

You are requested to attend a meeting of the Tenant Services Management Board to be held in The John Meikle Room, The Deane House, Belvedere Road, Taunton on 19 January 2015 at 18:00.

Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Tenant Services Management Board held on 15 December 2014 (attached).
- 3 Public Question Time.
- 4 Declaration of Interests
To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct.
- 5 Update on Regeneration of Weavers Arms, Rockwell Green. Verbal Report of the Housing Development Project Lead and Housing Enabling Development & Enabling Manager.

Reporting Officers: Caroline White
Jo Humble
- 6 Housing Revenue Account (HRA) Business Plan 2012 - 2042 Review. Report of the Director of Housing and Communities (attached).

Reporting Officer: James Barrah
- 7 Tenant Participation Advisory Service (TPAS) Annual Conference 2015. Report of the Tenant Empowerment Manager (attached).

Reporting Officer: Martin Price
- 8 Update on Somerset Tenant Conference. Verbal Report of the Tenant Empowerment Manager.

Reporting Officer: Martin Price

16 June 2015

Members of the public are welcome to attend the meeting and listen to the discussions.

There is time set aside at the beginning of most meetings to allow the public to ask questions.

Speaking under "Public Question Time" is limited to 4 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chairman will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate.

Except at meetings of Full Council, where public participation will be restricted to Public Question Time only, if a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chairman will normally permit this to occur when that item is reached and before the Councillors or Tenant Services Management Board Members begin to debate the item.

This is more usual at meetings of the Council's Planning Committee and details of the "rules" which apply at these meetings can be found in the leaflet "Having Your Say on Planning Applications". A copy can be obtained free of charge from the Planning Reception Desk at The Deane House or by contacting the telephone number or e-mail address below.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

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Tenant Services Management Board Members:-

Mr R Balman

Councillor R Bowrah, BEM

Mrs J Bunn

Ms M Davis

Mr M Edwards

Mr D Etherington

Mr D Galpin

Mrs J Hegarty

Mr K Hellier

Mr I Hussey

Mr R Middleton

Councillor Miss F Smith

Minutes of the meeting of the Tenant Services Management Board held on Monday 15 December 2014 at 6pm in JMR, The Deane House, Belvedere Road, Taunton.

Present: Mr D Etherington (Chairman)
Mrs J Hegarty (Vice-Chair)
Mr R Balman, Mrs J Bunn, Mr D Galpin, Mr I Hussey, Mr R Middleton,
Councillor Bowrah and Councillor Miss Smith.

Officers: Rachel Searle (Housing Development Project Lead), James Barrahan (Director of Housing & Communities), Lucy Clothier (Housing Accountant), Tim Haynes (Property Manager – Contracts), Phil Webb (Property Services Manager), Martin Price (Tenant Empowerment Manager), Stephen Boland (Housing Services Lead), Simon Lewis (Assistant Director of Housing & Community Development) and Emma Hill (Corporate Support Officer).

Others: Councillors Mrs Smith and Warmington

(The meeting commenced at 6.00pm)

1. Apologies

Ms M Davis and Mr K Hellier

2. Public Question Time

No questions received for Public Question Time.

3. Declarations of Interests

Councillor Bowrah declared personal interest as members of his family were Taunton Deane Borough Council Housing Tenant.

Mr R Balman, Mrs J Bunn, Ms M Davis, Mr D Etherington, Mr D Galpin, Mrs J Hegarty, Mr K Hellier, Mr I Hussey, and Mr R Middleton declared personal interests as Taunton Deane Borough Council Housing Tenants.

4. Creechbarrow Development Project Update.

Considering the Development Project Performance Scorecard previously circulated, concerning the Creechbarrow Road Development in Taunton.

Also enclosed with the dashboard was a current site layout map provided to reference the plot numbers referred to in the dashboard.

Below was a summary of the status of Key Project Activities for Phase 1:

- Build Programme completed by Galliford Try was Amber meaning that there were issues against some of the milestones but remedial action would keep project under overall control.
- Community Liaison completed by Rachel Searle was Green meaning that all milestones met and project on target.

- Training Opportunities completed by Rachel Searle was Green meaning that all milestones met and project on target.
- Finance completed by Rachel Searle was Green meaning that all milestones met and project on target.

The dashboard summarised the key project accomplishments for the both the KHA and TDBC site for the current period against the previous period of the Development Project as well as detailing the community liaison over the same period through the local community at a variety of community locations.

Included for the Board's information was the key goals/targets for the development project over the next period as well as detailing any current or ongoing issues with the development.

The Creechbarrow Rd Development had been nominated by Galliford Try's Partnerships South West business unit to host the 2015 UKCC Open Doors Event. This nationwide event organised by UK Construction Group to give local people an insight into construction at first hand. (For more information, go to the following website www.opendoorsweekend.co.uk)

Looking at Community Liaison, the community paintings had been fixed to the hoarding. These would be moved throughout the course of the build project to allow maximum time on the hoardings.

Also Galliford Try had set up a web link for the development so the progress of the development could be monitored via the internet, which had gone live, see the following web link for access www.gtpcreechbarrow.co.uk .

During the discussion of this item, board members made the following comments and asked questions. Responses were shown in italics:

- What was the bricklayer issues concerning?
This was due to the impact of recession. Bricklayers had gone to find other work and then had not come back to the trade when the work started to pick back up. The Council and the contractor were waiting for more apprenticeships to complete.
- What was the cost to the Council if the contractor didn't meet the completion date due to lack of bricklayers?
At the moment, the Creechbarrow Development Project was on target and schedule despite the issues surrounding the supply of bricklayers.
- Was Galliford Try approaching other sources for bricklayer apprentices like colleges?
*The officer would take this suggestion back to the contractor and find out if they had been approaching other sources for bricklayers.
Concerning qualified apprentices onsite, there needed to be work gangs for them to work with.*
- What was the project completion date for Creechbarrow Rd?
The completion date was December 2015.
- With the drainage alterations being completed at one end of the site, would these feed into the existing system and would it have the capacity to cope with the extra water.
If the additions and alteration did indeed feed into the existing system, this would have been signed before work started and get before completion.

Resolved that the Board noted the Officer's report.

5. **Housing Revenue Account Business Plan 2012 – 2042 Review.**

Considering report previously circulated, concerning a briefing report on the review of Housing Revenue Account (HRA) Business Plan 2012 – 2042.

Since the last review process a number of significant changes and issues had arisen that impact on the Business Plan, consequently a further review had been undertaken.

The purpose of this briefing note up the Board of the considered and agreed aspects of the HRA Business Plan 2012-42 under review, and refresh the financial aspects of the plan to ensure they remain current and robust.

Looking at the Business Plan Income, there had been some changes to inflation which had affected the Council's inflation assumptions. This was a key change for the Business Plan. The inflation had been lower than expected, which was good for rents and our tenants but bad for the HRA income as this would be less. Over the 30 years of the Business Plan, this would equate to a reduction in income of £133.1m.

