

Committee: Housing Board

Agenda Item

Date: 27 January 2015

5

Title: Housing Revenue Account 2015/16 Budget and 5 year Business Plan Strategy

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Summary

1. This report sets out the following:
 - A proposed Housing Revenue Account(HRA) budget and reserves position for 2015/16
 - A proposed 5 year financial forecast for the period from 2015/16 to 2019/20
2. The Housing Board is required to determine its recommended 2015/16 budget and medium term financial forecast for consideration by the following:
 - This report was presented at Tenants forum on the 22 January 2015
 - Scrutiny 10 February 2015
 - Cabinet 17 February 2015
 - Full Council 26 February 2015

Recommendations

3. Housing Board is requested to recommend to Cabinet for approval
 - 2015/16 Budget as set out in the report
 - The use of headroom funds for Business Plan Projects
 - The working balance and allocation of earmarked reserves

Financial Implications

4. These are included in the body of the report

Background Papers

5. None

Impact

| | |
|----------------------------|------|
| Communication/Consultation | None |
| 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 |

Background

6. The HRA budget for 2015/16 reflects the service arrangements and investments in relation to the council's housing services for the fourth year under 'Self Financing'.
7. The new financial arrangements enable the service to stand alone financially and take 'local' decisions for housing services.
8. The Council's overall aims and objectives for housing services over a 30 year period is reflected in the HRA Business Plan which was approved by Housing Board in January 2012. The HRA Business Plan is reflected in these budget proposals.
9. The Business Plan has been framed in the light of:
 - Estimated rental income in line with the Government's guidance at the time
 - 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.
10. The dwelling rental income has been included in this report based on the Central Government Guidelines issued on HRA dwelling rental increases at CPI + 1%. This gives an average rental increase of 2.2%.
11. Income and expenditure is budgeted on an incremental and inflationary basis to reflect the financial and operational needs of the housing service, using 2014/15 as a base.
12. The HRA budget is detailed in Appendix A.

Housing Revenue Account Budget 2015/16

13. The budget identifies a net operating surplus of £3,498,000 made up of total income of £15,715,000 and total expenditure of £12,217,000. The surplus has been allocated to fund agreed projects as detailed in the Business Plan.

14. The supporting people grant is currently under review by Essex County Council and if this grant funding ceased this would put an added burden on the HRA revenue costs. The loss of this funding equates to approximately £185k and it would need to be considered as to whether this would be funded by the HRA in future years or the cost transferred to the tenants in receipt of this support.

The tables below give a breakdown of the budget and associated variances.

Budget Summary

| | 2014/15 Restated Budget £' 000 | 2015/16 Original Budget £' 000 | Increase / Decrease (-) £' 000 |
|---------------------------------------|---|---|--|
| Dwelling Rents | (14,390) | (14,672) | (282) |
| Other income | (1,000) | (1,043) | (43) |
| Income | (15,390) | (15,715) | (325) |
| Housing Finance & Business Management | 503 | 414 | (89) |
| Housing Maintenance & Repairs Service | 2,872 | 3,109 | 237 |
| Housing Management & Homelessness* | 865 | 919 | 54 |
| Expenditure Direct Services | 4,240 | 4,442 | 202 |
| Capital Repairs | 3,261 | 3,455 | 194 |
| Interest on HRA Loan | 2,625 | 2,625 | 0 |
| Pension Cost | 85 | 20 | (65) |
| General Fund Recharge | 1,464 | 1,372 | (92) |
| Bad Debt Provision | 150 | 250 | 100 |
| Supporting People | 53 | 53 | 0 |
| Pay Award | 20 | 0 | (20) |
| Other Costs | 7,658 | 7,775 | 117 |
| Total Expenditure | 11,898 | 12,217 | 319 |
| Operating (Surplus) | (3,492) | (3,498) | (6) |
| Working Balance | 0 | 0 | 0 |
| Allocation of Headroom | 3,492 | 3,498 | (6) |
| Total | 0 | 0 | 0 |

**This is the management cost of the service rather than the actual service cost for homelessness which is funded from the General Fund Account.*

Dwelling Rents

Further details of the rent calculation are available in the accompanying 'Rent and Service Charges' report, agenda item 4.

| Average weekly rent 2014/15 | Average weekly rent 2015/16 | Average weekly increase | Average weekly % increase |
|-----------------------------|-----------------------------|-------------------------|---------------------------|
| £98.65 | £100.60 | £2.33 | 2.2% |

Budget Movements

| | Inflation £' 000 | Service Investment £' 000 | Efficiencies £' 000 | Adjustments £' 000 |
|-------------------------------|---------------------|---------------------------------|------------------------|-----------------------|
| Rates and Property charges | (275) | | | |
| Business & Performance | | | (43) | |
| Estate Maintenance | | | | 150 |
| Common Services Flats | | | | (34) |
| Housing Services | | 44 | | |
| Property Services | | 30 | | (176) |
| Housing Repairs | (26) | 225 | | 26 |
| Sheltered Housing | (13) | | | (17) |
| Other Costs | | | | 117 |
| Other Minor Variances (net) | | | | (14) |
| Total Budget movements | (314) | 299 | (43) | 52 |

