

CABINET (HOUSING) COMMITTEE – 4 FEBRUARY 2014

CABINET – 12 FEBRUARY 2014

THE OVERVIEW AND SCRUTINY COMMITTEE – 17 FEBRUARY 2014

HOUSING REVENUE ACCOUNT BUDGET 2014/15 AND BUSINESS PLAN –
2014/15 TO 2043/44

REPORT OF ASSISTANT DIRECTOR (CHIEF HOUSING OFFICER)

Contact Officer: Richard Botham Tel No: 01962 848421
rbotham@winchester.gov.uk

RECENT REFERENCES:

CAB2445(HSG) – Housing Revenue Account Budget 2013/14 and Business Plan 2013/14 to 2043/44 dated 30 January 2013

CAB2535(HSG) - Housing Revenue Account – 2014/15 Rent Setting and Budget/Business Plan Options dated 28 November 2013

EXECUTIVE SUMMARY:

The Business Plan summarised in this report provides an update to the Plan approved by Council in February 2013. It builds on the updated plan that was presented to this Committee on 28 November 2013. The Plan has been amended to take account of current spending plans and changes approved over the last year, and in particular the rent increase and service changes approved by Council at its meeting on 8 January 2014. The continued enhanced investment in maintenance and improvement of existing dwellings and the establishment of a programme of building new Council homes remain the key priorities for the service.

The report also proposes the HRA budget for 2014/15, which has taken full account of the proposals in the Business Plan and their funding requirements. Approval is also sought under Financial Procedure Rule 6.4 for a number of schemes in 2014/15.

RECOMMENDATIONS:

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

- 1 That the HRA Revised budget for 2013/14 and the Budget for 2014/15 as set out in the Appendices 1 and 2 be approved.
- 2 That the HRA business plan as set out in appendices 3 and 4 be approved.
- 3 That the Housing Capital programme as set out in Appendix 5 be approved.
- 4 That the 2014/15 Maintenance Programme as set out in Appendix 5 and 9 be approved.
- 5 That authority be given to incur capital expenditure of £7.176m for the Maintenance, Improvement and Renewal Programme as outlined in this report and in Appendix 9, in accordance with Financial Procedure Rule 6.4.
- 6 That the Assistant Director (Chief Housing Officer), following consultation with the Chief Finance Officer, be given delegated authority to make adjustments within the overall Maintenance, Improvement and Renewal programme as set out in Appendix 5 and 9, including the flexibility to substitute projects and re-balance expenditure within and between the different elements/schemes in order to meet operational needs, changing priorities and commitment targets, with any changes being reported to the Committee at the earliest opportunity.
- 7 That the treatment of surpluses and debt as set out in paragraph 3 be noted and the forecast amount of debt reduction at 31 March 2014 be approved at £3M.
- 8 That the Business Plan priorities as set out in paragraph 4 of the report and the key service priorities for 2014/15 as detailed in Appendix 6 be approved.

That The Overview and Scrutiny Committee:

- 7 Considers any recommendations it wishes to make to the Council for its consideration of the proposed HRA Business Plan or budget for 2014/15.

CABINET (HOUSING) COMMITTEE – 4 FEBRUARY 2014

CABINET – 12 FEBRUARY 2014

THE OVERVIEW AND SCRUTINY COMMITTEE – 17 FEBRUARY 2014

HOUSING REVENUE ACCOUNT BUDGET 2014/15 AND BUSINESS PLAN – 2014/15 TO 2044/45

REPORT OF ASSISTANT DIRECTOR (CHIEF HOUSING OFFICER)

DETAIL:

1 Introduction

- 1.1 All councils that still hold housing stock have a requirement to produce a 30 year business plan demonstrating how they intend to manage their HRA to support the long term management of housing. This requirement became even more essential from April 2012, with the introduction of self-financing, which effectively saw the transfer of all financial risk in relation to the HRA to the Council.
- 1.2 The first self-financing Business Plan was approved by Council in February 2012 (CAB2287(HSG) refers). This set out how services could be sustained over the next 30 years and how it was proposed to manage the £157m of new debt the Council had to take on. The latest update of the plan was presented to this Committee at the meeting on 28 November 2013. This report builds on that report and takes account of the proposals for rent increases and service changes approved by Council on 8 January 2014.
- 1.3 This report includes extracts from the proposed update to the 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 2014/15, which underpins all the proposals and priorities set out in the Business Plan.

2 The HRA Business Plan – 2014 Update

- 2.1 The key assumptions included within the Business Plan, along with details in relation to sensitivity testing, provision for minimum balances and proposals for the 2014/15 rent increase and growth items were all set out in CAB2535(HSG) in November 2013.
- 2.2 Since then, the HRA Business Plan has been updated and moved on one year so that 2014/15 is now year 1 of the plan. The key assumptions have not required any amendment. The latest estimates for 2014/15 now form the basis for the Plan and are included as Appendix 1 and 2 to this report. Since the Plan was last presented to this Committee in November 2013 several changes have taken place which are detailed below.

- 2.3 The Business Plan Revenue Account detailed in Appendix 3 to this report shows the impact of current and proposed service levels and investment plans over the next 30 years. Whilst surpluses increase significantly in the later years, funding remains relatively tight throughout the first 18 years.
- 2.4 Capital Expenditure - The Repairs and Renewals programme set out in section 6 below has been included for the period 2014/15 to 2018/19, pending a full review of the spending requirements following analysis of the results of the stock condition survey which should be available in the next few months.

3 Borrowing Costs and Assumptions

- 3.1 The report to this Committee on 28 November 2013 indicated that the HRA would need to return to its debt cap in 2015/16 and that there would be the potential need to refinance some of the borrowings in the period 2023/24 to 2031/32.
- 3.2 The HRA debt cap, which has been set by the Government, remains at £166.853M. At 1 April 2013 the HRA was £3.5M below its debt cap. This is forecast to increase by a further £3.0M on 31 March 2014. The actual level of Capital Financing Requirement for the HRA will be determined as part of the year end closure of the accounts. However, it remains that case that the HRA is expected to return to its debt cap in 2015/16 due to the level of capital expenditure in that year. The forecasts assume that the HRA remains at its debt cap for the rest of the business plan.
- 3.3 The interest rate applied to internal borrowing is the PWLB 3 month variable loan rate (forecast rate for 2014/15 is 1.5% compared to 1.26% in 2013/14). To the extent that the HRA has surplus cash this would attract interest at the risk free Debt Management Office rate (forecast rate for 2014/15 is 0.25% which is unchanged from 2013/14).
- 3.4 Over time, the internal funding will change and the Treasury Management Strategy seeks to minimise the overall borrowing costs for the Council. It is assumed that the General Fund will need to externally borrow over time and that the HRA's debt may need to be fully externalised. The business plan assumes that the HRA's debt is fully externalised by 2017/18.
- 3.5 The overall impact of the changes in cash balances and interest rates has been to generate savings of £86,000 in 2013/14 and £45,000 in 2014/15.

4 Key Business Plan Priorities

- 4.1 The Business Plan has been developed with close regard to the Council's Community Strategy and Portfolio Plans and the results from tenant satisfaction surveys and focus groups. Investing in repairs and the quality of tenant's homes is consistently rated as tenants' highest priority, with the quality of neighbourhoods and estates also being seen as important. Tenant focus groups have also identified a clear aspiration for some investment in discretionary areas such as internal decoration and other small home improvement schemes.

