

<b>Committee:</b>	Council	<b>Date:</b>	22 February 2018
<b>Title:</b>	Housing Revenue Account – 2018/19		
<b>Portfolio Holder:</b>	Councillor Simon Howell		
<b>Report Author:</b>	Angela Knight, Assistant Director – Resources 01799 510446	<b>Item for decision:</b>	Yes

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## Summary

1. This report sets out the following:

- A proposed Housing Revenue Account (HRA) budget and reserves position for 2018/19.
- A proposed 5 year financial forecast for the period from 2018/19 to 2022/23.

2. The Welfare Reform and Work Act 2016 requires registered providers of social housing in England to reduce social housing rents by 1% a year for 4 years from a frozen 2015 to 2016 baseline and to comply with maximum rent requirements for new tenancies. This is the third year of rent decrease to general needs properties and the second year for supported accommodation.

- HRA rents for general needs properties are decreased by 1% in line with new government guidance.
- HRA rents for supported accommodation are decreased by 1% in line with government guidance.
- All dwelling rents to be revised to the formula rent level when the property is re-let.

3. Other income and service charges for 2018/19 are as follows;

- Garage rents are increased by RPI of 3.9%
- Housing related support charges are increased in line with actual costs
- Intensive housing management charges are increased in line with actual costs
- Lifeline charges are increased by RPI of 3.9%
- Heating, Service and Sewerage charges are increased in line with actual costs

4. The Housing Board and the Tenants Forum have reviewed the housing rent and service charge proposals and recommended these for approval by Cabinet and Full Council.
5. The Housing Board has reviewed the Housing Revenue Budget and 5 year financial strategy and recommended the reports for approval by Cabinet and Full Council.
6. The proposals were endorsed by the Scrutiny Committee on 6 February and are subject to approval by the Cabinet on 15 February for recommendation to the Council tonight.
7. If the Cabinet recommend any amendments to this report or the Reserves Strategy, updated versions will be distributed to Members prior to this meeting.

### **Recommendations**

8. The Council is recommended to approve the Housing Revenue Account as detailed in this report.

### **Financial Implications**

9. Financial implications are included in the body of this report.

### **Background Papers**

10. None

### **Impact**

Communication/Consultation	Tenants Forum and Housing Board reviewed the rent, heating, service and sewerage charges
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	Affordable rent levels and appropriate housing supply are an important factor in the sustainability of local communities and in particular rural communities
Ward-specific impacts	None

Workforce/Workplace	None
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## Background

11. The HRA budget for 2018/19 reflects the service arrangements and investments in relation to the council's housing services for the seventh year under 'Self Financing'.
12. The new financial arrangements enable the service to stand alone financially and take 'local' decisions for housing services.
13. Decisions about the level of expenditure in the Housing Revenue Account continue to be made in the context of a 30 year HRA Business Plan, fully updated and approved at Cabinet in January 2016.
14. The Business Plan, which is reviewed annually, sets the financial strategy and the budget proposals are reflected in this report.
15. The Business Plan has been framed in the light of:
  - Estimated rental income is in line with the Government's guidance
  - Appropriate capital investment in maintaining the quality of the housing stock through planned maintenance and replacement works
  - The new build programme
  - One for one replacement of Right to Buy sales
  - Servicing and repaying debt so that new borrowing is available for future maintenance works or investment in further new build schemes
  - Remodelling and modernising sheltered housing schemes
  - Service improvements
16. Following government policy changes the authority no longer has discretion to set rents at a local level, but instead are required to comply with a national approach where rents will be reduced by 1% per year, for four years, from April 2016.
17. This change, alongside other national changes in housing policy, significantly reduces the council's flexibility over longer-term decision making.
18. Income and expenditure is budgeted on an incremental and inflationary basis to reflect the financial and operational needs of the housing service.

## Housing Revenue Account Budget 2018/19

19. The budget identifies a net operating surplus of £663,000 made up of total income of £15,402,000 and total expenditure of £14,739,000. The surplus has been allocated to fund agreed projects as detailed in the Business Plan.
20. This is the second year of the principal repayment of the Self Financing loan, a sum of £2m is payable annually. This was funded completely in 2017/18 from the Capital receipts reserve, this year we do not have the same projects and only a £413,000 contribution is eligible from the capital receipts reserve. The remainder of the loan repayment, £1,587,000 will be funded from the revenue budget.
21. The table below summarises the HRA budget for 2018/19, a more detailed breakdown is shown in Appendix A.