Variations (Greater than £10,000)

| | Variance £'000 | Reason for variance |
|-----------------------------------|-------------------|---|
| Dwelling Rents income | (282) | Increased income due to inflationary uplift |
| Property Services | (157) | Post transferred to Housing Repairs as part of the staffing restructure (contra variance below) |
| | (20) | Feasibility study costs now capitalised |
| Service Charges and Facilities | (19) | Additional income is being received from the new Welfare Garden Schemes |
| | (39) | Additional income relates to the inflationary increase in housing repairs charges |
| Business and Performance Staffing | (43) | Post transferred to CSC, this will be reflected in the recharge calculation to General Fund |
| Common Services Flats | (34) | Budget realigned to reflect current usage |
| Housing Repairs | 182 | Increase in staffing costs due to restructure of the repairs team |
| | 60 | Increase in planned works and ad-hoc repairs |
| Estate Maintenance | 150 | Increase in expenditure for works on estate access roads |
| Housing Services | 44 | 0.5fte ASBO post moved from General Fund to HRA |
| Property Services | 30 | Consultancy costs due to increase workload for new build schemes |
| Garage Rents | 26 | Income reduction due to redevelopment of sites |
| Bad debt provision | 100 | The introduction of Universal Credit in 2015/16 increases the risk to the council of tenants falling into rent arrears. Bad debt provision has been increased in anticipation of this |
| Depreciation | 73 | This is the proxy charge as set out in the business plan |
| | 21 | Increased due to IT asset investment in 2014/15 |
| Impairment | 100 | Market value of the Council's garages has fallen below the original purchase price |
| Recharge from General Fund | (92) | Net effect of apportionment of central services cost |

| | | |
|--------------|------|---|
| Pension Cost | (66) | Deficit 3 year payment deal offered discounts for upfront payment and so no payment in 15/16 or 16/17 |
| Pay award | (20) | This is now incorporated into the salary budget as per the 2015/16 pay award agreed in January 2015 |

Movement in Reserves

| Reserve | 2014/15 | | | | 2015/16 | | |
|-----------------------------|-----------------|-----------------|-----------------------|-----------------|-----------------|-----------------------|-----------------|
| | Opening Balance | Use of Reserves | Additions to Reserves | Closing Balance | Use of Reserves | Additions to Reserves | Closing Balance |
| Working Balance | 680 | (154) | 304 | 830 | | | 830 |
| Major Repairs (note 1) | 91 | (3,227) | 3,261 | 125 | (3,334) | 3,355 | 146 |
| Change Mgt. | 200 | (11) | | 189 | | | 189 |
| Revenue Projects | 60 | | | 60 | | | 60 |
| Sheltered Housing (note 2) | 318 | | 100 | 418 | (179) | | 239 |
| Potential Projects (note 3) | 800 | | | 800 | (620) | | 180 |
| Capital Projects (note 4) | 1,223 | (430) | 83 | 876 | (514) | | 362 |
| Additional Resource | 0 | | 1,047 | 1,047 | (61) | | 986 |
| Total | 3,372 | (3,822) | 4,795 | 4,345 | (4,708) | 3,355 | 2,992 |

Notes to the reserves:

Note1 – The major repairs reserve is used for planned repair works

Note 2 – The Sheltered Housing reserve shows the anticipated drawdown for Reynolds Court and Hatherley Court.

Note 3 – The Potential Projects reserve is being used for the development of 6 new social houses

Note 4 – The Capital Projects reserve is for general schemes

More details of the HRA projects/schemes; the expenditure and financing over the next 5 years can be found in the Capital Programme (Appendix B) and Capital Financing (Appendix C)

HRA Business Plan and 5 Year Strategy

15. 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 2018/19. This is a rolling programme and is continuously updated.
 - Appendix B – details all planned projects for the 5 year period 2015/16 – 2019/20
 - Appendix C – identifies the capital financing for the period 2015/16 – 2019/20
16. The capital programme shows in 2016/17 that we no longer have any reserves or external funds to finance the current capital programme. The shortfall in financing of £737,000 will be met by internal borrowing and is within the restrictions of the HRA debt cap. The capital programme will continue to be monitored carefully to ensure that any opportunities or efficiencies are explored and implemented as appropriate.
17. The planned transfer of 8 Temporary Accommodation units (4 Mead Court, Stansted and 4 Burnt Villas, Takeley) from the HRA to the General Fund has been planned in 2014/15. The release of funds for this transaction has been built into the capital financing programme and will help support the planned programme of works.
18. A 5 year budget forecast summary table, Appendix D, shows that the HRA budgets over the medium term and the HRA is fully able to meet loan payments and manage the projects in the business plan along with providing a consistent level of services to residents.
19. The authority is continuing to deliver a significant programme of investment in the first five years of the HRA business plan - the largest investment in the stock, new development and the service for many years. To date the Council has made around £19 million of investment since the introduction of self-financing to improve the standard and availability of council housing. Progress with the priorities identified in the HRA business plan is attached in Appendix E. In summary as a landlord the council has delivered the following:
 - Developed a housing asset management and development strategy
 - Improved the information on the housing stock
 - Decent homes – all housing stock now meets this national standard
 - Completed 8 new build Council houses at Holloway Crescent
 - Mead Court development on site and progressing well
 - Catons Lane, Saffron Walden – redevelopment of a garage site with 6 houses. Planning permission secured. Start on site anticipated for March 2015
 - Hatherley Court, Saffron Walden – Remodelling of existing sheltered scheme. Planning application submitted. Start on site programmed for November 2015