- 4.2 With demand for affordable housing and the numbers of the Council's waiting list being so high, it is essential that the Plan seeks to make best use of stock, assets and land to address this issue. The new build programme, along with other proposals for adapting stock and incentivising downsizing will all contribute to this.
- 4.3 In addition to the traditional landlord responsibilities, such as tenancy management and repairs, the role that social landlords can play to address health and wellbeing of tenants is becoming an increasing focus for the Government and the Homes and Communities Agency, who regulate and set standards for all registered providers. National standards for social housing now promote measures to tackle deprivation and worklessness and to promote healthy lifestyles, all of which can impact on tenants' ability to sustain their tenancies. The Business Plan includes provision to support programmes aimed at improving opportunities for tenants and promote improved community cohesion.
- 4.4 Service objectives and proposed actions for 2014/15 are detailed in Appendix 6 and 7 and take full account of the following priorities:
- a) Investing in existing homes and ensuring all key elements (kitchens, bathrooms, roofs, doors, windows etc are brought up to date by 2022.
 - b) Delivering the New Homes programme in accordance with the approved programme.
 - c) Adapting existing stock to assist in meeting housing need (disabled adaptations, loft conversions to address overcrowding, converting unused communal areas into homes, etc)
 - d) Improving estates and neighbourhoods, with an emphasis on ensuring investment directly benefits Council tenants.
 - e) Measures to mitigate the impact of welfare reform, providing support to tenants and ensuring potential arrears of rent are minimised.
 - f) Tenant Involvement – There will be a continued emphasis on promoting direct involvement and ensuring tenants remain at the heart of all housing services.
 - g) Sheltered Housing/Older People – Whilst we will continue 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
 - h) 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.
 - i) Delivering Value for Money – Operating costs are below average for the Council's Landlord Services and performance overall compares

well to other landlords. The Council will continue to set targets to achieve efficiencies and maintain revenue costs below the average for the sector, despite ambitious capital investment programmes.

5 The New Build Programme

- 5.1 Council approved an updated New Build programme at the January 2014 meeting. Appendix 5 includes further amendments which take account of the latest estimates for all build projects. Provision for property acquisition has also been amended to £1m in 2014/15 to provide scope to exploit opportunities that may arise to support additional development. The Business Plan capital account shown in Appendix 4 illustrates current investment proposals for the programme, with £66m being allocated to support new build over the next 5 years and £226m over the life of the Business Plan.

6 Repairs and Renewals

- 6.1 The long term investment plan for maintenance and repairs included in the Business Plan continues to take account of the desktop update of the 30% Stock Condition Survey completed in 2003. A full 100% Stock Survey is nearing completion and investment plans will be amended in light of this later this year.
- 6.2 The 30 year investment Plan approved in February 2012 (CAB2287(HSG) refers) approved significant additional investment in repairs throughout the life of the Plan and an additional £4m per annum on maintaining existing homes in the first 10 years of the Business Plan to ensure all key property elements are brought reasonably up to date over that period. The programme for 2014/15, as detailed in Appendix 5 and 6, represents year 3 of this 10 year programme.
- 6.3 Appendix 9 provides full details of the proposed Maintenance, Improvements and Renewals Programme for 2014/15 (including both revenue and capital investment plans) along with additional commentary on key elements included within each heading of the programme. This detail is intended to provide compliance with the Council's financial procedure rules and to allow officers to commit the capital budget without further detailed reports on each item, unless additional approvals are required (such as major changes to the programme, new major projects etc). Some of the capital spending has been approved in earlier reports so this report seeks approval for the remaining sums.
- 6.4 These additional items are partly offset by significant savings achieved as a result of re-tendering the gas maintenance and boiler installation contracts, which saw a 15% reduction in contract costs.

7 Adequacy of Reserves and Robustness of Estimates

- 7.1 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.

- 7.2 The HRA working balance was reviewed in detail in CAB2423(HSG) in December 2012 and minimum balances of £1,000,000 were assessed as reasonable in light of the key assumptions included in the Business Plan. This is still considered to be an appropriate level of working balances, although this is increased each year to allow for inflation. The minimum balance for 2014/15 is therefore £1,032,000.
- 7.3 It is important that budget estimates included within the report are reasonable and robust. The majority of budgets are based on existing service levels and recent outturn data adjusted for known and/or anticipated changes (such as increasing utility bills for example). This is considered reasonable. The results of the current stock survey will be available for the next update of the business plan, which will enable the proposed investment on repairs to be based on up to date detailed external and independently validated stock survey information. Considerable work has been undertaken in 2013/14 to develop the new build investment plan and the spending plans for the immediate future and based on identified schemes.
- 7.4 Within the context of the overall budget and reserve levels, the Chief Finance Officer 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 given the assumptions that have to be made over inflation etc., but the forecasts demonstrate that minimum balances can be maintained and resources set aside to repay all HRA debt over the period of the plan.

8 Revisions to the HRA Budget 2013/14

- 8.1 It is proposed that net HRA expenditure for 2013/14 be reduced by £1,849,000. This is offset by the proposal for the £3m reduction in debt as set out in 3.2 above. The reductions are in relation to:
- a) HRA General – Vacancy management savings of £46,000
 - b) Cyclic Maintenance – The re-letting of painting contracts have resulted in reducing annual costs of cyclical painting of £300,000.
 - c) As set out in section 3 the reduction in interest payable and increase in interest receivable have combined to provide a favourable variance of £86,000.
 - d) Dwelling Rents – Rents collected are estimated to be £80,000 more than budgeted by the end of the financial year, largely due to improved voids performance and new properties moving straight to target rent.
 - e) Capital Expenditure Funded by HRA / Depreciation of Fixed Assets – Provision for this has reduced by a net £1,313,000. This relates to:
 - (i) Major Repairs – Spend this year will £440,000 less than budgeted. However, this is required to meet increased spend for Mechanical and Electrical Services (mainly boiler replacements) in 2014/15.

- (ii) Estate Improvements - £430,000 to fund works at Winnall and Woolford Close is now required in 2014/15
- (iii) Sheltered Improvements – Works at Matilda Place, Lisle Court and Eastacre totalling £150,000 will now be completed after April 2014.
- (iv) Loft Conversions – Of the 8 schemes currently underway, only 2 will be completed by March 2014 resulting in £170,000 being moved from 2013/14 to 2014/15.
- (v) New Build – Bourne Close – Unavoidable delays with this scheme mean that it will be completed 3 months later than planned, resulting in £135,000 being moved from 2013/14 to 2014/15.

9 HRA Budget 2014/15

- 9.1 The budget detailed in Appendix 1 takes full account of the rent increase and additional investment approved by Council on 8 January 2014.
- 9.2 The budget has a net deficit of £608,000, although it should be noted that this is only after a significant increase in the capital expenditure that is funded directly from the HRA in that year.
- 9.3 The key changes to the budget set out in Appendix 1 include:
- a) Estate Management – The £74,000 increase relates mainly to additional staffing costs (full year effect of posts approved in 2013/14) and increased supplies and services costs.
 - b) Joint Housing Register – The increased cost of £61,000 reflects an increased charge to the HRA for the Hampshire Homechoice system to reflect the proportion of work relating to Council tenants.
 - c) Removals Incentive Scheme – The £100,000 original budget approved in 2013/14 was revised to reflect the delayed start. It is proposed to allow the full £100,000 for 2014/15. The scheme is now proving very effective, with over 50 tenants downsizing since April 2014.
 - d) Communal Services – The increase of £43,000 relates mainly to the cost of providing additional caretaking services to the larger communal housing schemes in Weeke and Stanmore. A separate report on the additional staffing required will be prepared for Personnel Committee.
 - e) Estate Maintenance – The 2013/14 budget for grounds maintenance was reduced in November 2013 by £75,000 to reflect reduced contract charges. However, it is recommended that this be reinstated for 2014/15 pending a review of service standards and proposals to increase frequency of maintenance to address current problems on estates and at sheltered housing schemes. The budget also includes increased charges from Community Safety and Engineering teams to

reflect current workload in relation to estate management and improvement work.

