Executive

You are requested to attend a meeting of the Executive to be held in The John Meikle Room, The Deane House, Belvedere Road, Taunton on 7 July 2016 at 18:15.

Agenda

1 Apologies.

2 Minutes of the meeting of the Executive held on 9 June 2016 (attached).

3 Public Question Time.

4 Declaration of Interests
To receive declarations of Disclosable Pecuniary Interests or personal or prejudicial interests, in accordance with the Code of Conduct. The usual declarations made at meetings of the Executive are shown on the attachment.

5 Financial Monitoring – Outturn 2015/2016. Report of the Finance Manager (attached).

Reporting Officer: Steve Plenty

6 Quarter 4 2015/16 Performance Report. Report of the Corporate Strategy and Performance Manager (attached).

Reporting Officer: Paul Harding

7 Housing Revenue Account Business Plan Review. Report of the Project Manager - Housing Revenue Account Business Plan Review (attached).

Reporting Officer: Lucy Clothier

8 Executive Forward Plan - details of forthcoming items to be considered by the Executive and the opportunity for Members to suggest further items (attached)

Bruce Lang
Assistant Chief Executive

18 July 2016

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 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.

These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room.

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Lift access to the John Meikle Room and the other Committee Rooms on the first floor of The Deane House, is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available off the landing directly outside the Committee Rooms.

An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter.

For further information about the meeting, please contact the Corporate Support Unit on 01823 356414 or email r.bryant@tauntondeane.gov.uk

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Executive Members:-

Councillor M Edwards (Business Development and Asset Management and Communications (Deputy Leader))
Councillor J Warmington (Community Leadership)
Councillor R Parrish (Corporate Resources)
Councillor P Berry (Environmental Services & Climate Change)
Councillor T Beale (Housing Services)
Councillor J Williams - Leader of the Council (Leader of the Council)
Councillor R Habgood (Planning Policy and Transportation)
Councillor C Herbert (Sports, Parks and Leisure)

Executive – 9 June 2016

Present: Councillor Edwards (Vice-Chairman) (In the Chair)
Councillors Berry, Mrs Herbert, Parrish and Mrs Warmington

Officers: Shirlene Adam (Director - Operations), Ian Timms (Assistant Director – Business Development), Dean Emery (Principal Revenues and Debt Recovery Officer) and Richard Bryant (Democratic Services Manager)

Also present: Councillors Aldridge and Coles
Anne Elder, Chairman of the Standards Advisory Committee
Paul Warren of Parsons Brinckerhoff and Sunita Mills, Somerset County Council

(The meeting commenced at 6.15 pm.)

24. **Apologies**

The Chairman (Councillor Williams) and Councillors Beale and Habgood.

25. **Minutes**

The minutes of the meeting of the Executive held on 21 April 2016, copies of which had been circulated, were taken as read and were signed.

26. **Declarations of Interest**

Councillor Mrs Herbert declared a personal interest as an employee of the Department of Work and Pensions. Councillor Parrish declared a personal interest as the District Councils' representative on the Somerset Pensions Committee.

27. **Delivery of Electronic Car Park Signage and Pay on Foot Systems to Key Car Parks**

Considered report previously circulated, which introduced a proposed new approach to car park signage in Taunton.

This proposal had been developed in close collaboration with Somerset County Council (SCC) and its principal contractor Parsons Brinkerhoff (PB). It had three key components which were:-

- A comprehensive signage package for Taunton incorporating electronic parking signage (VMS – Variable Message Signage) which would improve the flow of traffic to key car parks, create an early warning system for events and enable improved traffic flow management;

- Improvements to seven key car parks by the installation of pay on foot systems which would enable customers to pay on exit from car parks. This would replace the current pay and display approach used in these car parks; and

- Connecting the electronic signage and the pay on foot systems together for key car parks together to create a comprehensive and informative way-finding system for motorists. This would provide real time data on space availability at key points on the highway network.

The report contained two significant appendices. The first was a comprehensive Signing Strategy which had been commissioned to examine how effective the existing signage package was in serving the needs of Taunton. The strategy focussed on three significant component parts of the network which were mentioned in the Council's Corporate Strategy - the park and ride provision, car park signage and tourist (brown) signage.

Although this network was maintained and managed by SCC, the introduction of new electronic way-finding to Taunton Deane owned car parks and changes to the associated signage package had been instigated by the Council which would be the major funder of this infrastructure. Noted that the proposals were a defined project within the Council`s growth programme which supported delivery of the Council`s Growth Agenda.

The second appendix comprehensively examined the provision of electronic signage and the improvements created by installing pay on foot parking systems at seven key car parks in Taunton.

It was expected that further car parks would be improved by installing pay on foot systems over the next few years through future budget allocations.

The broad benefits of this investment included:-

(1) A reduced time in finding a space. The signage would reduce unnecessary circulation to car parks and minimise queuing at car parks through influencing driver behaviour;

(2) Improving user experience as pay on foot would remove the time limitation created by pay and display car parks. The inference was that people would spend more money into the economy whilst shopping; and

(3) The installation of these systems had seen revenue rise in other towns generated by the car parks. This was in the order of 15-20 % so would enable the Council to invest further in car park improvements.

Further reported on the likely costs of implementing the electronic car park signage and pay on foot systems, as follows:-

Capital Costs and Funding

The estimated capital costs were shown below:-

	£
<u>Total costing</u> Variable Message Signage (VMS) Pay on Foot (POF) Fees, Contingency	 486,283 555,927 157,790
Total Capital Budget Requirement	**1,200,000**
Funded by	**£**
Approved in current 2016/2017 Capital Programme (a)	400,000
Revenue Budget Contributions – (b)	450,000
From New Homes Bonus – (c)	350,000

(a) There was a capital approval in the 2016/2017 Capital Programme for "Major Transport Schemes" which was to be funded from the New Homes Bonus.

(b) With regard to car parking fees, Full Council had agreed in December 2015 to earmark £450,000 over the 2016/2017 to 2018/2019 financial years to fund "Projects". Approval was sought to fund £450,000 of the VMS expenditure from the New Homes Bonus reserve initially, but for this to be replenished over the three year period by these earmarked "Projects" funds within the approved Revenue Budget.

(c) Full Council had also agreed in December 2015, the profiled expenditure for "Major Transport Schemes" which indicated £800,000 in 2017/2018. Approval was also sought to bring forward into 2016/2017 £350,000 of this outlined spend to be allocated to this project.

The Council currently had £4,200,000 in the New Homes Bonus Reserve which had yet to be committed to specific projects. The requested funds via New Homes Bonus was therefore available and in keeping with the proposed spending themes.

Revenue Implications

Intrinsic to this Business Case there were IT interface revenue costs of approximately £36,000 per annum. Approval was therefore sought to set aside these funds from the anticipated additional parking revenues generated annually to address this budget pressure. The cost would be mitigated by the additional income but would need to be factored into the Medium Term Financial Plan projections along with the funding through income generation.

Replacement Cost

Within the Business Case the projected replacement cost of the system had been factored in before arriving at the "Net Present Value" of the estimated cash flows over a 15 year period. In order to ensure the funds were available to fund this replacement, approval was sought to earmark sufficient funds from each year's parking income and to hold this in an earmarked reserve. The current projected cost would be £972,000 and the projected increase in forecast income of £300,000 per annum would be more than adequate to make this affordable.

This proposal clearly represented a significant investment for Taunton and was also one which was supported widely by the business community, including the Taunton Chamber of Commerce and Destination Taunton. The aim would be to complete delivery of this investment by the end of 2017.

Resolved that Full Council be recommended to approve:-

(i) An increase to the Major Transport Schemes Capital Budget of £800,000, from £400,000 to £1,200,000;

(ii) The earmarking of parking income to the value of approximately £36,000 to fund the annual revenue expense of the IT interface, when these costs had been formalised through the procurement process; and

(iii) The setting aside on an annual basis an appropriate sum of approximately £70,000 from parking surpluses to fund the replacement system in 15 years' time which was currently estimated to be £972,000 in total.

28. **Corporate Debt Policy**

Considered report previously circulated, concerning the Council's Corporate Debt Policy which had been adopted in 2012.

In line with good practice, the policy had recently been reviewed to ensure it remained fit for purpose.

The Corporate Debt Policy and appendices – copies of which had been circulated to the Members of the Executive – covered the management of all debts owed to the Council. This included the billing/invoicing, collection, enforcement and write offs for the five income streams of Council Tax, Business Rates, Housing Rents, Housing Benefit Overpayments and all other debts (known as Sundry Debts).

It was essential that all monies owed to the Council were actively pursued. The Policy therefore reflected a range of measures to help customers pay sums due, therefore maximising the level of resources available to support service delivery.

The Policy followed the debt recovery principles set out below:-

- **Proportionality**: establishing an appropriate balance between the potential loss of income to the Council, recovery costs and any emerging Council or third party costs relating to welfare, care or housing support;
- **Consistency:** the Council aimed to achieve consistency in the advice it gave, the use of its powers and the recovery procedures adopted. The Council would take account of the social circumstances of the debtor, their payment history and ability to pay in pursuing sums due;
- **Transparency**: ensuring people understood what was expected of them and what they should expect from the Council. Taunton Deane aimed to take early recovery action before debts became unmanageable for the customer. Although customers, citizens and businesses had a responsibility to pay for

the services they received and the charges and rents they were liable for, there might be circumstances where customers were suffering hardship and needed advice in paying sums due. The Council was committed to providing appropriate support and would engage with relevant welfare and debt agencies.

- **Offset:** where a customer owed money to the Council but this was less than any funds due from the Council, this would be offset against what was owed and the net balance settled. Where the sum involved was greater than any funds due to the customer, these funds would be used to reduce the amount owed and the customer contacted about arrangements to repay the outstanding balance.
- **Appropriate Costs/Fees:** where legislation permitted, the Council would seek to apply and recover from the debtor any costs/fees/charges that were legitimately due to the Council or its agents.

Noted that a small proportion of the Council's overall income might not be collectable due to matters outside its control. Where a debt was assessed to be irrecoverable it would be subject to a write off process that was in accordance with the Council's Financial Regulations.

A range of indicators had been developed to monitor performance against agreed targets and to ensure the Corporate Debt Policy achieved its objectives. These would continue be included in the Council's performance reporting updates.

Resolved that Full Council be recommended to adopt the revised Corporate Debt Policy.

29. **Executive Forward Plan**

Submitted for information the Forward Plan of the Executive over the next few months.

Resolved that the Forward Plan be noted.

(The meeting ended at 7.07 p.m.)

Usual Declarations of Interest by Councillors

Executive

- **Employee of the Department of Work and Pensions – Councillor Mrs Herbert.**

- **Councillor Beale declared personal interests as a Board Member and Director of Tone FM and as a Governor of the South West Ambulance NHS Trust.**

- **Councillor Edwards declared a personal interest as the Chairman of Governors of Queens College.**

- **District Council’s representative on the Somerset Pensions Committee – Councillor Richard Parrish.**

Taunton Deane Borough Council

Executive – 7 July 2016

Financial Monitoring – Outturn 2015/16

This matter is the responsibility of Executive Councillor Richard Parrish

Report Author: Steve Plenty Finance Manager

1 Executive Summary

1.1 This report contains information related to the Council's financial performance for 2015/16 financial year. The outturn figures included are provisional subject to external audit review; the findings of which are to be reported to Corporate Governance Committee in September this year.

1.2 Monitoring the budget is an important part of the Council's performance management framework.

1.3 The revenue outturn position for the financial year 2015/16 is as follows:

The General Fund (GF) Revenue Outturn position for 2015/16 is a net underspend of £0.280m (2.07%).

The Housing Revenue Account (HRA) is a 'Self-Financing' account for the Council's Housing Landlord function, which is budgeted to 'break even' (net of approved transfers to/from HRA Reserves). The HRA Outturn for 2015/16 is a net underspend of £0.476m (1.8% of gross income).

1.4 The capital outturn position for 2015/16 is as follows:

The General Fund profiled Capital Programme at the end of 2015/16 was £17.345m. The actual expenditure on the Capital Programme during 2015/16 was £7.244m, with £9.976m being carried forward to support delivery of approved schemes in 2016/17. This leaves a net underspend of £125k (0.7%) against the overall programme. The above figures have been amended slightly from those reported to Corporate Scrutiny following final completion of the 2015/16 Statement of Accounts.

The HRA approved Capital Programme at the end of 2015/16 was £23.759m. This relates to schemes which will be completed over the next five years. The actual expenditure on the Capital Programme during 2015/16 was £11.391m, as summarised in Table 15 below, with £10.214m for planned investment to implement approved schemes in future years. A net underspend of £2.154m (9%) is reported against the overall programme.

1.5 The General Fund reserves balance as at 31 March 2016 stands at £2.113m. The balance remains above the minimum reserves expectation within the Council's Budget Strategy (£1.600m).

1.6 The Housing Revenue Account (HRA) Reserve balance as at 31 March 2016 stands at £2.675m, which is above the minimum level (£1.800m) set within the Council's Budget Strategy and HRA Business Plan.

1.7 The total General Fund Earmarked Reserves balance as at 31 March 2016 is £16.722m, and for HRA Earmarked Reserves the balance is £4.985m, representing funds that have been set aside for specific purposes to be spent in 2016/17 or later years. This has grown largely in respect of funds committed to support growth and infrastructure development, future capital programme spending, the business rates funding volatility, and funding set aside to support service restructuring and transformation projects. The majority of this is planned to be spent over the next two years, although experience shows this may be over a longer period.

2 Recommendations

2.1 The Executive reviews the Council's financial performance and end of year position for the General Fund and the Housing Revenue Account, including pre-approved carry forwards and transfers to earmarked reserves.

2.2 The Executive is recommended to:

(a) It is recommended that the Executive notes the reported General Fund Revenue Budget underspend of £0.280m in 2015/16 and the General Reserves Balance of £2.113m as at 31 March 2016.

(b) It is recommended the Executive recommends that Full Council approves General Fund Revenue Budget Carry Forwards totalling £0.892m (as set out in table 3 of the report).

(c) It is recommended the Executive recommends that Full Council approves a General Fund Capital Programme Budget Carry Forward totalling £9.976m (as set out in Appendix D).

(d) It is recommended the Executive recommends that Full Council approves a Housing Revenue Account Capital Programme Budget Carry Forward totalling £10.214m (as set out in Appendix I).

(e) It is recommended the Executive recommends that Full Council approves £0.333m Supplementary Budget allocations in 2016/17 for the HRA, utilising 2015/16 underspends, for the following areas:

i. £0.033m to fund an extension to the employment of the Welfare Reform Officer to March 2018.

ii. £0.038m to fund an extension to the additional Debt and Benefit Advisor to March 2018.

iii. £0.198m to increase the Estate Officer capacity by one in each area until March 2018.

iv. £0.021m to fund an extension to the Mental Health support until March 2017.

v. £0.025m to provide funding to Pilot a dedicated part-time resource to roll-out, drive and oversee the 'Chill and Chat' peer support group to vulnerable women across all three One Team areas.

vi. £0.018m to increase funding available to Community Development Officers in each of the One Team Areas for 2016/17.

3 Risk Assessment (if appropriate)

Risk Matrix

Description	Likelihood	Impact	Overall
That the Authority overspends against the approved budget	1	4	4
Regular budget monitoring reports are produced and managers actively manage the budgets under their responsibility	1	4	4

Risk Scoring Matrix

Likelihood							
	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
			Impact				

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

4 Background and Full details of the Report

4.1 This report informs Members of the Council's financial outturn (a comparison of net spending against the budget for the year) for revenue and capital budgets in 2015/16 for the Council's General Fund (GF), Housing Revenue Account (HRA) and trading services.

4.2 The regular monitoring of financial information is a key element in the Council's Performance Management Framework. Crucially it enables remedial action to be taken in response to significant budget variances, some of which may be unavoidable. It also provides the opportunity to assess any consequent impact on reserves and the Council's the Medium Term Financial Plan.

4.3 The outturn figures contained in this report are provisional at this stage. The financial outturn has been taken into account when preparing the Council's Statement of Accounts, which is due to be approved by the Strategic Director (S151 Officer) by the end of June, and is then subject to review by the Council's External Auditor. Should the External Auditor identify any changes to the Accounts these will be reported to Corporate Governance Committee in September this year.

4.4 The outturn position reported for the General Fund contains some estimated figures for government subsidies on housing benefit and the total of business rates retention funding. These are based on unaudited claims, and it is possible that final figures post-audit could change. Should the final figures differ significantly from those used in this report a further report will be presented to Members giving the updated position on subsidy and any implications for the Council's reserves.

5 2015/16 Financial Performance

5.1 Members will be aware from previous experience that the position can change between 'in-year' projections and the final outturn position, mainly due to demand-led service costs and income levels. The budget monitoring process involves a regular review of all budgets. Budget Holders, with support and advice from their accountants, review the position and update their forecasts based on currently available information and knowledge of service requirements for the remainder of the year. As with any forecast there is always a risk that assumptions and estimates will differ from the eventual outcome, and a number of risks and uncertainties have been highlighted in previous quarterly reports. The outturn has been reasonably close to forecast in the majority of budgets. However, there are high value differences on a small number of budgets that have contributed to the overall change since Q3.

5.2 There have been a number of significant challenges faced by the Council this year, and these have had an impact on the overall financial position for the authority. These include:

- The Business Rates Retention scheme has again presented some challenges during the year for the authority. This is a high risk area which may impact on our ability to accurately forecast our financial position and the regime has again proved to be volatile.

- Forecasting for demand-led services has continued to be a challenge especially in the current economic climate.

5.3 The Council has continued to operate within the framework of its Budget Strategy and the overall financial standing at the end of the financial year is sound. The Reserve balances for both the General Fund and the HRA are above their respective recommended minimum. An annual review of all Earmarked Reserves will continue with the aim of returning any surplus reserve balances to the General Fund Reserve. The Council continues to face challenges around profiling capital spend, and we will seek to improve accuracy of forecasting between financial years.

General Fund Revenue Account – 2015/16 Outturn

5.4 The Council has reported an overall net underspend of £0.280m (2% of Net Budget). Table 1 below provides a high-level summary of the outturn position:

Table 1: GF Outturn Summary

General Fund Outturn 2015/16	Budget £’000	Outturn £’000	Variance £’000	Variance %
Net Expenditure on Services	12,110	12,050	(60)	0%
Other Operating Costs and Income	285	117	(168)	(1%)
Earmarked Reserve Transfers	665	951	286	2%
Unearmarked Reserve Transfers	(281)	(281)	0	0%
Capital Financing and Debt Repayment	737	1,048	311	2%
Technical Accounting Adjustments	0	(542)	(542)	(4%)
Net Budget	13,516	13,343	(173)	(2%)
Funding - Grants and Council Tax	(13,516)	(13,623)	(107)	(1%)
Net Variance	**0**	**(280)**	**(280)**	

5.5 A Summary Statement of the General Fund Revenue Outturn by Portfolio is provided in **Appendix A**, and an explanation of the budget variances reported each quarter and at the year-end is provided in **Appendix B**.

Summary of Main Changes from Q3 to Outturn

5.6 The Forecast Outturn as at Quarter 3 (December 2015) was a £0.083m underspend. The main differences between the reported variances at Quarter 3 and the year-end Outturn are summarised in Table 2 below.

Table 2: Main Differences between Q3 and Outturn Variances

	Q3 £000	**Change £000**	**Q4 £000**
Rent Allowances and Rebates	(114)	35	(79)
Taunton Deane Borough Council Assets	92	(46)	46
Cemeteries and Crematorium	26	30	56
Car Parking	(24)	(15)	(39)
Public Transport Co-Ordination	(12)	12	0
Deane Helpline	(51)	(9)	(60)
Council Tax Collection	0	(37)	(37)
Street Cleaning	0	(109)	(109)
Environmental Health	0	(59)	(59)
Building Services	0	(32)	(32)
Housing Options and Enabling	0	(57)	(57)
Community Open Spaces and Parks	0	44	44
Community Infrastructure Levy (CIL)	0	(38)	(38)
Conservation	0	(27)	(27)
Interest Costs and Income	0	(155)	(155)
Revenue Contribution for Capital Outlay (RCCO)	0	39	39
Transfer to Business Rates Smoothing Reserve		250	250
Other Variances	0	-23	-23
TOTAL – over / (under) spend	**(83)**	**(197)**	**(280)**

5.7 The main changes since the Quarter 3 report are explained as follows:

5.8 **Rent Allowances and Rebates:** The underspend at the end of Q4 has reduced by £0.035m to £0.079m. This is a very large area of expenditure each year in respect of housing benefits paid to council housing and other private-rented and social rented housing, which is largely funded by government subsidy. The gross budget for benefits paid in 2015/16 is £32.913m, with the underspend arising due mainly to recovery of overpaid benefits. £0.079m represents a relatively small variance of only 0.24% compared to gross budget.

5.9 **Assets:** The net overspend relates to voids for rented properties at Blackdown Business Park, Flook House and the Auction House. This has reduced to £0.046m from £0.096m as reported at Q3 due to billing for rent due that had not been reflected in earlier forecasts.

5.10 **Cemeteries & Crematorium:** A reduced number of cremations has reduced the income received by £0.056m at the end of Q4. This is down by a further £0.030m compared to the Q3 forecast.

5.11 **Car Parking:** Underspend of £0.039m has been reported and is in respect of car parking usage income received during 2015/16. This is up by £0.015m compared to the Q3 forecast.

5.12 **Public Transport Co-Ordination:** Q3 reported an underspend of £0.012m in relation to maintenance costs for bus shelters, however this has been transferred to the asset maintenance earmarked reserve as part of the closedown process.

5.13 **Deane Helpline:** Q3 reported an underspend of £0.051m in respect of recruitment due to an ongoing structure review (£0.026m) and the winning a large corporate tender (£0.025m). This has increased by £0.009m in Q4 in respect of savings on premises and transport costs.

5.14 **Council Tax Collection:** This is in respect of recoverable court fees which are above budget estimates due to the increased volume of cases taken through the court as part of the Council's tax collection activity.

5.15 **Street Cleaning:** The net underspend reported for this service relates primarily to staff vacancies and reduced vehicle operating costs. There was a temporary reduction in service delivery prior to posts being filled, which meant costs were lower for a short period. In addition, through the vehicle fleet replacement programme a number of vehicles have been replaced which are more fuel efficient and this combined with lower fuel prices has led to a further savings this year. Whilst operating capacity was reduced for a short period the overall standard of service delivery has not reduced significantly over the course of the year and has delivered the planned enhancements to Taunton town centre street cleaning activity.

5.16 **Environmental Health:** The underspend for the year of £0.059m is in respect of a saving of £0.031m on supplies and transport costs within the Environmental Health service, plus savings through new dog warden and kennelling contract £0.028m.

5.17 **Building Services:** Underspend is in respect of employee vacancies.

5.18 **Housing Options and Enabling:** Underspend is in respect of employee vacancies.

5.19 **Community Open Spaces & Parks:** This overspend is mainly as a result of a number of maintenance projects costing more than the initial estimates, for example repairs to the Vivary Park bandstand cost nearly double due to the condition of the structure being identified as significantly worse than was anticipated once works began.

5.20 **Community Infrastructure Levy (CIL):** The Council has budgeted for the costs of administration for the CIL arrangements that were introduced in 2014/15. CIL regulations allow for 5% of CIL receipts to be used to fund these costs however as the level of Levy was initially low we did not place reliance on this for budgeting purposes. The level of CIL accumulated during the year allows for £38,000 contribution to be made in 2015/16.

5.21 **Conservation:** Demand for conservation grants was lower than the funding available within the budget. No variance was reported in Q3 in case applications came forward in the latter part of the year, however this did not materialise.

