

HMAB HRA BUSINESS PLAN UPDATE, QUARTER 3, 2018/19

Subject: HRA Business Plan Update

Date: 14 March 2019

For Information

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Action Required:

To note progress in delivering activities associated with the Housing Revenue Account (HRA) Business Plan during 2018/19.

1. BACKGROUND:

1.1 In November 2016, the Executive agreed a set of revised HRA Business Plan service proposals and financial assumptions that include a significant investment plan to support commitments relating to new build, existing housing assets and service improvements.

1.2 These commitments aimed to achieve the following outcomes:

FTFC Priority	HRA BP Outcomes
Housing Development	<ul style="list-style-type: none">• New council homes, meeting the needs of local people on the Housing Register• Total number of council homes remains stable over 30 years• Increased income into the HRA
Investing in Homes to be Proud Of	<ul style="list-style-type: none">• Tenants living in safe, well maintained, structurally sound, warm and dry homes• Fit for purpose sheltered stock• Increased tenant and leaseholder satisfaction with their homes• Positive return on our HRA assets• Value for Money achieved through contract procurement and effective programming
Excellent Council Homes	<ul style="list-style-type: none">• Responsive, accessible, well-managed services, with a 'right first time' approach• Flexible support services that adapt to the changing needs and vulnerability of older people• Improved processes and technological solutions that support service delivery• Improved customer satisfaction• Transparent service and support charges based on actual costs• Lettings that achieve a balance between meeting local housing need and promoting sustainable communities

- 1.3 A report on business plan achievements in 2017/18 was presented to HMAB in July 2018. An update on further activities and investment in the year to date (2018/19) is given in Section 2 below.

2. UPDATE

2.1 Housing Development

- 2.1.1 The Council's Housing Development programme was established in 2014 and since then has facilitated the completion of 168 (affordable) homes to December 2018. Thirty-six homes have been delivered since the beginning of this financial year.
- 2.1.2 In Q3, two open market acquisitions were completed. One of these properties will be converted into seven units of temporary accommodation to enhance the supply of this property type and assist the Council to meet the requirements of the Homelessness Reduction Act.
- 2.1.3 The contractor for Burwell Court and Ditchmore Lane is on site and both developments are progressing well. Both schemes remain on track for delivery in Q3 2019/20.
- 2.1.4 Architectural and site preparation work is currently being completed for the three sites that will be developed during 2019/20:
- The North Road Scheme - 21 homes: in a blended modern and period style: Plans have been finalised and submitted to planning and are expected to be considered at the April Planning Committee.
 - The Symonds Green Scheme - 29 homes: public consultation was carried out in December, and feedback was also sought via the Council's Facebook page. A planning application was submitted in February 2019.
 - The Shephall Way Scheme - 9 homes. A planning application was submitted in February 2019.
- 2.1.5 Following consultation earlier in the year, the Kenilworth (236 homes) scheme was granted planning permission and work is now being carried out to identify the best route for delivery of the scheme. Included within this scheme is provision for new retail shops, a new community centre and an independent living scheme for older people.