- f) Sewage Works – It is proposed to increase this budget by £53,000 to more accurately reflect current cost of the Council's Streetcare team's work.
- g) Sheltered Housing – The 2013/14 budget made on-off provision for "home-loss payments" for residents at Victoria House. The £112,000 reduction reflects this being removed and also reduced staffing and utilities costs.
- h) Repairs Works – Whilst savings were achieved in 2013/14 as detailed in paragraph 8 above, it is recommended that these savings be used to fund an increased electrical testing regime to reflect regulatory changes which require 5 year rather than 10 year testing.
- i) Repairs Administration – The £239,000 decrease in this budget relates to additional provision in 2013/14 to fund the Stock Condition Survey.
- j) Depreciation of Fixed Assets – Provision for depreciation and the increase of £166,700 takes account of the latest assessment of investment in the Council's housing stock. The increase will result in a corresponding increase to the Major Repairs Reserve and does not impact on the overall useable reserves available]
- k) Rents and Other Income – The £1,245,000 increase in income reflects the rent increase approved by Council on 8 January.
- l) Garage Income – The £14,000 reduction reflects the inflationary increase approved by Council on 8 January 2014 but also accounts for an estimated £40,000 reduced income in relation to garage demolition and Winnall (CAB2550(HSG) refers) and in relation to the Woolford Close improvements (CAB2534(HSG) refers).
- m) Capital Expenditure funded by HRA – The increase of £3,431,000 reflects the increased capital programme to be funded from revenue for 2014/15 as detailed in appendix 5.

9.4 These changes result in a forecast year end working balance at March 2014 of £1,408,000.

OTHER CONSIDERATIONS:

10 COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

10.1 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.

11 RESOURCE IMPLICATIONS:

11.1 As discussed in the main body of the report.

12 RISK MANAGEMENT ISSUES

12.1 The potential risks associated with the Business Plan and the Self Financing regime cannot be under-estimated. The HRA will be exposed to normal economic and business risk as well as risks arising from changes in national housing policy.

12.2 The report to this Committee on 28 November 2013 identified the key financial risks. These included opting to set rents below a level assumed by national rent restructuring policy (this option was not adopted), welfare reform and inflation on expenditure being higher than expected. These have been reviewed and it is considered that the quantification of the risks set out in that paper are still appropriate. There is therefore no need at this time to conduct any further sensitivities.

13 TACT COMMENT

13.1 TACT has been fully consulted on the Business Plan priorities and the rent and budget at its meeting in November 2013. We have worked very closely with the Assistant Director to ensure the additional money now available is used to improve services to tenants and to help future tenants by providing more Council housing.

13.2 TACT fully supports the additional spending on maintenance and on building new family homes.

13.3 TACT will continue to scrutinise Housing Services to ensure tenants get value for money and retain the right to hold the Council to account if services deteriorate or if costs increase to unacceptable levels.

Appendices

Appendix 1 - HRA Service Budget 2014/15	Page 11
Appendix 2 - HRA Subjective Budget 2014/15	Page 12
Appendix 3 – HRA Business Plan Revenue Account	Page 13
Appendix 4 - HRA Business Plan Capital Account	Page 14
Appendix 5 – Housing Capital Programme 2014-18	Page 15
Appendix 6 – Key Service Priorities	Page 16
Appendix 7 - Key Performance Indicators	Page 25
Appendix 8 - Key Elements of Risk Management	Page 26
Appendix 9 - Draft Maintenance and Renewals Programme 2014/15 (including description/breakdown of programme elements)	Page 28

	2013/14 Original Budget	2013/14 Revised Budget	2013/14 Futher Adjustment s	2013/14 Working Budget	2014/15 Adjustment s	2014/15 Detailed Budget	Notes
	£	£			£	£	
Housing Management General							
Estate Management	839,900	815,709	(4,813)	810,896	73,839	884,735	See 9.3 a)
HRA General	1,572,772	1,630,116	(46,253)	1,583,863	22,381	1,606,244	See 8.1 a)
Joint Housing Register	64,640	64,640	0	64,640	61,000	125,640	See 9.3 b)
Removal Incentive Scheme	106,000	70,000	0	70,000	30,000	100,000	See 9.3 c)
Rent Accounting	260,421	268,896	0	268,896	6,167	275,063	
Tenants Information	120,487	120,478	0	120,478	(14,889)	105,589	
Vacant Dwellings	33,305	33,305	0	33,305	726	34,031	
New Build Programme Support	457,039	456,868	0	456,868	7,137	464,005	
	3,454,564	3,460,012	(51,066)	3,408,946	186,362	3,595,308	
Housing Management Special							
Central Control	111,704	83,246	(4,800)	78,446	29,431	107,877	
Communal Services	(29,956)	70,034	0	70,034	43,436	113,470	See 9.3 d)
Disabled Adaptations	139,902	139,898	0	139,898	(7,717)	132,181	
Estate Maintenance	538,271	363,271	0	363,271	115,036	478,307	See 9.3 e)
Homelessness	(54,226)	(38,185)	0	(38,185)	25,913	(12,272)	
Sewage Works	174,011	174,011	0	174,011	53,343	227,354	See 9.3 f)
Sheltered Housing	1,212,556	1,115,118	(7,732)	1,107,386	(112,654)	994,732	See 9.3 g)
	2,092,262	1,907,393	(12,532)	1,894,861	146,788	2,041,649	
Repairs							
Responsive Maintenance	1,990,000	2,190,000	0	2,190,000	30,000	2,220,000	
Voids	640,000	440,000	0	440,000	10,000	450,000	
Cyclic	1,150,000	1,150,000	(300,000)	850,000	330,000	1,180,000	See 8.1 b)
Sub-total Repairs Works	3,780,000	3,780,000	(300,000)	3,480,000	370,000	3,850,000	See 9.3 h)
Repairs Administration	1,195,709	1,541,530	(6,402)	1,535,128	(238,832)	1,296,296	See 9.3 i)
	4,975,709	5,321,530	(306,402)	5,015,128	131,168	5,146,296	
Interest Payable	5,254,000	5,254,000	(63,900)	5,190,100	32,300	5,222,400	See 8.1 c)
Depreciation of Fixed Assets	5,396,130	5,396,130	354,970	5,751,100	166,700	5,917,800	See 8.1 e) and 9.3j)
	10,650,130	10,650,130	291,070	10,941,200	199,000	11,140,200	
Rents and Other Income							
Dwelling Rents	(24,435,000)	(24,485,000)	(80,000)	(24,565,000)	(1,245,400)	#####	See 9.3 k)
Garage Rents	(840,000)	(833,000)	0	(833,000)	13,984	(819,016)	See 9.3 l)
Other Income	(269,000)	(269,000)	0	(269,000)	0	(269,000)	
Sheltered Charges	(512,305)	(500,000)	0	(500,000)	50,000	(450,000)	
Supporting People	(608,620)	(608,620)	0	(608,620)	0	(608,620)	
Interest Receivable	(4,000)	(4,000)	(21,800)	(25,800)	0	(25,800)	
	(26,668,925)	(26,699,620)	(101,800)	(26,801,420)	(1,181,416)	#####	
Surplus for year on HRA Services	(5,496,260)	(5,360,555)	(180,730)	(5,541,285)	(518,098)	(6,059,383)	
Capital Expenditure funded by HRA	6,212,000	4,854,000	(1,668,000)	3,186,000	3,431,000	6,617,000	See 8.1 e) and 9.3 m).
Right to Buy Admin Fees	(15,600)	(23,400)	0	(23,400)	7,800	(15,600)	
Net (increase)/decrease in HRA	700,140	(529,955)	(1,848,730)	(2,378,685)	2,920,702	542,017	
Balance before transfers to or from reserves							
Transfer re Insurance Reserve	66,300	66,300	0	66,300	0	66,300	
Transfer to Capital Adjustment A/C to reflect Debt Repayment	0	0	3,000,000	3,000,000	(3,000,000)	0	See 3.2
(Increase)/ decrease in HRA Balance	766,440	(463,655)	1,151,270	687,615	(79,298)	608,317	
HRA Working Balance							
Opening Balance	(1,902,636)	(2,703,489)		(2,703,489)		(2,015,874)	
Add Projected Deficit/(Surplus)	766,440	(463,655)		687,615		608,317	
Projected Balance at Year End	(1,136,196)	(3,167,144)		(2,015,874)	0	(1,407,557)	