	2017/18 Original Budget £'000	2017/18 Restated Budget £'000	2018/19 Original Budget £'000	Increase / (Decrease) £'000
Dwelling Rents	(14,160)	(14,160)	(14,333)	(173)
Rents and Charges (other)	(1,062)	(1,062)	(1,068)	(6)
<b>Service Income</b>	<b>(15,222)</b>	<b>(15,222)</b>	<b>(15,402)</b>	<b>(179)</b>
Housing Finance & Business Management	197	197	75	(123)
Housing Maintenance and Repairs Service	3,030	3,030	3,117	87
Housing Management and Homelessness	1,024	1,024	996	(28)
<b>Service Expenditure</b>	<b>4,251</b>	<b>4,251</b>	<b>4,188</b>	<b>(64)</b>
Recharge from General Fund	1,800	1,800	2,073	273
Depreciation and Impairment	3,564	3,564	3,769	205
Interest/Costs re HRA Loan	4,625	4,625	4,615	(10)
Other (net)	340	340	94	(246)
<b>Non-Service Expenditure</b>	<b>10,329</b>	<b>10,329</b>	<b>10,551</b>	<b>222</b>
<b>Operating Surplus</b>	<b>(642)</b>	<b>(642)</b>	<b>(663)</b>	<b>(20)</b>
Capital Receipt Reserve (for HRA Loan)	(2,000)	(2,000)	(413)	1,587
Funding of Capital Programme from HRA	2,449	9,067	1,047	(8,020)
Transfer to/from (-) Reserves	193	(6,425)	28	6,453
<b>HRA (Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

22. The average weekly rent in 2017/18 was £98.80 and in 2018/19 has decreased to £98.55, a decrease of £0.25 per week.
23. The council manages a total of 452 garages; current weekly rental is £9.89 and will increase to £10.28 in 2018/19 (excluding VAT).
24. Two years ago the council reviewed all support and housing management charges in preparation for further cuts to Housing Related Support (HRS) funding made by Essex County Council (ECC).

25. The review resulted in the introduction of an Intensive Housing Management (IHM) charge to recover a proportion of the reduction in funding from ECC. The IHM charge is covered by Housing Benefit and its introduction therefore lessened the impact of the cuts to HRS for those tenants on benefits who previously had not contributed to support costs.
26. All HRS funding from ECC ceased from April 2017 and the cost of support and intensive housing management is now recovered in full from all sheltered tenants. The rationale that ECC made for these cuts is that people who require this type of support can claim appropriate benefits to pay for it themselves.
27. It is proposed to continue to calculate the charges for the council's sheltered housing scheme management service (made up from IHM and HRS) in line with actual costs. The charges to be set at:
- |  |                        |
|--|------------------------|
| i) Intensive Housing Management (IHM): | £12.73 per week        |
| ii) Housing Related Support (HRS):     | £4.61 per week         |
| <b>Total Charge:</b>                   | <b>£17.34 per week</b> |
28. It is proposed to increase the Lifeline service by RPI of 3.9%. The current weekly charge for the Lifeline service is £4.28 and this will increase to £4.45 (excluding VAT) per week for 2018/19.
- |  |                           |
|--|---------------------------|
| i) Lifeline service:                     | £4.45 (exc. VAT) per week |
| ii) Lifeline service plus extra sensors: | £5.45 (exc. VAT) per week |
29. The Council manages leasehold and freehold properties where service and sewerage charges are payable and these will continue to be calculated and charged in line with actual costs.
30. General needs and sheltered housing service and sewerage charges are calculated on the same basis as Leasehold/freehold properties.
31. Heating charges will be calculated and charged in line with actual costs.
32. Service charges for tenants as at 31<sup>st</sup> March 2012 in sheltered accommodation and not in receipt of Housing Benefit will no longer continue to be partially subsidised from the HRA as the transition period during which these charges were reduced by 25% annually has now come to an end.

## Budget Movements

33. The table below details budget movements for 2018/19.

	£'000	£'000
<b>Increased Income</b>		
Dwelling Rent - Increase in the number of properties and revised RTB's in year	(173)	
Disposals - includes 1% rent reduction set by Central Government		
Other income - Service charges & Garage rentals	(14)	
		<u>(187)</u>
<b>Decreased Income</b>		
Reduction in repairs recharge for internal operative work	91	
		<u>91</u>
<b>Budget Growth</b>		
Fees - increase in the cost of RTB valuation Fees	10	
		<u>10</u>
<b>Efficiency savings</b>		
Carecall contract annual cost	(21)	
Service / Support Charges - Transitional Relief no longer offered in 18/19	(18)	
Staffing - Reduction in Trainee positions and hours	(15)	
Materials - decrease in the level of materials required	(15)	
		<u>(69)</u>
<b>Inescapable</b>		
Staffing - increase in staff costs	17	
		<u>17</u>
<b>Adjustment</b>		
Centralisation in corporate costs of Assistant Directors	(87)	
		<u>(87)</u>
<b>Other movement</b>		
Pension - Not required for Triennial pension cost	(158)	
Bad Debt Provision - amended to reflect previous years expenditure	(78)	
Interest Costs - Loan Financing Costs	(10)	
RTB Allowance	(10)	
Depreciation	205	
Recharges from General Fund - increase in part due to Assistant Director recharge	273	
Net of other immaterial variances	(17)	
		<u>205</u>
<b>Total movement from 2017/18</b>		<u><u>(20)</u></u>