- Reynolds Court, Newport – new build redevelopment of existing sheltered scheme. Planning application submitted December 2014. Start on site programmed for July 2015
- Successful delivery of the investment programme including the delivery of environmental improvements
- Implemented and improved integrated monitoring, response and maintenance service for sheltered schemes and Lifeline users
- Reviewed Housing Allocations Scheme to prioritise those with a local connection
- Developed a new Anti-social Behaviour Policy
- Introduced fixed term tenancies
- Developed a Housing Regulation Panel to scrutinise the performance of the Housing Service and to undertake service reviews
- Re-launched the tenant participation service under the ‘Get Involved’ banner

Risk Analysis

| Risk | Likelihood | Impact | Mitigating actions |
|---|--|---|--|
| Changes in legislation may alter the assumptions contained in the proposed 2015/16 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 | 2 | The introduction of Universal Credit in 2015/16 increases the risk of arrears. Increased officer support to tenants was put in place in 2013/14 and this resource will be used to help support tenants in difficulty |
| Cut in Supporting People (SP) Grant | 3 – ECC are proposing that tenants self-fund | 3 – tenants in receipt of SP will need to fund their support services | Increased officer support for those tenants affected - will need help with their finances |
| 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 year | 3 – increase in loan repayment | Prudent budget management. To closely manage the situation with the support of our Financial Consultants, Arlingclose and 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 – 2015/16 Summary Budget

Appendix B – Capital Programme (5 year)

Appendix C – Capital Financing Requirement (5 year)

Appendix D – 5 year Budget Summary (2015/16 – 2019/20)

Appendix E – Action Plan/Progress/Priorities

APPENDIX A
HRA Budget Summary 2015/16

| £'000 | 2014/15 Original Budget | 2014/15 Restated Budget | 2015/16 Original Budget | Increase / (Decrease) |
|--|-------------------------------|-------------------------------|-------------------------------|--------------------------|
| Housing Revenue Income | | | | |
| Dwelling Rents | (14,390) | (14,390) | (14,672) | (282) |
| Garage Rents | (210) | (210) | (184) | 26 |
| Other Rents etc | (3) | (3) | (3) | 0 |
| Charges for Services & Facilities | (777) | (777) | (835) | (58) |
| Contributions towards Expenditure | 0 | 0 | 0 | 0 |
| Investment Income | (10) | (10) | (21) | (11) |
| TOTAL INCOME | (15,390) | (15,390) | (15,715) | (325) |
| Housing Finance & Business Management | | | | |
| Business & Performance Management | 467 | 467 | 378 | (89) |
| Rents, Rates & Other Property Charges | 36 | 36 | 36 | 0 |
| | 503 | 503 | 414 | (89) |
| Housing Maintenance & Repairs Service | | | | |
| Common Service Flats | 275 | 275 | 241 | (34) |
| Estate Maintenance | 141 | 141 | 293 | 152 |
| Housing Repairs | 1,935 | 1,935 | 2,190 | 255 |
| Housing Sewerage | 49 | 49 | 54 | 5 |
| Newport Depot | 12 | 12 | 11 | (1) |
| Property Services | 460 | 460 | 320 | (140) |
| | 2,872 | 2,872 | 3,109 | 237 |
| Housing Management & Homelessness | | | | |
| Housing Services | 253 | 253 | 324 | 71 |
| Sheltered Housing Services | 612 | 612 | 595 | (17) |
| | 865 | 865 | 919 | 54 |
| Total Service Expenditure | 4,240 | 4,240 | 4,442 | 202 |
| Other Costs | | | | |
| Depreciation - Council Dwellings (transfer to MRR) | 3,136 | 3,136 | 3,209 | 73 |
| Depreciation - Other Assets (transfer to MRR) | 125 | 125 | 146 | 21 |
| Impairment - Other Assets | 0 | 0 | 100 | 100 |
| Bad Debt Provision | 150 | 150 | 250 | 100 |
| Supporting People | 53 | 53 | 53 | 0 |
| Recharge from General Fund | 1,211 | 1,211 | 1,138 | (73) |
| HRA Share of Corporate Core | 253 | 253 | 234 | (19) |
| Interest/Costs re HRA Loan | 2,625 | 2,625 | 2,625 | 0 |
| Pension Costs - Added Years | 19 | 19 | 20 | 1 |
| Pension Costs - Deficit | 198 | 66 | 0 | (66) |
| Pay Award | 20 | 20 | 0 | (20) |
| Total Non-Service Expenditure | 7,790 | 7,658 | 7,775 | 117 |
| TOTAL EXPENDITURE | 12,030 | 11,898 | 12,217 | 319 |
| OPERATING (SURPLUS)/DEFICIT | (3,360) | (3,492) | (3,498) | (6) |
| Funding of Capital Programme from HRA | | | | |
| Funding of Action Plan Capital Items | 1,597 | 2,147 | 4,811 | 2,664 |
| Funding of Capital from Revenue | 1,097 | 1,097 | 0 | (1,097) |
| | 2,694 | 3,244 | 4,811 | 1,567 |
| Transfers to/from(-) Reserves | | | | |
| Capital Projects | 0 | (550) | (514) | 36 |
| Change Management Reserve | 0 | 0 | 0 | 0 |
| Potential Developments | 0 | 0 | (620) | (620) |
| Sheltered Housing Reserve | 798 | 798 | (179) | (977) |
| Working Balance | (132) | 0 | 0 | 0 |
| | 666 | 248 | (1,313) | (1,561) |
| Total Use of Reserves/Funding | 3,360 | 3,492 | 3,498 | 6 |
| (SURPLUS)/DEFICIT | 0 | 0 | 0 | 0 |