	2013/14 Original Budget	2013/14 Revised Budget	2013/14 Further Adjustments	2013/14 Working Budget	2014/15 Adjustment	2014/15 Detailed Budget
	£	£			£	£
Employees	3,207,146	3,169,178	(70,000)	3,099,178	245,076	3,344,254
Premises	5,248,072	5,029,366	(300,000)	4,729,366	430,271	5,159,637
Transport	270,194	270,194	0	270,194	20,737	290,931
Supplies & services	759,400	1,118,000	0	1,118,000	(381,350)	736,650
Third party payments	261,000	125,000	0	125,000	30,000	155,000
Support Services	1,809,763	2,003,837	0	2,003,837	146,484	2,150,321
Net Interest	5,274,090	5,274,090	(85,700)	5,188,390	32,300	5,220,690
Depreciation on Fixed Assets	5,396,130	5,396,130	354,970	5,751,100	166,700	5,917,800
External income	(27,722,055)	(27,746,350)	(80,000)	(27,826,350)	(1,208,316)	(29,034,666)
Surplus for year on HRA Services	(5,496,260)	(5,360,555)	(180,730)	(5,541,285)	(518,098)	(6,059,383)
Capital Expenditure funded by HRA	6,212,000	4,854,000	(1,668,000)	3,186,000	3,431,000	6,617,000
Right to Buy Admin Fees	(15,600)	(23,400)	0	(23,400)	7,800	(15,600)
Net (increase)/decrease in HRA Balance before transfers to or from reserves	700,140	(529,955)	(1,848,730)	(2,378,685)	2,920,702	542,017
Transfer re Insurance Reserve	66,300	66,300	0	66,300	0	66,300
Transfer to Capital Adjustment A/C to reflect Debt Repayment	0	0	3,000,000	3,000,000	(3,000,000)	0
(Increase)/ decrease in HRA Balance	766,440	(463,655)	1,151,270	687,615	(79,298)	608,317
HRA Working Balance						
Opening Balance	(1,902,636)	(2,703,489)		(2,703,489)		(2,015,874)
Add Projected Deficit/(Surplus)	766,440	(463,655)		687,615		608,317
Projected Balance at Year End	(1,136,196)	(3,167,144)		(2,015,874)		(1,407,557)

Winchester City Council - HRA Business Plan revenue account												
		Income			Expenditure					Balances		
Year	Year	Net rent Income	Other income	Total income	Managem nt	Repairs and Mtnc	Capital Financing	Funding of capital exp	Total Exp	Annual surplus / (deficit)	Working Balance	
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	
1	2014.15	25,941	3,120	29,061	-8,062	-3,850	-5,222	-12,535	-29,669	-608	1,408	
2	2015.16	26,702	3,161	29,863	-8,301	-3,937	-5,340	-12,215	-29,793	70	1,477	
3	2016.17	27,751	3,230	30,981	-8,523	-4,061	-5,523	-12,782	-30,889	92	1,569	
4	2017.18	28,951	3,296	32,247	-8,752	-4,187	-5,624	-13,847	-32,410	-163	1,405	
5	2018.19	29,995	3,364	33,359	-8,989	-4,319	-5,624	-14,194	-33,126	233	1,638	
6	2019.20	31,072	3,436	34,508	-9,234	-4,452	-5,624	-14,601	-33,911	597	2,235	
7	2020.21	32,153	3,511	35,664	-9,472	-4,588	-5,624	-15,051	-34,735	929	3,163	
8	2021.22	33,301	3,590	36,891	-9,717	-4,729	-5,624	-15,481	-35,551	1,340	4,503	
9	2022.23	34,486	3,662	38,148	-9,968	-4,873	-10,623	-15,427	-40,891	-2,743	1,760	
10	2023.24	35,709	3,731	39,440	-10,226	-5,022	-9,039	-15,536	-39,823	-383	1,376	
11	2024.25	36,972	3,811	40,783	-10,491	-5,176	-8,800	-15,732	-40,199	584	1,960	
12	2025.26	38,276	3,892	42,168	-10,762	-5,334	-10,410	-16,176	-42,682	-514	1,445	
13	2026.27	39,621	3,974	43,595	-11,042	-5,496	-10,316	-16,631	-43,485	110	1,555	
14	2027.28	41,010	4,060	45,070	-11,328	-5,664	-10,903	-17,127	-45,022	48	1,603	
15	2028.29	42,444	4,155	46,599	-11,622	-5,836	-8,337	-17,604	-43,399	3,200	4,802	
16	2029.30	43,924	4,261	48,185	-11,925	-6,013	-9,991	-17,121	-45,050	3,135	7,937	
17	2030.31	45,451	4,347	49,798	-12,235	-6,196	-19,097	-17,624	-55,152	-5,354	2,583	
18	2031.32	47,027	4,426	51,453	-12,554	-6,384	-15,254	-18,140	-52,332	-879	1,703	
19	2032.33	48,654	4,539	53,193	-12,881	-6,577	-7,764	-18,668	-45,890	7,303	9,006	
20	2033.34	50,332	4,686	55,018	-13,217	-6,776	-3,644	-19,238	-42,875	12,143	21,148	
21	2034.35	52,064	4,812	56,876	-13,563	-6,981	-18,639	-20,347	-59,530	-2,654	18,494	
22	2035.36	53,851	4,943	58,794	-13,918	-7,192	-3,134	-20,960	-45,204	13,590	32,084	
23	2036.37	55,695	5,095	60,790	-14,282	-7,409	-13,130	-21,588	-56,409	4,381	36,464	
24	2037.38	57,597	5,254	62,851	-14,657	-7,633	-2,790	-22,231	-47,311	15,540	52,004	
25	2038.39	59,560	5,446	65,006	-15,041	-7,863	-2,790	-22,890	-48,584	16,422	68,426	
26	2039.40	61,585	5,646	67,231	-15,437	-8,100	-2,790	-23,565	-49,892	17,339	85,764	
27	2040.41	63,673	5,853	69,526	-15,843	-8,343	-2,790	-24,287	-51,263	18,263	104,027	
28	2041.42	65,827	6,042	71,869	-16,260	-8,594	-12,790	-24,996	-62,640	9,229	113,255	
29	2042.43	68,050	6,241	74,291	-16,689	-8,852	-2,440	-25,721	-53,702	20,589	133,844	
30	2043.44	70,341	6,474	76,815	-17,130	-9,118	-2,440	-26,501	-55,189	21,626	155,470	