5.22 **Interest Costs and Income:** Additional investment income received due to slippage within the capital programme leading to higher investment balances being held by the Authority, and through improved returns through use a new investment options such as CCLA property investment funds.

5.23 **Revenue Contribution for Capital Outlay (RCCO):** Additional costs in respect of the funding for Waste Containers (bins, recycling boxes).

5.24 **Business Rates Smoothing Reserve:** As the Council continues to face ongoing risks and uncertainty over the net funding to be retained under the Business Rates Retention system it is considered prudent to transfer £0.250m from net underspends to the Smoothing Reserve.

Carry Forwards to 2016/17

5.25 In arriving at the net underspend of £0.28m for 2015/16, there are some recommended budget carry forwards where Member approval is sought. These are summarised and explained below:

Table 3: Carry Forwards for Approvals

		£
Corporate Services resilience	Retain various underspends in Corporate Services to support SWONE contract succession planning, training	201,231
Asset Management	Retain various underspends for staff costs for decant of DLO, Firepool additional maintenance on public realm and Tone Leisure maintenance	201,655
Economic Development	Funding for Investment Grants, town Wi-Fi and Christmas Lights	202,600
Resources service resilience	Funds required to resource additional staffing capacity in 2016/17 to maintain service standards	60,000
Housing and Community Development	Grant funding for Refuge, public health and Homefinder	165,410
Community Safety	Retain underspend to fund work on legal high usage	30,000

		£
Public Conveniences	Amount remaining required for grants to Milverton and Wiveliscombe Parish Councils and Wellington Town Council for them taking over the running of public conveniences, as previously agreed by full council	31,690
Total		**892,586**

5.26 These funds have been transferred to earmarked reserves at the end of the financial year pending confirmation of budget carry forward approval.

6 Business Rates Retention

6.1 The Business Rates Retention (BRR) funding system is proving to be both challenging and volatile, with the Council facing significant risks particularly in respect of appeals against rateable values by rate payers. The required accounting arrangements also result in some 'timing differences' which can skew the funding position across financial years.

General Fund Retained Business Rates Funding

6.2 The council's share of business rates funding is directly linked to the total amount of business rates due and collected in the area. The amounts credited to the General Fund Revenue Budget in 2015/16 are based on business rates yield and BRR figures from different sources – a combination of the 2015/16 NNDR1 (Original Budget Estimate) and the 2015/16 NNDR3 (End of Year position):

Business Rates Funding Timing Differences

In Year Funding based on NNDR1 Original Budget Estimates (fixed amount for the year based on budget): • 40% Standard Share of BR Income • Tariff to Government • Share of Previous Year's Collection Fund Surplus/Deficit
In Year Funding based on NNDR3 actual amounts due for the year (variable amount for the year based on actuals): • Section 31 Grant (Government-funded Reliefs/ Discounts) • Levy Payment to Government • Safety Net Receipt from Government

6.3 At the end of the financial year there will be a Surplus or Deficit on the Business Rates Collection Fund, and this sum will be distributed in future years based on Standard Shares – so 40% for Taunton Deane Borough Council.

6.4 The following table summarises the net position in respect of retained business rates funding for the Council in 2015/16 based on required accounting entries.

Table 4: Business Rates Funding Outturn 2015/16

	Original Budget	Actual
	£000	**£000**
40% Share of Business Rates Income	(15,923)	(15,923)
Tariff to Government (fixed amount)	13,729	13,729
Section 31 Grant funding for enhanced Small Business Rates Relief/Flooding Relief/Retail Reliefs	(678)	(849)
Renewable Energy Rates – 100% retained by TDBC	(120)	(148)
50% Levy Payment to Government	243	794
Safety Net Adjustment Prior Year	0	13
Transitional Payment Protection	0	(124)
Sub Total	**(2,749)**	**(2,508)**
Previous Year's Collection Fund Deficit	710	710
Total Retained Business Rates Funding 2015/16	**(2,039)**	**(1,798)**

Taking into account the inherent risks and uncertainties within the retention system, together with accounting timing differences referred above, a prudent balance is maintained in the Business Rates Smoothing Account Reserve. The balance on this reserve as at March 2016 is £2.822m providing funding to offset Collection Fund deficit carried forward to 2016/17 of £1.123m which hits the General Fund in 2016/17 (£0.191m) and 2017/18 (£0.932m), plus resilience to further funding volatility in future years.

7 General Fund Reserves

General Reserves

7.1 The following table summarises the movement on the General Reserves Balance during the year.

Table 6: General Reserve Balance

	£k
Balance Brought Forward 1 April 2015	**2,114**
2015/16 Original Budget – One off transfer from Reserves	(105)
Supplementary Estimates	
Transfer 2014/15 Underspend to Business Rates Smoothing Reserve	(222)
SWONE Succession Planning Project	(47)
Returns	
Surplus earmarked reserves returned to General Balances	93
Budgeted Balance 31 March 2016	**1,833**
Provisional Outturn 2015/16	280
Projected Balance Carried Forward 31 March 2016	**2,113**

	£k
Recommended Minimum Balance	1,600
Projected Balance above recommended minimum	513

7.2 The balance as at 31 March 2016 (subject to audit) is £2.113m. This is £0.513m above the recommended balance of £1.600m.

7.3 In view of the Council's future financial position the advice is maintain reserves above the recommended minimum, to provide some resilience for unknown costs and to provide some flexibility to support measures to address ongoing financial sustainability.

General Fund Earmarked Reserves

7.4 The Council can also set aside funds for specific purposes to be used in future years. **Appendix C** provides a summary of the earmarked reserves and their movement during the year.

7.5 The proposed balance carried forward to support General Fund spending in future years is £17.722m. This figure has been amended from £16.722m reported to Corporate Scrutiny due to a correction to the funding of the capital programme, therefore this balance has increased by £1.504m during the year, mainly due to setting aside approved funds committed to supporting the Joint Management and Shared Service Transformation Project, to protect the authority from fluctuations in the new Business Rates Retention Scheme, New Homes Bonus set aside for growth and infrastructure investment, and for future capital programmes. The majority of this is planned to be spent over the next two years, although experience shows this may be over a longer period.

7.6 Transfers to reserves at the end of the financial year have been reviewed and approved by the deputy S151 Officer.

Deane DLO Trading Account

7.7 The DLO has two distinct areas operating: Building Maintenance and Grounds Maintenance (including the Nursery). The following table provides a summary of the financial performance.

Table 7: DLO Trading Account Outturn Summary

	2015/16		
	Income £'000	Spend £'000	Net £'000
(Surplus)/Deficit for the year:			
Grounds Maintenance	(3,499)	2,742	(757)
Building Maintenance	(4,941)	4,345	(596)
Operating (Surplus) / Deficit Before Recharges	**(8,440)**	**7087**	**(1,353)**
Capital Charges & Income			221
Net Recharges			984
Adjusted Trading (Surplus) before Contributions			**(148)**
Contribution to General Fund			101
Trading Surplus After Adjustments and Contributions			(47)
Surplus transferred to Trading Account Reserve			**47**

7.8 The year-end financial statements report that the DLO made an overall profit of £0.047m after contributing £0.101m to the General Fund. This surplus has been transferred to the DLO Trading Account Reserves (see table below) increasing the reserve balance to £0.365m.

Table 8: DLO Trading Account Reserve Position

	£'000
Reserve balance brought forward 1 April	**(314)**
Transfers (to)/from reserve	(4)
Retained Trading (Surplus) / Deficit for the year	(47)
Reserve balance carried forward 31 March	**(365)**

Note: figures in brackets = surplus funds held

Deane Helpline Trading Account

7.9 The Deane Helpline has reported a net deficit of £0.067m for the year, which is an underspend of £0.013m against the final budget and represents the net cost of the service to the General Fund. The summary of the trading account is as follows:

Table 9: Deane Helpline Trading Account Position

Deane Helpline Trading Account	£000
Total Income	(1,024)
Operating Costs	1,005
Gross Profit	(19)
Recharges and Capital Charges (excluding IFRS accounting adjustments)	86
Net Deficit for the Year	67
Budget for the Year	80
Underspend against Budget	**(13)**

8 Land Charges, Licencing and Taxi Licencing

8.1 Under regulations the Council needs to report how its Licencing and Land Charges services perform in the financial year. These services set fees and charges based on estimated reasonable costs, and aim to break even each year. However, due to fluctuations in demand and costs the services may report an under or over-recovery in any one year and the Council therefore transfers any surplus/deficit to a self-financing reserve. During the next round of fees and charges setting adjustments will be made with the view achieving a break-even position on a three year rolling basis.

Table 10: Licensing and Land Charges Self-Financing Reserves

	Balance Brought Forward £	under/(over)-recovery in 2015/16 £	Balance Carried Forward £
Land Charges	(24,680)	(31,480)	(56,160)
Licencing	23,180	25,870	49,050
Taxi-Licencing	(3,640)	(16,000)	(19,640)

9 Taunton Unparished Area Fund (Special Expenses)

9.1 The Council sets an annual budget for the Unparished Area of Taunton, which is funded through a "Special Expenses" Council Tax charge to households in the area plus funding provided towards the impact of Council Tax Support on the unparished area tax base. The following table summarises the income and expenditure for the Fund in 2015/16.

Table 11: Unparished Area Fund Income and Expenditure

	£	£
Fund balance brought forward 1 April		(52,850)
Special Expenses Precept and CTRS Grant for 2015/16		(48,930)
Expenditure funded in the year:		
TUF Grant for YMCA	5,896	
Wilton & Sherford Community Association	320	
Glasdon UK Ltd 1 x retriever dog bin	241	
Taunton YMCA youth activities	2,000	
On Your Bike (recycle Ltd)	2,000	
Escape Support Group - grant for support worker	1,396	
Albemarle Centre - new flooring	1,500	
Taunton Athletics Club - facilities	1,000	
TUF grant for Credit Union	1,400	
TUF grant for Sami Sobie	1,000	
TUF grant for Rowbarton	500	
TUF grant for Hamilton ABA	3,000	
TUF Grant for Halcon Youth	2,500	
TUF Grant for Galmington Allotments	495	
TUF grant for Stroke Club	2,000	

TUF grant for VPAG	900	
TUF grant for TNFC	2,000	
TUF grant for Taunton Live	1,500	
TUF grant for POP Youth	2,658	
DLO costs for playground work on Redlake Drive	525	
Fuse performance	3,380	
Turner's allotments	2,472	
Install dog bins Wordsworth and Thames Drive	115	
DLO 2 benches for Killams Wood and refurbish existing swing	975	
DLO refurbish pay equipment and supply pod swing at Celandine Mead	4,000	
Frieze Hill Community Orchard	610	
Taunton Town Football Club	1,000	
Glasdon UK Ltd - dog bins	787	
Total Expenditure		46,170
Fund Balance in hand carried forward 31 March		(55,610)

Note: minus (-) balance = funds in hand

9.2 The Fund is generally used to support minor works, worthwhile community activities and individual projects. Bids for funding are considered by the Unparished Area Panel, and allocations to third parties have been published in the Weekly Bulletin through the year.

10 General Fund Capital Programme

10.1 The total approved General Fund Capital Programme was £17.188m. The Council is supporting this investment through the use of Capital Grants and Contributions, Revenue Funding and Borrowing. A net underspend of £0.125m (0.7%) is being reported against the overall approved budget for the Programme.

10.2 The actual expenditure on the General Fund Capital Programme during 2015/16 was £7.244m. The major areas of capital spend during the year included the following: £0.700m for the loan to Somerset County Cricket Club (total loan of £1.000m, with £0.300m released in 2014/15), £0.104m in respect of Disabled Facility Grants (DFGs), £0.170m for the relocation of Visitor Centre, £0.248m in respect of DLO vehicles and plant acquisition, £4.226m for the Blackbrook Swimming Pool and £0.796m for the Depot Relocation.

10.3 Of the £9.976m due to be spent in future years, major areas include the following schemes: £0.650m relates to the JMASS IT Project, £0.375m on Creech Castle improvements, £0.794m in respect of the Thales Site, £0.615m Grants to Registered Social Landlords (RSLs), £1.836m for Blackbrook Swimming Pool, £0.984m for Firepool Access, £0.156m in respect of Car Park Major Repairs, £0.368m for Disabled Facilities Grants (DFGs), £0.281m to Youth Projects and £2.808m for the Depot Relocation.

10.4 It is recommended that £9.976m of the 2015/16 capital budget, representing slippage on approved schemes or where budget profiles across financial years need to be updated, is carried forward for schemes that will be delivered or completed in 2016/17. A summary of the General Fund Capital Programme budget and outturn for the year, including an analysis of the recommended carry forwards, is included in **Appendix D**.

11 Housing Revenue Account (HRA)

11.1 The HRA is a 'Self-Financing' account for the Council's Housing Landlord function, which is budgeted to break-even (net of approved transfers to/from HRA Reserves). The HRA Revenue Outturn for 2015/16 is a net surplus of £0.476m (1.8% of gross income).

Table 12: HRA Outturn Summary

	Budget £'000	Outturn £'000	Variance £'000	%
Gross Income	(26,931)	(27,056)	(125)	0%
Service Expenditure	11,284	11,388	104	1%
Other Operating Costs and Income	2,909	2,629	(280)	(10%)
Earmarked Reserve Transfers	2,673	(2,673	0	0%
Capital Financing and Debt Repayment	8,457	8,457	0	0%
Technical Accounting Adjustments	323	148	(175)	(54%)
Unearmarked Reserve Transfers	1,285	1,285	0	0%
Net Variance	**0**	**(476)**	**(476)**	2%

11.2 The HRA Revenue Outturn for 2015/16 is provided in more detail in **Appendix E** to this report.

11.3 The Forecast Outturn as at Quarter 3 (December 2015) was an under-recovery of £0.072m. The main differences between the reported variances at Quarter 3 and the year-end Outturn are summarised in Table 13 below.

Table 13: Main Differences between Q3 and Outturn Variances

	Q3 £000	**Change £000**	**Q4 £000**
Dwelling Rents and Service Charges	(55)	(53)	(108)
Housing Management	192	(192)	0
Asbestos Surveys	159	3	162
Responsive Heating	(187)	(51)	(238)
Grounds Maintenance	27	18	45
Other Maintenance	293	(108)	185
Procurement Savings	(175)	(71)	(246)
Interest Payable	(202)	2	(200)
Interest Receivable	0	(80)	(80)
Other Minor Variances	20	(16)	4
Total	**72**	**(548)**	**(476)**

11.4 The major under and over spends forecast for year are summarised as follows:

11.5 **Dwelling Rents and Service Charges:** Rent loss due to void properties is less than the budgeted 1.9%. This has led to an over recovery of rents and service charges. This is in line with void levels previously experienced.

11.6 **Housing Management:** The overspend reported in Q3 relating to the use of agency staff in key posts across the HRA was managed down by keeping some other posts vacant, and through underspends in some other management areas such as Transfer Removal Grants (grants made to tenants when downsizing) and Tenants Forum.

11.7 **Asbestos Surveys:** Asbestos testing has increased significantly during the year. This is expected to continue in the medium term.

11.8 **Responsive Heating:** Responsive heating continues to be lower than budgeted due to lower than expected levels of replacement heating systems. The budget for 2016/17 has been amended to reflect.

11.9 **Grounds Maintenance:** A mild winter led to additional cost in grass cutting, along with some additional maintenance in some communal areas. This has led to an overall overspend of £0.045m.

11.10 **Other Maintenance:** Other maintenance, such as general maintenance and maintenance in communal areas is overspent by £0.185m.

11.11 **Procurement Savings:** Prudent budgeting, and the completion in funding of the transformation savings has led to a one-off underspend of £0.246m in 2015/16.

11.12 **Interest Payable:** Due to healthy reserves, external borrowing has not yet been needed for the new development schemes, such as Creechbarrow Road. This has therefore reduced the interest payable in 2015/16.

11.13 **Interest Receivable:** Healthy reserves and an increasing interest rate has led to higher income from investments during 2015/16.

11.14 **Other minor variances:** Expected areas of high spend in housing management have been offset through keeping some other posts vacant, and through some underspends in non-staffing areas.

Housing Revenue Unearmarked Account Reserves

11.15 The HRA reserves at the start of the year were £3.484m, and the Council approved allocations totalling £1.285m throughout 2015/16 reducing the budgeted balance to £2.199m. The surplus of £0.476m in 2015/16 increases the balance to £2.675m. This is above the minimum recommended reserve level of £1.800m by £0.875m.

Table 14: General Reserve Balance

	£k
Balance Brought Forward 1 April 2015	3,484
Supplementary Estimates	
Initiatives approved utilising 2014/15 underspend – July Full Council	(776)
HRA Stock Condition Surveys - December Full Council	(250)
HRA Contribution to SWOne Succession and SAP Replacement – February Full Council	(259)
Budgeted Balance March 2016	**2,199**
Outturn 2015/16	476
Balance Carried Forward 31 March 2016	**2,675**
Recommended Minimum Balance	1,800
Balance above recommended minimum	875

11.16 If recommendation 2.2e (i to vi) is approved as part of this outturn report, this will be funded from the above reserves balance in 2016/17 thus reducing it to £2.342m. This would leave HRA general reserves at £0.542m above the recommended minimum balance.

HRA Earmarked Reserves

11.17 The Council can also set aside HRA funds for specific purposes to be used in future years. **Appendix F** provides a summary of the HRA earmarked reserves and the movements during the year. The balance at 31 March 2016 committed to support spending in future years is £4.895m.

11.18 The HRA earmarked reserves balance includes the Social Housing Development Fund. The opening balance on this reserve was £0.112m which was then supplemented by a £1.000m allocation from the HRA budget. Of this, £0.822m has been used during 2015/16 to fund the Social Housing Development capital programme, leaving a balance of £0.290m at the end of the year.

11.19 Also included within these reserves is £1.307m for the Electrical Testing contract, an increase in 2015/16 of £0.607m, and £1.147m for the Pre-Planned Maintenance Contract, an increase of £0.673m in 2015/16, due to delays in the contracts.

11.20 A total of £0.434m has been put in an earmarked reserve to cover the future loss of income due to non-payment of rent and charges. The Business Plan has allowed for a three year period of increased provision for non-payment of rent and to cover the initial period of Welfare Reform. However, a key component of Welfare Reform, Universal Credit, is being rolled out on a much slower timetable with cases expected to start increasing significantly from autumn 2016. A revised income expectation will be included within the Business Plan Review, and this earmarked reserve will be used to partially fund this expected future loss of income.

12 Recommendations for use of the 2015/16 HRA Underspend

12.1 The 2015/16 underspend has allowed the HRA Reserves to remain at a level comfortably above the recommended minimum balance.

12.2 It is therefore recommended that funds are allocated from the 2015/16 underspend in respect of the following, as set out in Recommendations 2.2e:

		£k
Welfare Reform Officer	Extend the Welfare Reform Officer post to March 2018 (currently funded to March 2017). This officer will be critical to support tenants through the next phase of Universal Credit roll-out (from October 2016) and help ensure that loss of rental income is minimised to the HRA	33
Debt and Benefit Advisor	Extend the additional Debt and Benefit Advisor post to March 2018 (currently funded to November 2016). This officer will be critical to support tenants through the next phase of Universal Credit roll-out (from October 2016) and help ensure that loss of rental income is minimised to the HRA.	38
Estate Officers x3	Increase Estate Officer capacity by one in each area until March 2018 (two years). This brings the total to 11 across the borough for this fixed term period. These posts are required to continue embedding One Team working into our three housing area teams. The additional resource will be necessary to support the anticipated 10-fold increase in Universal Credit applicants from October 2016, working alongside the above officers to support tenants and minimise rental loss.	198
Mental Health Support	Extend the Mental Health support currently funded until September 2016 (from 2014/15 underspends) until March 2017. From April 2017 this will be included within the Business Plan. The MIND project has been a real success and allowed us to better engage with vulnerable tenants. This engagement leads to reducing social isolation and helping them better manage their tenancies.	21
Chill and Chat	One year funding to Pilot a dedicated part-time resource to roll-out, drive and oversee the ‘Chill and Chat’ peer support group to vulnerable women across all three One Team areas. The pilot will be evaluated to see whether it demonstrates improved outcomes to attendees and whether it can become self-managed in future (or joint funded)	25
Community Development	Increase funding available to Community Development Officers from £0.004m to £0.010m in each One Team Area	18

		£k
	for 2016/17. This will be included in the base budget from 2017/18. Current community development budgets are minimal and often unable to support genuine community development activities and groups. This increase will be shared across the three area teams and will help address that.	
	Total	**333**

13 HRA Capital Programme

13.1 The HRA approved Capital Programme at the end of 2015/16 was £23.759m. This relates to schemes which will be completed over the next five years. The Council is supporting this investment through the use of Capital Receipts, Revenue Funding and Borrowing. The profiled budget on the Capital Programme during 2015/16 was £11.391m, as summarised in Table 15 below, with £10.214m being carried forward and a net underspend of £2.154m being reported. Rather than his underspend being carried forward, the resources that were allocated to the capital programme but not spent are held in reserves and will be prioritised through the new HRA 30-Year Business Plan.

13.2 The major areas of capital spend during the year related to the capital maintenance for the existing housing stock and the development and acquisition of new stock.

13.3 **Appendix G** provides a breakdown of the HRA Capital Programme Outturn by scheme, and also sets out the proposed Carry Forward.

Table 15: HRA Capital Programme 2015/16 Outturn Summary

	£'000	%
Approved Capital Programme Budget	23,759	
Profiled in later years	0	
2015/16 Capital Budget	23,759	
Re-profiled forecast of spending Carried Forward to 2016/17	(10,214)	43%
Residual budget for 2015/16	13,545	
2015/16 actual capital expenditure	11,391	
Underspend	2,154	9%

13.4 The capital programme can be split into two distinct areas:

Major Works and Improvements:

13.5 From a budget of £13.227m, a total of £8.002m was spent in 2015/16. This includes £1.435m on bathrooms, £1.086m on heating improvements, £0.714m on air source heat pumps, £0.287m on adaptations to improve accessibility and £2.132m on other programmed works on dwellings. A total of £0.888m was spent on related items such as asbestos removal, external areas including scooter stores, and external wall insulation.

13.6 A total of £4.004m has been reprogrammed into later years as the HRA Major Repairs and Improvement Fund, and will be included in the revised capital programme in the HRA Business Plan.

13.7 The budget of £1.509m for the installation of solar PV systems to dwellings is underspent by £0.169m. This is due to an unexpected limitation in the size of each installation, with some additional savings made by managing the installation in house. The reduction in system capacity will also reduce the income expectations, but the lower cost will also reduce the borrowing and interest costs.

13.8 A total of 6 Social Mobility Grants were issued through the year totalling £0.120m. These were funded through a grant from Government.

Development:

13.9 A total of £3.389m has been spent on new housing throughout 2015/16. The Creechbarrow Road and Weavers Arms developments include carry forwards of £5.337m with the schemes are due to complete in 2016/17.

13.10 Vale View, Normandy Drive and Bacon Drive were fully completed during 2015/16.

14 Links to Corporate Aims / Priorities

14.1 The financial performance of the Council underpins the delivery of corporate priorities and therefore all Corporate Aims.

15 Finance / Resource Implications

15.1 Contained within the body of the report.

16 Legal Implications

7.1 There are no legal implications associated with this report.

17 Environmental Impact Implications

17.1 None for the purpose of this report.

18 Safeguarding and/or Community Safety Implications

18.1 None for the purpose of this report.

19 Equality and Diversity Implications

19.1 None for the purpose of this report.

20 Social Value Implications

20.1 None for the purpose of this report.

21 Partnership Implications

21.1 A wide range of council services are provided through partnership arrangements e.g. Tone Leisure for leisure services and Somerset Waste Partnership for Waste and Recycling services. The cost of these services is reflected in the Council's financial outturn position for the year.

