

CABINET (HOUSING) COMMITTEE – 1 FEBRUARY 2012

CABINET - 8 FEBRUARY 2012

THE OVERVIEW AND SCRUTINY COMMITTEE – 13 FEBRUARY 2012

HOUSING REVENUE ACCOUNT BUDGET 2012/13 AND BUSINESS PLAN -
2012/13 TO 2042/43

REPORT OF HEAD OF LANDLORD SERVICES

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RECENT REFERENCES:

CAB2116 – Housing Revenue Account Budget and Rent Setting 2011/12, 9 February 2011

CAB2193 (HSG) – Housing Revenue Account 2010/11 Outturn, 29 June 2011

CAB2260 (HSG) - Housing Revenue Account Reform and Business Planning for 2012/13, 6 December 2011

EXECUTIVE SUMMARY:

As a result of the reform of the national housing subsidy system, the City Council will, from April 2012, retain all rental income collected from Council tenants for investment in services to tenants and the servicing of new housing debt the Council is required to take on as part of the reform process.

This change will allow the City Council to develop a comprehensive and ambitious Housing Revenue Account (HRA) Business Plan, aimed at addressing underinvestment in its stock in recent years. It will also be in a position to develop a programme of building new council homes.

The Business Plan summarised in this report recommends long term investment plans as well as setting out the key service priorities and plans for 2012/13.

The report also proposes the HRA budget for 2012/13, which has taken full account of the proposals in the Business Plan and their funding requirements.

RECOMMENDATIONS:

That, subject to consideration of comments from TACT, the Committee recommend to Cabinet and to Council:

- 1 That the HRA Budget for 2012/13 as set out in the Appendices 1 and 2 be approved.
- 2 That all revenue growth proposals as set out in paragraph 9 of the report be approved.
- 3 That the 2012/13 Maintenance Programme as set out in Appendix 4 be approved.
- 4 That the Business Plan priorities as set out in paragraph 5.2 of the report and the key service priorities for 2012/13 as detailed in Appendix 6 be approved.
- 5 That proposals for the establishment of a programme of Council new build housing as set out in paragraph 6 be supported and that a detailed report on the programme and developing capacity to support it be taken to the Cabinet (Housing) Committee in June 2012.

That The Overview and Scrutiny Committee:

- 6 Considers any recommendations it wishes to make to the Council for its consideration of the proposed HRA Business Plan or budget for 2012/13.

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DETAIL:

1 Introduction

- 1.1 The Housing Revenue Account (HRA) business plan is a document that all council landlords are required to produce indicating investment plans over a 30 year period.
- 1.2 As councils relied so much on the housing subsidy system, which changed from year to year, long term planning was not possible. However, the Reform of the HRA means that from April 2012, councils will retain all the rent they collect and long term planning will be essential to ensure services can be provided as well as borrowing being managed.
- 1.3 This report includes extracts from the proposed Business Plan in the appendices highlighting short term maintenance programmes, longer term investment requirements, key service priorities, performance indicators and key elements of risk management.
- 1.4 This report also considers the proposals for the HRA Budget for 2012/13, which underpins all the proposals and priorities set out in the Business Plan. From April 2012, the Council will no longer receive a Major Repairs Allowance as part of Housing Subsidy and will need to fund all Council Housing capital works directly.

2 HRA Reform

- 2.1 Proposals for Reform remain unchanged from previous briefings. The City Council will need to make a payment to Government in March of £157m and will need to borrow most if not all of this. This is in addition to £10.3m of existing debt, which is currently supported by the General Fund.
- 2.2 Borrowing rates are at historic lows at the moment and the Government is also offering a further discount to councils as part of the Reform proposals. The net effect of this is that the City Council will have significant additional resources available to it and will be able to address the significant under-funding of housing services that has been experienced in recent years.

3 The HRA Business Plan – Key Assumptions

- a) Rents continue to rise in accordance with the national rent formula (Sept RPI + 0.5%).
- b) A payment of £157,393,000 to the DCLG on 28 March 2012.
- c) Average borrowing costs of 3.61% over the 30 year plan.
- d) Inflation over the life of the Plan has been assumed as 2.5% per annum.
- e) That a minimum working HRA balance of £1.5m (uplifted annually for inflation) be maintained.
- f) Existing services be maintained and investment in stock condition be increased in accordance with the latest Stock Condition Survey investment projections.
- g) A programme of Council new build be established.
- h) That treasury management plans be structured to allow a more significant investment in new build in the first 10 years of the Plan.

4 Proposals from the Housing Self Financing Informal Policy Group

- 4.1 Members of the Housing Self –Financing Informal Policy Group have considered options and examples for financing under Housing Reform by officers and external advisers at two meetings in January 2012.
- 4.2 Initial proposals were considered at the first meeting based on an early draft of the HRA Business Plan and a range of debt repayment options. A summary of the implications of the options are detailed in Table 1 below. The assumed HRA surpluses are small in the early years of the Plan but modelling suggests they increase significantly in the later years.

Table 1 – Business Plan/Treasury Management Options

Proposal	New Build Resources Years 1-10	Total 30 yr Interest Costs	HRA Surplus at Year 30
Initial Draft Business Plan - Pay debt when business plan allows (est. 3.8% borrowing costs)	£9.25 m (est.70 homes)	£110m	£124m
Take some short term debt and repay debt faster	£9.25m	£106m	£126m
Take all debt over 30 years (est. 3.8% borrowing costs)	£9.25m	£189m	£67m

- 4.3 Whilst recognising the plans were subject to change, members did feel that proposals relating to potential resources for new build were too cautious and

asked that further modelling be undertaken to update the plan and to identify if debt could be structured in such a way as to increase the resources available for new build in the first 10 years of the Plan period.

- 4.4 The second meeting reviewed an updated business plan based on the budget proposals included later in this paper and also considered options presented by the Council's treasury management advisers, Arlingclose on how debt could be structured in such a way as to further increase resources available to the Plan in years 1 to 10 (see table 2). After discussion, all members of the Group supported these proposals and asked that the final business plan and HRA Budget proposals for 2012/13 be based on the option to raise £42m for new build in Years 1-10. Whilst total interest costs were increased over the 30 years, the proposal would allow significant additional investment in new homes, which, subject to final rent levels, would be self financing over a 30 year period.

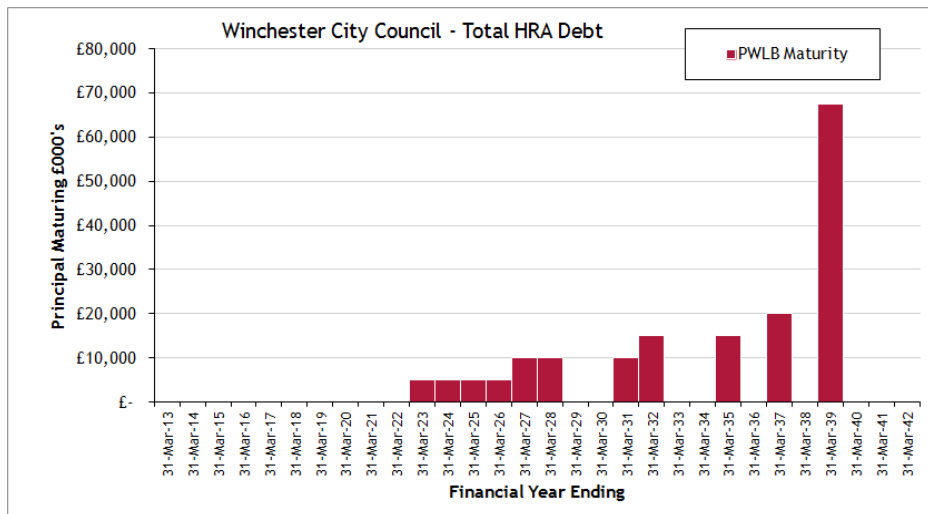
Table 2 – Revised Business Plan/Treasury Management Options