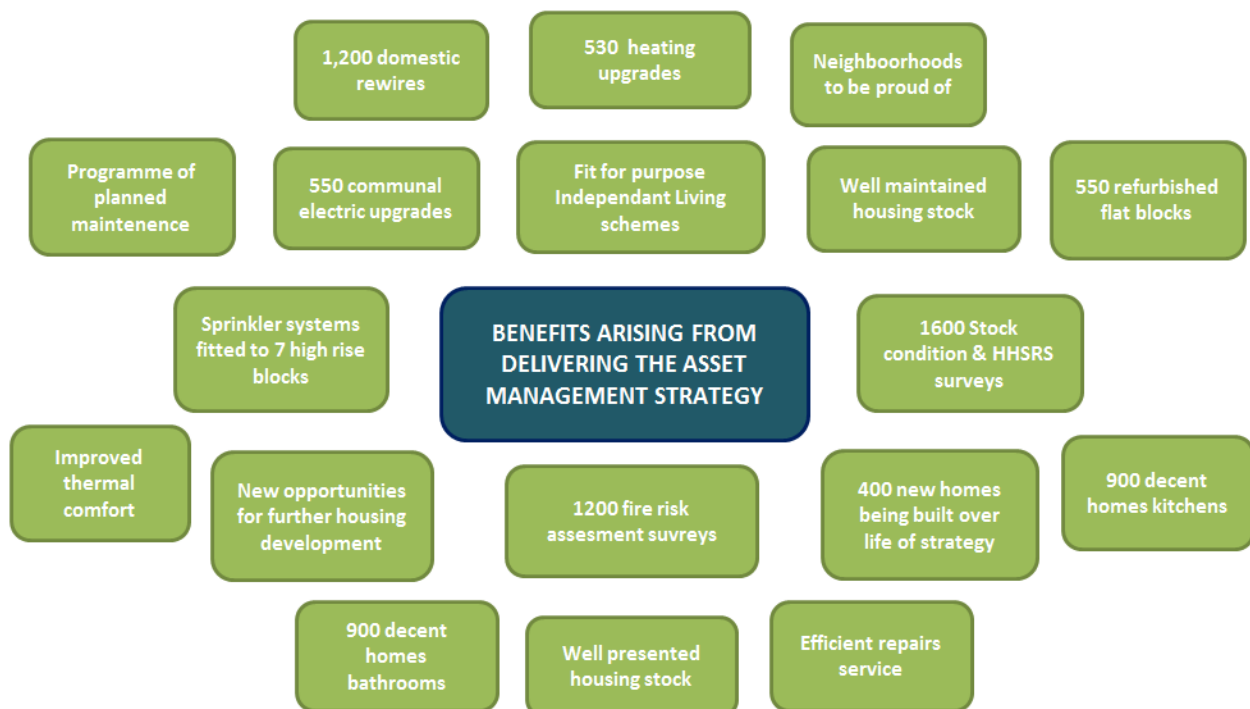
2.2 Housing Investment

- 2.2.1 At the end of December 2018, 82.6% of council homes were decent, meeting the Quarter 3 target. Satisfaction with internal works was reported as 95.7% and satisfaction with external works was 89.7%.
- 2.2.2 HMAB received reports on the Major Repairs Contract (MRC) in November 2018 and February 2019 and key updates were as follows:

- The SBC Delivery Team had worked very closely with Mulalley and Wates over the first 6 months of the programme to develop processes and procedures to ensure robust management of the MRC programme. Pilot works went well and the quality of works from both contractors was to a high standard.
- Spend at February 2019 was £1.041m against the annual budget of £5.324m but it was anticipated that works and productivity levels would increase significantly.
- Works were in progress to blocks in the Broadwater area (Wates) including to two large sheltered schemes (Pitt Court and Gladstone Court) and in Southend Close, Albert Street and Plash Drive (Mulalley).
- In addition, to support the programme of works to ensure homes are 'warm and dry', Wates and Mulalley have been issued a batch of street properties which require any combination of window, door and insulation measures.

2.2.3 With regard to investment to the 'amber' sheltered schemes, works at Fred Millard Court are now complete and the Silkin Court project has been agreed following consultation and is currently out to tender.

2.2.4 On 14th March 2019, the Executive will be recommended to approve the Housing Asset Management Strategy (AMS) 2019-2024. The AMS sets out the underlying principles that sit behind excellent asset management for SBC, and the key strategic projects and programmes that will ensure the council derives maximum value from its assets, whilst providing high quality homes for its tenants. The AMS will allow us to meet our strategic goals of having fit for purpose, safe, well-maintained and well-presented stock, with a view to optimising housing development opportunities where appropriate. Below are some examples of the benefits to be seen over the lifetime of the strategy.



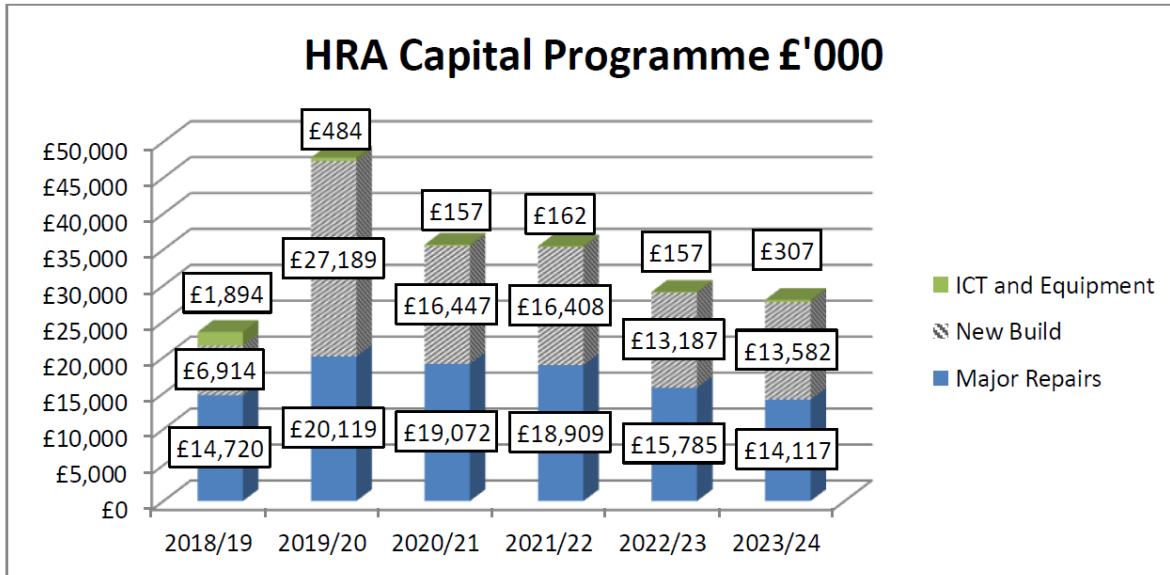
2.3 Housing Management and Maintenance Services