22 Health and Wellbeing Implications

22.1 None for the purpose of this report

23 Asset Management Implications

23.1 None for the purpose of this report.

24 Consultation Implications

24.1 None for the purpose of this report.

25 Scrutiny Comments / Recommendation(s)

25.1 The Council's outturn position will be reviewed by Corporate Scrutiny on 30th June, after this report to the Executive has been published, therefore any comments or recommendations will be provided verbally at the Executive meeting.

Democratic Path:

- **Scrutiny – Yes 30th June 2016**
- **Executive – Yes 7th July 2016**
- **Full Council – Yes 12th July 2016**

Reporting Frequency: ☐ **Once only** ☐ **Ad-hoc** **x Quarterly**

☐ **Twice-yearly** ☐ **Annually**

List of Appendices (delete if not applicable)

Appendix A	General Fund Revenue Account Outturn Summary
Appendix B	General Fund Revenue Account Outturn Variances
Appendix C	General Fund Earmarked Reserves Summary
Appendix D	General Fund Capital Programme Outturn Summary
Appendix E	Housing Revenue Account Outturn Summary
Appendix F	Housing Revenue Account Earmarked Reserves Summary
Appendix G	Housing Revenue Account Capital Programme Outturn Summary

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APPENDIX A

GENERAL FUND REVENUE ACCOUNT SUMMARY 2015/16

	Final Budget £000s	Actual Expenditure £000s	Variance £000s
Service Portfolios			
Community Leadership	574	589	15
Corporate Resources	1,162	1,184	22
Economic Development, Asset Management, Arts & Tourism	1,374	1,776	402
Environmental Services	4,503	4,473	(30)
General Services	1,065	1,077	12
Housing Services	2,436	1,676	(760)
Planning, Transportation & Communications	(1,646)	(1,586)	60
Sports, Parks & Leisure	2,642	2,861	219
West Somerset(Administration)	0	0	0
Net Cost of Services	**12,110**	**12,050**	**(60)**
Other Operating Costs and Income			
Deane Helpline Trading Account	80	67	(13)
DLO Trading Account	(101)	(101)	0
Interest and Investment Income	(314)	(469)	(155)
Parish Precepts & Special Expenses	620	620	0
Capital Financing from GF Revenue (RCCO)	3,218	3,257	39
Appropriations	(148)	(148)	0
Repayment of Capital Borrowing (MRP)	180	180	0
Transfers to Capital Adjustment Account	(2,513)	(2,241)	272
Transfers To/(From) Earmarked Reserves	665	951	286
Transfers To/(From) General Reserves	(281)	(281)	0
Transfers To/(From) Pension Reserve	0	(542)	(542)
Total Other Operating Costs and Income	**1,406**	**1,293**	**(113)**
NET EXPENDITURE BEFORE GRANTS AND TAXATION	**13,516**	**(13,343)**	**(173)**
Formula Grant and Council Tax Income	(10,330)	(10,437)	(107)
New Homes Bonus Grant	(3,186)	(3,186)	0
TOTAL FUNDING	**(13,516)**	**(13,623)**	**(107)**
PROJECT (UNDER)/OVERSPEND FOR THE YEAR	**0**	**(280)**	**(280)**

APPENDIX B

GENERAL FUND REVENUE ACCOUNT FORECAST VARIANCES

			Forecast Variance Updates						
	Port-folio	**Cost Centre Description**	**Q1 £k**	**Q2 £k**	**Q3 £k**	**Q4 £k**	**Total £k**	**Variance explanation**	**Management Action**
1	ECD	TDBC Assets	132		(40)	(46)	46	Q1 projected underachievement of income against budget of approximately £0.132m, mainly due to vacant units at Blackdown Business Park, the Auction House and Flook House and identification of backdated income due (-£0.086m). This has reduced the variance to £0.046m at Q4.	Budget holder will review costs with the aim of mitigating the shortfall.
2	COR	Council Tax collection				(37)	(37)	Additional total court fees from Collection Fund	Budget holder will monitor court fees

	Port-folio	Cost Centre Description	Forecast Variance Updates Q1 £k	Q2 £k	Q3 £k	Q4 £k	Total £k	Variance explanation	Management Action
3	ENV	Street Cleansing				(109)	(109)	Supplies and Services savings on equipment & fees and hired. The underspend in budget comes primarily from salary savings and vehicle operating costs, there have been a number of vacancies that have not been filled on a permanent basis and the associated vehicles have also not been replaced. Where vehicles have been replaced they have been with more fuel efficient models and this combined with the reduction in fuel prices has led to a further saving this year. The standard of service delivery has not reduced as a result of these changes and is consistent with the previous years with enhancements to Taunton town centre.	Budget holder to review budgets
4	ENV	Environmental Health				(59)	(59)	Pollution Reduction saving on supplies & transport of £0.031m and £0.028m saving on the dog contract.	Budget holder to review budgets
5	PTC	Car Parking		(14)	(10)	(15)	(39)	Additional income received (£0.039m).	Budget holder has reviewed income budgets as part of 2016/17 budget process

	Port-folio	Cost Centre Description	Forecast Variance Updates Q1 £k	Q2 £k	Q3 £k	Q4 £k	Total £k	Variance explanation	Management Action
6		Deane Helpline		(40)	(11)	(9)	(60)	Delays in recruitment due to an ongoing structure review (£0.026m), the winning a large corporate tender (£0.025m) and £0.009m in Q4 in respect of savings on premises and transport costs.	Budget holder will complete structural review.
7	COR	Rent Rebates		(114)		35	(79)	Demand led service	Budget holder will continually monitor expenditure and income.
8	ENV	Crematorium			26	30	56	A reduced number of cremations has reduced forecast income by £0.026m	Budget holder will continually monitor income
9	HSG	Building Services				(32)	(32)	Employee vacancies	Budget holder will monitor expenditure
10	HSG	Housing Options & Enabling				(57)	(57)	Employee Vacancies	Budget holder will monitor expenditure
11	SPL	Community Open Spaces & Parks				44	44	Additional works by Grounds Maintenance	Budget holder to monitor expenditure
12	PTC	CIL				(38)	(38)	5% Admin top slice	Budget holder to review budget
13	PTC	Conservation				(27)	(27)	Grants not issued to third parties	Budget holder to monitor expenditure
14		Interest Receivable				(155)	(155)	Additional investment received	Budget holder to monitor income

	Port-folio	Cost Centre Description	Forecast Variance Updates Q1 £k	Q2 £k	Q3 £k	Q4 £k	Total £k	Variance explanation	Management Action
15	PTC	Transport Co-ordination			(12)	12	0	Lower maintenance and advertising costs for bus shelters(-£0.012m)	Budget holder will monitor expenditure
16		RCCO				39	39	Waste Containers RCCO £0.038m	Budget holder to monitor expenditure
17		Other Variances				227	227	Total of all other overspends/underspends. £0.250m relates to a transfer to the Business Rates Smoothing Reserve to mitigate the risk from appeals.	
		GRAND TOTAL	**132**	**(168)**	**(47)**	**(197)**	**(280)**		

Key: Portfolios

COM	Community Leadership
COR	Corporate Resources
ECD	Economic Development, Asset Management, Arts & Tourism
ENV	Environmental Services
GEN	General Services
HSG	Housing Services (Non-HRA)
PTC	Planning and Transportation/Communications
SPL	Sports, Parks & Leisure
OTH	Other Central Costs and Income

GENERAL FUND EARMARKED RESERVES **APPENDIX C**

Earmarked Reserve Heading	**Balance at 1 April 2015**	Transfers In 2015/16	Transfers Out 2015/16	**Balance at 31 March 2016**
	£000	£000	£000	**£000**
DLO Vehicle Replacement Reserve	25	0	0	25
Capital Financing Reserve - General Fund Projects	3,554	1,596	(2,061)	3,089
Subtotal	**3,579**	**1,596**	**(2,061)**	**3,114**
Climate Change	116	17	(80)	53
Asset Management - Tone Leisure	418	380	(575)	223
Brewhouse ext Refurb	61	0	0	61
Building Control Trading Balance	(2)	22	20	0
CCTV	0	7	0	7
Bursary Account General Provisions	4	0	(4)	0
CEO Initiatives	93	0	(15)	78
Corporate Training	127	0	0	127
DLO Trading Account Reserve	314	73	(22)	365
DLO Vehicle Replacement Reserve GF	341	0	(25)	316
Elections	65	0	(65)	0
FE Colthurst Trust Bequest Accounts	1	0	0	1
General Fund General Carry Forwards	765	699	(765)	699
Healthy Workplace	13	0	(7)	6
Housing Enabling	178	7	0	185
Self-Insurance Fund	500	0	(15)	485
Local Plan Enquiry General Provisions (LDF)	189	23	(76)	136

GENERAL FUND EARMARKED RESERVES APPENDIX C

Earmarked Reserve Heading	**Balance at 1 April 2015**	Transfers In 2015/16	Transfers Out 2015/16	**Balance at 31 March 2016**
	£000	£000	£000	**£000**
Planning Delivery Grant - Revenue (HPDG)	127	0	(25)	102
Strategic Director SA	58	34	(7)	85
Travel Plan	64	45	(16)	93
Works of Art and Public Arts Project	15	0	(15)	0
Asset Management - General Services Non-HRA	249	89	(49)	289
Housing Loans to Private Sector Mortgagees	10	16	(16)	10
TDBC share of NNDR Surplus/Deficit	2,923	552	(653)	2,822
Youth Homelessness Fund	4	0	0	4
Corporate Services Clienting Reserve	195	175	(277)	93
Eco Towns Projects Funding	142	162	0	304
New Homes Bonus	2,441	2,485	(764)	4,162
CLG Preventing Repossessions Fund	25	5	(5)	25
Housing Benefit Grant	1	3	(3)	1
Strategy	1	0	0	1
Growth & Regeneration Service Costs	301	1	(214)	88
Troubled Families	49		(49)	0
Stable Payroll Pensions Reserve	25	25	(50)	0
Food Inspections	73	0	0	73

Earmarked Reserve Heading	**Balance at 1 April 2015**	Transfers In 2015/16	Transfers Out 2015/16	**Balance at 31 March 2016**
	£000	£000	£000	**£000**
Youth Fund Youth Project	2	0	0	2
Community Rights to Challenge	38	0	(38)	0
Homelessness Grant	149	15	0	164
Waste Earmarked Reserve	50	0	0	50
Debt Recovery	61	0	0	61
Legal Civica Hosting Costs EMR	12	0	0	12
Neighbourhood Planning Grant EMR	77	0	(13)	64
Designated Public Spaces Order	10	0	(5)	5
JM & SS Project EMR	898	0	(672)	226
Business Rates Risk EMR	80	0	(80)	0
Asset Strategy EMR	79	25	0	104
Land Charges Self Financing	25	31	0	56
Individual Registration	50	0	(8)	42
Customer Access & Accomm Project EMR	216	0	(95)	121
Monkton Heathfield EMR	516	173	0	689
Licensing Self Financing	(23)	13	(39)	(49)
Parking	50	0	(50)	0
Specialised Planning Leg	165	0	(5)	160
Taxi Licensing	4	16	0	20
ICT Strategy	0	50	0	50
Resource Equalisation	294	311	(237)	368

GENERAL FUND EARMARKED RESERVES APPENDIX C

Earmarked Reserve Heading	**Balance at 1 April 2015**	Transfers In 2015/16	Transfers Out 2015/16	**Balance at 31 March 2016**
	£000	£000	£000	**£000**
SWO Succession Planning	0	933	0	933
SAP Replacement	0	320	0	320
Economic Development & Growth Initiatives	0	315	0	315
Subtotal	**12,639**	**7,022**	**(5,053)**	**14,608**
Total	**16,218**	**8,618**	**(7,114)**	**17,722**

TAUNTON DEANE BOROUGH COUNCIL - CAPITAL PROGRAMME 2015/16

Project	Budget	Actual	Overspends	Underspends	Budget not required	Budget C/F to 2016/17
General Fund						
* 800000 PC Refresh Project	62,600	20,032	0	(42,568)		(42,568)
* 800001 Members IT Equipment	9,700	1,105	0	(8,595)		(8,595)
* 800002 DLO Vehicles	284,600	220,607	0	(63,993)		(63,993)
* 800003 DLO Plant	30,500	27,713	0	(2,788)		(2,788)
* 800004 PT Longrun Meadow C	103,000	0	0	(103,000)		(103,000)
* 800007 PT High Street Project	700	5,730	5,030			
* 800009 Waste Containers	90,310	90,314	4			
* 800010 Paul Street Car Park	340,600	5,485	0	(335,115)		(335,115)
* 800012 Grants to Halls & Sp	51,400	3,100	0	(48,300)		(48,300)
* 800013 Grants to Parishes	22,000	2,890	0	(19,110)		(19,110)
* 800014 Replace Play Equip	24,100	8,742	0	(15,358)		(15,358)
* 800016 Energy Efficiency	29,900	0	0	(29,900)		(29,900)
* 800017 Landlord Acc Scheme	5,000	0	0	(5,000)		(5,000)
* 800018 Wessex HI Loans	10,400	5,340	0	(5,060)		(5,060)
* 800019 DFGs Private Sector	472,140	104,354	0	(367,786)		(367,786)
* 800020 Grants to RSLs	660,600	45,000	0	(615,600)		(615,600)
* 800040 IT Infrastructure	47,200	27,941	0	(19,259)		(19,259)
* 800041 Mercury Abatement	3,800		0	(3,800)		(3,800)
* 800042 DLO System	102,400	41,280	0	(61,120)		(61,120)
* 800045 PT Castle Green	218,000	20,704	0	(197,296)		(197,296)
* 800046 PT High St Retail	2,800		0	(2,800)		(2,800)
* 800049 PT Urban Growth	0	4,264	4,264			
* 800052 PT Coal Orchard	2,500		0	(2,500)		(2,500)
* 800054 PT Signage	200	809	609			
* 800058 Swimming Pool PV Cells	5,600		0	(5,600)		(5,600)
* 800059 Vivary Park Play	8,600	8,611	11			
* 800066 Goodlands Gardens	2,800	2,750	0	(50)		(50)
* 800070 Lyngford Skate Ramps	8,000	8,035	35			
* 800071 Wellington Pavilion	12,200	12,169	0	(31)		(31)
* 800074 SCCC Loan	700,000	700,000	0			
* 800075 Gypsy Site	25,000	0	0	(25,000)		(25,000)
* 800076 Station Road Pool	27,700		0	(27,700)		(27,700)
* 800101 GF Community Alarms	25,000	20,357	0	(4,643)		(4,643)
* 800102 Blackbrook Pool	6,061,902	4,225,999	0	(1,835,903)		(1,835,903)
* 800103 Brewhouse	5,000	0	0	(5,000)		(5,000)
* 800105 Creech Castle Improv	375,000	0	0	(375,000)		(375,000)
* 800106 Thales Site	800,000	5,630	0	(794,370)		(794,370)
* 800111 Joint Mgt & Shared S	649,800		0	(649,800)		(649,800)
* 800112 Crematorium Chapel Roof	155,000	0	0	(155,000)	(135,000)	(20,000)
* 800113 Firepool Land Assembly	1,033,000	49,634	0	(983,367)		(983,367)
* 800114 Canon St Car Park	900		0	(900)	(900)	
* 800115 Langford Budville Play	900	939	39			
* 800120 Killams	4,900	4,883	0	(17)		(17)
* 800122 Farriers Green	7,400	7,390	0	(10)		(10)
* 800128 Hudson Way	247,200	247,189	0	(11)		(11)
* 800129 Churchinford	12,200	12,184	0	(16)		(16)
* 800131 Leycroft Park	591	591	0	0		0
* 800132 Hamilton Park	168	168	0	0		0
* 800135 Car Park Improvements	239,000	82,585	0	(156,415)		(156,415)
* 800136 Cemetery Extension -	77,730	57,761	0	(19,969)		(19,969)
* 800138 Spec Exp play grants	16,800	0	0	(16,800)		(16,800)
* 800145 Relocation of TIC	170,800	170,778	0	(22)	(22)	
* 800146 Bishops Lydeard	1,500	1,470	0	(30)		(30)
* 800147 TD P Depot Reloc Cap	3,603,940	796,190	0	(2,807,750)		(2,807,750)
* 800148 Single IT Platform	79,800	79,992	192			
* 800149 Trull	4,000	4,000	0			
* 800150 Creech St Michael	5,700	5,736	36			
* 800151 S106 Wellington Basins	5,000	4,990	0	(10)		(10)
* 800152 Cems & Crems Vehicles	25,000	7,252	0	(17,748)		(17,748)
* 800153 Wellington Scouts	4,000	4,000	0	0		
* 800159 Pocket Parks	10,000	10,000	0	0		
* 800160 Youth Project Capital	281,470		0	(281,470)		(281,470)
* 800161 Community Infrastructure Projects	77,395	77,395	0	0		
General Fund Total	**17,345,446**	**7,244,089**	**10,220**	**(10,111,578)**	**(135,922)**	**(9,975,656)**

APPENDIX E

HOUSING REVENUE ACCOUNT OUTTURN SUMMARY

	Budget £'000	Actual £'000	Variance £'000
Income			
Dwelling Rents	(24,933)	(25,021)	(88)
Non Dwelling Rents	(599)	(604)	(5)
Charges for Services/Facilities (Service Charges, Rechargeable Repairs, Leaseholder Charges)	(997)	(1,011)	(14)
Contributions Towards Expenditure	(402)	(420)	(18)
Total Income	(26,931)	(27,056)	(125)
Expenditure			
Repairs and Maintenance	5,711	6,018	307
Housing Management	6,649	6,586	(63)
Capital Charges – Depreciation and Impairment	6,745	6,691	(54)
Other Expenditure	161	493	332
Provision for Bad Debt	515	81	(434)
Total Expenditure	19,781	19,869	88
Other Costs & Income			
Interest Payable	2,960	2,760	(200)
Interest and Investment Income	(51)	(131)	(80)
Revenue Contribution to Capital	873	944	71
Provision for Repayment of Debt	893	893	0
Social Housing Development Fund	1,000	1,016	16
Procurement Savings	323	77	(246)
Transfers To/(From) Earmarked & Other Reserves	1,152	1,152	0
Total Other Costs & Income	7,150	6,711	(439)
NET (SUPLUS)/DEFICIT FOR THE YEAR	0	(476)	(476)

HRA EARMARKED RESERVES APPENDIX F

Earmarked Reserve Heading	**Balance at 1 April 2015**	Transfers In 2015/16	Transfers Out 2015/16	**Balance at 31 March 2016**
	£000	£000	£000	**£000**
Capital Financing Reserve- HRA Projects	79	0	0	79
Halcon Regeneration Scheme Project	*24*	0	0	24
Subtotal	**103**	**0**	**0**	**103**
Leasehold Schemes HRA Advanced Payments	10	0	0	10
HRA	248	329	(236)	341
Tenants Forum	4	0	0	4
CCR DLO Transformation (HRA resources)	6	0	(6)	0
Social Housing Development Fund	112	1,000	(822)	290
Customer Access & Accomm Project EMR	54	0	(18)	36
HRA Comm Dev Fund	425		(219)	206
HRA One Teams	0	258	0	258
HRA Pre Void and Tenant	0	138	0	138
HRA Lettings Contingency	0	97	0	97
HRA Employment and Skill	0	138	0	138
HRA Electrical Testing	700	607	0	1,307
HRA Preplanned Maint	474	673	0	1,147

HRA EARMARKED RESERVES **APPENDIX F**

Earmarked Reserve Heading	Balance at 1 April 2015	Transfers In 2015/16	Transfers Out 2015/16	Balance at 31 March 2016
	£000	£000	£000	**£000**
Insurance Works Smoothing	86	45	0	131
HRA Provision for Bad Debt	0	434	0	434
SWO Succession Planning	0	150	0	150
SAP Replacement	0	105	0	105
Subtotal	**2,119**	**3,969**	**(1,296)**	**4,792**
Total	**2,222**	**3,969**	**(1,296)**	**4,895**

APPENDIX G

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME OUTTURN 2015/16

Scheme	Budget 2015-16 £	Outturn £	Variance £	Budget Carried Forward 2016/17 £
Major Works				
Kitchens	1,356,300	269,761	1,086,539	
Bathrooms	1,932,800	1,435,224	497,576	
Roofing	50,000	75,216	(25,216)	
Windows	146,000	73,785	72,215	
Heating Improvements	2,894,000	1,086,180	1,807,820	
Doors	630,500	570,167	60,333	
Fire Safety Works in Communal Areas	334,200	324,910	9,290	
Fascias and Soffits	868,700	471,094	397,606	
Air Source Heat Pumps	709,500	713,804	(4,304)	
Door Entry Systems	270,000	317,326	(47,326)	
Soundproofing	-	2,208	(2,208)	
Other External Insulations	10,000	27,679	(17,679)	
HRA Major Repairs and Improvement Fund				4,004,000
Total Major Works	**9,202,000**	**5,367,354**	**3,834,646**	**4,004,000**
Improvements				
Aids and Adaptations	120,000	74,302	45,698	
DFGs	315,000	213,065	101,935	
Garages	30,000	-	30,000	30,000
Sewerage Treatment Plants	20,000	20,798	(798)	
Meeting Halls	30,000	975	29,025	
Unadopted Areas	45,000	24,150	20,850	21,000
Asbestos Works	260,000	271,334	(11,334)	
Tenants Improvements	5,000	-	5,000	
Sustainable Energy Fund	546,400	422,597	123,803	124,000
Environmental Improvements	312,000	71,481	240,519	241,000
Extensions	160,000	1,779	158,221	158,000
Community Alarms	65,800	61,290	4,510	5,000
IT Development	306,900	13,330	293,570	294,000
PV Systems	1,509,100	1,340,205	168,895	
Social Mobility	300,000	120,000	180,000	
Total Improvements	**4,025,200**	**2,635,306**	**1,389,894**	**873,000**
Social Housing Development Programme				
Creechbarrow Road	4,862,000	2,763,445	2,098,555	2,099,000
Phase 1: Vale View, West Bag	253,400	25,272	228,128	
Phase 1: Bacon Drive	550,400	(5,591)	555,991	
Phase 1: Normandy Drive	366,100	61,148	304,952	
Buybacks	161,100	194,179	(33,079)	
Social Housing Development Program	1,000,000	250,000	750,000	
Weavers Arms	3,338,500	100,206	3,238,294	3,238,000
Total Social Housing Development Programme	**10,531,500**	**3,388,659**	**7,142,841**	**5,337,000**
Total HRA	**23,758,700**	**11,391,319**	**12,367,381**	**10,214,000**

AGENDA ITEM NO. 6

Taunton Deane Borough Council

Executive – 7 July 2016

Quarter 4 2015/16 Performance Report

This matter is the responsibility of Councillor Richard Parrish

Report Author: Paul Harding, Corporate Strategy & Performance Manager

1 Purpose of the Report

1.1 This report provides Members with key performance management data up to the end of quarter 4 2015/16, to assist in monitoring the Council's performance.