Proposal	New Build Resources Years 1-10	Total 30 yr Interest Costs	HRA Surplus at Year 30
Revised Business Plan, updated rent income and expenditure projections, increased provision for new build	£24m (est. 180 homes)	£106m	£198m
As above, but with debt structured to increase resources in years 1-10	£42m (est.300 homes)	£138m	£166m

- 4.5 The implications of structuring debt in accordance with the recommended option is indicated in tables 3 and 4 below:

Table 3 – Possible Debt Portfolio

New Loans				
Interest Calculation	Repayment Method	Principal	Period	Rate
Fixed	Maturity	- 5,000	11	2.91%
Fixed	Maturity	- 5,000	12	3.01%
Fixed	Maturity	- 5,000	13	3.10%
Fixed	Maturity	- 5,000	14	3.19%
Fixed	Maturity	- 10,000	15	3.29%
Fixed	Maturity	- 10,000	16	3.38%
Fixed	Maturity	- 10,000	19	3.66%
Fixed	Maturity	- 15,000	20	3.75%
Fixed	Maturity	- 15,000	23	3.79%
Fixed	Maturity	- 20,000	25	3.81%
Fixed	Maturity	- 67,407	27	3.83%
	TOTAL	- 167,407		

Table 4 – Possible Debt Portfolio

4.6 It should be noted that the interest rates included in table 3 are projections of likely rates on 26 March, and will almost certainly be subject to change. For example, a 1% increase in these interest rates, whilst considered very unlikely, would cost approximately £1.7m per annum, effectively removing £17m from the resources for new build in years 1 to 10. It would however still be possible to resource all other proposals in the business plan and budget.

4.7 Whilst this option has been used to formulate the proposed HRA Budget and Business Plan included in this paper, final borrowing decisions will be made in accordance with principles set out in the Council's Treasury Management Strategy, which need to be sufficiently flexible to allow decisions to take account of the interest rates on 26 March. The proposed Treasury Management Strategy will be considered at the February meetings of Cabinet and Council.

5 Key Business Plan Priorities

5.1 The Business Plan has been developed with close regard to the Council's Change Plans and links to change plan priorities are detailed where appropriate in Appendix 4 to this report. In addition, a comprehensive consultation exercise with tenants in 2010/11 highlighted their satisfaction with service levels and a desire to maintain service standards at existing levels. Repairs and maintenance and the quality of the home continue to be highlighted as the highest priority for tenants. In addition to the district wide tenants' survey, a series of focus groups have been held and continue to be held across the District. Feedback from those groups does support the need for additional spend on maintenance (in particular on kitchens, bathrooms and doors) and, if money allows, for some additional works, including internal decoration, installation of showers, fencing improvements and other discretionary works. There is also support for the re-introduction of the internal decorating programme that was suspended in recent years due to budget pressures.

- 5.2 The Council has a duty to ensure homes comply with the Decent Homes standard and so a programme that takes account of long term investment needs highlighted in paragraph 4 above remains the key priority for the Council. This and other priorities for the year include:
- a) Maintenance/Decent homes – Investment on maintenance will be increased significantly in line with stock condition survey projections as set out in paragraph 8 below.
 - b) New Council Homes – An ambitious programme of Council new build will commence in 2012, seeking to supplement existing delivery of affordable housing in the District.
 - c) Tenant Empowerment/Scrutiny – A new programme of tenant engagement/scrutiny in line with new powers afforded to tenants under the Government’s Directions to the Regulator which form part of the Localism Act will be implemented from April 2012. This will no doubt impact on the future role of TACT and a new Tenant Compact will also need to be agreed.
 - d) Sheltered Housing/Older People – Whilst we are seeking to reduce to overall number of sheltered units, we will be seeking to invest in remaining schemes to make sure they are an attractive housing option. We are also working on increasing provision of Extra Care. It is also proposed to redecorate all vacant sheltered flats and older persons bungalows.
 - e) Addressing Under Occupation – A range of initiatives will be explored to address under occupation and to free up family homes, including both “carrots” and “sticks”. This could involve financial incentives, a more intensive support service and additional benefits as well as considering restricting adaptations and other support services to under occupied homes.
 - f) Tenant Satisfaction – We will be testing tenant satisfaction again in 2012 and will be seeking to ensure high satisfaction levels are maintained and improved.
 - g) Tenant Choice/Discretionary Works – It is proposed to reintroduce the discretionary internal decoration programme in line with tenant aspirations. However, there is an option to broaden the focus to all tenants and potentially for additional works and further details on these proposals will be reported to the next meeting of the Cabinet (Housing) Committee.

6 A Programme of Building New Council Homes

- 6.1 Whilst the maintenance of the existing stock remains the key priority within this Plan, opportunity exists to support the introduction of a programme of building new council homes. The Business Plan includes provision for £42 million of investment in new homes in the next 10 years. It is also recommended that any additional resource that can be realised through the

borrowing strategy adopted in compliance with the approved Treasury Management Strategy, be used to further increase this programme. Further detail on such a programme will be brought to future Cabinet (Housing) Committee meetings as soon as it is available.

- 6.2 This ambitious investment plan could potentially support the building of between 200 and 300 new homes (depending on type build and land costs etc). It is proposed that this provision supplement the work of housing association partners rather than replace it. However, it must be noted that the deliverability of a build programme of this size will be subject to many factors, including land availability, effective community engagement and developing sufficient capacity to support the programme. Provision for additional resources is included in the budget proposals later in this report.

7 Delivering Decent Homes

- 7.1 This Plan seeks to address the maintenance requirements of the housing stock and estates over the 30 year period of the Plan. For the first time in many years, it is possible to develop an Asset Investment Plan that reasonably addresses all key investment requirements and that should be sufficient to maintain all housing stock in good condition over the life of the Plan as well as to develop a programme of new build housing in the next 10 years.
- 7.2 Winchester's housing stock has been assessed as generally being in good condition. Energy efficiency ratings are one of the highest for council homes in the country. However, whilst the stock achieved technical compliance with the Government's Decent Homes standard in 2010, the limitations of the national housing finance system has meant that investment in the stock has not been sufficient to maintain all elements in line with national standards or tenant aspirations. Key areas of under-investment in recent years have included:
- a) Kitchens and Bathrooms – Over 800 properties have kitchens over 20 years old or bathrooms over 30 years old.
 - b) Heating systems - £1.4m annually is required to address increasing boiler obsolescence. Recent programmes have been capped at £1m annually.
 - c) The requirements of the Disability Discrimination Act 1995 (DDA) towards publicly accessible areas of HRA property – Many sheltered schemes remain non compliant with this legislation.
- 7.3 Assessment of Stock Condition:
- a) The cornerstone of the planned maintenance programmes included within this Plan remains the updated 2003 stock condition survey. This survey assessed property condition based on a beacon assessment of 30% of the housing stock and has since been twice updated to take account of investment and works since 2003. The 30% beacon survey

approach complies with Government guidance on the assessment of the Decent Homes standard.