Winchester City Council - HRA Business Plan capital account														
Expenditure										Funding				
Year	Year		Contingency for stock survey	Future Major Repairs	Improvements and loft conversions	Disabled Adaptations	New Build Development Costs	Other	Total Expenditure		Borrowing	Capital grants and reserves	From Revenue	Total Funding
			£,000	£,000	£,000	£,000	£,000	£,000	£,000		£,000	£,000	£,000	£,000
1	2014.15		0	7,474	1,414	715	7,310	139	17,052		0	4,517	12,535	17,052
2	2015.16		0	6,791	681	733	12,883	106	21,194		6,500	2,479	12,215	21,194
3	2016.17		0	6,944	698	752	5,736	108	14,238		0	1,456	12,782	14,238
4	2017.18		1,093	6,015	719	774	5,308	111	14,020		0	173	13,847	14,020
5	2018.19		1,123	6,194	740	797	5,400	114	14,368		0	174	14,194	14,368
6	2019.20		1,154	6,401	763	821	5,520	117	14,776		0	175	14,601	14,776
7	2020.21		1,185	6,644	786	846	5,670	120	15,251		0	200	15,051	15,251
8	2021.22		1,218	6,857	809	871	5,820	123	15,698		0	217	15,481	15,698
9	2022.23		2,503	5,325	833	897	5,970	126	15,654		0	227	15,427	15,654
10	2023.24		2,571	5,170	858	924	6,120	129	15,772		0	236	15,536	15,772
11	2024.25		2,642	5,098	884	952	6,270	132	15,978		0	246	15,732	15,978
12	2025.26		2,715	5,270	911	981	6,420	135	16,432		0	256	16,176	16,432
13	2026.27		2,789	5,449	938	1,010	6,570	139	16,895		0	264	16,631	16,895
14	2027.28		2,866	5,635	966	1,040	6,750	142	17,399		0	272	17,127	17,399
15	2028.29		2,944	5,827	995	1,072	6,900	146	17,884		0	280	17,604	17,884
16	2029.30		3,025	5,025	1,025	1,104	7,080	149	17,408		0	287	17,121	17,408
17	2030.31		3,108	5,204	1,056	1,137	7,260	153	17,918		0	294	17,624	17,918
18	2031.32		3,193	5,390	1,087	1,171	7,440	157	18,438		0	298	18,140	18,438
19	2032.33		3,281	5,584	1,120	1,206	7,620	161	18,972		0	304	18,668	18,972
20	2033.34		3,371	5,785	1,154	1,242	7,830	165	19,547		0	309	19,238	19,547
21	2034.35		3,463	6,549	1,188	1,280	8,010	169	20,659		0	312	20,347	20,659
22	2035.36		3,558	6,782	1,224	1,318	8,220	173	21,275		0	315	20,960	21,275
23	2036.37		3,655	7,023	1,261	1,358	8,430	178	21,905		0	317	21,588	21,905
24	2037.38		3,755	7,273	1,298	1,398	8,640	182	22,546		0	315	22,231	22,546
25	2038.39		3,858	7,533	1,337	1,440	8,850	187	23,205		0	315	22,890	23,205
26	2039.40		3,964	7,803	1,377	1,483	9,060	191	23,878		0	313	23,565	23,878
27	2040.41		4,072	8,084	1,419	1,528	9,300	196	24,599		0	312	24,287	24,599
28	2041.42		4,183	8,376	1,461	1,574	9,510	201	25,305		0	309	24,996	25,305
29	2042.43		4,298	8,679	1,505	1,621	9,750	206	26,059		0	338	25,721	26,059
30	2043.44		4,415	8,994	1,550	1,670	9,994	211	26,834		0	333	26,501	26,834

Housing Revenue Account Capital Programme								
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Total
Scheme description	Previous years actuals	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.
	£000	£000	£000	£000	£000	£000	£000	£000
Future Major Repairs								
Major Repairs	0	0	0	0	0	0	0	0
External Envelope works	0	1,030	2,042	1,020	1,043	903	930	6,969
External window/door/screen replacements	0	500	700	800	818	709	730	4,256
Kitchen/Bathroom renewals	0	2,400	1,900	2,228	2,278	1,973	2,032	12,812
Mechanical & Electrical Services	0	1,430	1,932	1,823	1,864	1,615	1,663	10,326
Internal structure & finishes	0	350	350	360	368	319	328	2,075
External Ground Works & Service Mains	0	450	550	560	573	496	511	3,139
	0	6,160	7,474	6,791	6,944	6,015	6,194	39,578
Stock condition contingency	0	0	0	0	0	1,093	1,123	2,216
Improvements and loft conversions								
Environmental Improvements	0	170	686	263	270	279	286	1,954
Sheltered Housing Upgrades	0	50	354	209	214	220	227	1,274
Loft conversions	0	30	374	209	214	220	227	1,274
	0	250	1,414	681	698	719	740	4,502
Disabled Adaptation works	0	700	715	733	752	774	797	4,471
Other capital spending								
River Itchen Maintenance	0	0	36	0	0	0	0	36
Sewage Treatment Works	0	100	103	106	108	111	114	642
Asset Management Solution	0	10	0	0	0	0	0	10
Orchard enhancements	0	24	0	0	0	0	0	24
	0	134	139	106	108	111	114	712
New Build								
Dever Close	1	739	0	0	0	0	0	740
Bourne Close	24	275	165	0	0	0	0	464
Pumping Station, Itchen Abbas	21	550	103	1	0	0	0	675
New Queens Head purchase	0	986	0	0	0	0	0	986
Victoria House	0	94	2,174	2,153	3	0	0	4,424
Extra Care	0	39	3,183	7,389	264	8	0	10,883
NQH development - Stanmore	0	88	685	2,065	0	0	0	2,838
Westman Rd	0	60	0	1,275	800	0	0	2,135
Hillier Way (AB)	0	69	0	0	1,995	0	0	2,064
Hussey Close (AB)	0	28	0	0	719	0	0	747
Austen Close (AB)	0	28	0	0	755	0	0	783
Wilberforce Close - Stanmore	0	0	0	0	1,200	2,300	0	3,500
Property Acquisition	0	500	1,000	0	0	0	0	1,500
Unallocated	0	0	0	0	0	3,000	5,400	8,400
	46	3,456	7,310	12,883	5,736	5,308	5,400	40,139
Total Programme	46	10,700	17,052	21,194	14,238	14,020	14,368	91,618
Financed by								
Borrowing		0	0	6,500	0	0	0	6,500
Capital Receipts		1,238	225	171	172	173	174	2,153
Grants and contributions		170	4,292	2,308	1,284	0	0	8,054
Major Repairs Reserve		6,106	5,918	6,060	6,242	6,449	6,636	37,411
RCCO		3,186	6,617	6,155	6,540	7,398	7,558	37,454
		10,700	17,052	21,194	14,238	14,020	14,368	91,572

4 Key Housing Revenue Account Priorities

Significant Areas of Work and Projects for 2013/14 – General Tenancy Issues

Lead Officer: Tenancy Services Manager

Priority	Which projects will contribute towards this?	Timescale?	Budget?	What will success look like?
Mitigate impact of welfare reform on Council tenants	Joint Housing/Benefits programme including: <ul style="list-style-type: none"> • Continue to develop the advice and support service aimed at all those affected by Welfare Reform • Provide Increased Payment Options/Frequencies for tenants • Implement a range of measures to prepare for “Direct Payment” of Universal Credit and its potential impact on rent arrears 	From April 2013 on-going through to March 2018	Staffing resource to improve tenancy support increased by 2 fte in 13/14. Costs of service development options to be determined	Tenants have access to good quality advice and support Rent arrears maintained at less than 1.5% of rent roll by March 2015.