2 Recommendations

2.1 It is recommended that:-

- The Executive review the Council's performance and highlight any areas of particular concern;

3 Risk Assessment

Risk Matrix

Description	Likelihood	Impact	Overall
The key risk is that the Council fails to manage its performance and use the subsequent information to inform decisions and produce improved services for customers.	Likely (4)	Major (4)	High (16)
The mitigation for this will be the continued strong leadership from Lead Members and JMT to ensure that performance management remains a priority.	Unlikely (2)	Major (4)	Medium (8)

4 Background and Full details of the Report

4.1 Regularly monitoring our performance is a key element of the Council's Performance Management Framework.

4.2 There are **70** individual measures which are reported within the Corporate Scorecard.

4.3 The TDBC Corporate Scorecard at Appendix A contains details of the Quarter 4 2015/16 position against the Council's key priorities, finance and corporate health indicators. It should be stressed that this information is at **31st March 2016**.

4.4 Each action/measure is given a coloured status to provide the reader with a quick visual way of identifying whether it is on track or whether there might be some issues with performance or delivery or an action.

4.5 The key used is provided below:

KEY:

☺	Performance Indicators target achieved.	😐	Performance indicators did not achieve target. Close to target. Not significant issue.	☹	Performance indicators did not achieve target. Significant variance.

4.6 The table below provides an overview of the reported indicators within the Corporate Scorecard.

GREEN ☺	AMBER 😐	RED ☹	NOT DUE	NOT AVAILABLE	TOTAL
43 *(41)*	**8** *(12)*	**7** *(7)*	**9** *(6)*	**3** *(4)*	**70**

(Figs in brackets relate to Q3)

Please refer to Appendix A for full details of each of the reported measures.

Three of these measures were reported red for Q3 also. These were:

1) **Ref HC5.7** **Emergency Housing Repairs – response times**
2) **Ref HC5.8** **Urgent Housing Repairs – response times**
3) **Ref 6.1** **Staff Sickness**

4.7 Further detail is provided below concerning the seven red measures:

Ref HC5.7 **<u>Emergency</u> Housing Repairs – response times** ☹
The target is to complete **98%** of emergency repairs within 24 hours. For Q4 performance was **91.7%.** This is an improvement on Q3 (86.37%), Whilst below the target, performance is expected to improve further once a number of operational changes in working practices continue to have an impact.

Ref HC5.8 **<u>Urgent</u> Housing Repairs – response times** ☹
The target is to complete **94%** of urgent repairs and maintenance to our housing stock within 3 working days. For Q4 performance was **88.45%.** This is an improvement on Q1, Q2 and Q3 (86%, 87% & 88%) Whilst below the target, performance is expected to improve further once a number of operational changes in working practices continue to have an impact.

Ref HC1.6 **Rent arrears owed by current tenants** ☹
The target is for there to be £360,000 or lower in rent arrears owed by current tenants at the end of the financial year. This target has remained static for a number of years, despite the amount of rent payable having increased significantly during the intervening years through rent increases and Housing Benefit reductions. At end Q4 (week 52) rent arrears owed by current tenants was **£417,517.75** .By the end of new year week 1 this had reduced to £387,778.86. (At end of Q4 2015/16 rent arrears stood at £412,303.38) However rent collected as a % of rent due (excluding arrears b/f) was **99.96%** which is an excellent achievement (see HC 1.7).

Ref 6.1 **Staff Sickness** ☹
The target is an average of **8 days** or lower per full time equivalent (FTE) member of staff for the year. The year ended with an average of **8.86** days per FTE for the 2015/16 year 63% of sickness absence has been long term and 37% short-term. *Long term = 28 continuous calendar days or longer.* (In 2015/16 the final position was 7.89 days per FTE). It is proposed during July to circulate an analysis of sickness absence to all members, including comparisons to that for neighbouring Districts.

HC2.2 Housing Services General needs tenants' satisfaction with landlord services overall ☹
The target is top quartile performance status (upper quartile is **89%** based upon the result from 2015 STAR Survey. The STAR survey is undertaken **every two years** and we will be expecting improvement in 2017. The result is satisfaction = **80%.** We are developing an action plan to address the satisfaction issues and ensure this improves in key areas. The service has experienced significant changes in the past year including restructuring and introduction of new IT systems which undoubtedly will have affected performance in the short term.

3.2.1 Visitors to the Taunton Town Centre (measured by footfall counters) ☹
The target is for a 2% year on year increase in footfall to the Taunton Town Centre. However for each quarter during 2015/16 there has been a reduction in footfall numbers compared to 2014/15. Therefore the target has not been achieved. (Q1 1.95% reduction in footfall, Q2 0.55% reduction in footfall, Q3 3.5% reduction in footfall, Q4 5% reduction in footfall).

HC5.33 Number of affordable housing units delivered ☹
The target was for 60 affordable housing units to be delivered. 12 properties were handed over during 2015/16. The development programme is being closely monitored and the remaining 48 units are to be delivered during 2016.

5 Links to Corporate Aims / Priorities

5.1 This report includes highlights of progress against delivery of the corporate priorities.

6 Finance / Resource Implications

6.1 The scorecard references some financial performance measures, a separate more detailed financial performance report for the quarter is listed as a separate item on this agenda.

7 Legal Implications

7.1 There are no legal implications associated with this report.

8 Environmental Impact Implications

8.1 There are no direct environmental impact implications associated with this report although the scorecard includes measures relating to fly-tipping and parks and open spaces.

9 Safeguarding and/or Community Safety Implications

9.1 There are no safeguarding and /or community safety implications associated with this report.

10 Equality and Diversity Implications

10.1 There are no equality and diversity implications associated with this report.

11 Social Value Implications

11.1 There are no Social Value implications associated with this report.

12 Partnership Implications

12.1 A number of corporate aims and objectives reported within the corporate scorecard are delivered in partnership with other organisations, in particular through shared services arrangements with West Somerset District Council.

13 Health and Wellbeing Implications

13.1 There are no direct health and wellbeing implications associated with this report although the corporate scorecard includes measures relating to disabled facilities grants which enable residents to live independently, for example.

14 Asset Management Implications

14.1 There are no direct asset management implications associated with this report.

15 Consultation Implications

15.1 The performance scorecard has been reviewed by JMT at the performance review day held on 19th May 2016. This performance report will be published on the Council's website for public scrutiny and information.

Democratic Path:

- **Corporate Scrutiny - Yes**
- **Executive – Yes**
- **Full Council – No**

Reporting Frequency: 6 Monthly.

List of Appendices (delete if not applicable)

Appendix A	Corporate Scorecard

Contact Officers

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APPENDIX A

Reference	AD	Corporate Aim/Priority	Corporate Objective	Description	Measure	Previous Year Performance	Q1 (RAG)	Q2 (RAG)	Q3 (RAG)	Q4 (RAG)	Comments
2.1.3	Chris Hall	2. TDBC Vibrant Economic Environment	3. TDBC Improve the perception of Taunton as a regional centre of economic growth and as a place to do business - attracting new businesses whilst supporting existing ones.	Licensing	Target - 95% licensing applications processed within 14 days	81% average for 2014/15	RED	RED	RED	AMBER	Of the 284 applications determined with Q4, 260 (91%) were processed within 14 days of the application being complete. Also during this period, the backlog of applications isolated (during Q1 and Q2) was reduced from 100 to 18, due in part to additional temporary resources being secured. The remainder of this backlog will be cleared during April.
6.7	Chris Hall	Corporate Health	Corporate Health	To raise and maintain the standard of Health & Safety knowledge & performance within the organisation.	Targets 1. To maintain reported accidents within 10% of last years baseline. 2. Carry out accident investigations within 2 weeks. 3. Carry out 2 audits per quarter. 4. Ensure 100% of audit reports completed within 2 weeks.	Targets changed from 2014/15	RED	AMBER	RED	AMBER	Q4 1. - 46 accidents reported last year, 58 reported this year (Outside of 10% range but statistics will be monitored over the year as whole) 2. 1 accident investigation carried out outside of timescale, but now completed. 3. 1 audit completed during the period. Focus on asbestos management and reduction in staff capacity has meant that only 1 completed. 4. Audit completed as part of asbestos process mapping exercise.
3.2	Chris Hall	3. TDBC Vibrant Social, Cultural and Leisure Environment	6. TDBC Facilitate and support cultural and leisure opportunities	Blackbrook Pool and Spa	Milestones: June 2015 work commences on site, July 15 to Nov 15 Main Build, Dec 15 to May 16 1st and 2nd Fix (Completion May 2016)	N/a	GREEN	GREEN	GREEN	GREEN	Programme remains on track. Internal works and second fix are well underway. Operator is well underway with mobilisation planning and activities
3.3	Chris Hall	3. TDBC Vibrant Social, Cultural and Leisure Environment	7. TDBC Maintain clean streets, good quality parks, open spaces and leisure and cultural facilities.	Fly Tipping	Measure - Numbers of fly-tipping incidents reported in the Borough. Target-Respond to 80% of reported incidents within 5 days of report.	770 incidents for year - 87.35% responded to within 5 days	GREEN	NOT AVAILABLE	GREEN	GREEN	Q1 = 80.99% Q3 = 86.86% Q4 136 reported, 114 responded within 5 days 83.82%
3.3.1	Chris Hall	3. TDBC Vibrant Social, Cultural and Leisure Environment	7. TDBC Maintain clean streets, good quality parks, open spaces and leisure and cultural facilities.	Parks and Open Spaces	Maintain parks in accordance with schedule and in response to incidents to ensure high standard of cleanliness. Target: 70% positive feedback from parks annual customer satisfaction survey - (Survey issued September - analysed December).	100% rated service good or very good in 2015/16.	NOT DUE	NOT DUE	NOT DUE	GREEN	100% rated very good or eccellent
KPI 92	Chris Hall	Service Measure	Service Measure	Building Control % applications registed within agreed timescale (5 days)	Target - 95%	New Measure	GREEN	GREEN	GREEN	GREEN	Target met.
KPI 93	Chris Hall	Service Measure	Service Measure	Building Control % of inspections carried out on day registered	95%	New TDBC Measure	GREEN	GREEN	GREEN	GREEN	Target met
KPI 54	Chris Hall	Service Measure	Service Measure	Enviromental Health Average time taken to respond to initial request for service (days)	Average of 4 days or lower	New TDBC Measure	GREEN	NOT AVAILABLE	GREEN	GREEN	Q4 = 1.5 days 399 requests were received in Q4
KPI 56a	Chris Hall	Service Measure	Service Measure	Environmental Heath % of requests completed within stated service standard (60 days)	75% or higher	66%	GREEN	NOT AVAILABLE	GREEN	GREEN	Q4 = 97%. Of the 297 service requests that have been opened and closed during this quarter, 97% 284 of them were completed within the stated service standard (60 days).
KPI 90	Chris Hall	Service Measure	Service Measure	Waste & Recycling Fly Tipping - No of Incidents	No Target - Measure Only	New TDBC Measure	GREEN	NOT AVAILABLE	GREEN	GREEN	Q1= 242 Q3 = 137 Q4 136
KPI 94	Chris Hall	Service Measure	Service Measure	Building Control Dangerous Structures - % of incidents responded to within 24hrs	Target - 95%	New TDBC Measure	GREEN	GREEN	GREEN	GREEN	Target met
KPI 86	Chris Hall	Service Measure	Service Measure	Waste & Recycling % of waste recycled & composted	target - 41%	Q1= 51.02%	GREEN	GREEN	NOT AVAILABLE	NOT AVAILABLE	Q4= not available

Reference	AD	Corporate Aim/Priority	Corporate Objective	Description	Measure	Previous Year Performance	Q1 (RAG)	Q2 (RAG)	Q3 (RAG)	Q4 (RAG)	Comments
3.2.1	Ian Timms	3. TDBC Vibrant Social, Cultural and Leisure Environment	6. TDBC Facilitate and support cultural and leisure opportunities	Taunton town centre events programme	Attract additional visitors to the town centre (measured by footfall counters) - 2% year on year increase. This is an annual measure, reported quarterly.		AMBER	AMBER	AMBER	RED	Q1 2015/16: 4,925,655 visits in quarter (clearly these will not be unique visitors) (Footfall down on Q1 2014/15 by 1.95%) Q2 2015/16 5,217,617 (down 0.55% on Q2 2014/15), Q3 2015/16 5,460,196 (down 3.5% on Q3 2014/15) Q4 2015/16 4,566,158. (down 5% on Q4 2015/16)
KPI 139	Ian Timms	2. TDBC Vibrant Economic Environment	4. TDBC Increase the economic activity within the Borough including the number and value of jobs	Provide financial assistance to start up businesses and rural buisnesses	20 start up businesses 5 rural businesses		GREEN	AMBER	AMBER	AMBER	Over the year we supported 7 new businesses and 4 rural business schemes. The service have promoted the scheme throughout the year however there has been limited take-up. This is largely outside of the service's control.
KPI 143	Ian Timms	2. TDBC Vibrant Economic Environment	4. TDBC Increase the economic activity within the Borough including the number and value of jobs	Research and introduce a new programme to assist job seekers to obtain paid employment, work experience or learning oportunities	introduce a new programme by July 2015 including setting new performance indicators		GREEN	AMBER	RED	AMBER	The Housing Revenue Account has commissioned a two year service within its three One Team areas to support tenants in getting off benefits and back into work. 'Inspired to Achieve' will be reporting back on their performance through the Tenants Services Management Board.
2.1.2	Ian Timms	2. TDBC Vibrant Economic Environment	3. TDBC Improve the perception of Taunton as a regional centre of economic growth and as a place to do business - attracting new businesses whilst supporting existing ones.	Taunton town centre shop vacancy rate	Target - maintain vacancy rate at 50% of national average (or lower).	Q4 vacancy rate 4.02% compared to national average of 13.2%.	AMBER	AMBER	AMBER	AMBER	Q1 - 3.14% Q2 - 3.04%. Q3 stats not available until Feb, though no major recent vacancies created in the town centre to warrant concern. Q4 - 4.04% (National rate = 8.7%)
KPI 138	Ian Timms	2. TDBC Vibrant Economic Environment	4. TDBC Increase the economic activity within the Borough including the number and value of jobs	Deliver buisness events (each attended by at least 10 businesses)	4 events		GREEN	AMBER	GREEN	GREEN	1 event delivered during Q1 regarding social media, which 22 businesses attended. No events delivered during Q2. Plans for TD Business conference in December, and Wellington Business event in New Year. Q3: TD Business Conference in Dec15 attended by 100 businesses. Q4: Series of 4 workshops for small businesses delivered by Somerset Business Agency, attended
KPI 140	Ian Timms	2. TDBC Vibrant Economic Environment	4. TDBC Increase the economic activity within the Borough including the number and value of jobs	Provide active support to businesses with investment proposals (incl. via support for planning applications	Support 20 Businesses		GREEN	GREEN	GREEN	GREEN	Q1: Current list of businesses receiving advice and support totals 34, plus a further 7 observations submitted on Planning applications. Q2: Current number of businesses receiving advice and support during Q1 and Q2 totals 44, plus a further 9 observations submitted on Planning applications during Q2 (16 during ytd). Q3: 49 investment enquiries supported during year to date (5 new enquiries during Q3), plus 19 applications for Planning permission actively supported. Q4: 78 enquiries supported during the year (23 in Q4), plus 44 business related applications for
KPI 142	Ian Timms	2. TDBC Vibrant Economic Environment	4. WSC The economic opportunities that arise from the development and associated activities are maximised	Introduce an Account Mangement approach to larger businesses aiming to visit all of the Borough's larger employers at least once during the year.	Visits to 40 larger businesses		GREEN	GREEN	GREEN	GREEN	Completed design of Account management programme in June. Q2: Roll out of approach underway, building on existing relationships with Brendan, Ian and David. One to one meetings enhanced by other initiatives, including conference and marketing opportunities (eg Burrows). Q3: Relationship with larger and key businesses positive. 100 attendees at Business Conference in December. Burrows Business guide and other publications well received.
KPI 144	Ian Timms	2. TDBC Vibrant Economic Environment	4. TDBC Increase the economic activity within the Borough including the number and value of jobs	Assist potential inward investors to creat jobs in the Borough	Assist 20 Businesses		GREEN	GREEN	GREEN	GREEN	Q1: 6 new enquiries received during Q1, all being supported Q2: 4 new enquiries received, all being supported Q3: 6 new enquiries received, all being supported. Q4: 11 new enquiries received, all being supported.
KPI 150	Ian Timms	2. TDBC Vibrant Economic Environment	3. TDBC Improve the perception of Taunton as a regional centre of economic growth and as a place to do business - attracting new businesses whilst supporting existing ones.	Develop a design brief for the redevelopment of the Coal Orchard Car Park & Cultural Quarter of Taunton	Design Brief to be agreed before Sept 2015	N/A	GREEN	GREEN	GREEN	GREEN	Public and business consultation on design brief underway in June. Project on track. Q2: public and business consultation carried out over Summer, MACE Design Brief reported to Exec in September. Q4: MACE continued to work on commercial feasibility aspects and draft scheme to be submitted to Planning in new financial year.
KPI 141	Ian Timms	2. TDBC Vibrant Economic Environment	3. TDBC Improve the perception of Taunton as a regional centre of economic growth and as a place to do business - attracting new businesses whilst supporting existing ones.	Provide a programme of support via the Taunton Deane Manufacturing Forum	3 meetings per year	N/A	GREEN	AMBER	RED	NOT DUE	Q1: 1 Event held in May of the Taunton Deane Manufacturing Forum. Q2: No meetings held or planned in Q2 with the Forum. Interest in the group has waned over the past 12 months, due in large part to the creation of the Somerset Manufacturing Group across Somerset which means our businesses can play a wider role. Propose to stop running the Taunton Deane Manufacturing Forum and delete this performance measure.
KPI 145	Ian Timms	2. TDBC Vibrant Economic Environment	3. TDBC Improve the perception of Taunton as a regional centre of economic growth and as a place to do business - attracting new businesses whilst supporting existing ones.	Delivery of major Summer event to celebrate Taunton as the county town of Somerset	Delivery of Somersfest in June		GREEN	GREEN	NOT DUE	NOT DUE	Somerfest delivered very successfully on 20 June, with delivery outsourced to FUSE Performance. Footfall monitors indicate that visitor numbers were up by 21% on 2014 on the day of the event. Q2: action complete
KPI 146	Ian Timms	2. TDBC Vibrant Economic Environment	3. TDBC Improve the perception of Taunton as a regional centre of economic growth and as a place to do business - attracting new businesses whilst supporting existing ones.	Support make Taunton Sparkle to install an attractive Christmas light display and switch on event	Christmas lights in Nov/Dec		GREEN	GREEN	GREEN	NOT DUE	Support being offered to Make Taunton Sparkle to plan switch on event on 28/11, and separately support ongoing to other organisers for a season of festivities in Taunton town centre. Q2: month long Christmas season planned, commencing on 20th November, and including events and activities delivered by various organisations across the town centre on key dates in run up to Christmas. Switch on event, planned for 29th November being planned by M-T-S and TIME4 together.

Reference	AD	Corporate Aim/Priority	Corporate Objective	Description	Measure	Previous Year Performance	Q1 (RAG)	Q2 (RAG)	Q3 (RAG)	Q4 (RAG)	Comments
KPI 147	Ian Timms	2. TDBC Vibrant Economic Environment	3. TDBC Improve the perception of Taunton as a regional centre of economic growth and as a place to do business - attracting new businesses whilst supporting existing ones.	Secure the relocation of the Taunton TIC to a new Taunton Visitor Centre located in the market house	July		GREEN	GREEN	GREEN	NOT DUE	Q1: New Taunton Visitor Centre on track to open in July Q2: the former TIC moved without disruption to service into the Market House on 18th July. Since moving the Visitor Centre has welcomed (to 30th September): 17,901 customers through its doors and has dealt with 9,190 counter enquiries and 1,827 telephone calls.
KPI 149	Ian Timms	2. TDBC Vibrant Economic Environment	3. TDBC Improve the perception of Taunton as a regional centre of economic growth and as a place to do business - attracting new businesses whilst supporting existing ones.	Secure the refurbishment and letting of the Market House	To be completed by Summer 2015		GREEN	GREEN	NOT DUE	NOT DUE	Q1: Excellent progress made, with Wildwood opening in June, and other tenancies in East and West wings progressing well. Q2: Project nearing completion with final tenant due to take occupancy on first floor during Q3. Wildwood and Taunton Visitor Centre now well established. New open space in front of Visitor Centre has been cleared of street traders, and will be used for informal activities and seating.
5.4	Paul Fitzgerald	Service Measure	Service Measure	Council Tax Collection	Council Tax Target = 97.8% to be collected by 31st March	98% 2014/15	GREEN	GREEN	GREEN	GREEN	Q4 = 97.83%
5.4.1	Paul Fitzgerald	Service Measure	Service Measure	Business Rate Collection	Target = 98.4% to be collected by 31st March	98.7% 2014/15	GREEN	GREEN	GREEN	GREEN	Q4 = 98.41%
KBI 3	Paul Fitzgerald	Service Measure	Service Measure	Housing Benefit - % local authority error against overall expenditure (lower is better)	<0.48%		GREEN	GREEN	GREEN	GREEN	Q4 = 0.17%
KPI 5	Paul Fitzgerald	Service Measure	Service Measure	Average processing times or new housing benefit claims	22 days or lower		GREEN	GREEN	GREEN	GREEN	Q4 = 19.74 days
KPI 6	Paul Fitzgerald	Service Measure	Service Measure	Average processing times for charges in circumstances (lower is better)	9 days or lower		GREEN	GREEN	GREEN	GREEN	Q4 = 6.95 days
KBI 132	Paul Fitzgerald	Corporate Health	Corporate Health	% of undisputed invoices for comercial goods and services paid withing 30days of receipt	90% or more	93.66%	GREEN	GREEN	GREEN	GREEN	At end Q4 = 92.38% undisputed invoices had been paid on time. (24,534 of 26,558 invoices). Target exceeded.
KPI 133	Paul Fitzgerald	Corporate Health	Corporate Health	Number of invoices received	measure only - no target	29,701 invoices received	GREEN	GREEN	GREEN	GREEN	7,177 invoices received Q4 (26,558 received during 2015/16)
5.3.1	Paul Fitzgerald	1. TDBC Quality & Sustainable Growth & Development	1. TDBC Facilitate a significant increase in the number, quality and range of available houses within the Borough, including the highest achievable proportion of affordable housing.	To work with landlords and owners of empty properties to reduce the number of long-term empty homes in the District.	To reduce the number of long-term empty homes in the district (as measured by the 1st October CTB1 return) Target: 5% reduction (TBC)		NOT DUE	AMBER	NOT DUE	NOT DUE	464 long term empty properties as at 5/10/15 compared to 478 on 6/10/14 (a reduction of 14 - 3%)
6.1	Richard Sealy	Corporate Health	Corporate Health	Staff Sickness	Average of 8 days or lower per FTE	7.89 days average per FTE 2014/15	GREEN	AMBER	AMBER	RED	Q1 = Projection of 7.4 days per FTE for the year. By comparison, in Q1 2014/15 projection was 6.58 days per FTE for the year. Q2 - Projection of 8.26 days per FTE for the year. By comparison, in Q2 2014/15 projection was 7.55 days per FTE for the year. Q3 7.55 days per FTE per annum (projection of 10 days per FTE for the year based on current trends)
6.2.4	Richard Sealy	Corporate Health	Corporate Health	Customer Complaints	90% of complaints responded to with 20 working days	N/a - target has changed.	AMBER	AMBER	AMBER	AMBER	Q4 = 0 decisions investigated by the ombudsman requiring a remedy (excludes minor injustices) 82% of customer complaints received and recorded by the Council, have been closed and had a full response with 20 working days (51 complaints responded to within time, 11 responded out of time). There are however a further 13 recorded complaints where the due date has passed but the response date and copy of the response has not been recorded. The outcome of those complaints could materially affect the % reported above either positively or negatively.
6.2	Richard Sealy	Service Measure	Service Measure	Telephone enquiries (contact centre)	a) Enquiries resolved at 1st point of contact - Target 92%	97.44% 2014/15	GREEN	GREEN	GREEN	GREEN	Q4 =99.01% Target Exceeded.