APPENDIX B

HRA Capital Programme – 5 Year Forecast

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | |
|---|-----------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| HRA FUND | Current Budget | Forecast | Forecast | Forecast | Forecast | Forecast | Total |
| | £ | £ | £ | £ | £ | £ | £ |
| HRA Capital Repairs | 3,968,000 | 3,260,000 | 3,060,000 | 3,255,000 | 3,345,000 | 3,295,000 | 20,093,000 |
| UPVC Fascia's and Guttering | 500,000 | 140,000 | 100,000 | 100,000 | 100,000 | 100,000 | 1,040,000 |
| Cash Incentive Scheme Grants | 50,000 | 150,000 | 50,000 | 50,000 | 50,000 | 50,000 | 400,000 |
| Light Vans Replacement programme | 0 | 0 | 0 | 102,500 | 96,400 | 0 | 218,900 |
| Holloway Crescent Final costs | 0 | 0 | 0 | 0 | 0 | 0 | 30,000 |
| New builds | | | | | | | |
| Unidentified Sites | 295,000 | 0 | 586,000 | 900,000 | 600,000 | 600,000 | 2,898,000 |
| Catons Lane | 30,000 | 827,000 | 0 | 0 | | | 930,000 |
| Mead Court - New Build/Redevelopment | 3,741,000 | 0 | 0 | 0 | 0 | 0 | 3,741,000 |
| Reynolds Court | 205,000 | 2,350,000 | 4,200,000 | 620,000 | 0 | 0 | 7,375,000 |
| Hatherley Court | 60,000 | 864,500 | 897,500 | 0 | 0 | 0 | 1,822,000 |
| Walden Place | 10,000 | 0 | 0 | 0 | 0 | 0 | 20,000 |
| Unidentified Sheltered Schemes | 0 | 0 | 0 | 0 | 1,500,000 | 1,500,000 | 3,000,000 |
| Other schemes | | | | | | | |
| Sheltered Hsg Alarm equip | 100,000 | 0 | 0 | 0 | 0 | 0 | 10,000 |
| Energy Efficiency improvement schemes | 606,000 | 280,000 | 280,000 | 0 | 0 | 0 | 960,000 |
| Supported unit for people with learning disabilities | 100,000 | 0 | 0 | 0 | 0 | 0 | 100,000 |
| Review of potential internet cafes in sheltered schemes | 40,000 | 25,000 | 0 | 0 | 0 | 0 | 65,000 |
| ICT | | | | | | | |
| Service charges planned repair system | 92,000 | 0 | 0 | 0 | 0 | 0 | 101,000 |
| Housing contractors portal & SAM | 0 | 55,000 | 0 | 0 | 0 | 0 | 55,000 |
| HRA Housing Total | 9,797,000 | 9,773,500 | 9,173,500 | 5,027,500 | 5,691,400 | 5,545,000 | 42,858,900 |

APPENDIX C

HRA Capital Financing – 5 year forecast

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--|-----------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|
| Financing - Housing Revenue Account | Current Budget | Forecast Budget + | Budget | Budget | Budget | Budget |
| | £ | £ | £ | £ | £ | £ |
| Business Plan Schemes | | | | | | |
| Funded from reserves | -835,000 | -1,313,000 | -419,000 | 0 | -417,000 | -335,000 |
| S106 - Housing Partnership Funding - HRA | 0 | -434,000 | 0 | 0 | 0 | 0 |
| HCA grant funding | 0 | -800,000 | 0 | 0 | 0 | 0 |
| Capital Receipts - RTB | -724,000 | -334,000 | -176,000 | -270,000 | -180,000 | -180,000 |
| Release of prior years funding | 0 | -61,000 | -986,000 | 0 | 0 | 0 |
| Energy Efficiency Grant Funding | 0 | 0 | 0 | 0 | 0 | 0 |
| HRA Financial Headroom - Specific Schemes | -3,720,000 | -2,431,500 | -2,802,126 | -1,046,334 | -719,360 | -1,439,000 |
| | -5,279,000 | -5,373,500 | -4,383,126 | -1,316,334 | -1,316,360 | -1,954,000 |
| Other Schemes | | | | | | |
| Major Repairs Reserve Contribution | -3,136,412 | -3,208,960 | -3,281,126 | -3,355,945 | -3,432,400 | -3,395,000 |
| Other MRR reserve cont | -91,000 | -125,000 | -146,000 | -146,000 | -146,000 | -146,000 |
| HRA Revenue Funding | -1,290,588 | -1,066,040 | -626,874 | -209,221 | -796,640 | -50,000 |
| Sub total | -4,518,000 | -4,400,000 | -4,054,000 | -3,711,166 | -4,375,040 | -3,591,000 |
| TOTAL FINANCING | -9,797,000 | -9,773,500 | -8,437,126 | -5,027,500 | -5,691,400 | -5,545,000 |
| Funding deficit (Borrowing outside of HRA required) | 0 | 0 | 736,374 | 0 | 0 | 0 |