## 5 Year Budget Summary

34. The 5 year financial forecast identifies the HRA's ability to make revenue contributions to the housing development programme are significantly reduced now that the principal loan repayment has become due. 2018/19 is the second year of the principal loan repayment and this is having a reducing cumulative effect on the finances and the HRA's ability to maintain the current business plan. The detailed 5 year forecast is shown in Appendix B.
35. Due to the reducing resources within the HRA it is unlikely that there will be enough funds to support developments at the same level as in the previous 5 years. Full details of the capital programme are shown in Appendix C.
36. The capital programme has identified 3 new build development projects for 2018/19, and completion of 3 projects that started in 2017/18:
- Reynolds Court, Newport – on site - 26 properties due to complete September 2018
  - Hatherley Court – on site - 27 properties due to complete August 2018
  - Sheds Lane, Saffron Walden – on site - 3 properties due to complete July 2018
  - Newton Grove, Great Dunmow – 4 properties
  - Frambury Lane, Newport – 4 properties
  - The Moors, Little Dunmow – 16 properties
37. In future years from 2019/20 an amount has been included in unidentified sites, this is the required expenditure needed to enable us to fulfil the Right to Buy (RTB) agreement and retain the council's share of capital receipts from housing sales.
38. The right to buy scheme works on the basis for each property sold the council can retain 30% of the proceeds and the remaining 70% is paid to government. The 30% retained receipts is subject to further criteria;
- The retained receipts has to be reinvested into new general needs housing stock within a period of 13 quarters or we are required to pay these receipts to government, the alternative is any sums retained over 13 quarters is subject to interest at a rate of 4% above base rate every quarter.
  - That any development using the RTB receipts has to be funded by the council at 70% of the total cost, any scheme can only have 30% of the cost applied from capital receipts. For example, a new scheme costing £1,000,000 could use £300,000 of capital receipts but the remaining funding must come from council funds.
39. The capital financing identifies a shortfall in available funds in 2019/20 of £1,128,700 to enable the HRA to fulfil the above RTB criteria.

40. The HRA is further restricted by the debt cap which limits the level of borrowing the HRA can take on.
41. In November 2017 the Government announced that Housing Revenue Account borrowing caps will be lifted for local authorities in areas of “high affordability pressures” to build more homes. Local authorities will be invited to bid for increases in their caps from 2019-20.
42. The Council carried out a review with their independent financial consultants, Arlingclose on the structure of the HRA loan and the options to refinance the current loan to release funds enabling the continuation of its programme of housing development.
43. The review concludes that premature redemption of existing loans would prove to be expensive and recommends as an alternative that consideration be given to the HRA refinancing existing debt as it is repaid using short term local authority loans when required to both meet investment opportunities, and to balance the gap in the current financial plan in 2019/20.
44. The report recommendation is that the HRA refinance existing debt as it is repaid using short term local authority loans as it is required.



## Movement in Reserves

45. The table below details the movement in reserves and this includes the Major Repairs Reserve.

Reserve	2017/2018				2018/2019				
	Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserves	Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserves	Balance
£'000	01-Apr-17				31-Mar-18				31-Mar-19
<b><u>RINGFENCED RESERVES</u></b>									
Working Balance	498	48			546		(92)		454
	498	48	0	0	546	0	(92)	0	454
<b><u>USABLE RESERVES</u></b>									
<u>Revenue Reserves</u>									
Major Repairs Reserve	163	(3,402)	3,564		325	(3,571)	3,769		523
Revenue Projects	60				60				60
Transformation Reserve	180				180				180
	403	(3,402)	3,564	0	565	(3,571)	3,769	0	763
<u>Capital Reserves</u>									
Capital Projects	3,809		(4,674)	865	0	120			120
Potential Projects Reserve	2,298		(1,433)	(865)	0				0
Sheltered Housing Projects Reserve	318		(318)		0				0
	6,425	0	(6,425)	0	0	120	0	0	120
<b>TOTAL USABLE RESERVES</b>	<b>6,828</b>	<b>(3,402)</b>	<b>(2,861)</b>	<b>0</b>	<b>565</b>	<b>(3,451)</b>	<b>3,769</b>	<b>0</b>	<b>883</b>
<b>TOTAL RESERVES</b>	<b>7,326</b>	<b>(3,354)</b>	<b>(2,861)</b>	<b>0</b>	<b>1,111</b>	<b>(3,451)</b>	<b>3,677</b>	<b>0</b>	<b>1,337</b>

## HRA Business Plan and 5 Year Strategy

46. The Housing Service prepared a 30 year HRA Business Plan in line with the Self-Financing Agreement; from this business plan a 5 year working plan has been extracted detailing specific priorities/projects up until 2022/23. This is a rolling programme and is continuously updated; a detailed action plan with progress to date is attached in Appendix D.

### Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Changes in legislation may alter the assumptions contained in the proposed 2018/19 Budget and HRA Business Plan	2	2	Prudent budget management and assumptions are built into the budget predictions. This is supported by the minimum operational balance and earmarked reserves to provide a short term contingency
Rent arrears increase	2 – due to the withdrawal of the supporting people grant, welfare reforms inc. the roll out of Universal Credit	2 – increased arrears and resources needed to support tenants to manage their payments	Housing officers provide Tenant support for those in financial difficulty.
Vulnerable people at risk due to loss of supporting people grant and discontinued support from ECC for Lifeline alarms	3 – residents may struggle financially to self-fund	3 – extra support from officers and possible increased claims for benefits and/or hardship grants	Increased officer support for those tenants affected - will need help with their finances. Residents on HB can claim for supported services within their claim.
Failure to deliver major housing and development projects	2 – the council has an ambitious development programme	3 – schemes do not progress	Robust project planning and resources aligned to deliver projects.
Increase in interest rates	1 – not anticipated that rates will increase in the next	3 – increase in loan repayment	Prudent budget management. To closely manage the situation with the support of our Financial Consultants, Arlingclose and

	year		consider fixed rate alternatives
Increases in Right to Buy discounts present a risk as the Council may be unable to replace stock at the same rate as sales	2 – Sales are already higher than estimated in the business plan	2 – Repayment of capital receipt to government	Continuous review of the Business Plan and possible options for new build housing

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

## Appendices

Appendix A – 2018/19 Summary Budget

Appendix B – 5 year Budget Summary (2018/19 – 2022/23)

Appendix C – HRA 5 year Capital Programme and Financing

Appendix D – Business Plan – Action Plan 2018 – 2022

**APPENDIX A**

**HRA Budget Summary 2018/19**

£'000	2017/18 Original Budget	2017/18 Current Budget	2018/19 Original Budget	Increase / (Decrease)
<b><u>Housing Revenue Income</u></b>				
Dwelling Rents	(14,160)	(14,160)	(14,333)	(173)
Garage Rents	(206)	(206)	(214)	(8)
Other Rents etc	(3)	(3)	(3)	0
Charges for Services & Facilities	(853)	(853)	(851)	2
Contributions towards Expenditure	0	0	0	0
<b>TOTAL INCOME</b>	<b>(15,222)</b>	<b>(15,222)</b>	<b>(15,402)</b>	<b>(179)</b>
<b><u>Housing Finance &amp; Business Management</u></b>				
Business & Performance Management	122	122	0	(122)
Rents, Rates & Other Property Charges	75	75	75	(0)
	197	197	75	(123)
<b><u>Housing Maintenance &amp; Repairs Service</u></b>				
Common Service Flats	189	189	201	12
Estate Maintenance	147	147	148	1
Housing Repairs	2,323	2,323	2,379	56
Housing Sewerage	53	53	54	2
Newport Depot	17	17	19	2
Property Services	302	302	316	14
	3,030	3,030	3,117	87
<b><u>Housing Management &amp; Homelessness</u></b>				
Housing Services	399	399	413	14
Sheltered Housing Services	625	625	583	(42)
	1,024	1,024	996	(28)
<b>Total Service Expenditure</b>	<b>4,251</b>	<b>4,251</b>	<b>4,188</b>	<b>(64)</b>
<b><u>Other Costs</u></b>				
Bad Debt Provision	178	178	100	(78)
Depreciation - Dwellings (to MRR)	3,421	3,421	3,567	146
Depreciation - Non- Dwellings (to MRR)	142	142	202	59
Interest/Costs re HRA Loan	2,625	2,625	2,615	(10)
Repayment of HRA Loan	2,000	2,000	2,000	0
Investment Income	(15)	(15)	(15)	0
Pension Costs - Added Years	19	19	19	0
Pension Deficit - Triennial payment	158	158	0	(158)
Recharge from General Fund	1,507	1,507	1,675	168
HRA Share of Corporate Core	293	293	398	105
Right to Buy Admin Allowance	0	0	(10)	(10)
<b>Total Non-Service Expenditure</b>	<b>10,329</b>	<b>10,329</b>	<b>10,551</b>	<b>222</b>
<b>TOTAL EXPENDITURE</b>	<b>14,580</b>	<b>14,580</b>	<b>14,739</b>	<b>159</b>
<b>OPERATING (SURPLUS)/DEFICIT</b>	<b>(642)</b>	<b>(642)</b>	<b>(663)</b>	<b>(20)</b>
Funding from Capital Receipts Reserve for HRA Loan	(2,000)	(2,000)	(413)	1,587
<b><u>Funding of Capital Programme from HRA</u></b>				
Capital Schemes Funded from Revenue	2,449	9,067	1,047	(8,020)
	2,449	9,067	1,047	(8,020)
<b><u>Transfers to/(from) Reserves</u></b>				
Capital Projects	510	(4,674)	120	4,794
Change Management Reserve	0	0	0	0
Potential Developments	0	(1,433)	0	1,433
Sheltered Housing Reserve	(317)	(318)	0	318
Transformation Reserve	0	0	0	0
Working Balance	0	0	(92)	(92)
	193	(6,425)	28	6,453
<b>(SURPLUS)/DEFICIT</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>