Reference	AD	Corporate Aim/Priority	Corporate Objective	Description	Measure	Previous Year Performance	Q1 (RAG)	Q2 (RAG)	Q3 (RAG)	Q4 (RAG)	Comments
6.2.1	Richard Sealy	Service Measure	Service Measure	Telephone calls (contact centre)	b) Calls answered within 20 seconds - Target 80%	84.87% average for 2014/15	GREEN	AMBER	GREEN	GREEN	Q4 = 85.85% Target Exceeded.
6.2.3	Richard Sealy	Service Measure	Service Measure	Telephone Calls	c) Calls abandoned -target below 5%	1.25% 2014/15	GREEN	GREEN	GREEN	GREEN	Q4 - 2.48% Target Exceeded.
6.2.5	Richard Sealy	Service Measure	Service Measure	Freedom of Information Requests	Measure: - Number of FOI enquiries received. Target 75% answered witin 20 working days.	686 requests received 2014/15 85% responded to within 20 working days.	GREEN	GREEN	GREEN	GREEN	191 FOI requests received during Q4 79% Responded to within 20 working days in quarter. Target met for the year. (572 requests received during 15/16)
KPI 135	Richard Sealy	Corporate Health	Corporate Health	Annual Satisfaction Survey	Percentage of TDBC residents who agree that the Council provides value for money (reported Q1) Target 70% +	n/a	GREEN	NOT DUE	NOT DUE	NOT DUE	73% of respondents believe Council provide value for money
KPI 136	Richard Sealy	Corporate Health	Corporate Health	Annual Satisfaction Survey	Percentage of respondents who are satisfied with the way TDBC runs things (reported Q1). Target 70% +	n/a	GREEN	NOT DUE	NOT DUE	NOT DUE	76% of respondents said they were satisfied with the way TDBC runs things.
KPI 137	Richard Sealy	Corporate Health	Corporate Health	Annual Satisfaction Survey	Overall satisfaction with the services provided by TDBC - Target 70% +	N/A	GREEN	NOT DUE	NOT DUE	NOT DUE	On average, 72% of respondents said they were satisfeoed with the services delivered by TDBC
HC1.6	Simon Lewis	Service Measure	Service Measure	Budgets – Income (Housing Rents - Current tenants) To maximise income opportunities and collection	Estate Management Team Rent arrears owed by current tenants as at end of quarter. Target = £360,000 Corporate Indicator	Q1 £392,876.34 Q2 £366,766.18 at end week 26. Q3 £440,411.12 at end week 39 Q4 £412,303.38	AMBER	AMBER	RED	RED	Q1 £391,240.06 Q2 £435,131.43 End Week 26 it is envisaged that this will be on track by Q4. Although rent arrears have increased over the last two quarters. On the 6th November 2015 arrears were reported at £355k which puts us back under target. This however is a moving picture each week and the indicator has been marked amber. Q3 £479,072.93 End Week 39 by end of Week 40 this had reduced to £415,673.05 Q4 £417,517.75 End Week 52 by end of new year week 1 this had reduced to £387,778.86
HC2.2	Simon Lewis	Service Measure	Service Measure	General – Customer Satisfaction To deliver customer-focussed services, achieving high levels of customer satisfaction	1a. Housing Services General needs tenants' satisfaction with landlord services overall Target = Top quartile performance status survey (upper quartile is 89% Result from 2015 STAR Survey	86%	AMBER	RED	RED	RED	80%, The Star Survey is undertaken every two years and we will be expecting improvement in 2017. We are developing an action plan to address the satisfaction issues and ensure this improves in key areas. The service has experienced significant changes in the past year including restructuring and introduction of new IT systems which undoubtedly will have affected performance in the short term.
HC5.23	Simon Lewis	Service Measure	Service Measure	% of homeless applications accepted as statutory homeless (lower is better). KPI 46	23% or lower	New TDBC Measure	GREEN	GREEN	AMBER	AMBER	Q1: 27 accepted cases which was 61% of the overall homeless applications. Improvement on last year Q1 where we accepted 36 cases = 73% Q2 27 accepted cases which is 66% of overall homeless applications. Improvement on last year Q2 which shows 35 accepted cases = 69%. Q3: 17 cases accepted (31% of homeless applications)
HC5.30	Simon Lewis	Service Measure	Service Measure	Homelessness	Housing Options NI 156 - Number of households in temporary accommodation Target = less than 56	Q1 37 Q2 35 Q3 35 Q4 31	GREEN	GREEN	GREEN	GREEN	Q1 21 households Q2 29 households Q3 11 households Q4 24 households
HC1.7	Simon Lewis	Service Measure	Service Measure	Budgets – Income To maximise income opportunities and collection	Estate Management Team Rent collected as a % of rent due excluding arrears b/f Target = 98.3%	Q1 – 103.9% Q2 – 101.5% Q3 – 99.3% Q4 - 99.3%	GREEN	GREEN	GREEN	GREEN	Q1. 104.37% Q2. 99.46% Q3 99.68% Q4 99.96%
HC2.6	Simon Lewis	Service Measure	Service Measure	General – Customer Satisfaction To deliver customer-focussed services, achieving high levels of customer satisfaction	Lettings Team % of tenants who have reported anti-social behaviour in the past 12 months, rating the help and advice given as excellent or good Target = 85%	Q1 – 93% Q2 – 92.3% Q3 – 95% Q4 - 98%	GREEN	GREEN	GREEN	GREEN	Q1 - 96% Q2 - 95.4% Q3 - 97% Q4 - 95%
HC2.8	Simon Lewis	Service Measure	Service Measure	General – Customer Satisfaction To deliver customer-focussed services, achieving high levels of customer satisfaction	Lettings Team % of new tenants satisfied with the lettable standard of property Target = 86%	Q1 - 94% Q2 - 97% Q3 - 97.3% Q4 - 93%	RED	RED	NOT AVAILABLE	GREEN	Q1 - 72% Q2 - 79% Q3 - data not available Q4 - 98%

Reference	AD	Corporate Aim/Priority	Corporate Objective	Description	Measure	Previous Year Performance	Q1 (RAG)	Q2 (RAG)	Q3 (RAG)	Q4 (RAG)	Comments
HC5.1	Simon Lewis	Service Measure	Service Measure	Housing Stock To manage the housing stock and maintenance service to meet the needs of the tenants	Lettings Team % of closed ASB cases that were resolved Target = 66%	Q1 – 88.24% Q2 – 96.67% Q3 – 95.08% Q4 – 97.62%	GREEN	GREEN	GREEN	GREEN	Q1 98.8% Q2 - 88.23% Q3 - 94.4% Q4 - 98%
HC5.21	Simon Lewis	Service Measure	Service Measure	Number of households making a homeless application. KPI 45	195 or fewer per year	New Measure	GREEN	GREEN	GREEN	GREEN	Q1: 41 applications Q2: 44 applications Q3 55 approaches with homeless applications Q4: 43 applications 183 applications during 2015/16
HC5.25	Simon Lewis	Service Measure	Service Measure	Number of homelessness events prevented (higher is better) KPI 47	42 or More for the year	New TDBC Measure	GREEN	GREEN	GREEN	GREEN	Q1: 45 Q2: 67 Q3: 81 homeless cases prevented Q4: 55 cases prevented
HC5.26	Simon Lewis	Service Measure	Service Measure	Number of households in B&B accommodation. KPI 48	TBC	New TDBC Measure	GREEN	GREEN	GREEN	GREEN	Q1: 9 Q2: 7 Q3: 8 Q4: 10
HC5.2	Simon Lewis	Service Measure	Service Measure	Housing Stock To manage the housing stock and maintenance service to meet the needs of the tenants	Lettings Team Average re-let time (calendar days) Target = 21 days	Q1 21.54 Q2 19.76 Q3 26.25 Q4 24.63	AMBER	AMBER	NOT AVAILABLE	NOT AVAILABLE	Q1 - 24.8 days Q2 - 26.9 days Q3 - Data entry is incomplete, therefore cannot report performance on this measure, this is a training issue within PST which will be resolved for next quarter reporting. Q4 - As above, issue not resolved within Property Services.
HC5.7	Terry May	2. TDBC Vibrant Economic Environment	Service Measure	Housing Stock To manage the housing stock and maintenance service to meet the needs of the tenants	Repairs & Maintenance Completion of repairs within priority target times: Emergency (within 24 hours) Target =98%	Q1 – 95% Q2 – 94% Q3 – 93.83% Q4 - 90.57%	RED	RED	RED	RED	Q1 86% Q2 87.10 % Q3 88.26% Q4- 91.70% Accumulative fiqures. Whilst below the target performance is expected to improve once a number of the operational changes in working practices start to have an impact.(98%) Fixit-85.22%,Home-100%,,T&C-71.43%. As part of the HRA Business Plan Review and planned tenant engagement of revised maintenance
HC5.8	Terry May	Service Measure	Service Measure	Housing Stock To manage the housing stock and maintenance service to meet the needs of the tenants	Repairs & Maintenance Completion of repairs within priority target times: Urgent (within 3 working days) Target =94%	Q1 – 91% Q2 – 91% Q3 – 90.97% Q4 - 82.95%	RED	RED	RED	RED	Q1 85% Q2 87.50% Q3 86.37% DLO 87.64%, Alhco 85.01%, Fixit 89.47%, Home 100%, T&C 50.00% The focus on DLO completion rates shows that there as been slight decline in the DLO performance.This needs further resaech to ascertain what has caused this reduction in performance.We are looking to ensure that when repairs are initially reported or surveyed we take time to gain as much information as possible to ensure the works ordered are correct and allow the
HC5.33	Terry May	1. TDBC Quality & Sustainable Growth & Development	1. TDBC Facilitate a significant increase in the number, quality and range of available houses within the Borough, including the highest achievable proportion of affordable housing.	Complete 60 Affordable units at Creechbarrow Road, KCI 45	60 Affordable units Dec 2015	Not applicable	AMBER	AMBER	AMBER	RED	Development programme being closely monitored. 12 properties were handed over during 2015/16. The remaining 48 are to be delivered during 2016.
HC2.9	Terry May	Service Measure	Service Measure	General – Customer Satisfaction To deliver customer-focussed services, achieving high levels of customer satisfaction	Repairs & Maintenance % of tenants satisfied with the most recent repair Target = 98%	Q1 - 98% Q2 - 98% Q3 - 98% Q4 - 98%	GREEN	AMBER	AMBER	AMBER	Q1 - 98% Q2 - 96.8% Q3 - 96.9% Q4 - 96.9% The satisfaction figure has remained nearly identical for the last 3 quarters. There is an ongoing project around customer service where the quality of data collected will be looked at, along with how we assess satisfaction levels.
HC3.2	Terry May	Service Measure	Service Measure	Decent Homes - To comply with Government Standards - To improve energy efficiency of housing stock	Asset Management % of dwellings with a valid gas safety certificate Target = 100%	Q1 – 100% Q2 – 99.98% Q3 – 99.89% Q4 - 99.95%	RED	AMBER	AMBER	GREEN	Q1 - 99.84% Q2 - 99.93% Q3 - 99.90% Q4 - 99.98%. As at 31/03/2016 there was only one property that did not have a valid Landlord Gas Safety Certificate due to tenant being in hospital (out of 4,500 homes).
HC5.9	Terry May	Service Measure	Service Measure	Housing Stock To manage the housing stock and maintenance service to meet the needs of the tenants	Repairs & Maintenance Completion of repairs within priority target times: Non Urgent (up to 28 days) Target =85%	Q1 – 81% Q2 – 83% Q3 – 83.71% Q4 - 91.37%	GREEN	GREEN	GREEN	GREEN	Q1 - 90% Q2 - 92.95% Q3- 93.30% DLO 92.11%, Alhco 99.44%, Fixit 85.94%, Home 66.67%, T&C 96% The focus on DLO completion rates shows that they are now hitting some targets. We need to look at the external contractors performance and work to improve service delivery where possible. Q4-91.94% This is the accumulative percentage which is above the target of 85%.Fixit 77.39%
HC5.31	Terry May	1. TDBC Quality & Sustainable Growth & Development	1. TDBC Facilitate a significant increase in the number, quality and range of available houses within the Borough, including the highest achievable proportion of affordable housing.	Increase supply of Affordable Homes	25% of net additional dwellings to be affordable housing. The calculation is based on the net new build housing trajectory figure (excluding small sites) of 916 homes . Approx 200 new homes pa average (600 homes over 3 years) (Based on total affordable housing requirement identified within the 20 year local plan)	187 new affordable homes delivered 2014/15	GREEN	GREEN	GREEN	GREEN	222 new affordable homes completed during 2015/16.
HC5.34	Terry May	1. TDBC Quality & Sustainable Growth & Development	1. TDBC Facilitate a significant increase in the number, quality and range of available houses within the Borough, including the highest achievable proportion of affordable housing.	Complete Installation of Photo Voltaic Systems to 350 TDBC Properties, KCI 45	350 TDBC Properties By October 2015	Not applicable	GREEN	GREEN	GREEN	GREEN	PV installation complete on 348 properties. Remaining 2 installations not complete owing to shading issues, lack of roof space and tenant refusals. Feed in Tariff now reduced.

Reference	AD	Corporate Aim/Priority	Corporate Objective	Description	Measure	Previous Year Performance	Q1 (RAG)	Q2 (RAG)	Q3 (RAG)	Q4 (RAG)	Comments
HC5.35	Terry May	1. TDBC Quality & Sustainable Growth & Development	1. TDBC Facilitate a significant increase in the number, quality and range of available houses within the Borough, including the highest achievable proportion of affordable housing.	Complete installation of External Wall insulation to 40 TDBC Properties, KCI 46	40 Properties by October 2015	Not applicable	GREEN	GREEN	GREEN	GREEN	Increased number of properties installed to 48 units and program complete
HC5.36	Terry May	1. TDBC Quality & Sustainable Growth & Development	1. TDBC Facilitate a significant increase in the number, quality and range of available houses within the Borough, including the highest achievable proportion of affordable housing.	Development of 26 affordable units at Weavers Arms, Wellington KCI 47	26 affordable homes delivered during 2017/18	Not applicable	GREEN	GREEN	GREEN	GREEN	WRW Construction due to start on site April 2016
KPI 90B	Tim Burton	Service Measure	Service Measure	% of minor planning application determind within 8 weeks	75%		AMBER	AMBER	RED	AMBER	Q2 = 71.8% Q3 = 61% Q4 = 69.4% Out of 62 minor applications determined, 43 of these were dealt within 8 weeks or an agreed extension of time. This is an improvement from the previous quarter where the drop in performance was explained by periods of staff sickness with little resilience to cover that workload.
1.1.5	Tim Burton	1. TDBC Quality & Sustainable Growth & Development	1. TDBC Facilitate a significant increase in the number, quality and range of available houses within the Borough, including the highest achievable proportion of affordable housing.	Major Planning applications processed in target time	Target 60% of Major Development planning applications (large and small scale) determined within 13 weeks or within agreed time period extension.	65.9% for the year.	GREEN	GREEN	GREEN	GREEN	Q4 = 88.9% Out of 18 major applications determined, 16 of these were dealt within 13 weeks or an agreed extension of time.
2.2.1	Tim Burton	2. TDBC Vibrant Economic Environment	4. TDBC Increase the economic activity within the Borough including the number and value of jobs	Employment land (delivery & take-up)	Target - Achieve 100% of employment land requirements as per Core Strategy by 2028. (Core Strategy requirement was for provision for 36.5 ha Class B1b,c, B2 and B8 plus 49,500 sq.m. Bia (office) space). - Assessed annually Q1/Q2	At April 2014, 15.76 ha employment and 19,797 sq.m. office completed. At April 2015, 16.79 ha employment and 19,917 sq.m. office completed.	NOT DUE	GREEN	GREEN	GREEN	On track This target is measured annually, so will therefore not be measured again until Q1 2016/17
KPI 90C	Tim Burton	Service Measure	Service Measure	% of other planning applications determind within 8 weeks.	85%		GREEN	GREEN	RED	GREEN	Q2 = 84.1% Q3 = 74% Q4 = 87.2% Out of 149 other applications determined, 130 of these were dealt within 8 weeks or an agreed extension of time. This is an improvement from the previous quarter where the drop in performance was explained by periods of staff sickness with little resilience to cover that workload.

Taunton Deane Borough Council

Executive – 7 July 2016

Housing Revenue Account Business Plan Review

This matter is the responsibility of Executive Councillor Terry Beale

Report Author: Lucy Clothier – Project Manager - Housing Revenue Account Business Plan Review

1 Executive Summary

1.1 The Housing Revenue Account (HRA) Business Plan contains the aims and objectives of the HRA, and includes a financial model of the next 30 years. A number of largely external changes has meant that a full refresh of the Business Plan is necessary. This report identifies the changes and the impact of these changes.

1.2 The updated Business Plan is included with this report, along with a new Asset Strategy and Development Strategy.

1.3 The new Business Plan is more robust than previously with the inclusion of better quality data, in particular around our assets. However, the financial margins are now much tighter with the plan relying on the delivery of savings which will require the imposition of ongoing management vigilance in order to maintain a viable business plan.

2 Recommendations

2.1 It is requested that the following recommendations are made to Council:

Business Plan:

1. The HRA Business Plan 2016-2046 is approved

Finance:

2. The policy for voluntary revenue provision for the repayment of capital debt in the HRA is changed to be over the average life of HRA assets (estimated at 60 years)

Development Strategy:

3. The new HRA Development Strategy is adopted
4. A supplementary estimate of £950,000 is added to the HRA Social Housing Development Fund capital programme in 2016/17. This brings the total development programme to £1,950,000 which represents the 15 units in the new Development

Strategy to be delivered in 2017/18. This would be funded through capital receipts and revenue funding in line with the Business Plan

Asset Strategy:

5. The new HRA Asset Strategy is adopted

3 Background

3.1 In 2012 Taunton Deane moved away from a national subsidy system, which meant an annual payment from the HRA to central government, to be ‘self financing’. As part of the self financing agreement, a one-off payment of £85.12m was made to government, in return for being able to retain all income locally to manage and maintain the housing stock. The total debt in the HRA at the start of self financing was £99.7m.

3.2 In order to manage the freedoms gained by the HRA through self financing, a new 30 year Business Plan (2012-2042) was introduced. This set out the Council’s overall aims and objectives for Housing Services, as well as laying out plans to manage the increased risks and opportunities. The HRA Business Plan has been reviewed and updated annually since 2012, but recently there have been many changes in national policies and local aspiration that means a full update of the Business Plan is required rather than an annual review.

3.3 Changes in national housing policy are having widespread impact on all social landlords, with housing associations being affected as well as local authorities. Legislation in the Welfare Reform and Work Act 2016 and the Housing and Planning Act 2016 mean that the financial position of the HRA is now less favourable and therefore expenditure needs to be prioritised to ensure the best use of funding for tenants within tighter affordable limits.

4 Achievements

4.1 Since the adoption of the Business Plan in 2012 the Housing Service has evolved to incorporate the greater responsibility of self financing, in particular establishing the Business Plan at the centre of decision making regarding resources in both the short and longer term. This has given the service a longer perspective when decisions are made to provide a business that remains viable for the longer term to ensure homes and services are secure for our residents.

4.2 Overall the service has continued to improve since 2012. Particular achievements include the establishment of a development team and the delivery of a new build programme, and the changes to our ways of working via the ‘One Team’ approach which has received national recognition in the way more joined up support is provided to our residents.

5 Consultation

5.1 Consultation has been held with Members, Tenant Services Management Board, Tenants Forum, and all staff members in the Housing and Communities Directorate.

5.2 The conclusion of this consultation is as follows:-

- Our core business should be social rented housing for the most vulnerable in our

communities
- The proposed new objectives are appropriate
- Much can be done to improve the customer experience of the housing service
- Subject to certain ongoing commitments regarding repairs and maintenance service standards, on balance it would be acceptable to prioritise new build over some maintenance spend.
- However, understandably tenant groups would not want the standards in our existing housing to fall, and it was felt that more could be done to make better use of the current repairs and maintenance spend in order to free up resource.
- There is an appetite to look at housing products that are closer to the market in order to generate additional income on new build/regeneration schemes
- There is an acceptance and agreement that our current approach to debt repayment would have to be revised, based on treasury management advice, to achieve a viable business plan and protect services.

6 Business Plan

6.1 The Business Plan brings everything together and sets out the aims and objectives of the HRA. It describes:
- the way in which services are delivered
- the housing stock and other assets in the HRA
- the financial resources position

6.2 It details the way in which the HRA will work in the future, including setting out a new operating model that allows tenants, where appropriate, to move into additional services such as shared ownership. This model shows the way in which the HRA will support tenants into and through the housing service.

6.3 This includes new ways of working, for example the use of flexible tenancies as directed within the Housing and Planning Act 2016. It also includes the potential introduction of new products such as affordable rented housing and shared ownership. This could be available for tenants who aspire to move into a new product type.

6.4 The full Business Plan is attached to this report in Appendix A. A revised Action Plan is also included.

7 Business Objectives

7.1 The Business Plan 2016 has the updated strategic objectives for the service:

- **Providing Quality Homes**
  This means we are committed to investing in our existing homes to deliver good quality of life for residents and value for the money spent, and to developing new homes that meet local needs.

- **Supporting the most vulnerable**
  This means we are committed to letting homes to people who have the fewest housing options, and will provide additional support that helps people who are older, disabled, or socially excluded to live comfortably in their council-owned

home.

- **Better Service**
  This means we are customer and community focused and are committed to improving our services in line with what our residents have said matters to them. Our approach will support people to move through our social housing to cater for their changing needs and aspirations over time.

- **A Stronger Business**
  This means we will prioritise efficiency to support delivery of our social priorities and objectives. It sets out how we will improve our business practices, drive out value for money and pursue new activities.

8 Financial Position

8.1 There are a number of changes, driven by both internal and external factors, that have substantially impacted on the financial position of the Business Plan and we have proposed some corrective action to mitigate these impacts within the updated Plan.

8.2 Rental Income

8.2.1 National rent policy has changed substantially since the implementation of self financing in 2012. With rent accounting for 92% of income to the HRA any changes in rent policy can significantly impact on the financial position.

8.2.2 At the point of self financing in 2012, the national rent policy was that rents should increase by the inflationary rate of the Retail Price Index (RPI) plus 0.5%, as well as an annual convergence figure of up to £2 per week, in order to bring rents up to the Target Rent for social housing. This is the rent determined on a national formula, based on the value of the dwelling in 1999, along with local wages, local house prices and the number of bedrooms. Target rents were introduced to ensure that social rented dwellings of similar size and type in any area have similar rents regardless of the landlord.

8.2.3 In April 2015 a new national rent policy was implemented, and annual increases were changed to be linked to the Consumer Price Index (CPI) plus 1%. CPI is usually lower than RPI, but the increase in the amount over inflation from 0.5% to 1% was intended to account for this. However the allowance for ‘convergence’ in order to bring rents up to the Target rents, was removed, and changes above the standard inflationary rent could only be implemented for new tenancies. This policy was implemented as a 10 year policy in order to provide security to landlords.