Priority	Which projects will contribute towards this?	Timescale?	Budget?	What will success look like?
Addressing Under Occupation	Wider promotion of "Wise Move" Incentive scheme, targeting older residents as well as those affected by "Size Criteria" reform.	From April 2014	£100k included in 2014/15 HRA Budget	At least 50 family homes made available as tenants move to more appropriate accommodation.
Update Tenancy Policies	Options Report to Cabinet Housing Ctte to consider potential for Flexible tenancies Stakeholder consultation if flexible tenancies considered a realistic option	Sept 14 Dec 14	No additional budget provision included	Clear Tenancy Policy that takes full account of Localism Act options
Promoting Resident Involvement	Adapt Tenant Scrutiny process in light of external review completed in 2013/14 Develop a new TACT constitution/Tenant Involvement Compact aimed at increasing the effectiveness of TACT and other groups and extending involvement opportunities for tenants	Jul 14 Mar 15	As above	Tenants can scrutinise Council services effectively Housing Services continue to take full account of tenant views and aspirations
Addressing Deprivation and Promoting Health and Well being	Tenant training programme and Active Lifestyles programme targeted at specific areas of Deprivation on housing estates	Jul 14	Provision included in HRA base budget.	Positive engagement from tenants in targeted areas and Deprivation indices improved in medium term

Significant Areas of Work and Projects for 2013/14 – Repairs and Renewals

Lead Officer: Property Services Manager

Priority	Which projects will contribute towards this?	Timescale?	Budget?	What will success look like?
Deliver an enhanced maintenance programme for Council housing stock	10 year programme to ensure all kitchens are less than 20 yrs and bathrooms less than 30 yrs by 2023	10 year programme commenced April 2012	£1.9m per annum included in annual repairs programme	All kitchens less than 20 years old and all bathrooms less than 30 years old by 2023
	10 year programme to ensure all heating systems are less than 15 years old by 2023	10 year programme commenced April 2012	£1.9m per annum included in annual repairs programme	All heating systems less than 15 years old by 2023
Making Best Use of Existing Housing Stock	Approving a Long Term Asset Management Strategy which takes full account of Stock Survey results	Jul 14	Stock survey already funded – interpreting results contained within existing HRA	100% Decent Homes confirmed and clear investment plans set out for whole life of business plan
	Revise Business Plan investment projections to reflect Stock Survey Results	Oct 14	To be determined	
	Investing £200k per annum in loft conversions to address tenant overcrowding	2 nd year of Annual programme commences April 2014	£200k included in annual repairs programme	

Priority	Which projects will contribute towards this?	Timescale?	Budget?	What will success look like?
Improving the energy efficiency of the Housing stock	<p>Replacement heating and external wall insulation at Winnall flats</p> <p>Exploiting Government funding for Renewable heating initiatives and other schemes promoting energy efficiency</p>	<p>Oct 14</p> <p>Mar 15</p>	<p>To be funded from the provision for heating systems and external envelope works in the Capital programme</p> <p>£200k included in Capital programme (est. 50% of scheme costs)</p>	<p>Tenants enjoy improved heating and living conditions and reduced energy bills</p> <p>Heating systems and energy bills improved for tenants in rural areas.</p>

Significant Areas of Work and Projects for 2013/14 – Estate Services

Lead Officer: Tenancy Services Manager

Priority	Which projects will contribute towards this?	Timescale?	Budget?	What will success look like?
Improving standards of Grounds Maintenance and Communal Cleaning	Implement an enhanced cleaning regime to communal housing schemes and develop effective monitoring systems to review performance of new cleaning contractor	Apr 14	Within existing resources	Contract quality standards achieved
	Increase frequency of maintenance visits to communal housing land	Jul 15	To be funded from savings achieved through the current contract	Tenants satisfaction with Estates and neighbourhood above 80%
Improving the Quality of Housing Estates and Neighbourhoods	Estate Improvement Programme,	Mar 15	£686k included in HRA capital programme and £100k in HRA revenue budgets	Tenants satisfaction with Estates and neighbourhood above 80%
	Implement new caretaking services to Trussell Crescent, Weeke and Woolford Close, Stanmore	Oct 14	£40k included in HRA to fund new service	

Significant Areas of Work and Projects for 2013/14 – Older Persons Housing

Lead Officer: Housing Options and Support Manager

Priority	Which projects will contribute towards this?	Timescale?	Budget?	What will success look like?
Review of Sheltered Housing management	Review options for future of Sheltered Housing service.	Mar 15	Potential reduction in grant income from 2015 to be offset by service changes to be determined	Residents consider service offers value for money
Developing Extra Care Provision	Continue transition of Danemark Ct from Category 2 to full 2.5 Extra Care scheme	Sept 14	To be funded from existing capital programme	Scheme fully converted to Extra Care and care package for all residents agreed
	Work with HCC to procure specialist dementia care service at Matilda Place	Jul 14	HCC funded	Appropriate care in place for all residents
		Mar 18	To be determined	Increasing demand for Extra Care met and 50 new homes built
Improving Communal Facilities in Sheltered Housing	Programme of adaptation and decoration to be drawn up for all Sheltered Housing schemes	Mar 15	£200k specific provision made in capital programme and £50k in HRA revenue budget	Attractive schemes with well used and modern communal facilities

Significant Areas of Work and Projects for 2014/15 – New Build Programme

Lead Officer: Head of New Homes Delivery

Priority	Which projects will contribute towards this?	Timescale?	Budget?	What will success look like?
Increasing Affordable Housing Numbers	<p>To attain “approved developer status” with the Homes and Communities Agency</p> <p>Deliver the approved New Homes Programme and ensure priority schemes remain on track:</p> <ul style="list-style-type: none"> • New Queens Head, Stanmore – To commence works to build an estimated 20 houses, subject to Planning • Victoria House, Winchester – To commence works to build 27 flats, subject to Planning • Extra Care - Commission and develop an additional extra care provision in 	<p>From Apr 2014 on-going (As set out in the programme)</p> <p>Start on site Nov 14</p> <p>Start on site Jan 15</p> <p>Completion by Mar 2018</p>	<p>£66m over the next 10 years and £226m over life of Business Plan</p>	<p>At least 300 new Council Homes by 2024</p> <p>New homes available to let by late 2015</p> <p>New homes available to let by late 2015</p> <p>New homes available to let and comprehensive package of care and</p>













	<p>Central Winchester (subject to feasibility)</p>			<p>support measures in place by Mar 2018</p>
	<p>In addition, to ensure a suitable “pipeline” of future schemes is established, based on availability of resources</p>	<p>Mar 2015</p>	<p>Existing New Homes team resource. £100k included in HRA to support feasibility work</p>	<p>Schemes in place to provide consistent use of available resources</p>
	<p>To exploit opportunities to secure additional funding to support Council New Build projects</p>	<p>Mar 2015</p>	<p>As above</p>	<p>Increased funding available</p>