Consumer Price Index (CPI) for September 2014 was 1.2%, which was the lowest inflationary uplift in five years and was significantly lower than the expected in the Business Plan which expected 2%.

Although there would be a rent increase of 2.2% (CPI Of 1.2% +1%), this would create a pressure in the 2015/16 budget of £176k due to the reduced income expectations. This reduction in income over the remaining 26 years of Business Plan equated to £10.5m.

Looking at the Business Plan Expenditure, there would need to be some introductions and changes to HRA Expenditure programs. The introductions and changes were as follows

- **Apprenticeship Scheme** – the housing department had been developing this scheme to provide two apprenticeship places in three key areas of the housing department. The proposal was to ring fence these opportunities to benefit tenants and their families.
- **Welfare Reform** – with the impending introduction of Universal Credit, there was a proposal to extend the secondment of a Welfare Reform Project Officer for a further two years. This would be an additional cost to the HRA.
- **Capital Investment** – after undertaking a review of the profile of spend for Capital Programs adjustments were required, which had led to pressure in the early years in this program due to high level expenditure on backlog of works and cyclical replacement.
- **Extensions** – two extension projects had been identified at a cost £55k each. The relative cost for extensions to improve an existing property was higher in

comparison to a new build to provide an entirely new home. Therefore it had been proposed to discontinue this budgetary provision from 2015/16 onwards.

- **Environmental Improvements** – there was a proposed reduction to this budget to ensure essential major works were funded from £155k to £50k for the next seven years.
- **Sustainable Energy Fund** - there was a proposed reduction to this budget to ensure essential major works were funded from £227k to £100k for the next seven years.
- **Development Program and Borrowing Headroom** – with the new builds programme well established and these were planned to be cost neutral to the HRA funding scheme by borrowing over a 30 year period. The HRA's potential borrowing headroom was capped but there was still further £13.5m currently.

The housing department had also undertaken a voluntary code of practice for self-financing of HRA. This had been developed by Chartered Institute of Public Finance and Accountancy (CIPFA). Generally, the self-assessment outcomes had been positive but there had been identified a number of areas where further work and reviews were required.

The overall impact of the changes was a forecasted change in projected reserves balances in 2042 from £67.1m to £159.6m, which was a reduction of £7.5m. Although, the figure overall was only a variation of 4.5%, the changes had a significant effect on cashflow due to reduced income in the early years of the business plan leading to pressure on HRA.

This pressure would affect the HRA's ability to repay the self-financing borrowing within 18 years.

If the HRA continued to be affected any more adverse changes which in turn would affect the management of the potential cashflow, the Council had drawn up and considered further measures to manage the HRA budget. These had been detailed in the officer's report.

Overall the 30 year Business Plan continued to forecast a healthy financial positions over the long term but current spending plans would create a small pressure in the medium term. This would be managed in order to produce an affordable budget forecast for the HRA Medium-Term Financial Plan (MTFP).

During the discussion of this item, board members made the following comments and asked questions. Responses were shown in italics:

- Was the borrowing at fixed rate of interest?
The majority of the borrowing was at a fixed rate but the larger borrowing of £5m was at variable rate of interest but it was still on good terms.
- Had the Council done any work into extending the re-payment term of the borrowing?
The Council hadn't looked at this as yet but the officers were going to approach ArlingClose about this but this would be done off the back of the business plan along with other borrowing.
- The new housing that was coming online, how would this effect this?

*The income coming from the rents would offset the borrowing.
The income would go towards paying the loan back completely.*

- What percentage of Right to Buy goes into paying for new build development projects?

There were restrictions regarding the spending of RtB receipts. For example, when you knock down existing stock and replace it with new builds only 30% receipts could be used on the additional properties or to purchase buybacks.

- Could the layout of the inside of existing Council stock be altered instead building an extension?

The Council didn't have budget provision for this and also it would depend on the state of the individual properties to whether or not this could be completed. There could be hidden cost discovered once the work had started.

- Could the Council look at putting extensions on Void properties rather than properties with tenants in? The Council should be looking at the adaptability of the housing stock.

- The Council should consider encouraging small downsizing from 3 bed to 2 bed rather than straight down to a 1 bed.

- Could the Council consult local communities and local groups regarding issues on the estates such as parking?

The information and intelligence had come in from the estates officers. There had been six sites identified for changes relating to parking.

Resolved that the Board noted the Officer's report.

6. Housing Revenue Account Capital Programmes Update

Considering spreadsheet circulated at the beginning of the meeting, concerning an update on the Housing Property Services Capital Works programs.

Below was a summary of the current status of the Council's Capital Works programs performance in 2013/14 and quarter one of 2014/15:

- **Door Program** – There had been a slippage of 29 from the planned works against a completed total of 997 in 2013/14. So far in 2014/15 quarter one 75 had been completed with 63 in quarter two. The slippage was to supplier issues.
- **Kitchens** – There had been a slippage of 6 from the planned works against a completed total of 98 in 2013/14. So far in 2014/15 quarter one 6 had been completed with 0 in quarter two.
- **Bathrooms/Cloakrooms** - There had been a slippage of 60 from the planned works against a completed total of 249 in 2013/14. So far in 2014/15 quarter one 151 had been completed with 85 in quarter two.
- **Air Source Heat Pumps** – This was a four year program with 94 in 2013/14 and no slippage. So far in 2014/15 quarter one 23 had been completed with 27 in quarter two. This was programmed through to February 2015.
- **Smoke Alarms** - This was on target with 2600 in 2013/14 and no slippage. So far in 2014/15 quarter one 112 had been completed with 126 in quarter two. With previous no access being followed up.
- **Fire Doors** - There had been a slippage of 81 from the planned works against a completed total of 240 in 2013/14. So far in 2014/15 quarter one 81 had been completed with 5 in quarter two. The slippage was due to supplier issues.

The following contracts were out for tender for procurement of services for Capital Works programs:

- External Repairs, Decs & Fascias – five year contract. Start on site April 2015.
- Heating Improvements – five year contract. Start on site April 2015.
- Door Entry Systems (fob system) – three year contract. Start on site February 2015.

During the discussion of this item, board members made the following comments and asked questions. Responses shown in italics:

- How were the tenants getting on who have had Air Source Heat Pumps installed to the properties?
There had been a few issues relating to certain tenants and their understanding of how to operate the system. The Council provided additional support to those tenants who required it in the form of estates officers and support from the sheltered/supported housing teams.
We have also in some cases adapted the digital control system to analogue control systems for ease of use.

Resolved that the Board noted the Officer's report.

7. Introduction on Tenant Scrutiny Committee

Considering report previously circulated, concerning the case for the introduction of a Tenant Scrutiny Committee at Taunton Deane Borough Council (TDBC), together with how this would be implemented, the selection process and role of the committee.