- b) Having said that, it must be remembered that 70% of the Council's housing stock has not been condition-assessed in detail for nearly 25 years (last full 100% internal/external stock survey was completed in 1988). Whilst the validity of the sample survey approach is reasonable, there is a risk of investment requirements being understated and this risk is being managed by the introduction of revised working practices to ensure a detailed survey of all properties is completed by Council staff within the next 5 years. It is also proposed to undertake a comprehensive survey of roofs as the stock survey data relating to this element requires verification.

7.4 Investment Forecasts 2011/12 to 2041/42:

- a) Investment forecasts for City Council stock for the next 30 years were updated in September 2011 by David Adamsons and Partners Ltd and are summarised in the table below, with detailed forecasts included as appendices to this Plan.

HOUSING STOCK INVESTMENT FORECAST 2012/13 - 2041/42

EXPENDITURE CATEGORY	PLANNING PERIOD (YEARS)						ALL PERIODS
	years 1 - 5	years 6 - 10	years 11 - 15	years 16 - 20	years 21 - 25	years 26 - 30	
	£	£	£	£	£	£	£
Future Major Repairs	24,424,891	22,102,428	16,357,649	10,346,124	12,690,164	11,074,397	96,995,653
Related Assets	858,230	403,290	403,290	403,290	403,290	403,290	2,874,680
Contingent Major Repairs	5,741,400	4,016,400	4,016,400	4,016,400	4,016,400	4,016,400	25,823,400
Responsive Maintenance	12,022,011	12,022,011	10,200,000	10,200,000	10,200,000	10,200,000	64,844,022
Cyclical Maintenance	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	14,700,000
Voids Maintenance	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	28,200,000
TOTAL ALL CATEGORIES	50,196,532	45,694,129	38,127,339	32,115,814	34,459,854	32,844,087	233,437,755

* *Figures in this table are at 2011 prices and do not include provision for fees and preliminaries*

- b) The total programme for 2011/12 amounted to £8.5m. The projections above indicate the Council needs to invest over £10m annually in years 1-5 just to achieve decent homes compliance over that period. Investment in Future Major Repairs remains significantly higher for years 1 to 10 as a result of addressing backlogs in kitchen/bathroom replacements, upgrading of heating systems and replacements of front and rear doors.
- c) It should be noted that the forecasts above are based on existing service standards and make no provision for stock improvement,

enhancement of existing service standards, discretionary works, tenant aspirations, new build or any specific works to address carbon reduction. They also make no provision for preliminaries, fees or inflation.

- d) Therefore, some additional investment is also included in the recommended programme set out in Appendix 4 to this report. Increased investment in the programme includes:
- (i) New Build/Stock Improvement – Additional resources provided through HRA Reform will allow the Council to commence a new build programme for the first time in 20 years.
 - (ii) Kitchens and Bathrooms – An additional £1.4m per annum investment is proposed to ensure all properties have kitchens less than 20 years old and bathrooms less than 30 years old within the next 10 years.
 - (iii) Doors – It is proposed to double investment in replacing front and back doors to improve stock condition and energy efficiency.
 - (iv) Heating Systems/ Energy Efficiency – a £300,000 increase in investment is proposed, at least for the next 5 years.
 - (v) Sheltered Housing – £200,000 has been included in the programme to improve communal facilities and access to all schemes being retained for wholly sheltered use.
 - (vi) Sheltered Voids – It is proposed that from April 2012, all sheltered flats in retained schemes and older persons bungalows will be fully decorated when void.
 - (vii) Estate Improvements – It is proposed to increase provision by a further £100,000 annually to allow more investment in parking initiatives on estates.
 - (viii) Garage Maintenance – Investment in garage maintenance will be increased by £30,000 from April to address concerns regarding the condition of some garages.
 - (ix) Internal Decorations Programme/Discretionary Works Programme - £400,000 has been included in the base programme to fund this work.

7.5 The implications on the Council's Capital Programme regarding the financing of this work is set out in CAB2297 – Budget and Council Tax 2012/13 dated 8 February 2012.

8 HRA Budget 2012/13

- 8.1 The budget detailed in Appendix 1 column 5 is based on the draft final subsidy determination issued in December 2011. The final determination will be published shortly and no change is anticipated.
- 8.2 The budget has a net surplus of (£627,000). If additional provision for growth items is as detailed in paragraph 9 below is approved, the net surplus for the year would be (£177,000), which would result in year end balances at March 2013 of (£1,646,000). The HRA Business Plan assumes minimum revenue balances of £1.5m annually and this is discussed in paragraph 8.3 below.
- 8.3 The key changes to the budget set out in Appendix 1 include:
- a) Estate Management/HRA General/Central Control/Homelessness and Sheltered Housing – The adjustments to each of these costs centres relate to staffing and associated costs being reallocated from other services to more accurately reflect where time is being committed. Increased sheltered housing costs also include provision for housing management staff at the Extra Care schemes.
 - b) Disabled Adaptations – The adjustment of (£332,000) arises as a result of the full provision for Disabled Adaptation works now being included in the capital programme. No change to the overall provision for works has been made and spend next year will continue to be £800,000 (all funded from capital).
 - c) Estate Maintenance – The adjustment of (£150,000) is due to the provision for the Estate Improvement programme now being included within the Capital programme.
 - d) Extra Care – This service is not included in the budget from April 2012 as the provision of the care and support services at Victoria House and Matilda Place in Winchester will no longer be provided directly by City Council staff. Hampshire County Council will continue to fund this service but will commission a private domiciliary care provider to deliver the care and support to residents. The tenancy services costs are now included within the sheltered housing cost centre.
 - e) Repairs Administration – The adjustment of £262,000 relates to staff time previously charged directly to the capital programme now being met from this cost centre.
 - f) Repairs Works – The increase of £386,000 relates to provision for contract inflation.
 - g) Capital Financing – The capital financing costs now include provision for treasury management of housing debt and for funding the capital programme directly from the HRA as part of Housing Finance Reform. It includes provision for the cost of borrowing and at this stage assumes interest payments of 3.61% and no provision for the

repayment of principal for the year in line with business plan assumptions. It also includes provision for depreciation and for the significant uplift in investment in Repairs and Renewals as well as provision for funding new build as detailed in Appendix 3.

- h) Housing Subsidy – Provision for housing subsidy is no longer required. Some minor adjustments may be needed in the first year of the new arrangements as a result of the old system being closed but these should not be significant on the budget for next year.
- i) Rents and Other Income – Income budgets have been adjusted in line with rent and charge increases approved by Council in January 2012.

8.4 These changes result in a year end working balance at March 2013 of (£1,646,000). Previous working balances have been maintained at a minimum of (£1,250,000). However, it has to be recognised that the Council faces increased risks under self financing. These are discussed in paragraph 15 below. In light of this, the risk assessment relating to minimum balances has been updated to take account of interest rate risk and other changes as detailed in Appendix 3. It is considered reasonable to maintain a minimum balance of £1,500,000 and this budget takes account of this.