Significant Areas of Work and Projects for 2014/15 – Efficient and Effective Council

Lead Officer: Assitant Director (Chief Housing Officer)

Priority	Which projects will contribute towards this?	Timescale?	Budget?	What will success look like?
Value for Money	<p>Submit all relevant financial and performance returns to Housemark as part of their annual benchmarking analysis</p> <p>Prepare and distribute Annual Report to all tenants</p> <p>Review relevant unit cost and performance data and agree actions to address variances</p>	<p>Jul 14</p> <p>Oct 14</p> <p>Dec 14</p>		<p>Tenants informed of key performance and have opportunity to challenge/scrutinise services</p> <p>Operating costs compare well with other providers (aim to be below average)</p>
Service Review	To complete a fundamental review of all Housing Services in line with the Council's Transformation agenda	Mar 2015	To be funded from existing HRA resources	Housing services provide value for money to tenants
Document Management	To replace existing Document Management system as part of the Council's Transformation agenda	Mar 2015	Impact/cost to be determined	System effectively supporting service delivery
Tenants Self-Service Portal	To establish "self service portal" to Orchard Housing Management system	Oct 14	Software purchased in 2013/14	Tenants can access services (rent payment/repairs) on line

Key HRA Business Plan Performance Indicators

Ref	What does this show?	2011/12	2012/13	2013/14			2014/15	2015/16	2016/17
		Value	Value	Estimate	Target	Status	Target	Target	Target
1	% non-decent council homes	0%	0%	0%	0%		0%	0%	0%
2	Local authority tenants' satisfaction with landlord services	85.4%	88%	88%	85%		85%	85%	85%
3*	Current tenant rent arrears as a % of rent due	1.10%	1.2%	1.3%	1.5%		1.5%	2%	2%
4	% of responsive repairs jobs completed within target	Not Available		85%	90%		90%	90%	90%
5	Average number of days to complete responsive repairs	9	10	9	8		8	8	8
6	Gas servicing - The % of homes with current gas servicing certificate	99.99%	99.99%	100%	100%		100%	100%	100%
7	% Stock empty at the end of the year	1.10%	1.01%	1%	1%		1%	1%	1%
8	Rent & charges lost through vacant dwellings (%)	0.9%	0.62%	0.5%	2%		1%	1%	1%
9	Value of former tenant arrears	£180k	£198k	£180k	£150k		£150k	£150k	£150k
10	Average re-let time for General Needs and Older Persons properties (in days)	19	20	20	19		19	19	19
11	Average re-let time for General Needs properties (in days)	18	18.45	18.5	18.5		18.5	18.5	18.5
12	Average re-let time for Older Persons properties (in days)	21	21.08	22	20		20	20	20

Notes * Rent Arrears - Future targets for rent arrears take account of potential impact of Welfare Reform

Key Elements of Risk Management

Risk number	Rating	Short name	Risk ownership	Cause	Consequence	Current Management Action
OP0008	12	Not achieving financial targets in business plan	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 comply with regulations / negligent	(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 (8) Negative publicity	<i>Comprehensive service contract Robust injunction process to ensure access gained to all properties</i>
OP0011	6	Communal housing	Richard Botham	Loss of utilities, storm/flood, building failure	Urgent evacuation/re-homing of residents. Urgent requirement for repairs. Major unplanned impact on resources	<i>Clear Business Continuity Plan in place and kept up to date Test exercises completed.</i>

Risk number	Rating	Short name	Risk ownership	Cause	Consequence	Current Management Action
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>
OP0194	6	Impact of Welfare Reform on Housing Services	Richard Botham	Legislative change, tenants becoming responsible for direct payment	Increased arrears, increased demand for support,	Budget provision for bad debts increased . Resources increased to mitigate impact
OP0200	6	Inadequate staffing to deliver extended maintenance programme	Richard Botham; Andrew Kingston	Significant additional investment with no additional surveying resource	Programme slippage, excessive demands on team	Team reorganised and working practices amended. Under regular review.

Maintenance, Improvement and New Build Programme 2014/15

	Revenue	Capital	Total	Capital expenditure requiring approval under FPR 6.4
Responsive				
1 Voids (Osborne)	300,000	-	300,000	
2 Gas attend tos (Liberty)	270,000	-	270,000	
3 Main Term Contract (Osborne)	1,400,000	-	1,400,000	
4 Non-Term contract(other contractors)	250,000	-	250,000	
Responsive	2,220,000	-	2,220,000	0
Voids				
5 Change of Tenancy Costs	420,000	-	420,000	
6 Decorating Vouchers	30,000	-	30,000	
Voids	450,000	-	450,000	0
Cyclic				
7 External Repairs & Painting	300,000	-	300,000	
8 Heating Appliance Service Contract	350,000	-	350,000	
9 E. & M. Service Contracts	100,000	-	100,000	
10 Electrical Testing & follow-up works	280,000	-	280,000	
11 Discretionary Works Scheme	150,000	200,000	350,000	200,000
Cyclic	1,180,000	200,000	1,380,000	200,000
Major Repairs				
12 External Envelope works	-	2,042,000	2,042,000	1,016,000
13 External window/door/screen replacements	-	500,000	500,000	500,000
14 Kitchen/Bathroom renewals	-	1,900,000	1,900,000	1,900,000
15 Mechanical & Electrical Services	-	1,932,000	1,932,000	1,382,000
16 Internal structure & finishes	-	350,000	350,000	350,000
17 External Ground Works & Service Mains	-	550,000	550,000	550,000
Planned	-	7,274,000	7,274,000	5,698,000
Other Improvements				
18 Environmental Improvements	100,000	686,000	786,000	256,000
19 Sheltered Housing Upgrades	-	354,000	354,000	204,000
20 Extensions/loft conversions	-	374,000	374,000	0
21 Disabled Adaptation works	102,000	715,000	817,000	715,000
22 Sewage Treatment Works	-	103,000	103,000	103,000
Other	202,000	2,232,000	2,434,000	1,278,000
Total Maintenance & Improvements Budget	4,052,000	9,706,000	13,758,000	7,176,000

Descriptions/extent of work under each of the above key element are provided below:

Key Elements of the Maintenance and Repairs

Lines 1 to 4:

Responsive Repairs (Revenue - £2.250m) The vast majority of these repairs will be reported on an ad-hoc/reactive basis directly by the tenants to the Council's customer service centre. This very important front line element of the service is generally epitomised by high volume, low value jobs. The majority of these jobs (85%+) will be carried out by Osborne and Liberty, and the remainder by another 40/50 other contractors. Typically, there are likely to be approximately up to 22,000 jobs of this nature reported every year with an average value of £105/ea. 95% of these jobs will have a value of less than £500.

Line 5 and 6:

Voids (empty properties) (Revenue - £0.450m) This element of the service deals specifically with the "change of tenancy costs" associated with re-letting empty properties. These are works which the Council would not normally do for tenants during their tenancy (e.g. decorations; lock changes; cleaning; rubbish clearance; etc.) This element of the budget tries to identify and separate those costs associated solely and specifically with the property becoming empty.

Decoration Vouchers are also issued to new tenants under this element, but these should not be confused with those on offer under the Discretionary Works Scheme (DWS). These void decoration vouchers are a tried and tested means by which both parties benefit - the new tenant is able to purchase decorating materials of their own choice, and the Council saves money by not having to carry out expensive decorating with contract labour.