Tenant led scrutiny was a fundamental part of the co-regulation of social housing and was enshrined in the regulatory framework for social housing.

The key element for scrutiny to be effective was that it must add value to the service and be shown to have made a positive difference to service delivery.

It should act and be independent of current tenant involvement in TDBC and make its own recommendations without interference or the influence of staff.

Every effort must be made to recruit tenants who were not currently actively involved in tenant involvement within TDBC.

This report set out a model of how this could be achieved within Housing and Communities and make a real difference to the lives of TDBC tenants.

Tenant scrutiny was defined by The Tenant Participation Advisory Service (TPAS), Chartered Institute of Housing (CIH) and HouseMark as having five key principles. These were as follows:

- Real Power
- Tenant-led
- Defined Role
- Performance

- Accessible

A fundamental principle of scrutiny was that it acted as a critical friend for the landlord. This meant that the scrutiny panel was not all being critical about the landlord but making positive and informed recommendations on how the service could be improved.

Tenant Development Team would need to encourage tenants from outside the Board and the Forum to get involved with the scrutiny panel. The recruitment process for the panel would seek to recruit tenants with a wide range of relevant skills.

In order to make the scrutiny panel manageable, the membership should be a minimum five members and a maximum of ten members.

Once people had come forward and expressed an interest, the next stage would be for them to complete an application form. As part of the recruitment process for members of the scrutiny panel, there was a range of selection criteria, which included the completion of an application form as well as a list of reasons for exclusion for the panel:

- They were not a tenant, or partner or spouse of the tenant of at least 5 year's standing living at the same household
- They were in serious breach of their obligations as a tenant
- They were an employee of TDBC
- They were an elected member of TDBC
- They were under 18 years old
- One of their family members was a current member of the committee
- They become incapable due to a mental disorder
- They did not have a good rent payment and tenancy history

Those that had shown interest and met the criteria would then be invited to an informal interview made up of a committee included the Tenant Empowerment Manager and the Chair of the TSMB, Chair of the Tenants' Forum and the Portfolio Holder for Housing.

Tenants new to tenant involvement would be required to attend a series of training session on a wide range of issues, which included how to run a meeting, how to behave in a meeting, minute taking, report writing together with training on the topics, which the committee would scrutinise. This training would be undertaken prior to any member of the scrutiny panel partaking in the review process.

For those selected panel members, there would be an imposed maximum service term on the panel, which was three years. The expected commitment time required to be given up by the Scrutiny Panel members would be the equivalent to one day per month.

Panel members would be reimbursed for pay for the cost of travel or any other out of pocket expenses as well.

The first two topics for the panel to scrutinise had already been chosen the TSMB, which was the any remaining topics review decisions would take place.

A Statement of Intent had been produced stating how the scrutiny panel would operate and would work in close co-operation with existing Tenant Groups.

During the discussion of this item, board members made the following comments and asked questions. Responses were shown in italics:

- How was this different to the current format?
This would be made up of a group of tenant's independent from any other tenant groups. This group would make their recommendations on the scrutiny topics to the Board.
Some tenants had already expressed interest in this scrutiny group.
- I think the issues and topics that need to be scrutinised should be coming to the Board considering their experience with housing matters.
- I couldn't see a financial breakdown of the costs implicated with this set up. Would there be a cost to the Council for this?
The only implications were related to training of tenants prior to the scrutiny meetings taking place as well as the paying of any expenses they incur. Initial costs for publicity to attract members would also be incurred.
- This could be a potential source of future recruitment for Forum or the Board or is this just another layer to the process?
There would be some issues, which the Board might want thoroughly investigated and commission the scrutiny group to complete this and present their findings and recommendations back to the Board. Members could in the future decide to stand for the TSMB or join the Tenants' Forum.
- The reference in appendix to 'TDBC Scrutiny Committee' was this Corporate or Community?
It was Community Scrutiny Committee that was referred to.
- The maximum number for the scrutiny group was stated in the report but what was the minimum number?
The minimum required number for the scrutiny group would be five. This was stated in the report.
- Would you have a list of standby tenants for any resignations from the Scrutiny Group? The officers should also make sure that the standbys were trained as well.
The Council would keep a list of standbys in case of drops outs or resignations.
- With the familial connection and it stating no familial connection between scrutiny group members and Board Members, how far did this mean?
This meant no familial connection and was not limited to those members of family who live together.
- Would this report and decision need to go to the Members?
I don't think this needed to go through the Committee system and wouldn't require a Full Council decision but it could simply go through the Housing Briefing and be signed off by the Housing Portfolio Holder.
- Where was the officer time coming from and what else would suffer if officers were supporting the scrutiny panel?
The officer time and support for the scrutiny group would come from the Tenant Empowerment Team. This would be spread out between the officers. The scrutiny topics would be decided on by the Board.
The officer estimated 2 – 3 scrutiny topics per year. There would be no need for additional staffing so no recruitment would be required.
It was the job of the Tenant Empowerment Manager to allocate the work to staff.

The officer felt there was value in the Scrutiny Group but this would also require and involve other officers from the Housing department.

- Could Members of the Board or Forum attend the training sessions that were relevant to them? This would save money.

The officer could accommodate the inclusion of Board and Forum members into the organised training session of scrutiny group members were relevant or requested.

- Where were the scrutiny group going to get the topics from to discuss, investigate and make a recommendation? The main tasking of topics should come from the TSMB first.

The specific decision concerning what subjects would come the Board but this topic or subject would need to very specific and narrow.

The Board could receive requests for scrutiny of topics and they would have to prioritise them to be looked at by the group.

- What was the cut off if this was not working?
This should be a two way process, meaning either could approach the other if it wasn't working but progress could be monitored through progress reports to the Board.

- What was the budget and how was the project costed and please could this include officer's time?

Officers could collate this information and circulate it.

- Board Members requested that the section of the report regarding the make up the Interview panel should be increased to five members and the fifth members should be the Shadow Housing Portfolio Holder.

Officer agreed to make this amendment, although did not affect recommendation six of the report.

Resolved that:-

1. The contents of the officer's report was to be noted.
2. To adopt the resolution for the implementation of Tenant Led scrutiny in Taunton Deane Borough Council.
3. To approve the recommendations 1- 12 contained within the report

(The meeting ended at 8.36pm)

Declaration of Interests

Tenant Services Management Board

- Taunton Deane Borough Council Housing Tenants;
 - Mr R Balman
 - Mrs J Bunn
 - Mr M Davis
 - Mr M Edwards
 - Mr D Etherington
 - Mr D Galpin
 - Mrs J Hegarty
 - Mr K Hellier
 - Mr I Hussey
 - Mr R Middleton

- Family Member(s) are Taunton Deane Borough Council Housing Tenant;
 - Councillor Bowrah
 - Councillor Miss Smith

Taunton Deane Borough Council

Tenant Services Management Board – 19 January 2015

Review of HRA Business Plan 2012-2042

Report of the Director of Housing and Communities- James Barrah
(This matter is the responsibility of Executive Councillor Jean Adkins)

1.0 Executive Summary

Following the HRA Self Financing settlement a 30 year HRA Business Plan 2012-2042 was agreed from the 1st April 2012. At this time a regular review process was agreed. Since the last review process a number of significant changes and issues have arisen that impact on the Business Plan, consequently a further review has been undertaken.