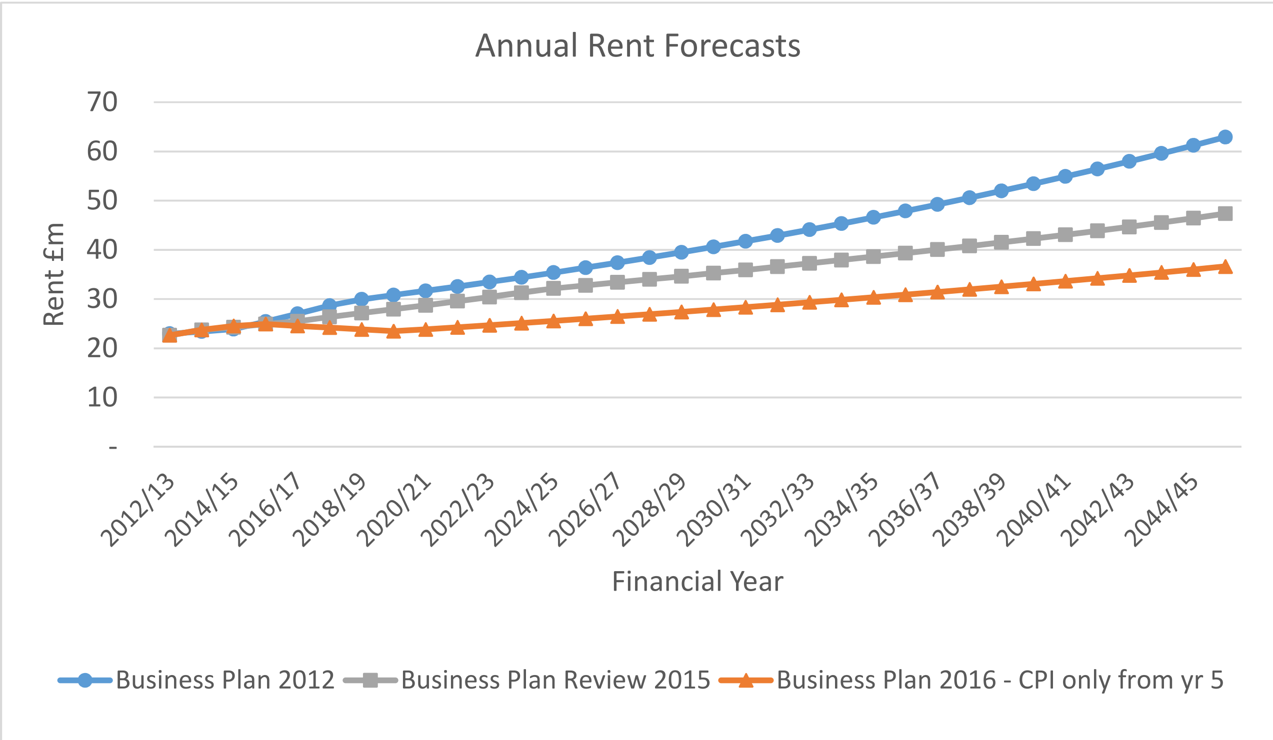
8.2.4 In July 2015 it was announced that affordable housing rents, which includes those at social rents, would reduce by 1% each year for four years from April 2016. This has been included within the Welfare Reform and Work Act 2016. The 1% reduction is actually a higher loss to the business plan than 1%, when compared to the CPI plus 1% increase expected. CPI is currently forecasted at 2% with a total rental increase of 3% (CPI at 2% plus 1%) forecasted, so this is actually a 4% reduction from current business plan expectations. However, CPI at September (from which rental increases are taken) was actually -0.1% and so increases would have been 0.9% (-0.1% plus 1%). Later concessions allowed for a one year exception for supported housing (which accounts for

17% of Taunton Deane stock). It is still unknown what will happen following a Government review of supported housing.

8.2.5 It is unknown what increases, if any, will be allowed under rent policy after this four year period. If rental increases are to be linked to CPI only, the total reduction in rental income expectations over 30 years is £185m. This is a significant reduction and would not be possible to cover from reserves within the existing version of the Business Plan.

8.2.6 Low inflation, reducing stock numbers (as detailed in paragraph 8.6.4), together with these changes in the rent policy have significantly reduced the income expectations over the 30 year period. The below graph shows the difference in rental income forecasts between 2012, 2015 and 2016.

Graph 1: Changes in rent forecasts



8.2.7 The graph shows the reduction in forecasted rental income. The rental income forecast for financial year 2041/42 (year 30 of the Business Plan 2012) has reduced from £56.4m to £34.2m. A substantial reduction of 39%.

8.2.8 Although lower inflation should mean that costs are also lower as well as income, maintenance costs have not reduced fully in line with inflation. There are also some costs, such as fixed interest payments, that are not linked to inflation rates. This has led to reduced overall buying power of the HRA.

8.3 <u>Right to Buy and Pay to Stay</u>

8.3.1 Whilst enquiries on Right to Buys (RTBs) have reduced from levels experienced when RTB discounts were increased in 2012, RTB sales have remained at a higher level.

Table 1: RTB sales

Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of RTB sales	9	11	37	47	35	38

Note: 2012 saw the introduction of increased RTB discounts

8.3.2 The Housing and Planning Act 2016 included a section on Rents for high income tenants, known as ‘Pay to Stay’. This legislation means that tenant households of local authorities earning over £31,000 pa must be charged a higher rent, depending on their income, up to market, or near market, rents. The additional rent is set in regulations and is equivalent to approximately £2.88 per week per £1,000 income a year over the £31,000 limit. The additional rental income, less the cost of administration, must be passed back to Government. It is not currently known how many tenants will be affected by this legislation.

8.3.3 It is expected that Pay to Stay will increase the levels of RTB sales over the short term, as those tenants who will have to pay increased rents are those more likely to be able and willing to obtain a mortgage, and so they may choose to exercise their Right to Buy, rather than pay the increased rent charges.

8.3.4 The Business Plan has therefore been updated to include 60 sales for a three year period, followed by a reduction to 30 sales a year. This is an increase from the previous assumption of 20 per year and will reduce the number of dwellings, and so rental income, in the HRA.

8.3.5 Higher levels of Right to Buy would, however, increase capital receipts available for development. The additional ‘one for one’ receipts that are to be used to replace dwellings lost through RTB can only be used for (up to) 30% of the cost of the replacement. The remaining 70% (or more) must come from other funding (either resources already available or additional borrowing).

8.3.6 A second Income Assistant is to be added to the Income Team that administer RTBs in order to the support the Income Officer. This will be funded from the RTB receipts – a proportion of which can be used to cover related administration costs.

8.4 <u>Welfare Reform</u>

8.4.1 Provision has previously been made in the HRA to make an allowance for Welfare Reform, and the expectation that the changes would lead to an increase in non payment of rent and other charges. In the Business Plan 2012 the Provision for Bad Debt was increased from 0.5% to 2% for a period of three years. It was intended that this would cover the major changes in welfare, however there have been delays in implementation of some policies, particularly Universal Credit.

8.4.2 The Business Plan 2016 includes a new three year period of increase Provision for Bad Debt from 0.5% to 2%. This will cover the roll out of Universal Credit in Taunton Deane, now known to be later in 2016, and is partly funded by the underspend of the Provision for Bad Debt in 2015/16 of £433k which is in an earmarked reserve for this purpose.

8.4.3 This additional provision will be reviewed annually to ensure it continues to be appropriate.

8.5 Stock Condition Survey

8.5.1 The Business Plan Review identified that the data held on the condition of dwellings needed updating and members approved the funding of a large scale stock condition survey. 50% of dwellings, including all communal areas for flats and supported housing, have been surveyed and the results have allowed a fully updated capital programme to be included.

8.5.2 The like for like cost of the capital programme has increased by £25.2m over the 30 year period. This is due to a number of factors – new survey data and areas of works not previously costed, for example lifts, fire alarms and warden call equipment. However the assumptions on reduced dwelling numbers have reduced this to £15.8m since spend on the capital programme is directly linked to the number of homes needing refurbishment.

8.6 Development

8.6.1 The Business Plan has previously included significant annual contributions of £1m (from 2015/16) towards the development of housing schemes.

8.6.2 In line with the introduction of a Development Strategy, the Business Plan 2016 instead includes an average annual addition of 15 dwellings, which would include a combination of new development, redevelopment and acquisitions. These units are fully funded within the Business Plan, partly through capital receipts from RTBs, and partly through revenue resources. This means that unlike for current schemes, where the revenue contribution of only £1m is included, additional capital borrowing should not be needed as it is already taken into account in the Business Plan.

8.6.3 The total budget for development over the full 30 years, including revenue and capital receipt funding, is £77m. This equates to 15 units a year at an average rate of £130k per unit, rising with inflation. The annual capital budget and associated revenue funding will be approved as part of the budget setting process. This is an increase in revenue contribution from the £1m pa Social Housing Development Fund of approximately £21.5m over 30 years.

8.6.4 Even with this increased provision, due to losses through RTB, the total stock numbers will still decline.

Table 2: Forecasted stock numbers

Year	2,016	2,017	2,018	2,019	2,020	2,021	2,022	2,023	…	2,046
Opening	5,785	5,800	5,781	5,736	5,691	5,676	5,661	5,646		5,271
RTB Sales	-30	-60	-60	-60	-30	-30	-30	-30		-30
Development	48	38	15	15	15	15	15	15		15
Closing	5,800	5,781	5,736	5,691	5,676	5,661	5,646	5,631		5,256

Note: this includes new housing at Creechbarrow Road and Weavers Arms. It doesn't include any disposals of stock due to the sale of higher value homes included in the Housing and Planning Act 2016 (paragraph 9.3)

8.6.5 Any additional units over and above the 15 units a year would need to continue to be funded through additional borrowing within the available headroom. Further detail on headroom can be found in paragraph 8.13.9.

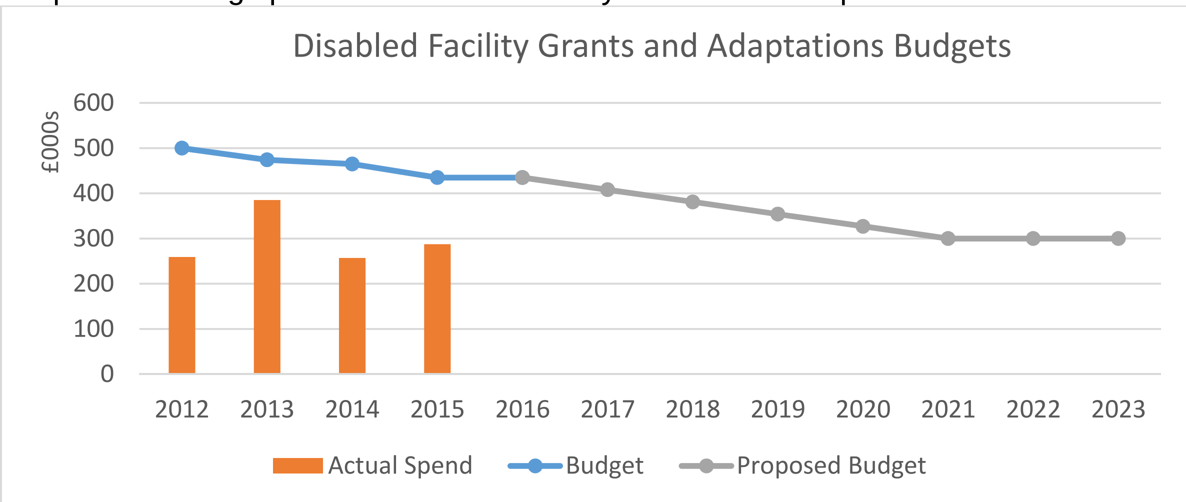
8.6.6 Further details on the Development Strategy can be found in Section 10.

8.7 Disabled Facility Grants and Adaptations

8.7.1 The demand for Disabled Facilities Grants (DFGs) and adaptions in our stock has historically been lower than budget and this has provided us with the opportunity to reduce this budget in the Business Plan. In addition a number of steps are being taken to ensure that this does not impact on front-line services and tenants, including: moving towards more cost effective installations of wet floor shower rooms through a new fixed-price contract; switching from concrete ramps to better value metal modular ramps; and a move toward stairlift loans and recycling, rather than purchases. These measures will ensure that the service stays within reduced budgets without impacting tenants.

8.7.2 The budget will therefore be reduced from £435k pa to £300k pa over a five year period.

Graph 2: showing spend on Disabled Facility Grants and adaptions since 2012



8.8 Capital Improvements

8.8.1 Sustainable Energy
The Business Plan 2012 included an additional budget for Sustainable Energy. This funding was put aside for tackling fuel poverty. This provision has now been 'mainstreamed' into the heating replacement programme and is included within the core capital programme with the installation of energy efficient boilers and Air Source Heat Pumps. This separate budget therefore removed from the Business Plan from 2017/18.

8.8.2 There is a residual balance of £123k from previous years funding which will remain, along with a £100k budget in 2016/17, and will continue to be utilised for sustainable energy initiatives.

8.8.3 Estate Improvements
The Estate Improvement budget has been utilised for the installation of scooter stores. These schemes has been found to have a very long lead in time, and has been very intensive in officer time, with officer time in the Development Team being prioritised in new build. The annual budget for Estate Improvements is currently at £50k pa, but it was intended that this would increase to £150k in 2021/22. The financial constraints facing

the HRA mean that this is no longer possible, however it is recognised that features such as parking and scooter stores are very important to tenants and so the ongoing contribution of £50k will remain.

8.8.4 The remaining balance from 2015/16 of £240k will remain in order to fund schemes going forward, along with the continued annual contribution of £50k.

8.9 Repairs and Maintenance

8.9.1 It has been identified that spend on repairs and maintenance is high when benchmarked against other social landlords. Advice indicates that savings of 10% on responsive repairs and 30% on void costs are achievable based on the stock held. This is a substantial saving to be found and equates to approximately £832k pa. This has been included gradually over a five year transitional period, meaning that the full savings have been included by year 2021/22.

8.9.2 This will need to be closely managed and monitored by the Assistant Director – Property and Development to ensure that the savings, which are not yet fully identified, can be found. With a restructure of Property Services and Building Services recently implemented, the new service will be tasked with finding these savings through efficiencies and closer working.

8.9.3 These savings will be incorporated in the corporate transformation work currently being undertaken by iESE regarding failure demands for repairs activities.

8.10 Management Costs

8.10.1 Savings of £253k have been identified from management and service costs. These include £40k savings from the Terms and Conditions review and the loss of subsidy to the Extra Care Housing service due to the change in contract with Somerset County Council from March 2017.

8.10.2 Also included is a reduction in the budget for Transfer Removal Grants (grants given to tenants downsizing) from £50k pa to £35k pa, a reduction in the training budget in the HRA of £40k in line with current spend, and savings in other central management budgets. Based on current forecasts it is not expected that these savings will have a major impact on service delivery, but management will monitor these areas closely.

8.11 Community Provision

8.11.1 In line with the new objective of Supporting the Vulnerable, permanent provision of £140k pa is being included in the Business Plan for schemes currently being covered with temporary funding.

8.11.2 These are:

- Mental Health Support, currently commissioned through Mind - £41k pa
  The three Area Community Managers and One Team Co-ordinators are reporting mental health as an issue within many of our households. 56% of our tenants have a member of their household whose day-to-day activities are limited due to a health problem and we know that Mental Health will be a significant proportion of this. This has been escalated and is one of the three strategic priorities for the One Teams in

Taunton Deane. The £41k would be used to bring in support for our tenants and therefore help us to provide a better One Team response to support them in addressing a range of issues that they may have.

- Employment Support, currently commissioned though Inspire to Achieve - £46k pa This funding will provide support to tenants to have the skills and confidence to access work. In the long term this will also help protect our rental income by residents being able to more effectively manage tenancies.

- Money Matters Advice, currently commissioned through Citizens Advice Bureau - £35k pa To provide money matters advice across the three One Team areas to provide advice and support to tenants

- Top up of Community Development budgets to £10k per area, £18k pa Current community development budgets are minimal, currently £4k per area, and often unable to support genuine community development activities and groups. This increase will be shared across the three area teams and will help address that.

8.12 Repayment of Borrowing

The loan structure in the Business Plan 2012 means that the borrowing is paid off as soon as the Business Plan allows. This means that the self financing borrowing of £85.1m is due to be repaid within 18 years (in 2030). There are, however, a number of existing loans from pre 2012 that have a later payment date, the latest being 2077 (70 years from the borrowing date).

8.12.1 The payment of the self financing borrowing within 18 years was based on affordability in 2012. There have been many changes (as detailed in Section 8) that have affected the affordability of this repayment schedule that make it no longer possible without a major impact on service quality and the number of new homes delivered.

8.12.2 Taunton Deane Minimum Revenue Provision

Where the Council finances capital expenditure in the General Fund (GF) by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP).

8.12.3 In February 2016, Council approved a change in the Taunton Deane General Fund Minimum Revenue Provision Policy, moving to MRP being linked to the asset life. Based on the assets held in the GF, the weighted average asset life approved was 45.57 years. This released annual budget savings for the GF by stretching the debt repayment over a longer period.

8.12.4 If this policy was also adopted in the HRA, a conservative average asset life of 60 years could be used. It can be assumed that the housing stock should last more than 60 years as a full capital maintenance and improvement programme, which is more generous than most privately owned homes, is included within the Business Plan. This, together with the changes in paragraphs 8.2 – 8.11, would allow a balanced Business Plan, without the need for a reduction in service level.

8.12.5 It should be noted that the HRA does not have to make the revenue provisions that are required in the GF, and all provision in the HRA is voluntary. Members could choose to keep the debt in the HRA and continue to make interest payments, indefinitely.

8.12.6 It should also be noted that the current policy is to repay debt as soon as the Business Plan allows. At the point of self financing this was 18 years, but due largely to external factors this is no longer affordable.

8.12.7 If the current repayment schedule of 18 years from 2012 is to be kept, additional savings of £42.7m would need to be found over the next 14 years. This equates to an average of £3.05m pa. Savings of this level would detrimentally affect the service offered to tenants and investment in our stock over this period.

8.12.8 By extending the period of debt repayment to 60 years, the service to tenants would continue, thereby preventing current tenants from a reduced service in order to repay debt for which the interest payments are affordable.

8.12.9 Consultation with tenants and members has shown that there is appetite to extend debt if it is in the best interest of tenants and in consultation with our treasury advisors.

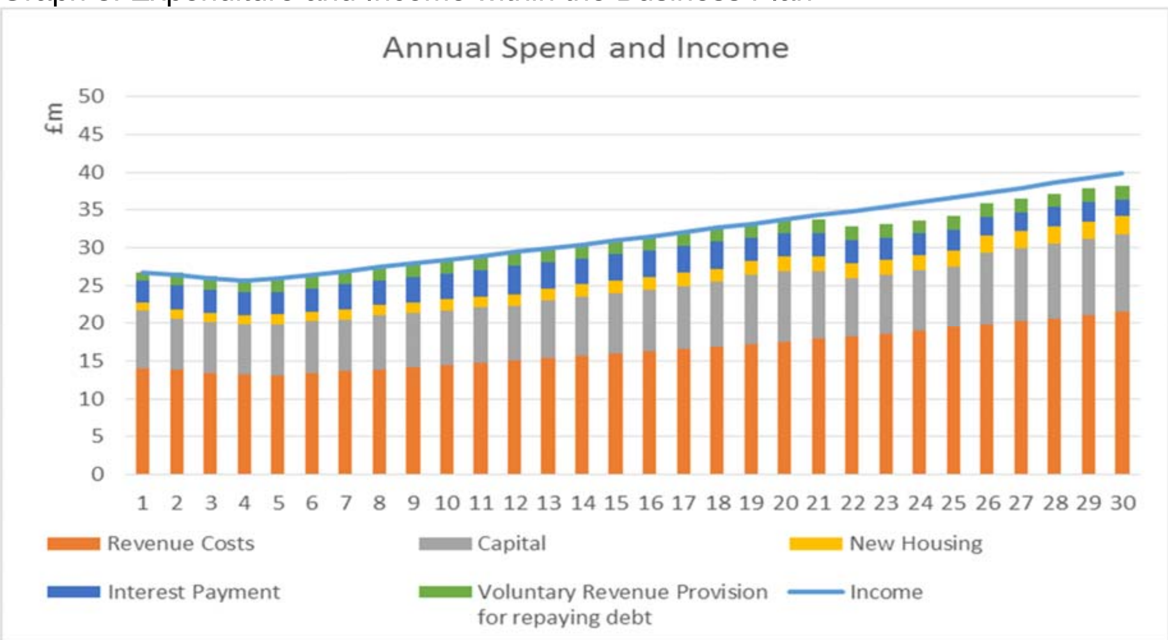
8.13 Financial Appraisal

The Business Plan Review in 2015 forecasted a reserves balance of £160m in 2042 (the 30 year period from 2012). As stated in paragraph 8.2 the expected reduction in rental income alone is £185m, and so this reserves balance would not support a reduction in rent of this magnitude without other changes being made.

8.13.1 Based on all of the amendments listed in paragraphs 8.2 – 8.12, the proposed new HRA Business Plan has a balanced financial position over the 30 year period. The substantial impact of external changes, particularly changes in rental income, have been managed with the minimal impact on services to tenants.

8.13.2 Expenditure and income are closely linked up to year 21 (2036/37) as shown in the below graph which shows the breakdown for the 30 years.

Graph 3: Expenditure and Income within the Business Plan

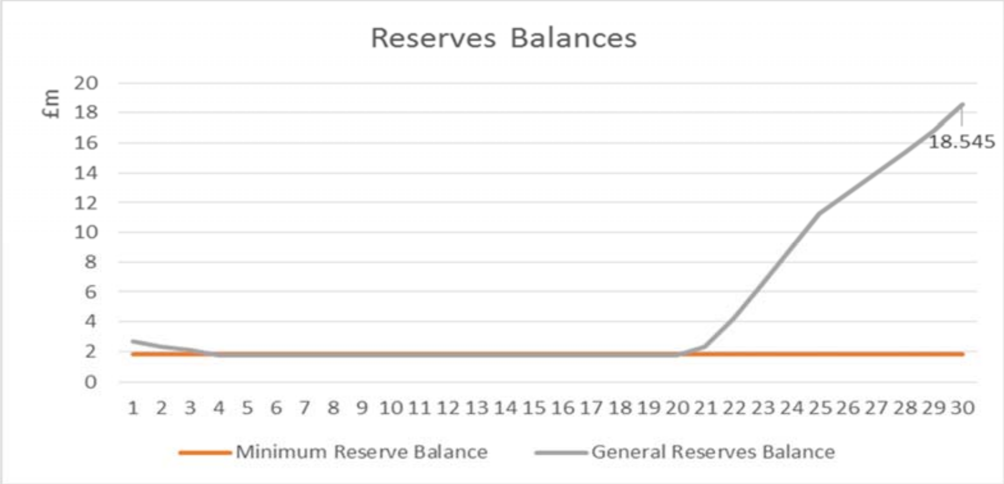


8.13.3 The Business Plan includes a capital programme of £245m over 30 years, and ensures a programme that allows the continued improvement and maintenance of dwellings and related assets in line with industry standards.

8.13.4 In order to maintain general reserves above the minimum recommended balance of £1.8m over the length of the Business Plan, smoothing of capital programme is needed in years 18 – 21. It is a maximum of 6.6% of the annual budget and so it is expected that this can be managed with minimum disruption to the programme.