9 Proposed Revenue Growth Items

9.1 The HRA Business Plan assumes additional revenue expenditure of £450,000 over and above existing services, to fund the following:

- a) Additional Independent Money Advice for tenants - £20,000 – The existing service, provided by the Citizens Advice Bureau has a very positive impact on assisting tenants with financial difficulties and makes a positive contribution towards managing rent arrears. However, the service is oversubscribed and is unable to assist all tenants referred to them. With the current economic climate these numbers are increasing and it is proposed to make additional provision to extend this service.
- b) Stock Condition Surveying and Asset Management – £30,000 - The City Council have traditionally relied on external surveyors to complete stock surveys. However, we have relied on sample surveys for many years and much of the asset management information held by the Council is only based on 30% of the stock. It is now proposed to undertake this work in-house on a rolling 5 year basis to ensure we maintain good information on all Council properties. However, it will be necessary to supplement this with specialist surveys, in areas where in house skills and knowledge may be limited. It is recommended that provision of £30,000 is made to support this work and that for 2012, this resource be used to undertake a detailed study of roof condition across estates.
- c) Systems Administration Support - £40,000 – Housing teams are very reliant on IT systems to support service delivery and a number of business critical systems require frequent updates, testing and

development. The increased programmes set out in the HRA Business Plan will add significant pressure to operation teams. An additional post to supplement systems admin/development capacity for managing housing systems is essential to allow front line staff to focus on service delivery.

- d) Supporting a New Build Programme - £240,000 – Proposals included within the HRA Business Plan to develop a programme of new build council homes are at a very early stage, although capacity, skills and experience is very limited within existing Council teams. Any such programme will need additional resources. Whilst detailed requirements need to be worked up, it is recommended that a provisional sum be included in the HRA at this stage to support this proposal.
- e) Support Services provision - £120,000 – With up to £5m of additional investment annually included in the HRA Business Plan, significant additional demands will be placed on a number of support service teams across the Council. Whilst it is not possible to quantify this at this stage, it is recommended that a provisional sum be included within the base budget to cover this increased demand.

10 Sensitivities

10.1 Officers have tested a number of sensitivities and the projections are reasonably robust. Increases in interest rates have a major impact although provided these are fixed at 28 March, this can be managed. The impact of a 1% increase in interest rates before 26 March 2012 was described earlier in the paper. Whilst it would reduce resources for new build, the business plan would remain sustainable.

10.2 Other sensitivities tested which could have an impact on the plan include:

- a) Increasing arrears – Proposals for benefit reform could result in pressure on current arrears levels. However, the business plan assumes an increase provision in bad debts in the early years of the plan to mitigate the risk of this.
- b) Unforeseen maintenance demands – Stock condition projections are considered reasonable and investment plans assume building costs rising at 1% ahead of RPI annually.
- c) Below inflation rent increases – The Business Plan does rely on future rent increases being in line with the Government rent formula of inflation + 0.5% for the life of the Plan. Any move away from this would need to be modelled carefully and would have a significant impact on the Business Plan.
- d) Fluctuations in inflation rates. Inflation has little impact on the plan provided the national rent policy is adhered to. The other issues could all have a negative impact and it will be necessary to continue to

evaluate economic conditions and changes to Government policy throughout the life of the Business Plan.

11 Adequacy of Reserves and Robustness of Estimates

- 11.1 There are specific requirements under Section 25 of the Local Government Act, 2003, for the Chief Finance Officer to provide a positive assurance statement about the adequacy of proposed financial reserves and the robustness of estimates made for the purposes of the budget calculation.
- 11.2 The HRA working balance is discussed in 8.3 above and is considered to be adequate. In addition, the Council's Major Repairs Reserve is an account that can be used to fund capital works or to repay debt. Monies may accumulate within the account due to timing of works or scheduling of debt redemption. The Business Plan and HRA budget assume a zero balance on this reserve at March 2013 as projected programmes for 2013/14 are fully fundable from rent income in that year. However, in reality, the significant increase in the 2012/13 capital programme will be challenging to deliver completely within 12 months and provision for a specific schemes and projects not completed within the period will be retained in the MRR until required.
- 11.3 It is likely that a further earmarked reserve will be required at the end of 2012/13 to allow for the accumulation of funds to support the new build programme, which by its very nature is unlikely to have an even spending profile across financial years. Proposals for this will be brought forward in due course.
- 11.4 It is important that budget estimates included within the report are reasonable and robust. As the majority of budgets are based on existing service levels, recent outturn data adjusted for known and/or anticipated changes (such as increasing utility bills for example) is considered reasonable. Proposed additional investment on repairs is supported by detailed external and independently validated stock survey plans. Investment plans for new build are aspirational and subject to a great deal of further work with no commitments on outputs at this stage.
- 11.5 Within the context of the overall budget and reserve levels, the Head of Finance is able to provide positive assurance on the robustness of the estimates made for the purposes of the HRA budget calculation for next year. Clearly, less assurance can be provided on longer term spending plans, although again investment in major repairs is supported by stock survey data. The Business Plan recognises the need to update and improve this data and the Plan will be updated and revised in light of this.

12 Conclusion

- 12.1 HRA Reform and self financing provides a real opportunity for the Council to develop an effective and sustainable business plan for its Landlord Services, providing a significant uplift in investment from 2012.
- 12.2 The long term investment proposals included in the Business Plan will continue to require modelling and testing in light of updated information. It is

proposed that they be updated annually and that in the first year, they be revised within the year to take account of final treasury management decisions.

OTHER CONSIDERATIONS:

13 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 13.1 The proposals accord with the principles of making the best use of all available resources by continued clear financial planning. The additional resources that could be available will also make a significant contribution to meeting the targets and priorities identified in the Council's Active Communities Change Plan.

14 RESOURCE IMPLICATIONS:

- 14.1 As discussed in the main body of the report.
- 14.2 An integrated impact assessment will be completed in relation to any significant changes or new services approved within this budget prior to their implementation.
- 14.3 It should be noted that under Self Financing the accounting requirements will change particularly in relation to the treatment of depreciation and impairment charges, plus the Council will no longer receive any Major Repairs Allowances. However, councils will have a transitional period of up to 5 years to move to a full component based approach to depreciation and the implications of this will be reported in due course. Additional guidance has also been published on the treasury management implications of self financing and the treatment of the allocation of borrowing costs between the General Fund and HRA. The underlying principles are that there must be no detriment to the General Fund, and that the charges between the two Accounts should be "broadly equitable over time". Some requirements will be set by the Regulations but there is some local discretion which will be brought forward for consideration in due course.

15 RISK MANAGEMENT ISSUES

- 15.1 The potential risks associated with the Self Financing proposals cannot be under estimated. Whilst the current subsidy system has many failings, it does protect councils from economic and business risk. However, this protection will no longer be available and council business plans will need to be subject to detailed sensitivity analysis to ensure plans are robust in the long term.

16 TACT COMMENT

- 16.1 TACT reviewed proposals for the HRA budget and Business Plan at its meeting on the 18 January 2012. All members welcomed the proposals for additional investment in our homes, which has been overdue for so long. TACT members also endorsed proposals for a programme of building new

homes, although it was agreed that maintenance of existing homes should be the Council's first priority.