The purpose of this report is to consider and agree the aspects of the HRA Business Plan 2012-42 under review, and refresh the financial aspects of the plan to ensure they remain current and robust.

2.0 Background

- 2.1 It was agreed by the Council that the HRA Business Plan would be subject to a formal annual review involving the Tenant Services Management Board, member scrutiny and agreement as part of the budget setting timetable each year.
- 2.2 The context in which Housing Services operates continues to change rapidly. As a result a review of the business plan has now been undertaken and these issues and their impact are outlined in this report.

3.0 Business Plan - Income

3.1 Inflation Assumptions

From 2015/16 Dwelling Rent income is to be uplifted annually by the Consumer Price Index (CPI) + 1% (revised from the Retail Price Index (RPI) + ½%) in accordance with national rent guidance.

CPI for September 2014 was 1.2%. This is the lowest inflationary uplift in 5 years, and significantly lower than the expectation in the Business Plan of 2% (which is based on the Government target for CPI). Although a rent increase of 2.2% (CPI of 1.2% + 1%) is good news for tenants, it has created a pressure in the 2015/16

budget of £176k due to reduced income expectations. This reduction in income over the remaining 26 years of the Business Plan equates to £10.5m.

Had the rent formula remained at RPI + ½%, although rents would still be lower than assumed in the Business Plan, the inflationary increase for 2015/16 would be 2.8% (RPI of 2.3% + 0.5%). This would have reduced the deficit in 2015/16 to £44k.

4 Business Plan - Expenditure

4.1 Apprentices Scheme.

The Housing Service has long held an ambition to provide work placements for individuals from within our communities to allow them to gain vital skills and experience that will enhance their life opportunities and in particular employment potential. The Housing service is a large and complex business so apprentices would be able to experience a wide range of housing related activities whilst also gaining general workplace experience.

Officers have been working on an outline proposal which will come forward as a detailed report for member approval in due course with the intention of such a scheme starting in September 2015. The broad outline of the scheme is to provide three types of placements all of which would provide a range of general skills but would then specialise in the areas of Estate Management, Property Services and Development, and lastly Business Administration and Support. It is intended that the scheme will be ring fenced to benefit tenants and their families. The issue is raised in this report as it is proposed to make a financial provision of £24k per annum in the Business Plan to support the costs of the project.

4.2 Welfare Reform.

The Housing Service is taking a range of measures to prepare for and to mitigate the impact of Welfare reform in our communities and on the HRA Business Plan. Key to this work has been the provision of a temporary post filled via secondment of a Welfare Reform Project Officer post. The roll out of welfare reform is ongoing and in particular Universal Credit will be deployed imminently. It is therefore proposed to extend the provision of this post by a further two years to provide the necessary capacity. The additional cost this post is £33k per year.

4.3 Capital Investment

Board members will be aware that a significant element of expenditure over the life of the Business Plan relates to investment in improvements to our homes. This takes the form of component replacement (windows, doors roofs etc) in accordance with cyclical lifetime periods. Since the business plan was established we have been addressing known backlog of works and this is combined with a high level of cyclical replacement due in the earlier years of the plan has created higher level of expenditure in the earlier years which reduces significantly in around seven years'

time. We are currently in the process of procuring new contracts which will run for a number of years, as some key contracts have now come to the end of their life.

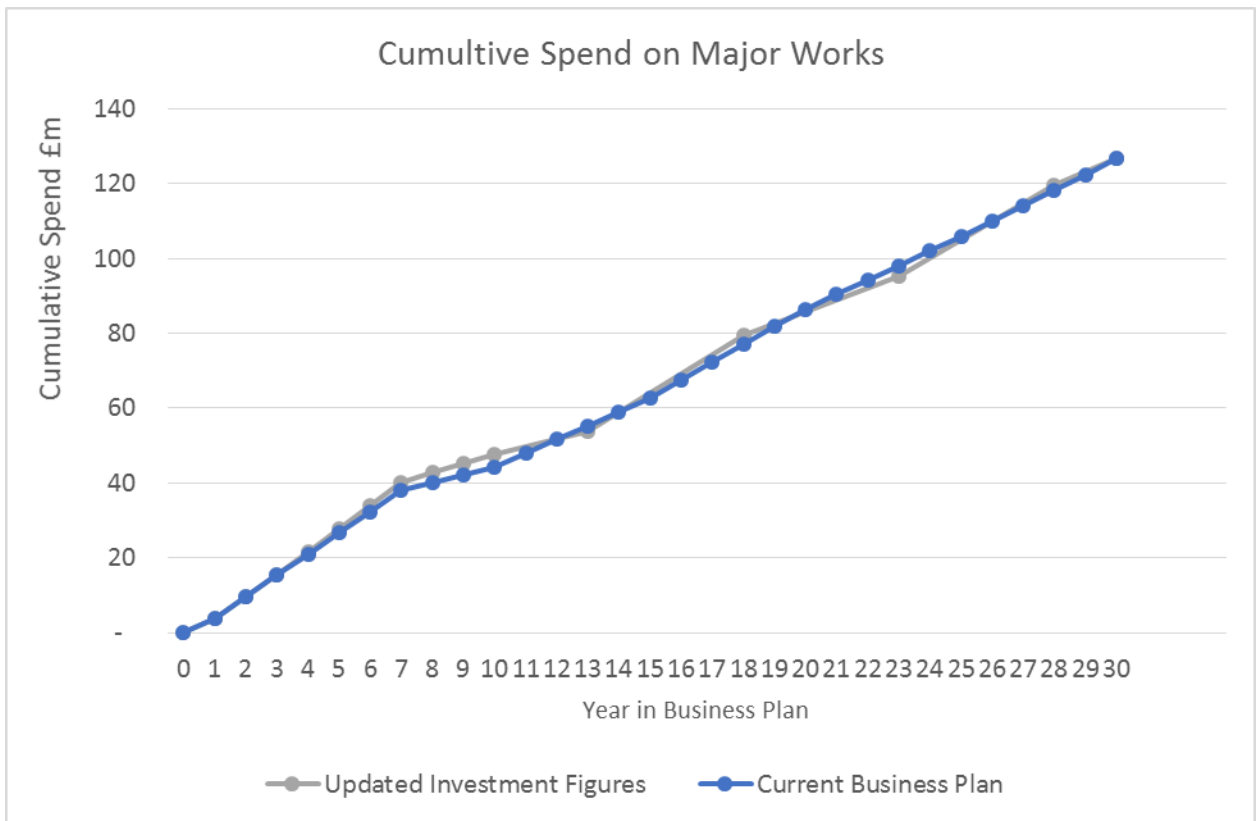
We have undertaken a review of the profile of spend required in the next few years and although the spend over 30 years remains the same, the investment needed in the medium term is approximately £3.3m more than is currently provided in the Business Plan. The following years then require lower spend on major works than has been previously included and so this additional funding for these years can be reinvested.