This element of the service is demand-led and therefore, to some extent, will always be inherently unpredictable. The number of properties becoming empty each year (typically between 300- 400), and the state in which they are handed back to the Council, can vary enormously.

Lines 7 to 11

Cyclic Repairs (Revenue - £1.180m, Capital £0.200m) This element of the budget covers those remedial works that are normally carried out on repetitive cycles. The length of the cycle varies with the type of work and may be driven by either legislative/national or local determinants. For example, some works are carried out once a year, every year (e.g. gas servicing), while others are on 5-yearly cycles (e.g. external repairs & painting).

Cyclic maintenance encompasses five main areas - external repairs and painting, heating appliance servicing, electrical and mechanical servicing, electrical testing and follow-up works, and the Discretionary Works Scheme.

12) External envelope works (Capital - £2.042m) This element of the budget covers remedial works to the key building components of the dwelling that keep tenants wind and weather-tight (e.g. walls; roofs; chimney; fascia/soffits etc).

Much of these works are demand led and, more often than not, will have been reported or instigated by the tenant in the first instance.

This budget figure still allows for the estimated gross capital cost of £1,026k for the external wall insulation project to the Winnall medium rise flats (CAB2513(HSG) refers). Unfortunately, this project has been unavoidably delayed due to British Gas. Just after the scheme had been approved by Cabinet, British Gas withdrew their offer to undertake a fully managed (part-ECO-funded) scheme to insulate the external walls of these flats. Officers are currently investigating other options to manage and procure these works. The capital income budget still assumes that external funding of £392K is received to help fund these works.

A detailed survey and report on the non-traditional stock is due to be completed over the next few months. It is anticipated that much of the work identified will focus on improving insulation levels to the external envelope. The findings and proposals for these units will need to be considered and prioritised amongst the other competing needs identified by the latest SCS.

The cost of works to the external envelope of non-dwelling assets (garages, sheds etc.) are budgeted for under section 6 below.

- 13) Window /door/screen replacements (Capital - £0.500m + £0.200m from DWS)
This element of the budget sets aside money for window replacement schemes, and individual dwelling or communal front/rear entrance door replacements. Although the majority of external door replacements will have been identified from either the cyclic repair and painting programme or will have been reported directly on an ad-hoc basis by the tenant, this budget figure also includes £0.200m for door requests generated by the Discretionary Works Scheme (CAB2316(HSG) refers). It is estimated that this budget will see approximately 1000 external dwelling/communal doors replaced and, subject to planning approval, new windows to approximately 80/100 dwellings during 2014/15.

The cost of windows and doors to non-dwelling assets (garages, sheds etc.) are budgeted for under section 6 below.

- 14) Kitchen/bathroom replacements (Capital - £1.900m) This element of the budget is perhaps the most prominent in terms of member and tenant expectations. This budget has almost quadrupled since 2011/12, and includes £300k towards mechanical extract ventilation to both rooms to help reduce the incidence of condensation (CAB 2388(HSG) refers). It is estimated that this budget will still see approximately 350 kitchens and 160 bathrooms being refurbished during 2014/15.

Over the last 12/18 months, all kitchens and bathrooms over their Decent Homes modern amenity lifespans (20 and 30 years respectively, and irrespective of condition) have been replaced when a property has become empty/void. Whilst in practical terms this is the most logical and least disruptive time to replace these elements (i.e. when the property is unoccupied), it has

meant that existing tenants with kitchens and bathrooms in poorer condition are inherently being prioritised behind new tenants with sometimes less deserving cases. Existing tenants have, understandably, vented their frustration at this on a number of occasions. We have therefore reversed our approach in voids so that a greater proportion of these funds can be channelled to those kitchens/bathrooms in poorest condition and identified outside the void process. In short, this will still mean that void kitchens/bathrooms deemed to be in poor condition will still be replaced, whilst those deemed in reasonable/serviceable condition will be not be replaced.

- 15) Mechanical & Electrical Services (Capital - £1.932m) This element of the budget continues a long standing and on-going commitment to provide tenants with reliable, efficient and controllable heating systems. Approximately £0.550m of this budget will be used to complete the individual heating systems in the Winnall medium rise flats (CAB2513(HSG) refers).

Up to £0.200m will be channelled towards renewable and joint-funded RHPP opportunities (e.g. schemes offered by the Energy Saving Trust on behalf of DECC) . These schemes allow more rural/off gas properties to benefit from renewable technologies. In addition to this, efforts will be made to optimise the benefits offered by the Southern Gas Network`s assisted connection scheme by moving more properties with electrical heating over to gas.

The remainder (£1.182m) will ensure that the long-standing commitment to replace old/obsolete heating systems, on both a planned and emergency basis, can be maintained. This element of the budget will also be used to fund , as and when necessary , any major repairs/renewals to any other mechanical and electrical plant (e.g. lifts;).

- 16) Internal Structure & Finishes (Capital - £0.350m) This element of the budget covers repairs to wall, floor and ceiling finishes and other internal building elements (e.g. internal doors and frames; staircases; fireplaces etc.).
- 17) External Ground Works, Service Mains and non-dwelling assets (Capital - £0.550m) Much of these works are again demand-led and, more often than not, will have been reported or instigated by the tenant in the first instance. This element of the budget covers the larger repairs to external ground works (e.g. drainage; fencing & boundary walls; paths, paving & steps; un-adopted access roads; drying areas etc.), service mains (e.g. gas; electric; water;) and repairs to other non-dwelling assets (garages; sheds;). £0.300m has been allowed for works to garages and sheds, £0.200m for works to fences and access roads, and the remainder (£0.050m) for work to service mains.
- 18) Environmental Improvements (Capital - £0.656m) - A programme of estate improvements aimed at improving the overall quality of estates is funded by £0.256m capital and a further £0.100m revenue provision. In addition, £0.400m has also been carried forward from the 2013/14 programme for major projects at Winnall and Woolford Close, Stanmore. All other 2014/15 projects will be reported to the Cabinet (Housing) Committee in July 2014

- 19) Sheltered Housing Upgrades (Capital - £0.354m) This money is set aside to improve and enhance facilities in existing sheltered schemes, and also to convert/adapt unused , or under-used, existing accommodation (e.g. redundant common rooms) into lettable units.
- 20) Extensions/loft conversions (Capital - £0.374m) This is an ongoing initiative specifically introduced to reduce over-crowding , and forms one of a number of measures to enable tenants to stay in their current homes longer and to maximise the use of existing stock.
- 21) Disabled Adaptation Works (Revenue - £0.102m, Capital - £0.715m) Disabled adaptation works continue to demand a significant proportion of the overall budget for works to council housing. Officers anticipate that the vast majority (85%, approx. £0.600m) of the capital budget will again be spent on walk-in showers, and/or improved bathing arrangements.

The revenue budget covers the smaller aids and adaptations for tenants. The vast majority of these works are covered by the “fast-track” procedure which tries to ensure the smaller jobs (i.e. those not needing the intervention by an occupational therapist), are issued without undue delay (e.g. grab rails; lever taps; key safes; etc.).

- 22) Sewage treatment works (Capital - £0.103m) This money is set aside to improve and upgrade council owned sewage treatment systems across the district. Works for 2014/15 include new treatment plants to comply with Environment Agency consents (The Hallways, Littleton and St Mary`s Close, Droxford) and the relocation of a drainage run away from a water abstraction point (Itchen View, Itchen Stoke).