Appendices

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BACKGROUND PAPERS

Files held within the Landlord Services and Finance

Housing Revenue Account 2012/13 - Service Summary

	2010/11 Actual	2011/12 Original Budget	2011/12 Revised Budget	2012/13 Adjustments	2012/13 Original Budget	Notes
	£	£	£	£	£	
Housing Management General						
Estate Management	682,333	673,447	663,447	53,824	717,271	See para 3.2a)
HRA General	(1,255,871)	1,336,513	1,326,513	85,356	1,411,869	See para 3.2a)
Joint Housing Register	64,000	64,000	64,000	0	64,000	
Removal Incentive Scheme	1,000	6,000	6,000	0	6,000	
Rent Accounting	288,292	252,802	252,802	2,373	255,175	
Tenants Information	170,235	113,218	99,218	(8,184)	91,034	
Vacant Dwellings	30,907	33,292	33,292	0	33,292	
Total	(19,105)	2,479,272	2,445,272	133,369	2,578,641	
Housing Management Special						
Central Control	186,979	119,054	119,054	(12,410)	106,644	See para 3.2a)
Communal Services	48,427	(25,416)	(25,416)	(8,580)	(33,996)	
Disabled Adaptations	475,644	471,173	371,173	(331,671)	39,502	See para 3.2b)
Estate Maintenance	345,761	448,506	448,506	(150,000)	298,506	See para 3.2c)
Extra Care	334,733	197,368	272,368	(272,368)	0	See para 3.2d)
Homelessness	24,720	20,534	534	(22,702)	(22,168)	See para 3.2a)
Sewage Works	178,358	156,122	156,122	(1,500)	154,622	
Sheltered Housing	833,830	1,132,274	1,072,274	70,651	1,142,925	See para 3.2a/d)
Total	2,428,452	2,519,615	2,414,615	(728,580)	1,686,035	
Repairs						
Repairs Administration	1,380,937	948,636	876,636	262,030	1,138,666	See para 3.2e)
Repairs Works	3,561,582	4,045,965	3,473,965	386,035	3,860,000	See para 3.2f)
Total	4,942,519	4,994,601	4,350,601	648,065	4,998,666	
Capital Financing	(8,710,313)	3,939,070	4,611,070	11,173,876	15,784,946	See para 3.2g)
Housing Subsidy	9,132,395	10,001,412	10,001,412	(10,001,412)	0	See para 3.2h)
Rents and Other Income						
Dwelling Rents	(20,524,026)	(21,890,000)	(21,930,000)	(1,600,000)	(23,530,000)	See para 3.2i)
Garage Rents	(766,617)	(800,000)	(800,000)	(30,000)	(830,000)	
Other Income	(958,289)	(235,000)	(235,000)	(4,000)	(239,000)	
Sheltered Charges	(436,814)	(450,000)	(478,000)	(56,305)	(534,305)	
Supporting People	(646,038)	(608,620)	(608,620)	0	(608,620)	
	(23,331,783)	(23,983,620)	(24,051,620)	(1,690,305)	(25,741,925)	
Transfer re Insurance Reserve	0	49,650	49,650	16,650	66,300	
Surplus for year on HRA Services	(15,557,835)	0	(179,000)	(448,337)	(627,337)	
Adjustments between accounting basis and funding basis under statute & transfers between reserves:						
	16,469,385	0	0	0	0	
Additional Provision for Growth items					450,000	
(Increase)/ decrease in HRA Balance	911,551	0	(179,000)	(448,337)	(177,337)	

Housing Revenue Account 2012/13 - Subjective Summary

	2010/11 Actual	2011/12 Original Budget	2011/12 Revised Budget	2012/13 Adjustments	2012/13 Original Budget
	£	£	£	£	£
Employees	1,002,424	3,287,371	3,216,371	(172,588)	3,043,783
Premises	5,218,757	5,838,313	5,166,313	(57,821)	5,108,492
Transport	299,473	266,225	266,225	663	266,888
Supplies & services	383,249	424,522	404,522	(31,000)	373,522
Third party payments	43,640	41,000	41,000	0	41,000
Support Services	1,578,625	1,429,966	1,429,966	0	1,429,966
Capital financing Charges	0	60,000	732,000	5,093,799	5,825,799
Depreciation Impairment Costs	(8,707,562)	4,053,878	4,053,878	5,886,330	9,940,208
External income	(24,296,191)	(25,008,590)	(25,096,590)	(1,626,705)	(26,723,295)
Transfer payments	9,132,395	10,001,412	10,001,412	(10,001,412)	0
Transfers	0	(144,097)	(144,097)	210,397	66,300
Internal Charges	(212,646)	(250,000)	(250,000)	250,000	0
Surplus for year on HRA Services	(15,557,835)	0	(179,000)	(448,337)	(627,337)
Statutory accounting adjustments	16,469,385				
Additional Provision for Growth Items					450,000
(Increase)/ decrease in HRA Balance	911,551	0	(179,000)	(448,337)	(177,337)
HRA Working Balance					
Opening Balance	(2,200,846)	(1,289,295)	(1,289,295)		(1,468,295)
Add Projected Deficit/(Surplus)	911,551	0	(179,000)		(177,337)
Projected Balance at Year End	(1,289,295)	(1,289,295)	(1,468,295)		(1,645,632)

HRA Balances 2012/13 – Risk Assessment

Risk	Potential	Total Impact on HRA	Risk Provision	Mitigation
Interest Rate on variable loans up 2%	50%	200,000	100,000	External Treasury Mangement support commissioned
Arrears up by 2%	50%	500,000	250,000	Consistent performance, but some risk due to potential benefit changes
Voids up by 10%	30%	400,000	120,000	Currently reducing. Turnaround also improved.
Repairs Programme Varies by 5%	10%	650,000	65,000	Increased 2012/13 provision for repairs mitigates this significantly
Inflation up by a further 1%	20%	130,000	26,000	Only likely to impact building costs
Unforeseen uninsured losses	15%	1,000,000	150,000	Storm damage, building failure etc but Self Insurance fund reasonable
Overheads increase above inflation	30%	350,000	105,000	On costs/support services currently reducing
Garage voids increase by 20%	50%	118,000	59,000	High risk due to proposed rent increases
Failure of drainage systems	0%	250,000	-	Contingency reintroduced to Repairs Programme for 2012/13
Boiler obsolesence increases by 25%	40%	1,000,000	400,000	Provision being made in Cap programme so risk lower
Right to Buys up by 20%	15%	50,000	7,500	Unlikely in current market, but Govt changes could impact
Loss of 30% lifeline contracts	40%	50,000	20,000	Increased charges will impact on competitiveness of service
Other Unforeseen Budget Pressures	30%	500,000	150,000	General provision
Minimum Provision =			<u>£1,452,500</u>	

Maintenance Programme 2012/13

Funding (Provisional)	HRA	Major Repairs	Totals
Base	3,860,000	10,500,000	14,360,000
Total funding available for `12/13 (Provisional)	3,860,000	10,500,000	14,360,000

			Provisional budgets for	
Responsive Maintenance				
	Voids	320,000	-	320,000
	Gas attend tos	300,000	-	300,000
	Main Term Contract	1,250,000	-	1,250,000
	Other (non-Term)	150,000	130,000	280,000
Responsive		2,020,000	130,000	2,150,000
Voids Maintenance				
	Change of Tenancy Costs	600,000	-	600,000
	Decorating Vouchers	40,000	-	40,000
Voids		640,000	-	640,000
Cyclic Maintenance				
	External Repairs & Painting	320,000	-	320,000
	Heating Appliance Service Contract	390,000	-	390,000
	E.& M. Service Contracts	130,000	-	130,000
	Electrical Testing & follow-up works	160,000	-	160,000
	Internal redecorations/discretionary works	200,000	200,000	400,000
Cyclic		1,200,000	200,000	1,400,000
Planned Improvement and New Build Works				
	External envelope works	-	1,200,000	1,200,000
	Window/door/screen replacements	-	500,000	500,000
	Misc external works (within dwelling boundary)	-	250,000	250,000
	Lift refurbishment (Richard Moss)	-	60,000	60,000
	Kitchen/bathroom renewals	-	1,900,000	1,900,000
	Heating systems & energy efficiency works.	-	1,400,000	1,400,000
	Fire risk assessments and associated works	-	80,000	80,000
	Miscellaneous internal works	-	130,000	130,000
	Garage sites/other non-dwelling related assets	-	120,000	120,000
	Non-traditional dwellings	-	30,000	30,000
	Underground services	-	50,000	50,000
	Environmental Improvements	-	250,000	250,000
	Disabled Adaptation works	-	800,000	800,000
	Sheltered Housing Upgrades	-	200,000	200,000
	New Build/Stock Improvements	-	3,200,000	3,200,000
Planned		-	10,170,000	10,170,000
Total Budget for 2012/13 (Provisional)		3,860,000	10,500,000	14,360,000