8.13.5 With these amendments, a forecast of the General Reserves balance is included below.

Graph 4: General Reserves position over 30 years



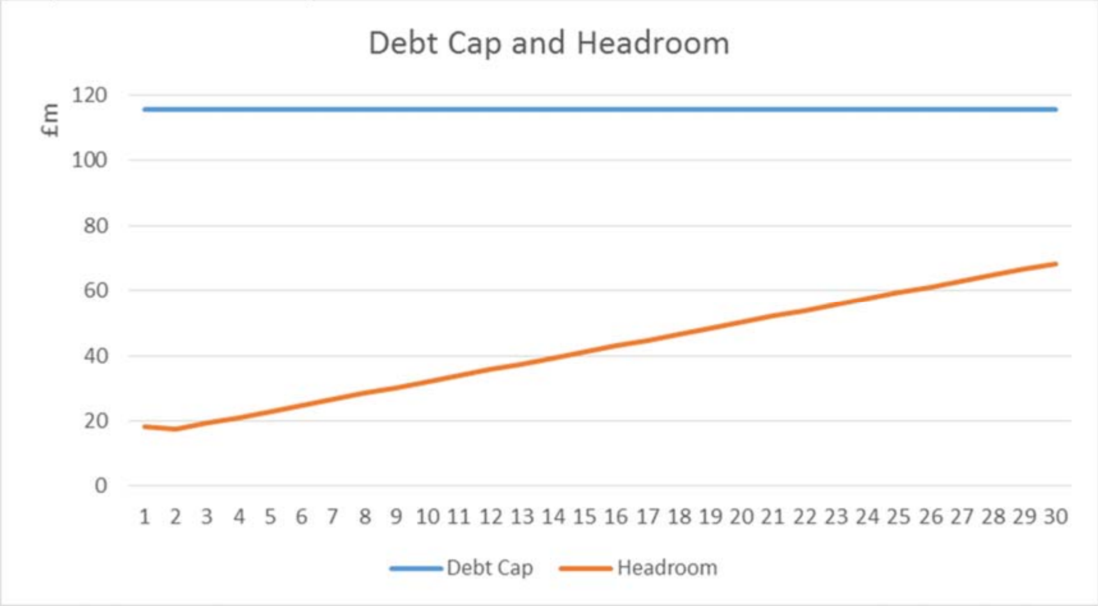
8.13.6 It shows that the general reserves position remains at £1.8m, until 2036/37 (year 21), at which point it starts increasing as income is greater than expenditure. At the end of the 30 year period reserves are expected to be at £18.5m. As with the previous Business Plan this is an indication of the funding available, and it is not expected that the HRA would build up this balance in practice.

8.13.7 Changes to the way in which the HRA makes provision for the repayment of debt will alter the headroom available. The HRA is limited in the amount of debt it is able to sustain by a debt cap of £115.784m, set by Central Government. The headroom is the difference between the borrowing held less and revenue provision made, and the debt cap, and so is the amount of additional borrowing that the HRA could take on at that time.

8.13.8 The change in voluntary revenue provision to allow for the repayment of debt over a 60 year period gives an annual revenue provision of £1.8m. This is the amount that will be included in the HRA budget each year. The budgeted provision in 2016/17 is £1.0m and so a future provision of £1.8m is an increase on the provision in 2016/17. However it was expected that this would increase in line with income rises that are no longer available. The new policy would have a flat rate of £1.8m in each year.

8.13.9 This annual provision of £1.8m means that if there is no further borrowing, the headroom will increase by £1.8m pa, as shown in the below graph.

Graph 5: HRA debt cap and headroom



8.13.10 The availability of headroom shows the amount of additional borrowing that the HRA could take on for new capital investment whilst remaining within the debt cap set by Government, for instance for the development of new housing over and above the 15 units included within the Business Plan.

Recommendation 1: The HRA Business Plan 2016-2046 is approved

Recommendation 2: The policy for voluntary revenue provision for the repayment of capital debt in the HRA is changed to be over the average life of HRA assets (estimated at 60 years)

9 Future Risks and Uncertainties

9.1 The Business Plan faces a number of risks and uncertainties that are not currently quantifiable and so have not been included within the Business Plan finances.

9.2 <u>Pay to Stay – Housing and Planning Act 2016</u>

Local authority landlords will need to charge tenants earning over £31,000 a year an increased rent. The rent will be linked to their income, with an increase for every £1,000 of income over the threshold, up to market rents. It is not yet known how this will be implemented or monitored.

9.2.1 Any income raised is to be transferred to Government, although any administration costs may be deducted. The increased rent may lead to an increase in tenants exercising their Right to Buy. The Business Plan includes an increased provision for Right to Buy as included in paragraph 8.3. In the first year of enforcement it has been announced that the payment will be based on actual income raised, however the legislation allows for a levy to be put in place, based on a formula of expected income. Therefore, in future payments to Government may not be linked to actual income received.

9.3 Higher Value Voids – Housing and Planning Act 2016

Local authorities will be expected to consider selling higher value dwellings as they become void. In reality a formula based system will be put in place, with an annual contribution expected from each authority with housing stock. The formula, yet to be determined, would relate to the properties held, the turnover of tenancies, and the value of the housing within that authority's stock (not all housing within the area). All sales would need to be replaced on a one for one basis either by the Local Authority, or through the Homes and Communities Agency, in the local authority area. It is expected to operate in a similar way to RTBs where only a certain percentage (30% for RTB, but not yet confirmed for Higher Value Voids) can be used towards the replacement, with the remaining funding needing to come from alternative funds. This means that it is unlikely that Taunton Deane will be able to replace all dwellings lost and prejudice whether we could keep the portion of the receipt we are allowed to.

9.3.1 It is intended that the Asset Strategy and accompanying model will allow the best use of existing dwellings, and that decisions can be made to dispose of properties that return the lowest contribution (either financially or non financially), and therefore the impact on the Business Plan would be minimised where possible.

9.4 Local Housing Allowance (LHA) Rates – Announced in the Spending Review and Autumn Statement 2015

Tenants in social housing will in future only be able to claim Housing Benefit up to the LHA rate. This is determined by the Valuation Office Agency and is based on local rents. Currently the LHA rates are only applicable for Housing Benefit claims in private rented stock. From April 2018 (for tenancies starting from April 2017) it has been announced that this will also apply to tenants in social housing.

9.4.1 In Taunton Deane this may have an impact on some of our Supported Housing residents, as the LHA rate includes service charges which are higher in Supported Housing, and single claimants under 35, who will only be eligible for the shared accommodation rate (currently £64.14 per week). Officers will consider what support can be provided to individuals affected, once further details are known. The majority of Taunton Deane housing is within the LHA rates for the area.

9.5 Rent Levels

As stated in paragraph 7.2 it is not currently known what will happen with rent charges after the four year rent reduction within the Welfare Reform and Work Act 2016. The Business Plan prudently includes a CPI only rental increase (rather than the previous policy of CPI plus 1%), however it is possible that rent policy will not include inflationary uplifts after this period. Any additional reductions would further impact on Business Plan as evidenced in the sensitivity analysis completed by Savills in the Business Plan document.

9.6 Universal Credit

Universal Credit, which replaces Housing Benefit, Job Seeker's Allowance and other benefits to support those on low incomes, is due to roll out across Taunton Deane later in 2016. Universal Credit differs from the benefits it replaces as it is a single monthly payment, made directly into the bank account of the recipient. Currently any rent covered by Housing Benefit is transferred direct to Taunton Deane as the landlord, however under Universal Credit this will be paid to the tenant who will be responsible for paying their rent in full. With approximately 48% of all income (£13.1m in 2015/16) currently being paid through Housing Benefits, this greatly increases the risk of reduced income through non payment of rents and charges.

9.7 The HRA has already taken steps in order to try and prevent loss of income where possible. Tenants are now able to pay through direct debits on any day of the month (rather than only three options previously) in order to allow them to make payments on the same day as their Universal Credit payment, salary, pension or other income. There are also currently additional officers working within the One Teams such as a Welfare Reform Officer and an additional Debt and Benefit Advisor in order to support tenants affected by welfare changes.

9.8 If it can be proven that a tenant is unable to manage within the new payment structure it will be possible, after a set period of time, to request that their rent reverts to being paid directly. However, it is expected that there will be a reduction in income in the short term due to these changes, and this is set out in paragraph 8.4.

10 Development Strategy

10.1 The HRA has a well-established development programme. In order to ensure an ongoing and deliverable programme, and the best use of the funding, a Development Strategy has been established.

10.2 The Business Plan has previously included an annual allowance of £1m pa, but has not given an indication as to how this would be used. New schemes are evaluated separately and in isolation. The Development Strategy allows the development pipeline to be appraised together to give an ongoing plan. It gives a framework to underpin future development plans and gives an indication of the number of schemes and units the council should aspire to.

10.3 Savills have prepared a strategy that reviews progress to date, looks at the local housing market and has an analysis of the Taunton Deane pipeline and opportunities over the next five years.

10.4 The full Development Strategy report is attached as an appendix to the Business Plan.

10.5 The development pipeline shows a summary of identified schemes, showing when they can be expected to be delivered. A summary of the estimated pipeline identified in the strategy is shown in the below table.

Table 3: Development Strategy pipeline

	2016/17	2017/18	2018/19	2019/20	2020/21
Pipeline – approved schemes	48	26	0	0	0
Pipeline – uncommitted	0	14	12	24	40
Total	48	40	12	24	40

10.6 The Business Plan includes provision for 15 units a year (on top of existing schemes with approval). In reality this number will fluctuate year on year, but it allows for an average of 15 units. An average cost of £130k per unit has been modelled, which gives a total annual budget of £1,950k, to rise annually with inflation. It would be our intention that the allocation of this would be through an Executive Portfolio Holder decision in conjunction with the Director – Housing and Communities.

10.7 It will be possible for additional units to be built or acquired, but these would require additional funding through borrowing not included within the Business Plan, and would go through the standard approval process.

10.8 The Pipeline identifies the opportunity to build 18 new units for completion in 2017/18 and 2018/19. This comprises of three Phase 2 small site schemes. A summary of these schemes is as follows:

- Laxton Road
  The demolition of 16 garages, and erection of 8 one bed flats

- Moorland Close/Outer Circle
  The conversion of 12 Moorland Close to accommodate the Link Centre, with two one bed flats above. The existing Link Centre in Outer Circle would then be returned to four bedsits

- Oake
  The acquisition of four affordable housing units in Oake, from a developer. This would comprise of two one bed flats, one two bed house, and one three bed house

10.9 In order for these schemes to commence for completion in 2017/18, a supplementary budget of £950k is required in 2016/17 to increase the £1,000k Social Housing Development budget to £1,950k in line with the assumptions set out above. The funding of these schemes would be included from within the Business Plan and would come from capital receipts (Right to Buy receipts) and revenue funding. No additional borrowing over and above that included in the Business Plan would be needed to fund these schemes.

10.10 Future allocations would be approved as part of the annual budget setting process.

Recommendation 3: The HRA Development Strategy is adopted

Recommendation 4: A supplementary estimate of £950,000 is added to the HRA Social Housing Development Fund capital programme in 2016/17 which represents the 15 units in the new Development Strategy to be delivered in 2017/18. This would be funded through capital receipts and revenue funding in line with the Business Plan. This brings the total development programme to £1,950,000

11 Asset Strategy

11.1 The Housing and Planning Act 2016 states that local authorities have a duty to consider selling higher value housing. The capital receipt from the sales are to go to Central

Government, although it is possible that an element of the receipt could be kept locally. Full details are anticipated, but it is thought that a formula would be used based on an estimation of higher value voids becoming vacant each year. This would put in place an annual contribution that Taunton Deane would need to make to Central Government, but decisions could be made locally on how it is funded. This would mean that it wouldn't have to be higher value housing, which is likely to be larger family homes, or those in desirable rural areas, that are sold.

11.2 An Asset Strategy has been developed not only so that decisions can be made in order to fund the contribution to Government, but also to start active asset management and stock churn. This is in order to make sure that the housing held is right for both the HRA and tenants.

11.3 The Asset Strategy looks at the investment needed in the housing, largely the capital and maintenance programmes. As well as looking at the financial performance it also looks at non-financial information such as social and economic factors. These include resident satisfaction with the home and area, the number of bids received in the area, health, education and employment data for the area and anti social behaviour.

11.4 An asset management tool has been created that takes all of this data and assesses the housing stock with this information. The asset management tool does not indicate what housing should be sold, it shows which groups should have an options appraisal. For example, where the financial position is positive, but the non financial and social position is poor, this could mean that where possible, additional resources are directed in this area in order to improve the indicators causing the poor position. Each group would be appraised separately.

11.5 Following an appraisal, it is our intention that decisions regarding disposal of vacant dwellings or related assets would be made through an Executive Portfolio Holder decision in conjunction with the Director – Housing and Communities.

11.6 The Asset Strategy is attached as an appendix to the Business Plan.

Recommendation 5: the Asset Strategy is adopted.

12 Links to Corporate Aims / Priorities

12.1 The Business Plan has strong links with the People key theme, particularly with the availability of Council homes and supporting our most vulnerable residents.

13 Finance / Resource Implications

13.1 The new Business Plan has a balanced position over the 30 year period from 2016 – 2046. The position has changed considerably from a forecasted reserves balance of £156m at 2042 (year 30 of the existing Business Plan) to £18m at 2046 (year 30 of the new Business Plan). This is largely due to external changes such as the national rent policy which has greatly reduced income expectations as detailed in paragraph 8.2.

13.2 These changes mean that the HRA is not able to continue the financing of the repayment of the current self financing loans by year 2030 (year 18 of the Business Plan 2012) without a significant reduction in service quality.

13.3 Arlingclose, our treasury advisors, have been consulted on the revised position. They have confirmed that the HRA will have a shortfall in cash when the loans are repaid. They have reviewed the updated position and have advised that it is not beneficial to refinance the existing loans immediately and replace with new longer term loans – the premiums that would be required for early redemption of the loans is prohibitive. The HRA should instead look to refinance the loans on maturity, and as and when there are cash shortfalls, over the period needed.

13.4 This will mean that where the HRA is unable to support the repayment of existing loans due, on top of the revenue and capital commitments in any year, that additional borrowing will be required. The cost of this borrowing is included within the Business Plan.

13.5 Arlingclose have recommended that Taunton Deane should consider not making voluntary revenue provision (VRP). The prudent inclusion of VRP is, however, included within the Business Plan.

13.6 This report, as detailed in section 8, proposes that the VRP is amended to be over 60 years (based on a conservative estimate of average lifespan). The HRA is not required to make VRP, and, as suggested by Arlingclose, could instead keep the debt ongoing. This would mean that interest payments are made year on year, and do not decrease as debt is repaid. Including VRP over 60 years is currently affordable, and so the prudent provision of VRP, and the repayment of debt over 60 years, has been included.

13.7 Based on the changes in Section 8, the medium term forecast of income and expenditure is as follows,

Table 4: Medium term income and expenditure

Year	2016/17	2017/18	2018/19	2019/20	2020/21
	1	2	3	4	5
	£000s	£000s	£000s	£000s	£000s
Income	(26,698)	(26,429)	(25,999)	(25,607)	(26,002)
Expenditure	26,698	26,775	26,195	25,607	26,002
(Surplus)/Deficit	0	346	196	0	0

13.8 This shows that there are forecasted deficits in 2017/18 and 2018/19 which would need to be covered through budgeted transfers from HRA general reserves. The current expected level of reserves is sufficient to cover this, as shown in the below table.

Table 5: Medium term general reserves forecast

Year	2016/17	2017/18	2018/19	2019/20	2020/21
	1	2	3	4	5
	£000s	£000s	£000s	£000s	£000s
Opening	2,675	2,342	1,996	1,800	1,800
Transfers Requested*	(333)	0	0	0	0
Surplus/(Deficit)	0	(346)	(196)	0	0
Closing Balance	2,342	1,996	1,800	1,800	1,800

*An approval for transfers from HRA general reserves is included within the Financial Outturn 2015/16 report

13.9 The current balance of HRA general reserves is £2,686k, which is £886k over the minimum recommended balance of £1,800k. These forecasted deficits would reduce the HRA general reserves balance to £1.8m in 2018/19. This means that all of the available funding in general reserves (over the minimum balance) is needed over the next two years, and no further allocations would be possible.

13.10 There are a number of risks facing the HRA, as identified in section 9. A number of sensitivity analyses have been carried out and are included within the Business Plan.

14 Legal Implications

14.1 Any changes proposed to tenancies that the Council offers will be fully evaluated for any legal implications.

15 Environmental Impact Implications

15.1 Housing Services aims to take action to reduce carbon emissions across the housing stock through investment planning, service delivery, partnership and community action.

16 Safeguarding and/or Community Safety Implications

16.1 The Business Plan continues 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.

17 Equality and Diversity Implications

18 An equalities impact assessment has been completed to assess any positive and any negative impacts that the decisions in the new business plan may have on our customers and employees. The impact assessment prepared for the HRA business plan is set out as an appendix of the business plan.

19 Social Value Implications (if any)

19.1 There are no social value implications directly linked to this report. The HRA will continue to consider social value in any future procurement exercise.

20 Partnership Implications (if any)

20.1 The HRA will provide ongoing support for key partnerships.

21 Health and Wellbeing Implications

21.1 Housing Services continues to prioritise health and wellbeing and is committed to continuing links between housing, Health and Social Care.

22 Asset Management Implications

22.1 The new Asset Strategy is include with this report that details the way in which assets will be managed. The Housing and Planning Act 2016 includes that local authorities have a responsibility to consider selling higher value housing and this will be taken into account when implementing the strategy.

22.2 The new Development Strategy sets out a framework for the build and/or acquisition of housing to assets to the housing stock.

Democratic Path:

- **Scrutiny – Yes**
- **Executive – Yes**
- **Full Council – Yes**

Reporting Frequency : ☐ **Once only** ☐ **Ad-hoc** ☐ **Quarterly**

☐ **Twice-yearly** ☒ **Annually**

List of Appendices

Appendix A	Housing Revenue Account 30 Year Business Plan 2016-2035

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Taunton Deane Borough Council

Housing Revenue Account
Business Plan 2016 – 2046

June 2016

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Appendix 2: Development Strategy .... **Error! Bookmark not defined.**

Appendix 3 - Equality Impact Assessment .... **Error! Bookmark not defined.**

Appendix 3A - Schedule of Further Impact Assessments.... **Error! Bookmark not defined.**

Executive Summary

This Housing Revenue Account (HRA) Business Plan is produced in order to set out the Council's overall aims and objectives for the housing service, as a landlord for over 6,000 tenanted and leasehold homes. It analyses the current position of the service and the homes and sets out the actions planned to achieve the Council's objectives. It reflects consultation carried out with tenants, members and wider stakeholders. It provides a framework for monitoring and evaluating progress in delivering the plan.

Section 2, Strategic Context, sets out the issues that influence the Business Plan, at a national, regional and local level. This includes how changes in national housing and welfare policy impact on the Council's priorities for its housing service. It also highlights the local context in which we operate and our service delivery mechanisms. In this section we set out how the plan will support the delivery of the Council's corporate priorities and wider housing and community objectives. The Business Plan is structured around four strategic objectives:

- Providing quality homes
- Supporting the most vulnerable
- Better service
- Stronger Business.

Section 3, Our Customers, gives information on the profile of our customers, the additional support they require, and their expectations of our customer service.

Section 4, Service Delivery, describes the way in which our service is currently provided.

Section 5, Assets, describes the Council's housing stock and other assets, along with investment priorities.

Section 6, Resources, describes the base line financial position for the Housing Revenue Account.

Section 7, Priorities for Action, sets out the key activities that will be undertaken to deliver the strategic objectives. This action plan will be supported by more detailed operational activity, set out in our departmental service improvement plans. The actions respond to the consultation carried out with tenants, councillors, staff and wider stakeholders.

Section 8, Appendices, contains two strategies that are central to delivery of the HRA Business Plan and associated priorities for action: asset management and development. An equality impact assessment is also being prepared.

Section 1 Introduction

This Housing Revenue Account (HRA) Business Plan is produced in order to set out the Council's overall aims and objectives for the housing service, as a landlord for over 6,000 homes. It analyses the current position of the service and the homes and sets out the actions planned to achieve the Council's objectives. It reflects consultation carried out with tenants, members and wider stakeholders. It provides a framework for monitoring and evaluating progress in delivering the plan.

Why does the Council need a new Business Plan?

A comprehensive Business Plan was put in place in 2012 and has been regularly reviewed since then. Three years on there have been many changes both internally within the Council and externally which mean that a more fundamental review is now needed to ensure that our landlord service continues to meet the needs of existing and future residents, remains financially viable, and delivers value for money.

How the plan has been put together

Officers developed a baseline financial position which enabled a series of options to be presented to members as to how future resources could be directed.

A series of consultation events was held with members, staff and residents to review the current service, to review performance against the action plan put in place in 2012, and to agree future objectives for the service and the Council's homes and other landlord assets. Key decisions to inform how the plan was put together include those made around:

- Local assessment of changing tenant profile and demand for social housing (headlines included in Appendix 4)
- The focus of the core business of the housing service with a balance of protecting the most vulnerable and developing services for a wider range of housing need
- Options for the development of customer focussed housing services and resident involvement
- The investment standard and asset management strategy
- Use of resources, and the balance between investment in services; investment in assets, both existing and new homes; and the repayment of debt
- The structure of the Council and joint working with West Somerset Council as well as other partnership working.

Officers also conducted a review of stock condition data to ensure that knowledge of future investment requirements was, and will remain, as accurate as possible.

The updated data and priorities identified by members, staff and residents were then brought together to produce a viable Business Plan that supports ambitions for the Council's housing service as well as requirements it must meet.

How the plan will be delivered

Section 7, Priorities for Action*,* provides a summary action plan that will be developed in detail to deliver the Council's objectives for the housing service in the short and medium term. It also sets out how performance will be monitored and success measured over time.

Three strategies are critically important for successful delivery of the Housing Revenue Account (HRA) Business Plan. Our approaches to asset management, development and customers underpin the plan and inform the Priorities for Action. The diagram below shows the interrelationship between the Business Plan, the three key strategies, and the action plan.

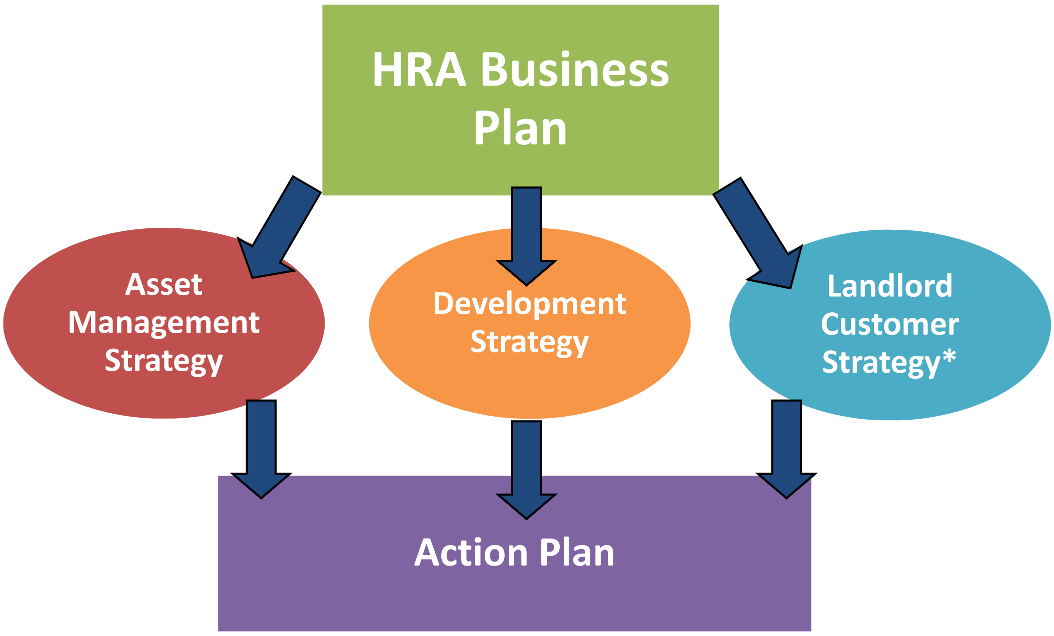

Figure 1: HRA Business Plan and linked strategies

**** Landlord Customer Strategy yet to be created***

Section 7 also gives an overview of the key strategic risks that may prevent the achievement of objectives and how these will be managed. Finally it sets out how the plan will be reviewed in future to ensure it remains up to date with external and internal changes and reflects ongoing tenant consultation.

