

HMAB HRA BUSINESS PLAN UPDATE, QUARTER 4, 2017/18

Subject: HRA Business Plan Update

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For Information

Author: Katrina Shirley

Action Required:

To note progress in delivering activities associated with the Housing Revenue Account (HRA) Business Plan during 2017/18.

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 A summary of the HRA Business Plan priorities, outcomes and challenges identified within the Executive report, under the headings 'Housing Development', 'Housing Investment' and 'Housing Management and Maintenance', can be seen in Appendix 1.
- 1.3 An update on activities and investment over the past year (2017/18) aimed at addressing these challenges and achieving planned outcomes is given in Section 2 below.

2. UPDATE

2.1 Housing Development

2.1.1 Affordable Homes Delivery

- A total of 34 council homes have been developed this year, bringing the total number delivered since 2014 up to 131. These included new homes at the Archer Road and Vincent Court schemes in addition to a number of acquisitions.
- Further schemes are under construction at the former March Hare and Twin Foxes pub sites and at Ferrier Road. Together these schemes will deliver 44 new homes.
- It had been anticipated that properties at the Twin Foxes scheme would have been completed in 2017/18. However, unfortunately, due to adverse weather that prevented rendering work from being carried out, as well as issues with utility providers, the scheme will now complete in 2018/19.
- Three more sites for future development have been prioritised during 2018. Initial design work is progressing and these schemes are expected to deliver approximately 50 units in total.

- In February 2018, the Council learnt that it had been successful in its bid for £900,000 from the Ministry of Housing, Communities and Local Government's (MCHLG) Land Release Fund. This will allow the Council to progress plans for more than 200 new homes at a number of sites, including the Kenilworth Close scheme.

2.1.2 New Sheltered Housing Development

- The Kenilworth Close development will include state of the art homes for older people, in addition to providing a new community centre, general needs homes and shops. There will be at least 78 homes for older people in the independent living scheme, which will also have a café, enclosed private balconies and a roof garden for residents.
- Consultation on the plans for the scheme has commenced (including via the Council's website at <http://www.stevenage.gov.uk/news-and-events/news/203404/>)

2.1.3 Partnerships to Deliver Affordable Homes

- The Council is working co-operatively with Chase Homes and Metropolitan Housing Association on the old Dupont site, where over 200 affordable homes are being developed for shared ownership and for rent. The Council will have access to 34 of these homes to let at social rents in exchange for funding. Children at a local school took part in a competition to create artwork to decorate the hoarding at the site.
- Origin Housing Association has commenced a programme of Open Market Acquisitions, which will deliver 10 x 3 bed homes for affordable rent.

2.1.4 Capital Expenditure on New Build and Acquisitions

- In 2017/18, spend on Council new build and acquisitions in was £4.6m against a revised budget of £4.8m. In addition, the Council gave financial support amounting to £2.4m to other registered housing providers through the use of Right To Buy 1-for-1 receipts.

2.2 Housing Investment

2.2.1 Decent Homes

- A total of 660 homes were made decent during 2017/18.
- At the end of March 2018, 75.82% of council homes were decent against a target of 75.42%% (a revised target in line with the revised capital programme).

2.2.2 Major Refurbishment (Flat Block) Programme

- Contractors Mulalley and Wates Living Space have been appointed to deliver the £45m five-year programme to refurbish 530 blocks of flats across Stevenage.
- Work will vary from block to block and, depending on the condition of a particular block, could include roofs, windows, structural repairs, rewiring, fencing, paving, signs and some redecoration of communal areas.

2.2.3 Asset Review Programme

- Residents have been consulted at Fred Millard Court about an improvement scheme. This will provide a new main entrance, improved security and access and a new garden area/scooter storage in the existing underutilised courtyard area. Works have commenced on site and these works are due to complete later this summer.
- A programme of installation of new fire doors commenced in November 2017 and continues across a number of sheltered housing schemes.
- An improvement scheme for Silkin Court has been developed and residents are due to be consulted on the proposed scheme during July 2018.

2.2.4 Statutory Mechanical and Electrical Engineering works

- A 5 year compliance improvement plan has been established. An Interim compliance manager is in post and we are looking to appoint to the post on a permanent basis.

2.2.5 Warm and Dry Homes Programme

- A major contract for external works (insulation, windows and doors) was let in 2017/18 and the programme is due for completion this year.
- In 2017/18, external improvement works delivered included 420 roofs, 649 windows and 696 doors. In addition, 203 new boilers were installed.
- Further insulation, windows and door works will be carried out through the Major Refurbishment Contract. These works will enhance the energy efficiency of our flat blocks.