APPENDIX D

HRA Summary – 5 Year Forecast 2015/16 – 2019/20

| £'000 | 2015/16 Original Budget | 2016/17 Original Budget | 2017/18 Original Budget | 2018/19 Original Budget | 2019/20 Original Budget |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Dwelling Rents | (14,672) | (14,974) | (15,277) | (15,585) | (15,900) |
| Garage Rents | (184) | (190) | (196) | (202) | (207) |
| Other Rents etc | (3) | (3) | (3) | (3) | (3) |
| Charges for Services & Facilities | (835) | (841) | (868) | (896) | (918) |
| Investment Income | (21) | (11) | (11) | (11) | (12) |
| Total Income | (15,715) | (16,019) | (16,355) | (16,698) | (17,041) |
| <u>Housing Finance & Business Management</u> | | | | | |
| Business & Performance Management | 378 | 390 | 403 | 415 | 426 |
| Rents, Rates & Other Property Charges | 36 | 37 | 38 | 40 | 41 |
| | 414 | 427 | 441 | 455 | 466 |
| <u>Housing Maintenance & Repairs Service</u> | | | | | |
| Common Service Flats | 241 | 249 | 257 | 265 | 272 |
| Estate Maintenance | 293 | 302 | 312 | 322 | 330 |
| Housing Repairs | 2,190 | 2,260 | 2,332 | 2,407 | 2,467 |
| Housing Sewerage | 54 | 56 | 58 | 59 | 61 |
| Newport Depot | 11 | 11 | 12 | 12 | 12 |
| Property Services | 320 | 330 | 341 | 352 | 361 |
| | 3,109 | 3,208 | 3,311 | 3,417 | 3,503 |
| <u>Housing Management & Homelessness</u> | | | | | |
| Housing Services | 324 | 334 | 345 | 356 | 365 |
| Sheltered Housing Services | 595 | 614 | 634 | 654 | 670 |
| | 919 | 948 | 979 | 1,010 | 1,035 |
| <u>Other Costs</u> | | | | | |
| Depreciation - Council Dwellings | 3,209 | 3,281 | 3,356 | 3,432 | 3,518 |
| Depreciation - Other Assets | 146 | 146 | 146 | 146 | 146 |
| Impairment - Other Assets | 100 | 0 | 0 | 0 | 0 |
| Bad Debt Provision | 250 | 300 | 300 | 300 | 300 |
| Supporting People | 53 | 53 | 53 | 53 | 54 |
| Recharge from General Fund | 1,138 | 1,290 | 1,331 | 1,374 | 1,408 |
| HRA Share of Corporate Core | 234 | 269 | 278 | 287 | 294 |
| Interest/Costs re HRA Loan | 2,625 | 2,625 | 2,625 | 2,625 | 2,691 |
| HRA Loan Repayments | 0 | 0 | 2,000 | 2,000 | 2,050 |
| Pension Costs | 20 | 20 | 100 | 100 | 103 |
| Pay Award | 0 | 21 | 22 | 22 | 23 |
| Minimum revenue provision | 0 | 0 | 113 | 113 | 113 |
| | 7,775 | 8,005 | 10,324 | 10,452 | 10,699 |
| Total Expenditure | 12,217 | 12,589 | 15,055 | 15,334 | 15,704 |
| OPERATING (SURPLUS)/DEFICIT | (3,498) | (3,429) | (1,301) | (1,364) | (1,337) |
| Transfer to(+)/from(-) the Change Management Reserve | 0 | 0 | 0 | 0 | 0 |
| Transfer to(+)/from(-) reserves for Revenue Action Plan Slippage | 0 | 0 | 0 | 0 | 0 |
| Transfer to(+)/from(-) HRA Working Balance | 0 | 0 | 0 | 0 | 0 |
| Transfer to(+)/from(-) Capital receipts | 0 | 0 | (1,748) | (152) | (152) |
| Revenue balance available for capital financing | (3,498) | (3,429) | (3,049) | (1,516) | (1,489) |
| <u>CAPITAL and RESERVES</u> | | | | | |
| Capital Spend | 9,774 | 9,174 | 5,028 | 5,691 | 5,545 |
| Potential funding from HCA | (800) | 0 | 0 | 0 | 0 |
| Potenital S106 contribution | 0 | 0 | 0 | 0 | 0 |
| Financing from transfer of assets to General Fund | (61) | (986) | 0 | 0 | 0 |
| Transfer to(+)/from(-) Capital receipts (1-4-1) | (334) | (176) | (270) | (180) | (180) |
| Transfer to(+)/from(-) reserves grants/contributions | (434) | 0 | 0 | 0 | 0 |
| Transfer to(+)/from(-) reserves for Major Repairs | (3,334) | (3,427) | (3,502) | (3,578) | (3,541) |
| Transfer to(+)/from(-) reserves for Capital Schemes | (514) | 0 | 904 | (70) | (107) |
| Transfer to(+)/from(-) reserves for Potential Developments | (620) | (180) | 0 | 0 | 0 |
| Transfer to(+)/from(-) reserves for Sheltered Housing Projects | (179) | (239) | 889 | (347) | (228) |
| Capital spend financed from reserves and contributions | 3,498 | 4,166 | 3,049 | 1,516 | 1,489 |
| (SURPLUS)/DEFICIT | (0) | 737 | 0 | 0 | (0) |