HRA Business Plan 2012-42 – Draft Operating Account

Winchester CC
Business Plan
Operating Account - Baseline Programme
(expressed in money terms)

Year	Year	Income					Expenditure										Net Operating (Expenditure) £,000	Provision for repayment of external loans £,000	Transfer from / (to) MRR £,000	RCCO £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000	Interest £,000	Surplus (Deficit) c/fwd £,000
		Net rent Income £,000	Other income £,000	Misc Income £,000	HRA Subsidy Receivable £,000	Total Income £,000	Managt. £,000	Depreciation £,000	Responsive & Cyclical £,000	Other Revenue spend £,000	HRA Cost of Rent Rebates £,000	Misc expenses £,000	HRA Subsidy Payable £,000	Total expenses £,000	Capital Charges £,000									
1	2011.12	21,916	2,094	0	0	24,010	(5,437)	(3,773)	(3,806)	0	0	(50)	(10,002)	(23,067)	(339)	603	0	201	(752)	53	1,304	32	1,389	
2	2012.13	23,527	2,131	0	0	25,658	(5,600)	(4,726)	(3,960)	(461)	(319)	0	0	(15,067)	(6,298)	4,293	0	0	(4,142)	152	1,389	15	1,555	
3	2013.14	24,418	2,169	0	0	26,586	(5,768)	(4,838)	(4,093)	(473)	(327)	0	0	(15,498)	(6,349)	4,740	0	0	(4,707)	33	1,555	16	1,604	
4	2014.15	25,264	2,208	0	0	27,471	(5,941)	(4,952)	(4,231)	(485)	(256)	0	0	(15,863)	(6,349)	5,260	0	0	(5,241)	19	1,604	16	1,638	
5	2015.16	26,666	2,248	0	0	28,914	(6,119)	(5,068)	(4,423)	(497)	(332)	0	0	(16,439)	(6,349)	6,126	0	0	(6,000)	126	1,638	34	1,799	
6	2016.17	27,928	2,289	0	0	30,216	(6,302)	(5,188)	(4,526)	(509)	(564)	0	0	(17,089)	(6,349)	6,779	0	0	(5,944)	835	1,799	44	2,678	
7	2017.18	28,782	2,331	0	0	31,113	(6,491)	(5,310)	(4,631)	(522)	(614)	0	0	(17,568)	(6,349)	7,196	0	0	(7,890)	(694)	2,678	47	2,031	
8	2018.19	29,635	2,374	0	0	32,009	(6,686)	(5,435)	(4,739)	(535)	(649)	0	0	(18,045)	(6,349)	7,616	0	0	(7,837)	(222)	2,031	38	1,847	
9	2019.20	30,494	2,418	0	0	32,912	(6,887)	(5,563)	(4,850)	(548)	(497)	0	0	(18,345)	(6,349)	8,219	0	0	(8,085)	134	1,847	38	2,019	
10	2020.21	32,146	2,463	0	0	34,609	(7,093)	(5,695)	(5,063)	(562)	(615)	0	0	(19,028)	(6,349)	9,233	0	0	(9,185)	48	2,019	41	2,108	
11	2021.22	33,816	2,510	0	0	36,326	(7,306)	(5,829)	(4,701)	(2,880)	(897)	0	0	(21,613)	(6,349)	8,364	0	0	(7,621)	743	2,108	50	2,901	
12	2022.23	34,727	2,557	0	0	37,284	(7,525)	(5,966)	(4,808)	(2,952)	(888)	0	0	(22,139)	(6,254)	8,891	(5,000)	0	(4,435)	(544)	2,901	53	2,409	
13	2023.24	35,660	2,606	0	0	38,266	(7,751)	(6,107)	(4,918)	(3,026)	(875)	0	0	(22,677)	(6,065)	9,525	(5,000)	0	(4,849)	(324)	2,409	45	2,130	
14	2024.25	36,619	2,656	0	0	39,275	(7,984)	(6,251)	(5,030)	(3,102)	(552)	0	0	(22,918)	(5,876)	10,482	(5,000)	0	(4,863)	619	2,130	49	2,798	
15	2025.26	38,774	2,707	0	0	41,481	(8,223)	(6,398)	(5,245)	(3,179)	(918)	0	0	(23,963)	(5,686)	11,832	(5,000)	0	(4,928)	1,904	2,798	75	4,777	
16	2026.27	39,875	2,759	0	0	42,635	(8,470)	(6,549)	(5,369)	(3,259)	(935)	0	0	(24,581)	(5,403)	12,651	(10,000)	0	0	2,651	4,777	122	7,549	
17	2027.28	41,005	2,813	0	0	43,819	(8,724)	(6,703)	(5,496)	(3,340)	(956)	0	0	(25,218)	(5,024)	13,576	(10,000)	0	0	3,576	7,549	187	11,312	
18	2028.29	42,167	2,868	0	0	45,035	(8,986)	(6,861)	(5,625)	(3,424)	(975)	0	0	(25,870)	(4,835)	14,330	0	0	0	14,330	11,312	370	26,012	
19	2029.30	43,362	2,925	0	0	46,286	(9,255)	(7,022)	(5,758)	(3,509)	(995)	0	0	(26,540)	(4,835)	14,911	0	0	0	14,911	26,012	669	41,593	
20	2030.31	44,590	2,983	0	0	47,572	(9,533)	(7,188)	(5,894)	(3,597)	(1,014)	0	0	(27,226)	(4,646)	15,701	(10,000)	0	0	5,701	41,593	889	48,183	
21	2031.32	45,852	3,042	0	0	48,894	(9,819)	(7,357)	(6,033)	(3,687)	(1,033)	0	0	(27,929)	(4,173)	16,792	(15,000)	0	0	1,792	48,183	982	50,957	
22	2032.33	47,148	3,103	0	0	50,251	(10,114)	(7,530)	(6,176)	(3,779)	(1,053)	0	0	(28,651)	(3,889)	17,711	(0)	0	0	17,711	50,957	1,196	69,863	
23	2033.34	48,480	3,165	0	0	51,646	(10,417)	(7,707)	(6,322)	(3,874)	(1,071)	0	0	(29,391)	(3,889)	18,366	(0)	0	0	18,366	69,863	1,581	89,810	
24	2034.35	49,850	3,229	0	0	53,079	(10,729)	(7,889)	(6,471)	(3,970)	(1,090)	0	0	(30,149)	(3,605)	19,325	(15,000)	0	0	4,325	89,810	1,839	95,974	
25	2035.36	51,258	3,295	0	0	54,552	(11,051)	(8,074)	(6,624)	(4,070)	(1,108)	0	0	(30,927)	(3,321)	20,304	(0)	0	0	20,304	95,974	2,123	118,401	
26	2036.37	52,705	3,362	0	0	56,066	(11,383)	(8,264)	(6,780)	(4,171)	(1,127)	0	0	(31,725)	(2,943)	21,398	(20,000)	0	0	1,398	118,401	2,382	122,181	
27	2037.38	54,193	3,431	0	0	57,624	(11,724)	(8,459)	(6,940)	(4,276)	(1,145)	0	0	(32,544)	(2,565)	22,515	(0)	0	0	22,515	122,181	2,669	147,365	
28	2038.39	55,723	3,501	0	0	59,224	(12,076)	(8,658)	(7,104)	(4,383)	(1,167)	0	0	(33,387)	(1,282)	24,555	(67,772)	0	0	(43,217)	147,365	2,515	106,663	
29	2039.40	57,296	3,573	0	0	60,870	(12,438)	(8,862)	(7,271)	(4,492)	(1,185)	0	0	(34,248)	(0)	26,621	0	0	0	26,621	106,663	2,399	135,683	
30	2040.41	58,913	3,648	0	0	62,561	(12,812)	(9,070)	(7,443)	(4,604)	(1,205)	0	0	(35,134)	(0)	27,427	0	0	0	27,427	135,683	2,988	166,098	