The original criteria for the assessment of building attributes within the HRA 30 year Business Plan were various, such as the Decent Homes Standards, general condition and life expectancy. This wasn't an ideal situation as far as monitoring and planning were concerned as it delivered too broad a spread of possible financial results. Coupling this with quite a large volume of backlog works and limited data quality showed a lack of robustness in the figures.

As more survey results were collated the quality of the data held improved but this was still measured against too wide a spread of criteria to give the most accurate picture of the financial situation so the decision was made to streamline the criteria and use the age of the attribute or element of the building as the main criterion wherever possible. This would give us a more accurate picture of the projected forecast but would have the effect of showing failure of an attribute earlier than "just in time". This effective early failure showed a worse financial scenario as life spans had been shortened and subsequently there would need to be more replacements over the 30 year period. A refresh and update of the Codeman database has confirmed this to be the case.

There has been slower spend than planned in some elements such as bathrooms and kitchens and faster spend in others such as roofing and external doors. This has had the effect of skewing the perceived failure rate when compared to anticipated failure and as the last few years have progressed the backlog appears to have grown as attributes reach their time limits. However, improvement works and major works are progressing all the time and although the actual spend profile is not exactly as planned, the overall position is an improving one that still shows the 30 year Plan to be on target overall.

Our database quality has improved again this 3rd year and we have again refreshed and updated it, albeit a more lightweight exercise but still using age as the main criterion. So that we can better meet the expectations of our tenants regarding home security and thermal comfort the volume of work within Major Works has increased. This and the further items mentioned earlier has led to us identifying a shortfall in the budget over the next five years or so. A desktop exercise has demonstrated that even with only completing what we would consider high priority major works there is still a budget shortfall. We would plan to bolster the budget with finance from other areas within HRA that do not carry such a high priority.



It is therefore necessary to make some adjustments to some non essential expenditure lines to ensure the necessary cash flow is in place to support the major works capital programme, these are outline below:-

Extensions

The Business Plan currently contains a budget of £160K per year for undertaking individual extension projects. Since this budget was established experience has shown that delivering such projects takes considerable staff time to identify suitable properties and households and to procure works for individual jobs. It is considered that this time would be more effectively deployed at new build development projects. In addition the relative cost for extensions to improve an existing property is higher in comparison to new build to provide an entirely new home. New build will include the provision of homes of all sizes to meet the known housing need in a particular location. It is therefore proposed to discontinue this budgetary provision from 2015/16 onwards. Two extension projects have been identified and work is underway to submit a planning application for each project. The anticipated spend is in the region of £55,000 per project, with an anticipated build and completion within 2015/16. Any remaining budget will remain for further extension works. There are a further three enquiries for extensions to be assessed.

Environmental Improvements

At the start of the Business Plan a provision of £150k per year was made to support environmental improvements that had previously been unaffordable. In practice and when work has commenced to utilise these budgets, based on feedback from residents, two key areas of projects have come forward. These are additional car parking and provision for mobility scooter storage.

There are a range of projects completed and under consideration. Scooter charging points and associated parking bays have been successfully completed at Lodge Close, Wellington and two pilot scooter stores have been installed at Tauntfield Close and Lyngford Place in Taunton. There are two proposals for further scooter storage/charging points under consideration. There are also a number of proposals being progressed to address the parking issues experienced within the Councils housing estates. Any remaining budget will be set aside for further environmental improvement works in future years.

It is therefore proposed that in order to ensure essential major works are funded that the profile of this expenditure will be adjusted, this will result in the annual budget decreasing from £155K to £50K for the next seven years.

Sustainable Energy Fund

At the start of the Business Plan provision of £6.6m (£220k per year), was made to support initiatives to improve the thermal performance of our properties and to assist residents with the cost of heating homes. Initially this budget was established to support the provision of Air Source Heat Pumps into our properties when heating replacement was due. Subsequent to this the provision of air source is now fully integrated into our capital programme with expectations of £670k per year to be spent on such heating provision. Similarly projects are underway for significant investment in Solar PV and some External Wall insulation provision.

It is therefore proposed that in order to ensure essential major works are funded that the profile of this expenditure will be adjusted, this will result in the annual budget decreasing from £227K to £100K for the next seven years.

It is important to note that at the current time the above proposals for Environmental Improvements and Sustainable Energy Fund do not reduce the overall expenditure on these elements over the whole life of the business plan, the above adjustments result in a re profiling of the spend. This will of course reduce the scope for such work in the earlier years but there will remain significant budgets of £50K and £100K respectively to continue work programmes and projects.

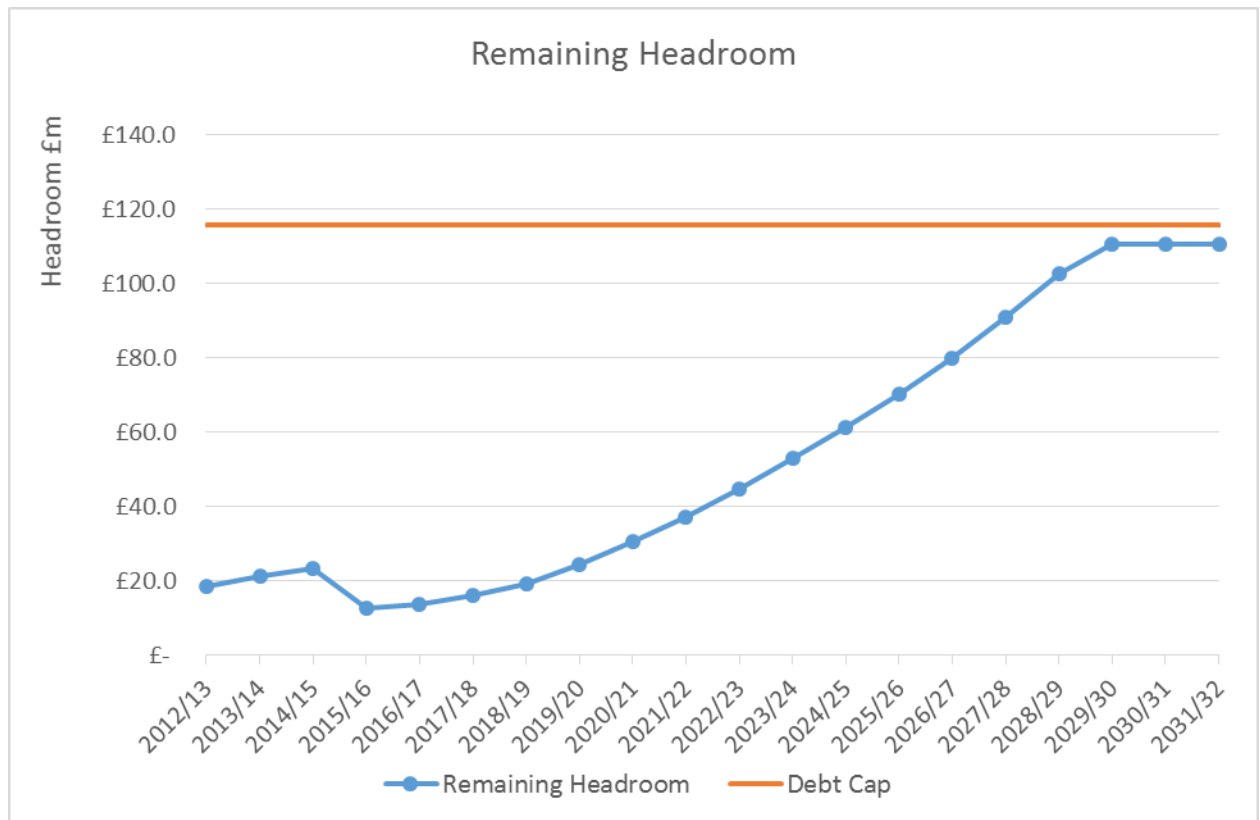
In summary, the total capital investment in the business plan has not changed. What is proposed, is an adjustment of the profile of specific expenditure lines to ensure the early years major works capital expenditure expectations are affordable.