**APPENDIX B**

**HRA Summary – 5 Year Forecast 2018/19 – 2022/23**

	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>£ '000</b>	<b>Original</b>	<b>Original</b>	<b>Original</b>	<b>Original</b>	<b>Original</b>
	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
Dwelling Rents	(14,333)	(14,027)	(14,705)	(15,283)	(15,885)
Garage Rents	(214)	(216)	(218)	(220)	(222)
Other Rents etc	(3)	(3)	(3)	(4)	(4)
Charges for Services & Facilities	(851)	(860)	(868)	(877)	(886)
Contribution towards expenditure	0	0	0	0	0
<b>Total Income</b>	<b>(15,402)</b>	<b>(15,106)</b>	<b>(15,795)</b>	<b>(16,384)</b>	<b>(16,997)</b>
<b>Housing Finance &amp; Business Management</b>					
Business & Performance Management	0	0	0	0	0
Rents, Rates & Other Property Charges	75	75	75	75	75
	75	75	75	75	75
<b>Housing Maintenance &amp; Repairs Service</b>					
Common Service Flats	201	201	201	201	201
Estate Maintenance	148	148	148	148	148
Housing Repairs	2,379	2,379	2,379	2,379	2,379
Housing Sewerage	54	54	54	54	54
Newport Depot	19	19	19	19	19
Property Services	316	316	316	316	316
	3,117	3,117	3,117	3,117	3,117
<b>Housing Management &amp; Homelessness</b>					
Housing Services	413	413	413	413	413
Sheltered Housing Services	583	583	583	583	583
	996	996	996	996	996
<b>Other Costs</b>					
Bad Debt Provision	100	100	100	100	100
Depreciation - Dwellings (to MRR)	3,567	3,295	3,435	3,435	3,435
Depreciation - Non- Dwellings (to MRR)	202	102	102	102	102
Interest/Costs re HRA Loan	2,615	2,604	2,613	2,601	2,570
Repayment of HRA Loan	2,000	2,000	2,000	2,000	2,000
Investment Income	(15)	(15)	(15)	(15)	(15)
Pension Costs - Added Years	19	19	19	19	19
Pension Deficit - Triennial payment	0	0	158	0	0
Recharge from General Fund	1,675	1,675	1,675	1,675	1,675
HRA Share of Corporate Core	398	381	381	381	381
Right to Buy Admin Allowance	(10)	(10)	(10)	(10)	(10)
<b>Total Non-Service Expenditure</b>	<b>10,551</b>	<b>10,151</b>	<b>10,458</b>	<b>10,288</b>	<b>10,257</b>
<b>Total Expenditure</b>	<b>14,739</b>	<b>14,338</b>	<b>14,645</b>	<b>14,475</b>	<b>14,444</b>
<b>OPERATING (SURPLUS)/DEFICIT</b>	<b>(663)</b>	<b>(768)</b>	<b>(1,150)</b>	<b>(1,909)</b>	<b>(2,553)</b>
Transfer to/(from) Capital Receipts	(413)	(400)	(400)	(400)	(400)
<b>Revenue balance available for capital financing</b>	<b>(1,076)</b>	<b>(1,168)</b>	<b>(1,550)</b>	<b>(2,309)</b>	<b>(2,953)</b>
<b>Capital Schemes Funded from Revenue</b>	<b>1,047</b>	<b>1,246</b>	<b>1,198</b>	<b>1,198</b>	<b>1,198</b>
<b>Transfers to/(from) Reserves</b>					
Capital Projects	120	(78)	352	1,111	1,755
Change Management Reserve	0	0	0	0	0
Potential Developments	0	0	0	0	0
Sheltered Housing Reserve	0	0	0	0	0
Transformation Reserve	0	0	0	0	0
Working Balance	(92)	0	0	0	0
	28	(78)	352	1,111	1,755
<b>(SURPLUS)/DEFICIT</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## APPENDIX C

## HRA – Capital Programme 2018/19 – 2022/23

	2017/18 Current Budget £	2017/18 Forecast Spend P6 £	2018/19 Forecast including slippage from 2017/18 £	2019/20 Forecast £	2020/21 Forecast £	2021/22 Forecast £	2022/23 Forecast £	Total 5 Year Forecast £
<b><u>HRA Fund</u></b>								
HRA Capital Repairs	3,255,000	3,255,000	3,345,000	3,295,000	3,435,000	3,435,000	3,435,000	16,945,000
UPVC Fascia's and Guttering	147,000	147,000	100,000	100,000	100,000	100,000	100,000	500,000
Cash Incentive Scheme Grants	55,000	55,000	50,000	50,000	50,000	50,000	50,000	250,000
Light Vans Replacement programme	87,000	87,000	96,000	0	0	0	0	96,000
<b><u>New Bids</u></b>								
Sewerage Plant	0	0	100,000	100,000	100,000	100,000	100,000	500,000
<b><u>HRA Business Plan</u></b>								
<b><u>New builds (1-4-1 RTBs)</u></b>								
Unidentified Sites	1,366,000	34,000	0	3,681,000	2,000,000	2,000,000	2,000,000	9,681,000
Catons Lane	104,000	23,000	0	0	0	0	0	0
Sheds Lane	577,000	280,000	320,000	0	0	0	0	320,000
Radwinter Road (CHP)	0	1,022,000	0	0	0	0	0	0
Newton Grove	0	310,000	315,000	0	0	0	0	315,000
Frambury Lane	0	0	771,000	0	0	0	0	771,000
The Moors	0	0	787,000	0	0	0	0	787,000
<b><u>Sheltered Redevelopments</u></b>								
Reynolds Court	5,021,000	3,550,000	1,471,000	0	0	0	0	1,471,000
Hatherley Court	1,660,000	975,000	685,000	0	0	0	0	685,000
Walden Place	810,000	60,000	750,000	0	0	0	0	750,000
<b><u>Other Schemes</u></b>								
Energy Efficiency improvement schemes	59,000	59,000	0	0	0	0	0	0
Resurfacing access roads	150,000	150,000	0	0	0	0	0	0
<b><u>ICT</u></b>								
Housing Mobile devices IT	65,000	65,000	0	0	0	0	0	0
Housing contractors portal & SAM	29,000	29,000	0	0	0	0	0	0
<b>HRA Housing Total</b>	<b>13,385,000</b>	<b>10,101,000</b>	<b>8,790,000</b>	<b>7,226,000</b>	<b>5,685,000</b>	<b>5,685,000</b>	<b>5,685,000</b>	<b>33,071,000</b>