APPENDIX E

**HRA BUSINESS PLAN - PRIORITIES FOR ACTION
PROGRESS TO DATE - JANUARY 2015**

| Priority | Action | By When | Resources | Progress to Date |
|---|--|---------|------------------------------|--|
| 1. Resident Involvement and Empowerment | Develop Housing Regulation Panel to scrutinise the performance of the Housing Service and to undertake service reviews | Ongoing | 5k pa - training for members | Panel now fully established and commencing their 2nd project - review of the Sheltered Housing Service Standards. Panel continue to be supported and developed by external consultant. Officers progressing action plan from the voids review and reporting progress to the Panel, Tenant Forum and Housing Board |
| | Collect evidence from surveys, questionnaires, estate walkabouts and mystery shoppers | Ongoing | Within existing resources | Ongoing - held a number of successful 'get involved' events held around the district - these have been successful in encouraging residents to engage with Council services; new residents group formed in Coltsfield Stansted. Estate walkabouts completed. Working with partners such as the Fire Brigade to provide advice and support to the community; further events planned to encourage tenant participation and feedback |
| | Link tenant participation with opportunities for skill development | Ongoing | Within existing resources | Ongoing - both Tenant Forum and Tenant Regulatory Panel members are encouraged to attend training, seminars and conferences that will build their knowledge base |
| | Consult leaseholders on views of current service and participation arrangements | Ongoing | Within existing resources | Ongoing - Leaseholders included in STAR survey |
| | Undertake new Tenant Satisfaction Survey | Ongoing | £5k - every 2 years | Ongoing - repeat of STAR survey planned for 2015 when re-structure and process changes at the Newport Depot have been completed. All feedback to be managed through an action plan |
| | Develop action plan to respond to issues in the Tenant Satisfaction Survey | Aug-12 | Within existing resources | Complete - High level analysis identified key areas for improvement which have been managed in day-to-day activities |
| | Develop and Implement new Tenant Involvement Strategy | Apr-13 | Within existing resources | Complete - strategy adopted December 2013. In 2014 relaunched the tenant participation service under the 'Get Involved' banner |
| | Publish annual tenants report | Ongoing | £3k pa | Ongoing - report for 2014 due to be distributed during January 2015 |
| | Benchmark service with other landlords through Housemark | Ongoing | Within existing resources | Ongoing - working with corporate performance team to produce PI performance reports from both Covalent (UDC Performance Management System) and HouseMark. Currently developing 'user friendly' benchmarking reports for regular review by Tenant Regulatory Panel, Tenant Forum and Housing Board. Core benchmarking data also being uploaded to Housemark for full organisational review as well as performance data |

HRA BUSINESS PLAN - PRIORITIES FOR ACTION PROGRESS TO DATE - JANUARY 2015

| Priority | Action | By When | Resources | Progress to Date |
|---------------|--|---------|--|--|
| 2 Home | Develop a housing asset management strategy | Apr-13 | Within existing resources | Complete - Housing Asset Management and Development Strategy approved by Cabinet - established a clear policy on the use of HRA assets, regeneration and development |
| | Carry out development appraisals of identified sites and review business plan capacity to develop | Mar-16 | £10k pa - architect/planning fees | Ongoing - sites to be identified and submitted to planning department for initial feedback. Capacity identified in the business plan to develop further sites. Schemes presented to Housing Board for prioritisation in April 2015 . Catons Lane which has now recieved planning permission targeted to start on site in April 2015 |
| | Respond to changing housing need by making the best use of the Housing Stock to meet local need (Mead Court redevelopment etc) | Jan-16 | £4.25m - commencing Jan-14 | Mead Court phase 1 commenced January 2014 and due to complete in February 2015. Phase 2 to commence on site in March 2015 with completion in November 2015. |
| | Review the potential for undertaking new build schemes on identified garden sites | Apr-17 | Approx £600k per annum plus revenue cost of £50k pa for in-house surveyor to co-ordinate works | Our Council housing development programme is now established. 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. |
| | Improve the information on the housing stock | Apr-13 | £50k - one off 2012 | Complete - investigated and concluded that this would be better carried out in house. Stock Condition Surveyor appointed and 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 |
| | Implement planned maintenance/service charge module of Housing System | Apr-14 | £100k - one off 2013 | Work in progress - planned maintenance module delayed due to re-structure of housing repairs and maintenance teams. Services Charges module installed - due to go-live for April 2015 |
| | Review and implement new Schedule of Rates | Apr-13 | £20k - one off 2012 | Complete - new schedule of rates tested and implemented (NHF) |
| | Continue to manage and maintain the housing stock effectively and efficiently ensuring that properties meet, as a minimum, the decent homes standard | Ongoing | within existing resources - approx £2.9m pa | Ongoing - planned works programmes are progressing well - the authority is continuing to deliver a significant programme of investment in the first five years of the HRA business plan - the largest annual capital investment in the stock for many years |
| | Improve average energy efficiency and reduce fuel costs for residents | Apr-17 | £300k pa | Work in progress - Phase I and II air source heat pumps contracts now complete, Phase III commenced October 2013 External wall insulation contract for solid wall properties underway but progressing slowly due to electric cabling issues - further properties identified for contracts during the next financial year |
| | Analyse performance of eco-house in Wendens Ambo | Ongoing | Within existing resources | Ongoing monitoring: experience of the family and how they have adapted to the changes ie living with low water use appliances and airtight requirements; electricity consumption monitoring; water consumption monitoring. Results reported to housing board in July 2014 |
| | Progress the outcomes of the sheltered housing asset management review | Mar-16 | £6.6 mill for Reynolds Court. | Work in progress - residents consulted at sheltered schemes where site appraisals have been carried out (Alexia House, Reynolds Court, Hatherley Court, Parkside and Walden Place). Report presented to the Housing Board and Cabinet giving options for these schemes. Reynolds Court Planning application submitted to redevelop the scheme with 41 new apartments. Subject to planning, this should start on site in October 2015 and take 18 months to complete. Hatherley Court has received planning permission to be remodelled to provide a higher standard of accommodation with a start on site anticipated 2016/17. Parkside, Walden Place and Alexia House will continue to have the options assessed, including detailed tenant consultation. |