This extract from the Business Plan is provided for indicative purposes only and will be subject to change once the final HRA Budget for 2012/13 is approved and the final borrowing decisions taken on 26 March 2012. The account demonstrates that investment plans are affordable and minimum balances can be maintained throughout the life of the Plan, with significant increases in the later years.

4 Key Housing Revenue Account Priorities

Significant Areas of Work and Projects for 2012/13

Link to Change Plan outcome

Active Communities

Support and encourage community planning and volunteering. Protect people from discrimination and harassment and ensure they receive the support they need to participate fully in community activities.

Change Plan Ref (where appropriate)	What will we do	Planned Start Date	Milestones	Milestones Due Date	Action Due Date	Expected Outcome	Who's Accountable
AC/001.5	Agree a new Tenant Compact	April 2012	Review existing tenant and resident involvement options/methods	May 2012	Oct 2011	Compliance with the TSA Tenant Involvement and Empowerment Standard – All tenants have the opportunity to influence housing policy and service delivery and to scrutinise performance of their registered provider	Head of Landlord Services
			Agree protocols for tenant involvement in Cabinet (Housing) Committee	July 2012			
			Agree new terms of reference and support arrangements for TACT	July 2012			
			Consultation with all tenants on involvement options	July 2012			
			New Compact agreed and signed	Oct 2012			
	Implement a Tenant Scrutiny Programme	Jan 2012	Tenant Training and Briefing	March 2012	Feb 13	Tenants empowered and have direct	Head of Landlord

Change Plan Ref (where appropriate)	What will we do	Planned Start Date	Milestones	Milestones Due Date	Action Due Date	Expected Outcome	Who's Accountable
			Performance Reporting and Service Review by Scrutiny Panels	July 12 Nov 12 Feb 13		influence on performance and service development in line with requirements of Localism Bill/Government Directions	Services
			System developed to allow Panels to integrate with Council performance management process	Feb 13			
	Implement Tenant Training Programme	April 2012	Programme determined and promoted to tenants	April 12	March 13	Tenants have access to skills development to assist with maintaining tenancies	Tenancy Services Manager
			Programme delivered	March 13			

Significant Areas of Work and Projects for 2012/13**Link to Change Plan outcome****Active Communities**

Support local people in accessing high quality, affordable housing.

Change Plan Ref (where appropriate)	What will we do	Planned Start Date	Milestones	Milestones Due Date	Action Due Date	Expected Outcome	Who's Accountable
AC/002	Maintain and Improve Quality of Council Housing through an enhanced Maintenance and Renewals Programme	April 12	Programme and Funding Approved	Feb 12	March 13	Properties maintained/improved in accordance with business plan assumptions	Property Services Manager
			Detailed programming and timetable finalised	March 12			
			Programme/Scrutiny Review	Nov 12			
			Programme/Scrutiny Review	Feb 13			
			Programme Completed	March 13			
	Implement Revised Internal Decoration/Discretionary Works Programme	April 12	Extent of Revised Scheme determined	April 12	March 13	Programme of delivered in accordance with tenant aspirations	Property Services Manager
			Properties Identified	April 12			
			Scheme Delivered	Dec 12			
			Post Implementation Review	March 13			
AC/002.11	Promotion of Sheltered Housing Provision	Dec 11	Scheme by scheme consultation	Dec 11	Dec 12	Increased general needs provision and improved service to remaining high quality sheltered schemes	Head of Housing Services
			Cabinet Report on proposals for Declassifying some Sheltered Schemes	Feb 12			

Change Plan Ref (where appropriate)	What will we do	Planned Start Date	Milestones	Milestones Due Date	Action Due Date	Expected Outcome	Who's Accountable
			Determine and deliver effective promotion strategy for remaining sheltered schemes	April 12			
AC/002.12	Improve Quality of Older Persons Housing	April 12	Determine Investment plans for all sheltered housing	Sept 12	March 13	Appropriate care and support provision secured for Winchester tenants in both older persons and general needs housing	Head of Housing Services
			Bring vacant Whitewings bedsits back into use	Sept 12			
AC002.2c	To review the potential to commence a programme of Council New Build/Stock Adaptation		Options Report to Cabinet (HSG) Ctte	July 2012	July 12	New Build underway, Sites indentified. 10 year programme developed and implemented	Head of Landlord Services
			Development Team/Resources Established	July 2012			
			Council to register/gain accreditation with HCA	April 2012			
			Initial Programme Determined	July 2012			
	Produce a Tenancy Policy in accordance with the Localism Act covering issues such as flexible tenancies, which links to the Council's Tenancy Strategy	Sep 2012	Produce draft policy Consultation with tenants		March 2013	Policy produced and communicated to tenants	Tenancy Services Manager

Change Plan Ref (where appropriate)	What will we do	Planned Start Date	Milestones	Milestones Due Date	Action Due Date	Expected Outcome	Who's Accountable
	Develop policy/measures to address Under-Occupation and Incentivise "Down-sizing"	April 12	Resource appointed/commissioned	April 12	March 13	Under-occupied family homes made available Clear future strategy implemented	Head of Landlord Services
Options review/Trial			Dec 12				
Long Term Policy approved			March 13				
	Commission Satisfaction Surveys for General Needs and Sheltered tenants in accordance with STAR criteria (replacement of STATUS)	Nov 12	Survey Support Commissioned	Nov 12	Mar 13	Tenant satisfaction remains in top quartile for Council landlords nationally	Head of Landlord Services
Survey Posted to tenants			Dec 12				
Results analysed			Feb 13				
Summary Feedback to Members/tenants			Mar 13				

Significant Areas of Work and Projects for 2012/13**Link to Change Plan outcome****Active Communities**

People enjoy the benefits of a community where there are low levels of crime and everyone feels safe

Code	What will we do	Planned Start Date	Milestones	Milestones Due Date	Action Due Date	Expected Outcome	Who's Accountable
	Ensure Compliance and gain accreditation with the Revised Respect Agenda for Housing	April 2012	Gap Analysis	June 12	Oct 12	Service compliance with national standard Tenants receive good quality services and are clear of how Council can support them	Tenancy Services Manager
			Accreditation Secured	Oct 12			

Significant Areas of Work and Projects for 2012/13**Link to Change Plan outcome****High Quality Environment**