**APPENDIX C**

**HRA Capital Financing 2018/19 – 2022/23**

	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
			Forecast Spend including slippage from				
<b>Financing - Housing Revenue Account</b>	<b>Current Budget</b>	<b>Forecast Spend</b>	<b>2017/18</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<u>Business Plan Schemes</u>							
Funded from reserves	(8,283,000)	(5,152,000)	(3,089,600)	0	0	0	0
HRA Revenue Funding - RCCO	(642,000)	(678,300)	(1,047,100)	(1,246,000)	(1,198,000)	(1,198,000)	(1,198,000)
HCA grant funding	(226,000)	(226,000)	0	0	0	0	0
Capital Receipts - RTB	(614,100)	(500,700)	(682,200)	(1,104,300)	(600,000)	(600,000)	(600,000)
Capital Receipts - Other	0	0	(400,000)	(150,000)	(150,000)	(150,000)	(150,000)
	(9,765,100)	(6,557,000)	(5,218,900)	(2,500,300)	(1,948,000)	(1,948,000)	(1,948,000)
<u>Other Schemes</u>							
Major Repairs Reserve Contribution	(3,255,000)	(3,255,000)	(3,445,000)	(3,395,000)	(3,535,000)	(3,535,000)	(3,535,000)
Other MRR reserve cont	(222,900)	(147,000)	(126,100)	(202,000)	(202,000)	(202,000)	(202,000)
HRA Revenue Funding	(142,000)	(142,000)	0	0	0	0	0
Sub total	(3,619,900)	(3,544,000)	(3,571,100)	(3,597,000)	(3,737,000)	(3,737,000)	(3,737,000)
<b>TOTAL FINANCING</b>	<b>(13,385,000)</b>	<b>(10,101,000)</b>	<b>(8,790,000)</b>	<b>(6,097,300)</b>	<b>(5,685,000)</b>	<b>(5,685,000)</b>	<b>(5,685,000)</b>
<b>Total Capital Programme</b>	13,385,000	10,101,000	8,790,000	7,226,000	5,685,000	5,685,000	5,685,000
<b>Funding deficit (Borrowing outside of HRA required internal from cash or external)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,128,700</b>	<b>0</b>	<b>0</b>	<b>0</b>

## HRA BUSINESS PLAN – PRIORITIES FOR ACTION 2016 – 2021

Action	Timescale	Resources	Outcome	Update January 2018
<b>1. Operate a sound and viable housing business in a professional and cost effective manner</b>				
Continue to develop business plan financial model to inform investment and service planning	Ongoing	Within existing resources	HRA that continues to be managed on sound business principles	<p>Government housing policy changes have affected the HRA Business Plan, both in the short term and in future years. The imposition of a 1% annual rent cut for four years from 1st April 2016 has had a significant effect on available resources over the life of the plan</p> <p>The HRA Business plan and financial model has been updated and shows that there will be pressures on the HRA from 2020 if the current level of expenditure on stock and new build continues as modelled.</p> <p>The HRA Business Plan allows the Council to have flexibility as to when loans are repaid and</p>



Action	Timescale	Resources	Outcome	Update January 2018
				consideration will need to be given to refinancing the loans in order to both meet investment opportunities, and to balance the gap in the financial plan that is a result of the effect of these changes in housing policy
Prepare for supporting people funding reductions	Mar-17	Within existing resources	Options identified to enable key services to continue to be delivered	Complete. New delivery model for sheltered housing in place. Tenants have been written to and new charges explained. All costs are now fully recoverable from tenants since the ending of support grant funding from county  Introduced new Intensive Housing Management (IHM) charge – this can be included in Housing Benefit claim to reduce impact on residents receiving this service
Improve performance management systems in Housing Services	Mar-17	Within existing resources	PI targets based on a combination of performance of peer LA's in HouseMark benchmarking group and historic UDC performance data	The Housing Service has developed a suite of Performance Indicators to monitor services against its own targets, and to provide customers with information on how our services are performing. These indicators are monitored by managers on a monthly basis, with key indicators reported to CMT
Maximise income to	Ongoing	Within	Rent arrears action taken at an	Income collection has been