HRA BUSINESS PLAN - PRIORITIES FOR ACTION

PROGRESS TO DATE - JANUARY 2015

| Priority | Action | By When | Resources | Progress to Date |
|-------------------|--|---------|---|--|
| 3. Tenancy | Establish a strategic tenancy strategy that ensures that local housing need is met and assets are used effectively, utilising all available flexibilities | Jan-13 | £3k - one off 2012 | Complete - over-arching tenancy strategy reviewed by housing board and approved by Cabinet Jan 2013 |
| | Consider whether the Council should use the new fixed term tenancies and, if so, formulate a Tenancy Policy setting out the proposed operation of the scheme | Apr-13 | Within existing resources | Complete - over-arching tenancy strategy established; options for fixed term tenancies examined by Housing Board; tenancy policy approved by Cabinet and implemented from April 2013: 1 + 9yr fixed term tenancies for 3+ bedroom houses |
| | Continue to fund disabled adaptations and disabled facilities grants for HRA tenants and private owners and improve the delivery process | Ongoing | within existing resources - approx £280k per year | Ongoing - increase in DFG applications and adaptation work has continued in 2014/15 and budgets are fully committed already |
| | Investigate and implement a better integrated monitoring, response and maintenance service for sheltered schemes and Lifeline users | Oct-12 | £42k pa | Complete - Monitoring contract tendered for and awarded to Careline. Contract commenced October 2012 - all equipment has now been re-programmed Maintenance contract tendered and awarded to Cirrus - contract commenced October 2013 |
| | Update the remaining sheltered housing schemes with Piper Haven alarm equipment with the latest Communicall equipment | Mar-14 | £100k pa capital; £10k pa revenue | Complete - Equipment/Maintenance contract tendered and awarded to Cirrus for the upgrade of alarm/call out systems at all schemes. Work on all schemes completed by March 2014 - replacement programme meets the new BS on fire/smoke detecting |
| | Undertake fundamental review of policies and procedures to ensure service is 'Fit for Purpose' | Apr-13 | Within existing resources | Ongoing - the following policies have been written and reviewed by Housing Board and approved by Cabinet: allocations policy - November 2014; void management policy and void letting standard - Jan 2013; rent and service charge setting policy - Apr 2013; downsizing and de-cant policy - Apr 2013; asset management and development strategy - Jun 2013; tenancy policy - Apr 2013; bed and breakfast charging policy - Nov 2013; welfare garden and redecoration policy - Jan 2014; anti-social behaviour policy and procedures - Nov 2014 |
| | Carry out an under occupation survey and establish what incentives would encourage tenants to move to more appropriate accommodation | Apr-13 | Within existing resources | Complete - underoccupation survey carried out in Dec 2013 and data used to inform new downsizing and decanting policy |