- 2.3.1 In January 2017, Members agreed to invest £1.5m over three financial years to enable the delivery of the 'Housing All Under One Roof' (HAUOR) programme. HAUOR phase one began in July 2017 and finished in December 2018. In just under 18 months the team completed fifteen out of twenty three projects. The remaining eight projects (seven live) have been moved to continue in phase two.
- 2.3.2 The review of the 5th tier management structure for Housing and Investment began in November. The proposals include a new leaner and more efficient staffing structure. It is anticipated that the new structure will be in place from April 2019.
- 2.3.3 An external review on how the Council could further enhance the use of its current digital housing system has been completed. Plans will now be developed to implement the enhancement recommendations.
- 2.3.4 A range of new digital services are being implemented to help enhance service efficiency, these include:
- Electronic Document Management – this system now holds key customer, property and case management documents which will reduce the need for physical storage space and provide instant access to documents that will enable staff to better address customer enquiries at the first point of contact. Go live is planned in March 2019 following extensive staff training.
 - A new mobile digital application - this application is allowing housing support staff to spend more time out in the community as they now have access and update customer records on the go. Other service teams are appraising how the technology could help to enhance future service delivery.
 - Implementation of Northgate Task Manager – this has led to an increase in collection of court costs as the system automatically starts to collect such costs once an account is clear of arrears. The improved functionality is also now automating the production of key government returns.
- 2.3.5 The Welfare Reform Group continues to co-ordinate activity around Universal Credit (UC). The Tenancy and Income team has undertaken a study of UC to better understand the journey and claiming patterns of current UC recipients. Further customer surveys are planned to gain more insight into the experiences of claimants as the numbers increase to help inform future service delivery.
- 2.3.6 The 'Enhancing our Repairs Programme' was formally completed in 2017/18 and the Repairs and Voids service continues to implement an ongoing programme of improvements. Turn-around times for property repairs and voids remain a major area of focus for the Repairs and Void team. Officers have adopted a case management approach to ensure each case is effectively dealt with. This, coupled with efforts to review and improve processes, has improved performance and productivity: key performance measures relating to 'right first time', satisfaction, appointments made and

kept, routine repair times and standard general needs voids have all improved over the course of the year and are meeting or exceeding target.

3 HRA INVESTMENT STRATEGY & SAVINGS

3.1 The HRA capital programme was revised as part of the HRA Business Plan update to the November Executive. The 30 year HRA capital programme totalled £1,283Million. The capital programme (2018/19-2023/24) was subsequently approved in February and is summarised below.



3.2 The revised business plan was produced prior to the lifting of the debt cap and revenue receipts were utilised as opposed to borrowing, because the HRA had very little room to borrow with the government prescribed debt cap in place.

3.3 However, with the announcement in late 2018 to lift the debt cap, there is scope to convert revenue to borrowing and so increase the size of the capital programme, based on identified need and affordability. As part of the November Business Plan update Members approved an action plan in order to refocus the Business Plan to reflect the changes in borrowing rules. Officers will take the following actions and bring recommendations back to Members during 2019/20:

- Review new build schemes that could be brought forward/identified and the resources required to deliver them.
- Review the Asset Management Plan for new identified refurbishments versus redevelopment (under new build programme) and the resources required to deliver them.
- Review Management and Maintenance needs within the HRA to deliver new/different service options.

- Review the borrowing strategy to unlock funding provision for the HRA as outlined above. This will include use of borrowing versus revenue contributions to capital, length of borrowing and targets for interest rates for the HRA.
- Review the priorities and recommend schemes for approval and a new borrowing strategy.

3.4 The HRA 2019/20 budget was approved by Council on 30th January 2019. It incorporated a 2019/20 HRA savings/efficiency package of £354k along with HRA growth of £190k. Officers together with the Leaders Financial Security Group (LFSG) will be working towards achieving the as yet unidentified Financial Security target for 2020/21-2022/23, which totals £650K.