Action	Timescale	Resources	Outcome	Update January 2018
the HRA by achieving high collection rates for rents, service charges, sewage charges, garage rents and miscellaneous invoices		existing resources	earlier stage to prevent arrears from escalating. Providing debt support and signposting to tenants/leaseholders who are struggling. Corporate approach to rent collection to ensure join-up with individual cases	separated from the debt support work resulting in a significant reduction in rent arrears
Implement re-chargeable repairs policy	Apr-16	Within existing resources	Improve recovery of costs of repairs which are tenants' responsibility	<p>Complete. A new re-charge policy has been written to clarify the definition of rechargeable repairs and to improve the recovery of costs associated with rechargeable repairs and to deter misuse or negligence of Council property by tenants</p> <p>By identifying and recovering these costs, it enables the council to reinvest the money to help improve services and properties which will ultimately benefit tenants</p>
Evaluate the alternative options available for the delivery of housing services through strategic and /or operational	Apr-17	Within existing resources	Options identified for step change improvement in value for money	Options for expanding the repairs service currently provided to UDC tenants to other housing providers through Aspire Property Services have been evaluated. It is proposed to re-visit this option next year

Action	Timescale	Resources	Outcome	Update January 2018
partnerships				
Review the arrangements for the management of non-housing assets	Oct-16	Within existing resources	Rationalisation of management responsibilities and clarification of development potential	Complete. Asset Management and Development Strategy in place
Ensure the void turnaround figures do not exceed targets to minimise rent losses	Ongoing	Within existing resources	Rent loss through voids minimalised	Further review of the void processes carried out in August 2017 following recommendations from the Tenant Regulatory Panel (TRP). Review shows that new processes that have been implemented are working well
<b>2. Ensure that all the council's tenants live in a decent home in settled communities for as long as needed, consistent with the council's Tenant Strategy</b>				
Review tenant strategy to ensure that local housing need is met and assets are used effectively, utilising all available flexibilities	Apr-17	Within existing resources	Updated strategy	Complete. Strategy has been reviewed. No change to policy recommended at this time
Create a tenancy sustainment team	Aug-16	Within existing resources	Increased support for vulnerable tenants. A failed tenancy costs the Council several thousands of pounds so the success of this team will ultimately save money for re-	Complete. Team in place. Successful Tenancy Sustainment Programme implemented. We have been able to prevent evictions, organise sustainable repayment programmes and

Action	Timescale	Resources	Outcome	Update January 2018
			investment in the housing stock	tenancies, and help individuals who have been previously unable to engage with us and many other support organisations. The service has been nominated for a Partnership Working Award in this year's You Make the Difference in Essex Awards
Improve the information on the housing stock	Apr-17	Within existing resources	Accessible up to date stock data	Complete. New stock data management system (SAM) has been implemented. Work is progressing on collecting stock data - it is anticipated that a 100% stock condition survey will be achieved on a rolling 5 year basis
Continue to manage and maintain the housing stock effectively and efficiently ensuring that properties meet, as a minimum, the decent homes standard	Ongoing	Within identified resources - approximately £5.3m pa	Well maintained homes and assets to minimum decent homes standard	<p>Planned works programmes are progressing well. The authority is continuing to deliver a significant programme of investment in the stock.</p> <p>A robust monthly budget monitoring process has been implemented to ensure that projects are delivered on budget</p>
Deliver an improved repairs and maintenance service through:	Aug-16	£120k	Homes well maintained Improved tenant satisfaction More efficient and responsive deployment of personnel	Complete. Project plan to deliver IT improvements implemented Mobile technology has been rolled out to all Surveyors and

Action	Timescale	Resources	Outcome	Update January 2018
<p>1. Enhancement of mobile technology for repairs and voids teams;  2. Electronic van stocking of operatives' vehicles  3. Online reporting of repairs</p>				<p>Operatives who can now raise and receive works orders/job tickets electronically  Decision made not to implement new electronic stock system following unsuccessful trials  Schedule Board being used by Repairs Planners to enable on-line scheduling of repairs jobs</p>
<p>Improve average energy efficiency for council properties</p>	<p>Apr-17</p>	<p>£530k</p>	<p>Reduced fuel costs for residents</p>	<p>Complete. All works identified in Phase I, II and III now complete and included: air source heat pumps/external wall cladding/solar panels  Further properties identified for improvement works and budgets being prepared for works to be carried out in 2018/19. Potential project identified to install solar panels on all remaining council houses and flats – currently under evaluation</p>
<p>Continue to fund disabled adaptations for tenants and improve the delivery process</p>	<p>Ongoing</p>	<p>£260k pa</p>	<p>Reduction in the time people have to wait for adaptations</p>	<p>Disabled adaptations continue at a high demand – currently able to meet all requests within a reasonable timescale</p>
<p>Undertake fundamental review</p>	<p>Ongoing</p>	<p>Within existing</p>	<p>Policies in place that reflect best practice/current legislation</p>	<p>All policies and procedures along with equality impact assessments</p>

