need to be brought in.

3.8 The HRA is currently under significant pressure and unable to fund the acquisition of the required skill set and continuation of the specialist surveyors brought in on a fixed term contract.

4.0 Issues for consideration

Request for additional resources from Adur District Council's reserves

4.1 The Housing Revenue Account (HRA) is currently under significant pressure and unable to support this critical work till the end of the financial year. The HRA is projected to overspend this financial year by an estimated £1m, which will exhaust the HRA specific reserves at the year end.

4.2 The HRA has been severely affected by 4 years of 1% rent cut between 2016 and 2020 that led to an overall reduction in real terms of rental income of £1.9m per year, which has significantly impacted on the financial sustainability of the service. More recently the HRA has experienced financial difficulties due to a higher than expected voids level. In the current year, the level of void properties is contributing £0.5m to the in year position

4.3 The 7% cap on social housing rent whilst better than expected, will mean that rents again fail to keep pace with inflation. Unbudgeted salary increases are estimated to be close to 8% whilst we expect most contracts to increase by 8% in the current year.

4.3 Over the next year, it will be necessary to increase capacity within the surveying team to take the additional work forward. Overall the additional staff will cost in the region of £99,090, however an element of the costs will be charged to the capital programme for those schemes which are funded from the capital programme which means additional funding of £47,410 is required to accelerate the health and safety compliance work to continue.

4.4 The HRA is required by law to set a balanced budget each year, therefore plans are being made to accommodate the resources needed for next year within the 2023/24 HRA budget.

The 'do nothing' option

4.5 Without the additional resources, the contracts of two of the current surveyors will lapse and the specialist resources required to deliver the contracts that have been procured will not be available. Furthermore, resources required to continue with the building inspections and deliver the asset management plan and strategy will not be available therefore this work will come to a halt

- 4.6 Recruiting qualified and experienced surveyors is currently very difficult given the demand for this skill set since the tragic Grenfell disaster therefore, the chances of finding surveyors of the current calibre in the market is remote.
- 4.7 The current team delivering the tasks required to achieve compliance have already built momentum and are making steady progress, which will only be enhanced once the additional resources are added. Disbanding the current team due to lack of resources risks losing that momentum and having to start all over again with a new set of specialist officers.

5.0 Financial Implications

- 5.1 As outlined above, the HRA is currently under significant financial pressure. By the end of 2022/23 all of the specific revenue reserves related to the HRA will be exhausted.
- 5.2 We need to accelerate the programme of works to ensure that our properties remain safe. It is proposed that the Council increases the size of the surveying team to accelerate a number of projects within the capital and revenue budgets to address the urgent maintenance issues identified. Overall, 4.5 additional posts are required together with planned regradings of existing posts to absorb more responsibilities during the delivery of this work programme.

	Total	2022/23	2023/24
	£	£	£
Temporary regradings for existing staff	26,300	8,510	17,790
Planned surveyors (2 FTE)	113,400	36,700	76,700
Maintenance surveyor (1 FTE)	50,950	16,490	34,460
Additional technical assistant (1.5 FTE)	51,420	16,640	34,780
Total cost of programme	242,070	78,340	163,730
Element charged to the capital programme	-95,570	-30,930	-64,640
Revenue funding needed	146,500	47,410	99,090

- 5.3 Under section 76 of the Local Government and Housing Act 1989, all expenditure incurred on the management and maintenance of the Council's housing stock must be funded from the rental income (including any use of HRA reserves). The Council is prevented from subsidising the HRA from the general fund revenue budget and must set a balanced budget or budget for a surplus. Consequently the costs of this programme of work in 2023/24 must be funded from within the HRA.
- 9.4 However, the Council's reserves are not ring fenced and, in the event that the Council's HRA reserves are exhausted, they can be used to support the HRA in an urgent situation.

6.0 Legal Implications

- 6.1 Section 75 of the Local Government & Housing Act 1989 confirms that Schedule 4 of that Act has effect with respect to the keeping of a local authority's Housing Revenue Account (HRA) as to Credits, Debits, Special Cases and Supplementary Provisions.
- 6.2 Under Section 76 of the Local Government & Housing Act 1989 the Council has a duty to prevent debit balances on the HRA Account. Regulation 76(6) requires the authority from time to time to consider and determine whether the proposals previously submitted under subsection 2 satisfy the requirement to ensure that the account doesn't show a debit balance. By 76(6) the authority can make such revisions to avoid a debit balance as are reasonably practicable to satisfy the requirements of this section which would include those proposals set out in the Financial Paragraphs to this Report.
- 9.2 Section 151 of the Local Government Act 1972 requires the Councils to make arrangements for the proper administration of their financial affairs.
- 9.3 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Background Papers

- [Appendix 2 \(Adur Homes Contracts and Procurement\) of the report to the JOSC Working Group on Adur Homes Repairs and Maintenance dated 14.04.2022](#)

Sustainability & Risk Assessment

1. Economic

- The viability of their asset is important either in providing homes or in the development of the community.

2. Social

2.1 Social Value

- Some of the most vulnerable residents will have homes that are safe, warm and decent.

2.2 Equality Issues

- Vulnerable and disabled residents will have safe, warm and decent homes

2.3 Community Safety Issues (Section 17)

- Some of the works proposed will mitigate against antisocial behaviour

2.4 Human Rights Issues

- DMatter considered and no issues identified

3. Environmental

- Some of the works will contribute towards the Council's decarbonisation goals

4. Governance

- The works will contribute to Thriving People and Communities
- The works will contribute to the Housing Strategy's Priority 2: better Homes, Stronger Communities