5. Development Programme and Borrowing Headroom.

As members will be aware the Council's new build programme is now well established with a number of schemes on site, and a further project in Rockwell Green, Wellington recently receiving budgetary approval. Work progresses on an ongoing pipeline of schemes. New build projects are planned to be revenue cost neutral to the HRA Business Plan in that the new rental income offsets the interest costs of funding schemes by borrowing over a 30 year period. However in order to ensure borrowing costs do not exceed income, affordable housing will always require subsidy. This is a basic principle of affordable housing provision. The subsidy used in TDBC schemes is created from capital receipts and in particular additional Right to Buy receipts and contributions from the Social Housing Development fund. This is a provision of £1M per year set aside in the business plan for the provision of new affordable housing.

Where borrowing is required the HRA is currently subject to a borrowing cap, the Council is not allowed to exceed this cap. However our current borrowing is still significantly lower than the cap so we still have "borrowing headroom". The recent approval of the Rockwell Green Scheme and the Solar PV project have further reduced this headroom. However the HRA is still able to potentially borrow a further £13.5M currently. As we continue to pay off our self financing debt, the headroom will continue to grow over future years.

The graph below illustrates our current headroom projections.



6 Voluntary code for a self-financed Housing Revenue Account

The introduction of HRA self-financing has given local authorities the freedom to develop and deliver a more positive, less constrained, vision for council housing. In order to support local authorities in assessing and developing, a voluntary code of practice has been developed by the Chartered Institute of Public Finance and Accountancy and the Chartered Institute of Housing. The principles and provisions of the code will:

- Assist housing authorities in ensuring effective governance, finance and business planning;
- Provide transparency to tenants, members and officers on how the housing business is being managed. The code will give tenants and members a framework against which to hold the authority to account;
- Allow housing authorities to assess where they may need further support and assistance.

The principles included within the code are included under the following headings: Co-regulation; Financial viability; Communications and governance; Risk management; Asset management; Financial and treasury management.

The Council formally adopted this code last year and we have since completed a self-assessment against these principles. Following which a report has been produced with some associated actions, and recently this has been reported to the Councils Corporate Governance Committee.

Generally the self assessment outcomes were positive in that we have good controls in place to manage the significant risks associated with the self-financed HRA. However we have identified a number of areas where further work and review is required to ensure our approach continues to be robust, these actions include:-

- Ongoing utilisation of scenario modelling on key risk factors impacting on the Business Plan (See finance section of this report regarding Inflation risk)
- Review and refresh of internal control measures (standing orders, financial regulations etc)
- Further investment in risk management systems.
- Greater access to benchmarking information.

A high level summary of the actions is contained at Appendix 2, these actions will be refined and built into our ongoing work programme.

7 Finance Comments

A number of factors have affected the financial position of the Business Plan since the introduction of Self Financing and the original Business Plan. Some influences have come from Government policy such as the change in Right to Buy discounts, welfare reform and rent policy. Others have been based on local plans, reflecting

asset management and maintenance changes and staffing restructures. Economic factors, for example inflation rates, have also affected the position.

As such the Business Plan has been updated to reflect these changes and continues to show that the move to self-financing is financially beneficial over the long term.

Summary of changes to the Business Plan:-

Item	Annual Impact £000s	Impact on Business Plan Reserve at 2041/42 £000s	Business Plan Reserve at 2041/42 £000s
Reserve Balance on previous Business Plan			167,064.2
Dwelling Rent Income	(176.1)	(10,548.3)	
Apprentice Scheme	(24.0)	(853.4)	
Welfare Reform	(32.7)	(66.5)	
Capital Investment	0.0	0.0	
Extensions	160.0	4,558.0	
Other changes		(506.4)	
Final Balance			159,647.6

The overall impact of the changes contained within this report is a forecasted change in projected reserves balances in 2042 from £167.1m to £159.6m – a reduction of £7.5m. Although the figure overall is only a variation of 4.5%, the changes have a significant effect on cashflow due to reduced income in the early years. This has put pressure on the ability to repay the self-financing borrowing within 18 years. There is a temporary budget gap of £230k in year 7 (2014/15 is year 3 of the 30 year Business Plan). This relatively small deficit can be managed through the one-off use of reserves (whilst still maintaining the minimum HRA balance of £1.8m), and reserves could be reinstated the following year from revenue funds if necessary.

Dwelling Rent Income and Inflation

Dwelling Rent assumptions have changed significantly since the start of the 30 year Business Plan with the major changes being:

- Increase in Right to Buy (RTB) discounts leading to additional dwellings being lost.
- Change in national rent policy changing the annual uplift from RPI +½% to CPI +1% for 10 years
- Loss of rent convergence to target rent
- Lower inflation rates