Reduce the District's greenhouse gas emissions and adapt to a changing climate

Code	What will we do	Planned Start Date	Milestones	Milestones Due Date	Action Due Date	Expected Outcome	Who's Accountable
HQE/001.7	Develop City Council housing stock 10 year energy plan with implementation plan	April 2012	Plan approved	Jan 13	Jan 13	Contribution towards carbon reduction targets Reduced fuel poverty Reduced energy costs for tenants	Property Services Manager
	Replace heating system in Winnall High Rise flats	April 12	Options reviewed and scheme developed	May 12	Dec 12	Better quality of life; lower heating bills; reduced incidence of condensation	Property Services Manager
Tenant Consultation			Sept 12				
Works Completed			Dec 12				

Significant Areas of Work and Projects for 2011/12**Link to Change Plan outcome****High Quality Environment**













Protect And Improve Our Landscapes And Townscapes

Code	What will we do	Planned Start Date	Milestones	Milestones Due Date	Action Due Date	Expected Outcome	Who's Accountable
HQE/003.2	Deliver programme of Environmental improvements on estates with targeting of Winnall and Stanmore priority neighbourhoods	April 12	Proposals invited	Feb 12 Jul 12	March 13	improved customer satisfaction with condition of estates	Tenancy Services Manager
			Proposals costed and prioritised	April 12 Sept 12			
			Works Completed	March 13			
			Member/Tenant Feedback	March 13			

Significant Areas of Work and Projects for 2011/12**Link to Change Plan outcome****Efficient and Effective Council**
Transforming Winchester

Code	What will we do	Planned Start Date	Milestones	Milestones Due Date	Action Due Date	Expected Outcome	Who's Accountable
EEC/001.4.2	Implement Asset Management System	April 12	Procurement process/order	Jan 12	Dec 12	In house stock survey capacity	Head of Landlord Services
			System set up/training	March 12			
			Determine survey procedures	May 12			
			Data Collection/migration	Dec 12			
EEC/001.5.2	Develop an Asset Management Strategy for the City Council's Housing Stock	April 12	Cabinet (Housing) Ctte report on options/priorities	Oct 12	Jan 13	Decent Homes maintained Council makes best use of stock	Property Services Manager
			Final draft of Strategy to Cabinet (Housing) Ctte	Jan 13			
EEC/001.6d	Implement new Contract arrangements for Gas Servicing/Boiler Installations and for Frameworks for Repair and Painting	April 12	Contract Award	July 12	Mar 13	Successful implementation of contracts. Tenant satisfaction at 98% for all works Key performance targets achieved	Property Services Manager
			Mobilisation Plan in Place with New Contractor	July 12			
			Systems set up/testing	July 12			
			Contract Commences	Sept 12			
			Operations Review	Jan 13			
			Contracts successfully implemented	March 13			

Key HRA Business Plan Performance Indicators

Ref	What does this show?	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
		Value	Value	Estimate	Target	Status	Target	Target	Target
NI 158 BV184a	% non-decent council homes	0%	0%	0%	0%		0%	0%	0%
NI 160 BV74a	Local authority tenants' satisfaction with landlord services	85.7%	85.4%	85.4%	85%		86%	86%	86%
BV63	Energy Efficiency of Housing Stock	75	81	81	81		83	84	85
LPI	Current tenant rent arrears as a % of rent due	1.13%	1.09%	1%	1%		1%	1%	1%
LPI0278	Gas servicing - The % of homes with current gas servicing certificate	98.94%	98.94%	100%	100%		100%	100%	100%
LPI0310	% Stock empty at the end of the year	1.47%	1.09%	1.25%	1%		1%	1%	1%
LPI0314	Rent & charges lost through vacant dwellings (%)	1.52%	1.12%	0.75%	2%		2%	2%	2%
LPI0378	Value of former tenant arrears	£222k	£179k	£191k	£160k		£160k	£150k	£150k
BV212	Average re-let time for all properties (in days)	43.5	25.63	20	25		20	20	20
LPI0335	Average re-let time for General Needs properties (in days)	34.06	21.75	20	25		20	20	20
LPI0336	Average re-let time for Older Persons properties (in days)	50.51	27.5	22	40		22	22	22
LPI0337	Average re-let time for Hostels (in days)	49.85	32.1	25	25		20	20	20

Key Elements of Risk Management

Risk number	Rating	Short name	Risk ownership	Cause	Consequence	Current Management Action
CR5005	6	HRA Reform	Richard Botham	Changes in WCC liability of the allocated National Housing Debt arising from – fluctuations in the financial market, variations in Central Government Policy (Community and Local Gov), Ineffective management of service, Poor investment performance	(1) Decent Housing plus standard (2) Tenant dissatisfaction (3) Challenge of service delivery (4) HRA service taken over (5) Correlation effect on Council services	<i>Effective Planning Sensitivity Testing Adequate provision of reserves</i>
OP0008	12	Sensitivity of HRA funding	Richard Botham	Economic climate, Right to Buys, increasing corporate costs etc, Changes to the Benefits system, Interest Rates	(1) Insufficient funds to meet service needs and Decent Homes Plus Standard (2) Tenant dissatisfaction (3) Members challenge (4) Challenge to delivery of service (5) transfer of service (6) huge impact on other council services	<i>Maintain reasonable reserves Maximise income Scrutinise recharge costs Make additional provision for bad debts within business plan projections Detailed and ongoing sensitivity analysis</i>
OP0009	9	Not maintaining the Decent Homes Standard	Andrew Kingston	Lack of Funding, Tenant Priorities, Lack of Clear Plans	(1) Government Intervention (2) Forced Solution (3) Bad publicity	<i>Clear strategy agreed and monitored</i>
OP0010	6	Adequacy of utilities checks	Andrew Kingston	Servicing gas fired appliances in council homes is conducted by an outside contractor. Unable to gain access to homes, Failure to	(1) Tenants at risk (2) Fatality (3) Council sued (4) Officers libel (5) HSE involved (6) Massive fine (7) Lack of confidence for other tenants	<i>Comprehensive service contract Robust injunction process to ensure access gained to all properties</i>

Risk number	Rating	Short name	Risk ownership	Cause	Consequence	Current Management Action
				comply with regulations / negligent	(8) Negative publicity	
OP0011	6	Communal housing	Richard Botham	Loss of utilities, storm/flood, building failure	Urgent evacuation/re-homing of residents. Urgent requirement for maintenance/repairs. Major unplanned impact on resources	<i>Clear Business Continuity Plan in place and kept up to date Test exercises completed.</i>
OP0012	6	Loss of a major contractor (Osborne or Liberty)	Andrew Kingston	Receivership/business failure. Very poor performance	No response to urgent responsive repairs or gas servicing. Failure to meet statutory targets	<i>Clear procurement processes Constructionline in place</i>
OP0013	6	Failure of Central Control staff	Linda Curtis	Ill Health of late night operator	(1) 2000 Vulnerable people, (2) Death of person, (3) Political implications, (4) Adverse publicity, (5) Legal Liability, (6) Business Loss, (7) Loss of Trust/Reputation	<i>Back up services agreed with other provider. Business Continuity Plan in place and tested regularly</i>
OP0014	6	Failure of Central Control technology	Linda Curtis	Technological breakdown (Computer, telephone lines, lifeline system)	(1) 2000 Vulnerable people, (2) Death of person, (3) Political implications, (4) Adverse publicity, (5) Legal Liability, (6) Business Loss, (7) Loss of Trust/Reputation	<i>Comprehensive servicing and maintenance arrangements SLA agreed and tested with Tunstall Comprehensive Disaster Recovery system in place (Greens Close, Bishops Waltham) and tested weekly.</i>