2.2.6 Asset Management Strategy

- A new Asset Management Strategy is being drafted and it is expected that it will be recommended to the Executive later this year. The revised timescale for the strategy will allow further work to be undertaken to establish the way forward on a number of key areas including the approach to estate management.

2.2.7 Capital Expenditure on Housing Investment

- The 2017/18 budget for the housing investment programme was £12.1m. This was a revised budget, following Executive approval in September to re-profile some major works relating to the decent homes and asset review programmes into 2018/19.
- Actual spend in 2017/18 was £12.2m.

2.3 Housing Management and Maintenance Services

2.3.1 Enhancing Our Repairs Service Programme

- The first phase of the Repairs and Voids improvement programme that was approved by the Council's Executive in January 2016 has been completed.
- A review of the first phase has been undertaken to inform the next phase of the project and ensure that the new business unit management team have complete and informed ownership and accountability for its delivery.

- As part of the arrangements to implement and embed the Repairs and Voids improvement programme, a Contract Manager has been assigned to implement robust contracts for our supply chain contractors. This will facilitate effective performance management and ensure service delivery to our customers is to expected standards.
- The Council continue to monitor revised service delivery arrangements introduced during quarter 2, to ensure that the materials required are available at the time of repair. This aids performance in delivering a first time fix.
- Service delivery in respect of voids is improving. A purge of active void cases carried out during quarter 4 has resulted in an increase in the number of lettings and minimised the number of void cases carried forward into the new financial year. Collaborative working between officers of the Voids, Tenancy and Lettings teams continues to improve, supported by the use of technology such as the 'Voids App', which allows a real time update on current void status to inform prompt tenant viewings, thus improving re-let times. The knock on effect of this meant that properties were able to be let to those in temporary accommodation, which resulted in a drop in the number of households living in temporary properties.
- The Repairs and Voids improvement programme will now focus on elements such as a review of unit costs for repairs and voids and incorporate any new projects that are deemed necessary.

2.3.2 Transforming Housing Management Services ('Housing- All Under One Roof')

- In January 2017, Members agreed to invest £1.5m over three financial years to enable the delivery of the 'Housing All Under One Roof' programme.
- Work is underway on Phase 1 (July 2017 to December 2018) of the programme, to implement digital improvements, adopt new ways of working and provide staff with tools and skills to deliver excellent customer service.
- These improvements will lay the foundations for Phase 2 of the programme, which will continue the delivery of digital improvements, embed new ways of working and enable customers to benefit from improved access to services through a wide range of methods, including online self-service services and additional support for those who need it.
- Progress during 2017/18 included the following:
 - The new Housing and Investment management team is now in place with management roles aligned to the customer journey.
 - Within the Housing Advice and Homelessness service new processes and technology have been implemented, to support the introduction of the Homelessness Reduction Act from April 2018 and to improve case management and the service customers receive. More advice is provided at the first point of contact in the CSC and customers are now benefiting from personalised housing plans. The team are also undergoing a restructure to ensure that the resources available are able to respond to the change in demand for the service.
 - Within the Supported Housing Service more agile ways of working have been implemented, to enable the team to be more responsive to customers' needs and shorten referral processes.
 - Ways of working and use of technology continue to be reviewed and improved to lay the foundation for mobile working and streamlined services for customers.
 - The quality of online information has been improved, to provide customers with up to date information and in preparation for the new Council website.

- Staff engagement in the programme has been sustained through Housing Away Days, informal sessions, focus groups and staff newsletters.

2.3.3 Sustainable Services and a Strategic Approach for Older People

- Proposals for new charges for sheltered and flexicare tenants have been approved through the budget setting process and will contribute to the 18/19 savings target.
- The Housing and Investment Business Unit Review will include consideration of the design of our housing services to older people.
- Partnership working takes place through the Hertfordshire Adults Supported Accommodation Strategic Board and the Stevenage Local Area Board (LAB). The Stevenage LAB is developing a preferred model of Extra Care housing for Stevenage.
- To support future housing development at Kenilworth Close, the Housing and Investment team have worked with affected residents at both Asquith and Walpole Court. The team have agreed individual solutions for each household to support their requirements which, in some cases, has meant a move to other suitable independent living schemes.
- Asquith has been successfully decanted and we are proposing to use this temporarily for emergency and temporary accommodation if required.

2.3.4 Service and Support Charges Review

- Work on assessing which (if any) service charges should be de-pooled has commenced. The implementation of this element of the project is planned for April 2019.
- The review of service charges will include the provision of a revised “estate management” offer including caretaking, grounds maintenance and anti-social behaviour. This forms part of the Assistant Director Business Unit reviews. As customers will be consulted on the proposals, it is anticipated that service charges reflecting a different service offer will be in place for April 2020.