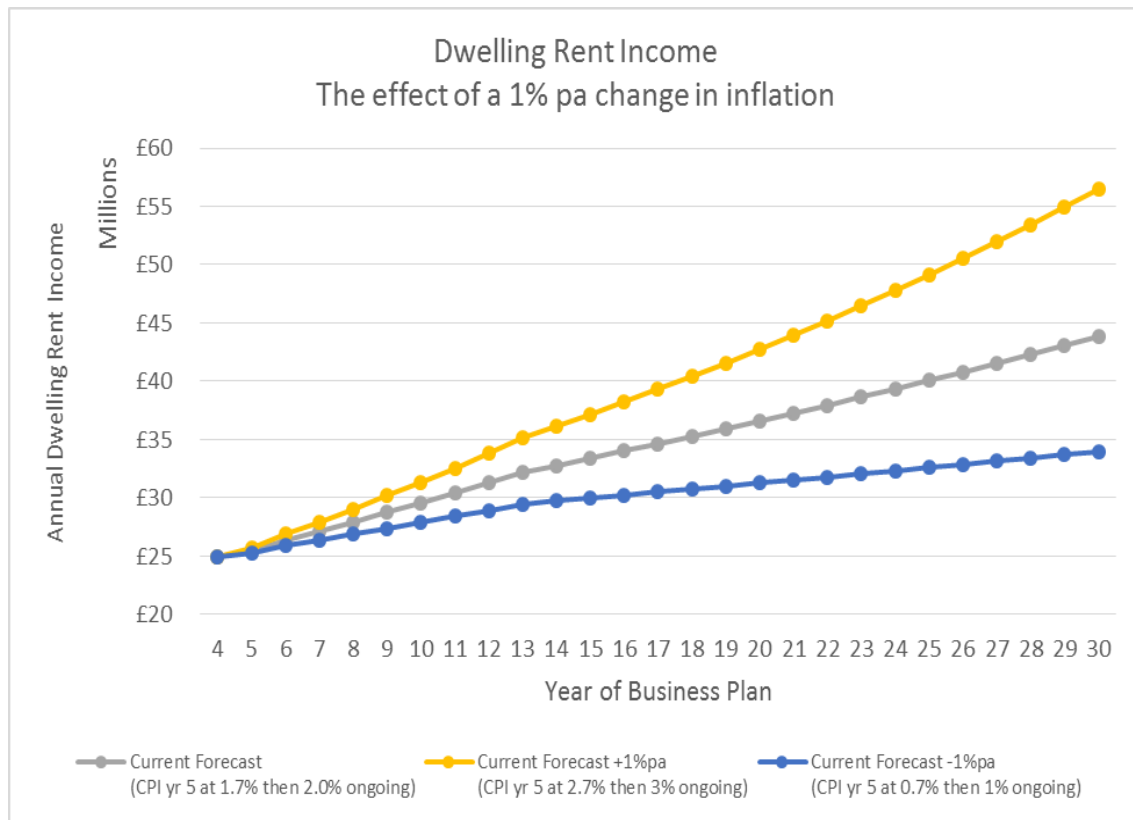
A graph showing the rental income assumed at the start of self financing compared to current assumptions:



Over the 30 years of the Business Plan this equates to a reduction in income of £133.1m. The ability to repay the borrowing taken out for self-financing within 18 years was based on the higher level of income. Although some changes such as the lower interest rates (reported in a previous Business Plan Review), have mitigated this, it is still a very significant reduction in income.

With Dwelling Rents accounting for over 92% of the income received in the HRA, and rents inflated annually by CPI (+1% for 10 years) the Business Plan is heavily dependent on CPI. As such inflationary changes pose a big risk to the HRA. Current forecasts for CPI in the Business Plan are based on those of the Office for Budget Responsibility. Any variations from these rates could greatly impact on the position of the Business Plan and cannot be accurately predicted. Each 1% change in inflation equates to approximately £250k pa increase/decrease in income.

Below is a graph showing the effect of a 1% year on year change in inflation



Any further adverse changes could cause a potential cash flow management requirement in the medium term. There would be a number of options available to manage the HRA budget:

- Defer or reduce spending on revenue and/or capital maintenance
- Defer or reduce investment in the Social Housing Development Fund
- Undertake further capital borrowing to support capital investment instead of using HRA Revenue resources

Any future issues for managing the cashflow and debt position for the HRA would need to be discussed with Arlingclose, our treasury management advisors, to determine the most effective and efficient course of action for the HRA.

Conclusion

Overall the 30 year Business Plan continues to forecast a healthy financial position over the long term. The current spending plans create a small budget pressure in the medium term, which will need to be managed in order to produce an affordable budget forecast for the HRA MTFP.

8 Legal Comments

There are no significant legal issues to arise from this report.

9 Links to Corporate Aims

The corporate priorities have influenced the Business Plan; including recognising how changes in national housing finance and policy will impact on the Council's priorities for the housing service. The business plan aims to support the delivery of the Council's corporate priorities and wider housing and community objectives.

The business plan is structured around four housing strategic objectives:

- 1. *Securing a long term future for our housing service*** - This means continuing to invest in the management of the housing stock to ensure it meets the needs of tenants, who should be at the heart of decision making.
- 2. *Tackling deprivation and sustainable community development*** - This means taking action so that disadvantaged communities will have better access to local housing services, training and employment, continuing our support for a range of vulnerable people.
- 3. *Investing in our housing stock, regeneration and affordable housing*** - This means investing in our existing stock to deliver a standard that meets the needs of the stock and local aspirations. It also means planning and successfully managing the regeneration of our housing estates and communities, providing homes that cater for the needs of an expanding and diverse population within communities that people are proud of.
- 4. *Climate change*** - This means taking action to reduce carbon emissions across our housing stock through our investment planning, service delivery, partnership and community action to address climate change and reduce fuel poverty.

10 Environmental Implications

Climate change is a strategic priority for Housing Services and our Business Plan has been created to have positive implications for the environment. Housing Services aims to take action to reduce carbon emissions across the housing stock through investment planning, service delivery, partnership and community action.

11 Community Safety Implications

Community safety is incorporated in the strategic priority for Housing Services and our Business Plan has been created to have positive implications for community safety. Housing Services aims to take action so that disadvantaged communities will have better access to local housing services, training and employment. Housing

Services also aims to continue its support for a range of vulnerable people and to tackle crime and fear of crime through reducing anti-social behaviour.

12 Equalities Impact

An Equalities Impact Assessment is attached as Appendix 1. There are no significant impacts arising from this report.

13 Risk Management

As a matter of course advice is sought from Arlingclose, Council's treasury management advisors, on cashflow and debt management issues.

14 Consultation

This report was considered by the Tenant Services Management Board in outline on 15 December 2014. The board were supportive of the changes to the Business Plan and understood and accepted the revised position.

15 Recommendations

To recommend the approval of the proposed changes to the Housing Revenue Account Business Plan.