HRA BUSINESS PLAN - PRIORITIES FOR ACTION PROGRESS TO DATE - JANUARY 2015

| Priority | Action | By When | Resources | Progress to Date |
|--------------------------------|---|---------|---------------------------|---|
| 4. Neighbourhood and Community | Review Housing Strategy | Apr-13 | Within existing resources | Complete - new housing and homelessness strategy 2012 -2015 approved by Cabinet and published. Currently consulting on new Housing Strategy |
| | Review Homelessness Strategy | Apr-13 | Within existing resources | Complete - new housing and homelessness strategy 2012 -2015 approved by Cabinet and published. Currently consulting on new homelessness strategy |
| | Establish an older persons strategy that addresses needs of elderly people in the district | Sep-12 | Within existing resources | Complete - included within the new housing and homelessness strategy 2012 - 2015 approved by Cabinet and published |
| | Work with planning policy to identify future provision for the gypsy and traveller community | Sep-12 | Within existing resources | Currently consulting on an Issues and Options consultation which forms part of the Gypsy and Traveller Local Plan |
| | Continue to work with Partners to deliver affordable housing through use of the Stansted Area Housing Partnership and Growth Area Funding | Apr-13 | £2.2 million and £725,000 | Stansted Area Housing Partnership funding has been allocated and the project is now complete. Growth Area funding has been spent at Broomfields, Hatfield Heath to deliver 14 affordable units. Further funding has been allocated towards our Council new build programme and a rural scheme in Newport |
| | Investigate re-provision of temporary accommodation following demolition on Mead Court | Apr-13 | Within existing resources | complete - 4 houses converted into 8 units of furnished temporary accommodation. A further 4 units of new build accommodation in Stansted due to complete in January 2015. Entered into a SLA with Supportworks to provide nightly let accommodation in Harlow as alternative to bed and breakfast which should reduce reliance on this type of accommodation |
| | Work with partners on the delivery of a supported unit for people with learning disabilities | Apr-13 | £100k - one off 2013 | Work in progress - we have been working for a number of years to provide a scheme for young adults with learning disabilities in Saffron Walden to live independently. A scheme has now been drawn up that will provide 6 x 1 bedroom flats along with communal space and sleepover/office for carers; Meetings held with care provider and parents to progress this scheme; a planning application is ready to submit with work due to commence in June 2015; £100,000 HRA funds will enable this to be delivered. A further scheme is being investigated in Stansted to enable service users to live more independently |
| | Investigate the provision of additional supported accommodation in the district for vulnerable adults (currently only one facility - Bromfield House) | Apr-13 | Within existing resources | A scheme is required in Great Dunmow similar to Bromfield House in Saffron Walden, providing support to vulnerable adults who are homeless. Discussion ongoing with Genesis and/or East Thames about funding /support costs |
| | Investigate the provision of a supported unit in the district for those fleeing domestic violence | Apr-14 | Within existing resources | Work in progress - discussions held with Women's Aid as to size and preferred location and suitable site identified; Cabinet have approved transfer of land to Safer Places for delivery of a refuge; architects have been appointed and scheme designs drawn. Bid for additional government grant funding made in January 2015 |
| | Investigate the re-provision of a new mental health facility | Sep-12 | Within existing resources | We remain keen to undertake a re-provision of the mental health scheme in Station Street, Saffron Walden with Granta Housing. It would need to be within the town – on the outskirts would be ok provided it is on a bus route. This is to ensure clients can maximise their opportunities for social inclusion etc. Supporting People and Adult Social Care/Mental Health both provide revenue funding into the existing service and are aware of our aspiration to re-provide our service. Preferred size would be 12 self contained units |
| | Review anti social behaviour policy and procedures | Apr-13 | Within existing resources | Complete - new policy and procedures written and adopted in Nov 2014 to reflect government bill on changes to ASB legislation |
| | Provide 'internet cafes' in sheltered schemes for silver surfers | Oct-17 | 20k pa | Work in progress - project tendered for as 'design competition'. Alan Hasler House in Great Dunmow completed July 2012; The Close Hatfield Heath completed December 2013. Priors Wood Court completed in January 2015. Normans Court - work in progress |
| | Review future contracts to include clauses to require contractor to take action to tackle climate change relevant to work to be carried out | Ongoing | Within existing resources | Ongoing - all contracts contain clauses |

HRA BUSINESS PLAN - PRIORITIES FOR ACTION PROGRESS TO DATE - JANUARY 2015

| Priority | Action | By When | Resources | Progress to Date |
|--------------------|---|---------|---------------------------|---|
| 5. Value for Money | Continue to develop business plan financial model to inform investment and service planning | Ongoing | Within existing resources | Ongoing - model updated in October 2014 |
| | Prepare for supporting people funding reductions | Aug-12 | Within existing resources | Complete - service reviewed - Sheltered Housing Officers(SHOs) now working more generically - to include work in sheltered schemes and in the community (lifeline users). Further reductions in SP funding is being proposed by ECC - to be announced in Feb 2015 |
| | Improve performance management and financial planning systems in housing services | Aug-13 | £20k in 2012 | Complete - PI targets based on a combination of performance of peer LA's in HouseMark benchmarking group and historic UDC performance data. Regular review of PI performance and budget performance at Housing Section Heads meetings. PI's continually monitored through Housing Performance Management process. 2015/16 Service Plan actions and PI's currently being identified and agreed. Budget monitoring completed on a monthly basis with all relevant budget managers. Budget awareness/control refresher training session planned for April 2015 |
| | Maximise income to the HRA by achieving high collection rates for rents, service charges, sewage charges, garage rents and miscellaneous invoices | Ongoing | Within existing resources | Ongoing - rent arrears process reviewed and timescales amended to ensure action taken at an earlier stage to prevent arrears from escalating. Service charge process and garage management to be implemented on the Northgate IT system from April 2015. Current invoice process being reviewed to ensure accuracy of budget allocation and improvements in the time taken to process invoices. Tenant and internal re-charge processes currently being reviewed. Focus remains on reducing arrears levels by having dedicated officer providing debt support and signposting to tenants who are struggling. Rents team working closely with Housing Management and Home Options team to ensure join-up with individual cases. Regular meetings completed to ensure awareness of Universal Credit implementation timeframes and impact it may have on services. DWP providing direct support and information as and when required |
| | Ensure rent arrears are kept to a minimum | Ongoing | Within existing resources | Ongoing - additional funding provided to CAB for debt counselling; Rent arrears policy has been reviewed; allocations policy has been changed to reflect welfare reforms (bedroom criteria); all reviews completed and implemented |
| | Implement service charges for common services for flats | Apr-12 | Within existing resources | Complete - service charges calculated and charged for common services |
| | Access external funding where available to reduce carbon emissions and improve energy efficiency | Ongoing | Within existing resources | Ongoing - bids for funding for the financial year 2014-2015 now in application stage |
| | Ensure the void turnaround figure does not exceed 28 days | Ongoing | £30k pa | Ongoing - new repairs surveyor appointed; new offices created at the depot to bring all the asset management team together; representatives from all areas of the service continue to work together to improve the void process. Dedicated voids operatives introduced and Void-Co-ordinator role appointed. Weekly void meetings to discuss and agree actions continue. Void turnaround for GN properties as at end December 2014 = 12 days |