2.3.5 Welfare Reform and Housing and Planning Act Implementation

- Changes to welfare payments in terms of Universal Credit (UC) have continued to be introduced a slow pace but full roll-out of UC for all new claims will take place from October 2018. The Council is working with partners to pool intelligence and best practice and to provide an appropriate response to welfare reform. Regular meetings are held with the Department of Work and Pensions (DWP) and the East Herts Housing Benefit Partnership. Training sessions for all relevant staff within SBC and the shared revenues and benefits service are planned for September 2018 and will be delivered by the DWP.
- The Government’s timetable for the introduction of fixed-term tenancies for new tenants of social housing remains unknown. Similarly, there is no new information on whether the Government will proceed with the Higher Value Void Levy, although it has been confirmed that no levy will be applied during 2018/19.

2.3.6 Allocation Scheme Review

- The Allocation Scheme has been reviewed and in March 2018 the Executive approved the following changes:

- That those at risk of homelessness, who presented themselves to SBC, who subsequently self-sourced alternative accommodation outside of the Borough, retain their local connection for up to two years.
- That the five-year local connection rule is amended to five years out of the last seven years.
- That those who are under-occupying are given a priority banding allowing them to bid for properties themselves via the Choice Based Letting system process.

3 FINANCIAL ASSUMPTIONS

- 3.1 The revised Medium Term Financial Strategy (MTFS) was presented to the Executive in September, incorporating a refresh of the financial assumptions that were included in the HRA Business Plan report 2016. This included a revised capital programme of £1,155Million with an identified funding shortfall of £26Million over the 30 year period.
- 3.2 Following a Government announcement, the capital programme no longer includes an assumed higher value voids levy of £732k for 2018/19.
- 3.3 The HRA 2018 Budget was approved by Council on 30th January 2018. It incorporated an HRA savings/efficiency package of £226k to be implemented in 2018/19, along with HRA growth and service pressures of £365,092 in 2018/19. The service pressures include the financial cost to the HRA of the Council's Business Unit Reviews (BUR) and ICT Improvement Plan. The pressure associated with the BURs was recommended on the basis the right structure would unlock future savings and help meet the Council's Financial Security targets for 2019/20 onwards.

APPENDIX 1:

HRA Business Plan Priorities, Challenges and Planned Outcomes (Executive 22.11.16)

Housing Development
Future Town Future Council (FTFC) Priority
<ul style="list-style-type: none">• Housing Development
Outcomes
<ul style="list-style-type: none">• New council homes, meeting the needs of local people on the Housing Register• Total number of council homes maintained over the 30 year period• Increased income into the HRA
Key Challenges
<ul style="list-style-type: none">• To mitigate the impact of RTB sales on rental income and council housing supply• To address the shortfall of affordable homes in Stevenage, by providing for new development that meets housing need and by making best use of the stock• To ensure that the sheltered stock is fit-for-purpose, through re-provision of accommodation for older people

Housing Investment
Future Town Future Council (FTFC) Priority
<ul style="list-style-type: none">• Investing in Homes to be Proud Of
Outcomes
<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
Key Challenges
<ul style="list-style-type: none">• To continue to maintain homes to the decent homes standard• To undertake a programme of re-investment in poorly performing properties to ensure a positive return from all our assets• To ensure that the existing sheltered stock is fit-for-purpose, through investment and re-modelling• To ensure that procurement activities are robustly planned and delivered and achieve value for money

Housing Management and Maintenance Services
FTFC Priority
<ul style="list-style-type: none"> • Excellent Council Homes (Transforming Housing Services & Sustainable Housing for Older People)
Outcomes
<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 living in sheltered/flexicare housing and in the community • Improved processes and technological solutions that support service delivery • Improved customer satisfaction • Transparent service and support charges based on actual costs – i.e. customers clear about what they can expect and only paying for services they receive • Lettings that achieve a balance between meeting local housing need and promoting sustainable communities
Key Challenges
<ul style="list-style-type: none"> • To deliver transformative improvements to housing management and maintenance services • To develop fit-for-purpose services for older residents to meet the needs and expectations of an ageing population, in the context of reduced grant funding • To ensure that the Repairs and Voids service makes a net contribution to financial overheads • To implement the requirements of the Welfare Reform and Work Act and the Housing and Planning Act, where possible mitigating against the impact on both customers and the Council’s finances • To ensure that the Allocation Scheme is fair and achieves a balance between meeting housing need, promoting sustainable communities and making best use of the stock, within the legal framework