Contact: James Barrah
Director Housing and Communities
01823 358 699
j.barrah@tauntondeane.gov.uk

Equality Impact Assessment

Responsible person	<i>James Barrah</i>	Job Title: Director Housing and Communities
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	√
	Budget/Financial decision – MTFP	√
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Taunton Deane Borough Council (TDBC) Review of Housing Revenue Account (HRA) Business Plan 2012 – 42	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	<p>The strategic objectives of the business plan are to:</p> <ol style="list-style-type: none"> 1. Securing a long term future for our housing service – This means continuing to invest in the management of the housing stock to ensure it meets tenants’ needs, who should be at the heart of decision making. 2. Tackling deprivation and sustainable community development - This means taking action so that disadvantaged communities will have better access to local housing services, training and employment, continuing our support for a range of vulnerable people. 3. Investing in our housing stock, regeneration and affordable housing - This means investing in our existing stock to deliver a standard that meets the needs of the stock and local aspirations. It also means planning and successfully managing the regeneration of our housing estates and communities, providing homes that cater for the needs of an expanding and diverse population within communities that people are proud of. 4. Climate change - This means taking action to reduce carbon emissions across our housing stock through our investment planning, service delivery, partnership and community action 	

<p>Which protected groups are targeted by the policy/decision/service?</p>	<p>Taunton Deane Borough Council's HRA housing stock comprises of approximately 6,000 rented homes, with a further 372 leasehold properties. In addition, the Council also manages two private leasehold schemes for the elderly. Housing services are designed to ensure they meet the needs of wide ranging customer base. As such the HRA Business Plan 2012 – 2042 is targeted at all the protected groups including: Age; Disability; Gender Reassignment; Pregnancy and Maternity; Race; Religion or belief; Sex; and Sexual Orientation; Marriage and civil partnerships.</p>								
<p>What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....</p>	<p>Data:</p> <ol style="list-style-type: none"> 1. Major changes in national housing finance, welfare benefits reform, housing policy and proposals for change to national rent policy – 2011;2012; and 2014; and 2. Values and priorities reflected in the Council's Corporate Business Plan 2013-2016. <p>Engagement:</p> <ol style="list-style-type: none"> 1. Consultation with tenants and stakeholders which included regular meetings with the Tenant Services Management Board during 2014. 								
<p>Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality</p>									
<p><i>The proposed variances identified in the reviewed HRA Business Plan 2012- 2042 will apply to all existing and new tenants and as such no potential discrimination amongst the protected groups has been identified.</i></p>									
<p>I have concluded that there is/should be:</p> <table border="1" data-bbox="128 1117 1824 1308"> <tr> <td data-bbox="128 1117 798 1195">No major change - no adverse equality impact identified</td> <td data-bbox="798 1117 1824 1195">No major change, as there is no specific equality impact on the protected groups.</td> </tr> <tr> <td data-bbox="128 1195 798 1230">Adjust the policy/decision/service</td> <td data-bbox="798 1195 1824 1230"></td> </tr> <tr> <td data-bbox="128 1230 798 1266">Continue with the policy/decision/service</td> <td data-bbox="798 1230 1824 1266"></td> </tr> <tr> <td data-bbox="128 1266 798 1308">Stop and remove the policy/decision/service</td> <td data-bbox="798 1266 1824 1308"></td> </tr> </table>		No major change - no adverse equality impact identified	No major change, as there is no specific equality impact on the protected groups.	Adjust the policy/decision/service		Continue with the policy/decision/service		Stop and remove the policy/decision/service	
No major change - no adverse equality impact identified	No major change, as there is no specific equality impact on the protected groups.								
Adjust the policy/decision/service									
Continue with the policy/decision/service									
Stop and remove the policy/decision/service									
<p>Reasons and documentation to support conclusions</p>									
<p>Section four – Implementation – timescale for implementation</p>									

The reviewed Housing Revenue Account Business Plan 2012 -2042 will be effective from April 2015.	
Section Five – Sign off	
Responsible officer: James Barrah Date	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Voluntary Code for a self-financed Housing Revenue Account Activities Plan at 2014/15

Appendix 2

Principle	Provision/Activity	By when	Lead Officer	Status/comments
Financial Viability	<ul style="list-style-type: none"> As part of the work the service currently undertakes in reviewing its business plan, consideration will need to be given to modelling a range of detailed options scenarios for the 30 year plan. 	2015/2016	Kerry Prisco Lucy Clothier	
Communications and Governance	<ul style="list-style-type: none"> Undertake a review of internal control procedures (standing orders; financial regulations; contract procedures) and implement any recommended changes. 	2015/2016	Bruce Lang	
Risk Management	<ul style="list-style-type: none"> The service to undertake a review of its resourcing of risk management, processes and protocols. 	2015/2016	James Barrah	

Asset Management	<ul style="list-style-type: none"> The service to continue in its work to develop an asset management framework that supports the delivery of effective housing asset management planning. 	2015/2016 ongoing	Tim Child	
Treasury and Financial Management	<ul style="list-style-type: none"> The service to undertake a review of its service charges to ensure that they cover the cost of services. The service needs to continue its work in moving towards using a componentised basis for depreciation in its accounting systems 	2015/2016 2016/2017	Stephen Boland Lucy Clothier Sue Williamson	
Value for Money	<ul style="list-style-type: none"> The service needs to ensure it has good practices in place to cost benchmark its performance across all service areas and engage tenants in 'Value for Money' issues 	2015/2016	Shari Hallett Martin Price	

Taunton Deane Borough Council

Tenant Services Management Board - 19th January 2015

Tenant Participation Advisory Service (TPAS) Annual Conference 2015

Report of the Tenant Empowerment Manager

(This matter is the responsibility of Executive Councillor Jean Adkins)

1. Executive Summary

Members of the Tenant Services Management Board (TSMB) have previously attended TPAS Annual Conferences which have traditionally been held in July.

This year TPAS is maintaining the same format as last year, with the conference being held in July in the same venue near Warwick.

The TSMB is asked to decide whether to send delegates to the conference, and if so how many.

2. Background

TPAS is a leading national tenant participation organisation working to promote tenant empowerment. As well as providing training events it holds an annual conference which allows tenants from all over the country to attend workshops, hear guest speakers and meet with other tenants.

3. TPAS Conference 2015

TPAS has decided to hold the conference in the same venue as last year:

- Chesford Grange, Kenilworth, near Warwick
- 8th and 9th July 2015

4. Conference Programme

TPAS are currently finalising the full programme including workshops and speakers. The full programme will be available in April 2015.

A conference dinner is to be held on the evening of Wednesday 8th July. This is included in the delegate fee.

5. Cost of Conference

TPAS are currently offering a discount on bookings. This is set at £339 per delegate but must be booked by the 17th April 2015. After this date a place at the conference would cost £389.

Please note that the above cost does not include accommodation. TPAS has negotiated a preferential rate at the venue:

- £100 per night (bed and breakfast)

Board members should note that if they intend to travel to the conference the day before the rate for bed and breakfast is £122 on that day.

It should be noted that other hotels are available in the area if it is felt that this rate is too expensive.

Additional cost will be incurred if TSMB members wish to travel to the conference the day before and also for travel expenses.

The cost of the conference can be met by existing budgets.

6. Recommendations

It is recommended the Tenant Services Management Board:

1. Note this report
2. Decide whether representatives of the board should attend the conference
3. Decide how many representatives should attend
4. If it is decided to attend the conference seek nominations from board members.
(Previous discussions have indicated a desire for members who have not attended such events before to be given an opportunity to attend)

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