Action	Timescale	Resources	Outcome	Update January 2018
of policies and procedures to ensure service is 'Fit for Purpose'		resources		regularly reviewed. Changes identified are brought to the tenant forum and housing board for approval
<b>3. Help tenants and leaseholders get involved with decisions about their housing</b>				
Continue to develop Housing Regulatory Panel to scrutinise the performance of the Housing Service and to undertake service reviews	Ongoing	5k pa - training for members	A Housing Regulatory Panel that deliver in-depth challenging inspections - achieving improvements that really matter to tenants	The TRP have carried out a review of the sheltered housing service following their successful review of the Void process. Report has been presented to officers and progress with implementing the recommendations will be reported to the TRP and Housing Board
Review the approach to gathering tenant feedback and satisfaction	Mar-17	Within existing resources	Refreshed approach to assessing tenant satisfaction to inform service improvement planning	Complete. Online satisfaction survey has been designed so that tenants can feed back immediately after repair is carried out  New STAR tenant satisfaction/feedback survey sent to all tenants in March 2017. Results have been analysed and show an overall improvement in satisfaction with housing services (see below)
Link tenant	Ongoing	Within	Skilled Tenant Forum and	Training programme in place

Action	Timescale	Resources	Outcome	Update January 2018
participation with opportunities for skill development		existing resources	Tenant Regulatory Panel members	
Publish annual tenants report	Ongoing	£3k pa	Annual report published	Annual report published in November 2017
Benchmark service with other landlords through HouseMark	Ongoing	Within existing resources	Core benchmarking data uploaded to HouseMark for full organisational review	<p>The Housing Service uses Housemark to benchmark its performance against other landlords</p> <p>Latest core benchmarking data has been submitted – performance data and comparison with other authorities is reviewed by officers at section heads meeting</p> <p>Performance compares well to other councils, with indicators relating to rent collection and repairs sitting within the top quartile. Compared to the previous year, costs have remained roughly the same in all areas except lettings which has marginally increased, whilst performance has improved in repairs and tenancy management</p>

Action	Timescale	Resources	Outcome	Update January 2018
				<p>Whilst Performance Indicators are instrumental in assessing performance, the opinion and views of tenants adds an extra depth and validity to the council's performance and service improvement works. In 2017 the council carried out its third district wide survey of tenants and residents (STAR) following surveys completed in 2012 and 2008.</p> <p>Using a core questions set compiled by HouseMark comparative data has been obtained on the services offered to tenants. In addition the inclusion of additional questions has provided information regarding the wider determinants of health associated with housing and neighbourhood interaction.</p> <p>Results of STAR 2017 show that levels of satisfaction are mostly positive amongst all service areas within housing services. Performance has remained stable over the 5 year period as have the priorities of the tenants.</p> <p>The survey shows that 83.5% of</p>



Action	Timescale	Resources	Outcome	Update January 2018
				out tenants are satisfied with the service
<b>4. Regenerate the stock/estates and build new affordable rented council housing in an efficient and effective manner</b>				
Deliver the new homes programme	Mar-21	£6.898m	New homes to replace those lost through RTB sales - approximately 6 -10 per year	<p>Development programme on track:</p> <p>Holloway Crescent Phase I &amp; II - 13 properties</p> <p>Mead Court Phase I &amp; II – 29 properties</p> <p>Catons Lane – 6 properties</p> <p><b>48 properties completed to date</b></p> <p>Planning permission obtained for development of garage sites in Sheds Lane – 3 properties (due to complete July 2018)</p> <p><b>3 properties</b></p> <p>Also investigating possibility of UDC becoming delivery partner on some S106 sites - subject to RTB receipts</p>

Action	Timescale	Resources	Outcome	Update January 2018
Deliver Sheltered scheme re-development programme	Mar-18	£11.5m	Fit for purpose accommodation for the elderly	<p>Development programme on track:</p> <p>Reynolds Court Phase I – 15 properties</p> <p><b>15 properties completed to date</b></p> <p>Reynolds Court Phase II – 26 properties (due to complete August 2018)</p> <p><b>26 properties</b></p> <p>Hatherley Court – remodelling (<b>26 properties</b>) and new build (<b>1 property</b>) – (due to complete August 2018)</p>
Review housing asset management strategy	Apr-18	Within existing resources	Established a clear policy on the use of HRA assets, regeneration and development	Strategy is being reviewed and will be presented to the Housing Board for comment at Housing Board meeting in December 2017
Develop and implement initiatives for improving estates	Ongoing	Within existing resources	Delivery of new estate improvement/ regeneration initiatives as part of the housing asset management strategy. Delivery of resident led improvements	Regular trailer events being held with more agencies offering to attend / estate inspection; projects identified for estate regeneration

Action	Timescale	Resources	Outcome	Update January 2018
<p>Carry out development appraisals of identified sites and review business plan capacity to develop</p>	<p>Mar-21</p>	<p>Revenue cost of £50k pa for surveyor to co-ordinate works</p>	<p>Established housing development programme</p>	<p>Proposals/plans being drawn up for sites at The Moors, Little Dunmow (<b>16 properties</b>); Newton Grove, Great Dunmow (<b>4 properties</b> – planning permission gained September 2017); Frambury Lane, Newport (4 properties)</p> <p><b>Total: 24 properties</b></p> <p>A number of garage and infill sites and excess garden land are being assessed for development viability, or for the opportunity to sell in order to cross-subsidise the development programme</p> <p><b>Total: 20 properties</b></p>