An equality impact assessment is a process through which the Council can assess any positive and negative impact that our services and decisions may have on our customers or employees.

Section 2 Strategic Context

In this section we set out the issues that influence this Business Plan, at a national, regional and local level. This includes how changes in national housing finance and policy impact on the Council's priorities for its housing service. It shows how the plan will support the delivery of the Council's corporate priorities and wider housing and community objectives. It also highlights the local context in which we operate and our service delivery mechanisms.

National context

1 National Housing Policy

A raft of new policies covering rent, asset management, tenure and welfare will be implemented over the next few years. Previously known policies such as Universal Credit and the Benefit Cap will continue to be rolled out, but with some changes to their operating parameters. Other changes announced since the May 2015 election, many of which are being introduced through the Welfare Reform and Work Act and the Housing and Planning Act, include:

- Reductions in social housing rents
- Levy on higher value council homes, and a duty to consider sales of these homes
- Pay to Stay (mandatory for councils, voluntary for housing associations)
- The National Living Wage
- The replacement of 'lifetime' secure tenancies with fixed terms, with the length for different client groups to be directed by government
- Reductions in the Benefit Cap
- Restriction of housing benefit for council and housing association tenants to no more than Local Housing Allowance (LHA) levels
- Refocusing of government capital funding and planning policy for housing onto properties for home ownership, in particular Starter Homes and shared ownership.
- Voluntary extension of the Right to Buy to housing associations
- Reductions in regulation for housing associations introduced in pursuit of a reversal of their recent classification as public non-financial corporations.

It is difficult to model the cumulative impact of all these policies on the HRA Business Plan, because much depends on secondary legislation which was not published at the time this plan was prepared, but it is clear that the impact will be significant. For example funding the levy on higher value sales will require proactive asset management to balance financial obligations with ongoing ability to cater for housing need. It is also likely to require a review of our day to day operating costs depending on the level of stock loss required. New secure tenancies and Pay to Stay may alter costs associated with tenancy management and maintenance, and may require staff and tenants to change how they regard tenancies. Further welfare changes and new government investment models may put pressure on rental income and change the profile of development activity.

It is likely that some of these announcements will also alter the behaviours and priorities of local housing associations. If the type and number of people they accommodate in social housing changes, then this may have knock-on consequences for the Council in considering how it can best meet housing need and how it works with partners in this changing environment. We anticipate that this will increase the need for the Council to focus on supporting the most vulnerable.

2 Social housing sector trends

It is becoming more difficult for all types of social landlord to build new homes for social rent. Even before announcements about future grant funding there was the beginning of a drift towards mid-market housing products. The spending review in November 2015 and funding prospectus published in April 2016 confirmed a very significant shift towards low cost home ownership (Starter Homes and shared ownership). Grant funding for new rented sub market housing from 2018 will be available exclusively for older and disabled people's accommodation.

Some local authorities started to build new homes after the 2012 financial reforms. A number did this by establishing council-owned companies to develop homes with a range of tenures to contribute to local housing need and generate income to support Council objectives. The new environment makes it much harder to develop new social housing directly in the HRA, although many continue to explore commercial development activity through a company to generate resources to support their core aims. Many housing associations also work in this way e.g. using market rent and open market sales, often structured through a subsidiary development company, to generate funds that support delivery of their core business. Pressure on them to do this has grown, as have the risks in doing it. Partnerships between councils, housing associations, and commercial developers are being formed to improve access to developable land and to reduce risk for all parties in the development and sale process.

Social landlords are developing asset management strategies which include three key elements: stock investment, active asset management, and supporting wider objectives such as new development or supporting wider community activities. Stock investment enables landlords to maintain homes to a standard that meets tenants' needs and regulatory requirements. Active asset management enables them to improve or replace properties that have poor social, economic or environmental performance, for example because they are hard to let or cost a lot to manage and maintain..

Social landlords are reviewing service and investment standards in the light of rent cuts. Landlords have been keen to protect surpluses in order to continue to fund new development, and many are exploring options for working at greater scale in partnership with others.

Social landlords are also considering who they will be able to house in future, given the restrictions on benefit entitlement, the consequent risks to lettings and income collection, and the expectation that potential owners will be catered for.

Supporting Council priorities

The work of the housing service will help to implement the Council's Corporate Strategy for 2016-20. This strategy sets an overarching aim to work with communities to keep Taunton Deane a great place in which to live, work, learn and enjoy. It also sets out corporate priorities, values, and service delivery principles which are reflected in the housing Business Plan.

Housing activities will contribute to the four corporate priorities of:

- People
- Business and enterprise
- Our place
- An efficient and modern Council.

Specific housing commitments in the Corporate Strategy are that we will provide:

- A housing function that delivers value for money, customer focussed services to our tenants and others living on our estates
- An ability to trade and specifically to deliver housing outside of the Housing Revenue Account and maximise the return on our own assets and investments the Council seeks to make.

The Council's corporate principles for service design and structure have informed this Business Plan. In particular:

- We will solely focus on agreed priority outcomes and will be customer centric/focused
- Our customer access arrangements will maximise self-service
- All services should offer value for money and be business-like in their approach
- We will deliver a 'case management' approach to dealing with customers that sees one point of contact take responsibility for a customer's issues to the point of resolution.
- Embracing the principles of a Social Enterprise - acting commercially to deliver surplus to reinvest in the delivery of our priority outcomes and services
- We will recruit, retrain, redeploy, and reward our people to ensure we have the right skills, attitudes and behaviours needed to deliver our ambitions.

Housing Vision

Taunton Deane BC has recently revised the operating model for its housing services in light of community needs and public policy agendas.

The Council recognises that it can usefully broaden its housing offer so that it more effectively caters for residents' housing needs and aspirations at different points in their lives.

In coming years the Council will move towards delivery of a new aim, which is to provide good quality stable accommodation that facilitates movement towards tenures beyond social housing . This means we will have properties, policies and working practices that are aligned to support residents' aspirations and therefore their 'housing journey'. This enhances, rather than replaces, the vision stated in 2012 which is to have a long term sustainable Business Plan that secures a better life and future for its tenants and properties. It also supports overall Council objectives to be recognised nationally as a place that is developing sustainably, securing a better life and future for its people, businesses and communities.

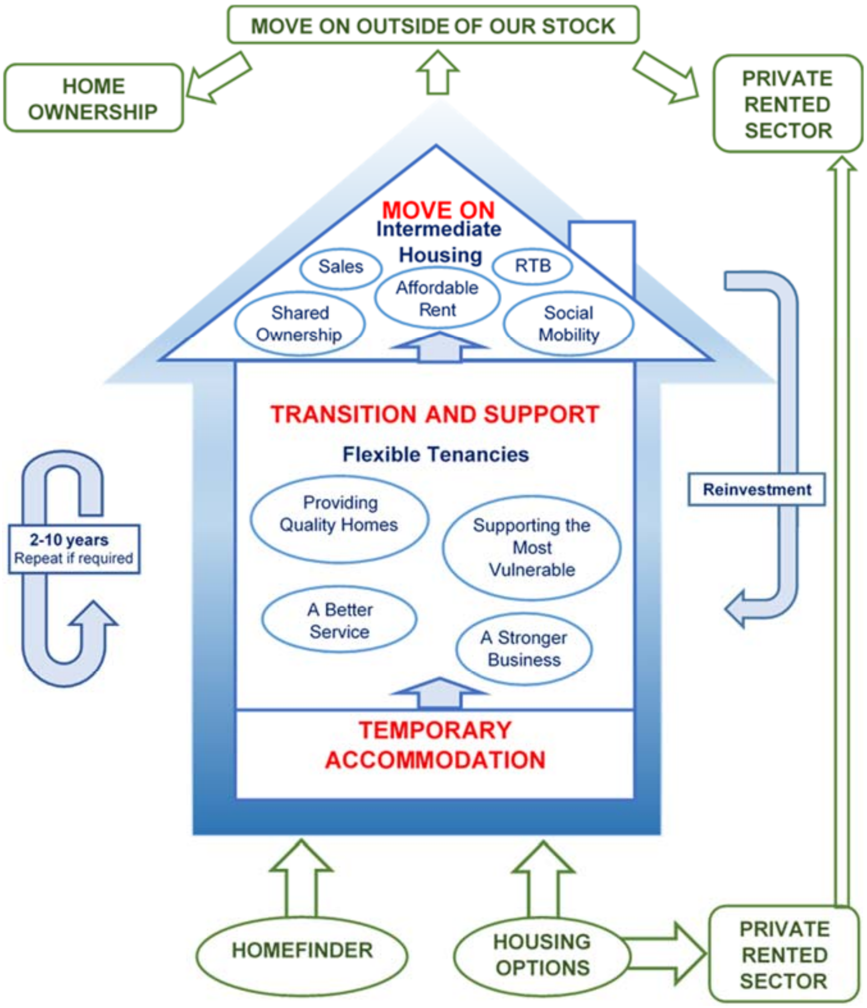

Figure 2: Proposed future housing model

Note: Flexible tenancies may provide some exemption for families with children

The diagram above represents the more dynamic service we intend to offer. Our service will be one that helps people to access accommodation that meets their needs at a particular point in their lives. People helped with housing after an initial approach to the Council are likely to move into social or private rented housing. Within social housing we will help people to develop stable lives and living skills, and then if appropriate we will look to help them move into ownership over time as and when this meets their needs and aspirations. We will provide a small supply of alternative housing products, and where these products provide additional revenue we will reinvest the financial proceeds in social housing that meets a range of needs.

Our values

We aim to reflect the following corporate values in all that we do as a Council housing service:

- Integrity
- Fairness
- Respect
- Trust.

Our strategic housing objectives

This Business Plan has updated the strategic objectives set out in our 2012 plan. They reflect the Council's current corporate priorities and enable us to improve on our current position in terms of our focus and performance. The objectives are reflected in the asset management strategyy, development strategy and other housing policies.

- ***Providing Quality Homes***

  This means we are committed to investing in our existing homes to deliver good quality of life for residents and value for the money spent, and to developing new homes that meet local needs.

- ***Supporting the Most Vulnerable***

  This means we are committed to letting homes to people who have the fewest housing options, and will provide additional support that helps people who are older, disabled, or socially excluded to live comfortably in their Council-owned home.

- ***Better Service***

  This means we are customer and community focused and are committed to improving our services in line with what our residents have said matters to them. Our approach will support people to move through our social housing to cater for their changing needs and aspirations over time.

- ***A Stronger Business***

  This means we will prioritise efficiency to support delivery of our social priorities and objectives. It sets out how we will improve our business practices, drive out value for money and pursue new commercial activities.

Local context

The profile and behaviours of the local population and economy create patterns of housing need and aspiration within which the Council's housing service operates. Consideration of current Council housing stock and tenants, lettings patterns and wider housing market trends indicates where it would be beneficial for the housing service to respond proactively, for example in terms of approaches to new supply, allocations and provision of housing-related support. Responses to these pressures would sit alongside a housing service contribution to existing Council priorities around supporting social wellbeing of residents, enabling growth, and driving further efficiency through our Joint Management and Shared Services project (JMASS).

1 Description of housing stock

Taunton Deane Borough Council's housing stock comprises 5,780 rented homes, with a further 384 leasehold properties. The Council also manages two private leasehold schemes for the elderly. The housing service owns and manages 1,436 garages and other non-housing assets. The assets are managed by a joint asset management team, which is also responsible for managing the non-housing property assets of Taunton Deane and West Somerset Councils.

The housing stock is a broadly equal mix of 1, 2, and 3 bed homes. 17% is designated sheltered and 22% is of non-traditional construction. Some pressures relating to current income/lettings and future need arise from this picture.

The Council could see the number of homes in ownership steadily reducing because of the Right to Buy and Higher Value Sales policy. A clear ambition and strategy for development to replace homes sold is the only way to offset this if the council wants to maintain its housing provision.

2 Customer profile

23% of current tenants are over 65, with a further 11% aged 55-64. Between one quarter and one third of lettings have been to people over 65 in the last five years. 46% of tenancies have been running for less than 5 years. There is a high incidence of self-reported disabilities, which is usual in social housing. 40% of people in temporary accommodation move into Taunton Deane's homes, and we know that people who have recently experienced unstable housing are often at higher risk of losing their tenancy.

This profile gives an indication of where cost pressures could fall on the HRA and what services may be needed. It will be important to align HRA funds and activities appropriately.

In addition to these trends, we are aware that recently many of our lettings in sheltered accommodation are to households in low housing need, but the majority of our lettings to younger households are to people in high need. This has flagged a possible equalities issue that we wish to investigate further.

3 Future demand for housing

Taunton Deane's Strategic Housing Market Assessment (SHMA) will be updated later in 2016. The new SHMA will give a more detailed picture of future demand for social housing. Headline figures show an ageing population, home ownership affordability at 7.3 x income, and lower quartile market rents at above Local Housing Allowance rates. Local incomes are above the regional average, and demand for homes is expected to increase as Hinkley Point C comes on stream. Suitability and perhaps desirability will be relevant for housing provision in the area alongside affordability.

In terms of Taunton's social housing, recent analysis of patterns in lettings has identified a number of challenges that will need to be addressed with partners in the Homefinder allocations scheme and through our lettings policy.

- Firstly, it appears that the ability of people who are most vulnerable and/or in highest housing need to access social housing may be inadvertently limited by policies that recently came into operation. The number of single people on the register, particularly those aged under 35, has fallen dramatically since the introduction of a requirement to renew applications annually. People in this group are believed to have the most chaotic and transient lives, and are therefore less likely to be able to comply with this administrative requirement despite being in housing need. Taunton disproportionately offers its single persons housing to older people in lower need bands, which would support this theory of inadvertent access restrictions.

- Secondly it shows that the council also risks being exposed to restrictions in benefit for people under 35 with a large proportion of rents for one bedroom properties falling below the shared room rate for LHA.
- Thirdly, it highlights a possible mismatch between demand and supply of properties for older people, which could lead to difficulties letting in future despite the higher than average number of older people in the area.

Further headlines from our analysis are covered in Appendix 4. Our approach to address these issues will be outlined in subsequent documents including the Landlord Customer Strategy, Local Lettings Plans and other related plans that will be produced following this Business Plan.

Lettings data creates useful information on where people prefer to live, and this can be used to inform the Council's strategic development and asset management responses to projected future demand for homes. Whilst this is useful for general needs accommodation there is a weakness in data on supported housing need and provision, which would need to be addressed to inform future planning for more vulnerable groups.

We anticipate that demand for our services may change as a result of other local social landlords changing their own lettings practices in response to the welfare and housing policy context set out above. Our own strategies will need to be tailored to the local context as it becomes clearer.

Current service delivery

Changes to local authority housing finance in 2012 gave Taunton much more control over financial decisions and therefore over our longer term investment and service plans. We have taken opportunities offered by this new system, and have also responded to further public policy changes that came since publication of the 2012 Business Plan. We have pursued our stated objective of providing excellent customer driven services that are locally focussed, delivered by a dynamic organisation. Changes to our approach to service delivery which reflect our pursuit of excellence include:

- Protecting the housing-related support and community activities in our sheltered housing schemes by changing the funding model whilst guaranteeing no additional costs for current tenants
- Reducing crime and anti-social behaviour in some of our most deprived areas by working closely with police, health and social services as part of the One Team model
- Developing an improvement plan for repairs and maintenance services in response to recommendations by our Tenant Services Management Board and findings from our customer satisfaction work
- Introducing a welfare reform support service to help tenants manage their finances as housing benefit reforms and universal credit are implemented

More details about our current service delivery and staffing are set out in section 4, Service Delivery.

Section 3 Our Customers

The previous section outlined our local context and tenant profile and our strategic objectives for the Housing Service. By its nature, social housing caters for the more vulnerable demographic in society, providing a means to support those in most need. The 'Homefinder Somerset' Choice Based Lettings system continues to prioritise vulnerable people as our future tenants through its Gold, Silver and Bronze banding. Furthermore we have committed as a priority to "Supporting the most vulnerable" in our Business Plan.

Vulnerable tenants

The vulnerability of our tenants covers a wide spectrum. At one end, we have a large proportion of tenants who are functioning well within the community, often with strong family relations, in work or retired and putting very little demand on the housing and other services. Their vulnerability may be through age, low income, previously homeless through loss of private tenancy or home ownership, overcrowding, minor disabilities and a whole host of other reasons. Many of these households will have low, if any vulnerability.

However we also have a significant cohort of tenants that have significant vulnerabilities and who struggle both with their tenancy but also with life in general. These tenants may present with a number of multiple and complex needs, including the following issues: drug and alcohol addiction; poor mental health; physical disability; learning disability; poor educational attainment (including lack of literacy and numeracy); worklessness (sometimes inter-generational); debt; poor health; crime and anti-social behaviour; family breakdown; domestic abuse and social isolation.

Although there is a mix of tenants across Taunton Deane Housing, we also know that there are areas where vulnerability and thus demand on our services is particularly high. This is evidenced both through local knowledge and the Indices of Multiple Deprivation.

In these areas we have invested in 'One Teams' – multi-agency working groups based within the communities and providing a holistic, joined up approach with partner agencies to resolving tenant and family issues. We currently have three One Teams, based in East Taunton, North Taunton and Wellington. Although officers working in these One Teams are based in these areas of demand, their responsibilities still cover all of our housing stock and tenants and continue to service and support tenants wherever they live. Further information on One Teams is covered in Section 4.

Although we have made a firm commitment to supporting the most vulnerable, and will ensure we take measures to do so, it is important that as a landlord we continue to have a healthy mixed tenant profile with tenants from all age groups and with both high and lower vulnerability and needs. This is necessary to ensure that we have dynamic sustainable mixed communities and that demand on the housing service remains manageable. That said, we recognise that in particular we will need to consider how we support single people under 35 and will review our Lettings Policy to consider whether we should target some properties for more vulnerable people (such as from Move On Accommodation for younger disabled people), in light of the high proportion of single person housing currently offered to older people in lower need bands. Both of these are picked up under 'Supporting the most vulnerable' in the Action Plan.

Providing Support to Tenants

In recognising the needs of our more vulnerable tenants, we have taken steps in the Business Plan to ensure we are able to provide support. This includes ongoing funding for the following:

1. **Employment Support** – We will continue to provide an employment support service to help tenants get off benefits and back into work and training. The current provider for this is 'Inspire to Achieve' who are linking closely with the DWP and education providers. We also have a commitment within the service for new apprentice posts which we hope to be able to recruit from our own housing estates.

2. **Mental Health Support** – The Business Plan includes funding for a provider to give low level mental health support to tenants. We are currently working with MIND whose support is helping tenants deal with issues such as social isolation, depression and anxiety and helping them better manage their tenancies.

3. **Debt Support** – Welfare Reform continues to put pressure on households and we are committed to supporting tenants in managing their budgets and tackling debts. We have funding in the Business Plan to provide money management advice and support, which will be increasingly important as Universal Credit is expanded across households. CAB are currently contracted to provide this support. In the shorter term we have also committed funding for our own Welfare Reform Officer, Money Matters Advisor and additional Estates Officers to support tenants until at least 2018 in dealing with the changes to Universal Credit and other One Team demands.

4. **Community Development** – We have topped up funding for Community Development to allow us to better support critical projects that add value to the community and estates.

5. **One Teams and Domestic Abuse** – We have committed funding with the Police and Fire Service until March 2018 for the three One Teams and, although contributions to external agencies is not funded beyond this in the Business Plan, we are optimistic that we can find a means of ensuring the continuity of this beyond 2018. Similarly we have committed money toward a post to co-ordinate 'Chill and Chat' as a 'proof of concept pilot' to help support victims or those who are vulnerable to domestic abuse.

Customer Service

Providing good customer service is very important to us. We undertake a detailed 'Star' tenant satisfaction survey every two years and the 2015 one identified a number of areas where we had seen a deterioration in satisfaction and we need to focus on improvement. Broadly these areas were:

- Repairs and Maintenance (delays in starting work and getting right first time)
- Grounds Maintenance (particularly grass cutting)
- Customer Service (particularly getting hold of the right person and helpfulness of staff)
- Tenants feeling listened to and involved.

As a result of this we have recently embarked on an 'Improving Tenant and Leaseholder Satisfaction' project which will shortly report back on recommendations. This project will lead to a number of specific workstreams that will look to improve our approach to customer service. Some workstreams are already in train, such as a review of repairs and maintenance processes. We recognise that utilising improved systems and technology, such as providing a case management system and mobile working, is likely to provide part of the solution. Section 3 of the Action Plan includes a commitment to address this to improve responsiveness to customers.

We will continue to support our Tenants Services Management Board and existing forums to ensure that tenants are empowered to input and shape our Housing Service. We have consulted and are working closely with these groups on the Business Plan and associated Action Plans.

Section 4 Service Delivery

1 Business Plan priorities 2012

The priority objectives in the 2012-42 HRA Business Plan were:

- Securing a long term future for our housing service.
- Tackling deprivation and sustainable community development
- Investing in our housing stock, regeneration and affordable housing
- Climate change.

Delivery of the Business Plan priorities has been reviewed and good progress is evident on some key projects. Highlights from delivery of the 2012 priorities include:

- Continued operation of the Tenant Services Management Board, which strengthens accountability to tenants and empowers them to inform how the housing service is delivered
- Creation of the One Team approach which aligns delivery of the housing service with other local services and objectives in some of the borough’s most deprived areas. Reductions in crime and improved access to health services have been flagged as early successes in the One Team areas and formal evidence of impact has now been commissioned
- Commencement of a Council development and acquisition programme, that has provided 47 new homes to date, with a further 74 in two committed schemes currently on site.

The Housing Service has re-aligned its structure to be able to better commit to the One Team model of collaboration with partners in areas of high demand, primarily in Halcon, North Taunton and parts of Wellington. This model of working has not been fully evaluated yet but is undergoing this through the work of Bath Spa University. However there is mounting evidence that this approach is benefiting tenants; Halcon in particular has seen a considerable reduction in crime, anti-social behaviour, domestic abuse and evictions whilst also seeing stronger engagement from the community in attendance at the Children’s Centre and organised activities and volunteering.

The One Team model has been cited as best practice by a number of local organisations including Somerset County Council’s ‘Early Help Board’ and the Safer Somerset Partnership, and is being replicated across the region. Our Housing Service recently won the Silver Award in the National IESE Improvement and Efficiency Awards 2016, in the category “Transforming Access to Services”, for the way services had been restructured to support the One Team model. The Housing Service is committed to further developing this model of working including widening the scope of the model to work with new partners such as Health organisations to further improve benefits to tenants.

2 Housing services performance

There are solid areas of good performance over the last three years – income collection, Anti-Social Behaviour resolution and the response to Welfare Reform in particular. Unfortunately 2015-16 saw performance slipping in rent arrears and non-urgent repairs. There are also some areas where performance is persistently below internal targets and may benefit from an improvement focus, for example emergency repairs and void re-let times. Whilst overall performance of re-let times has improved substantially since 2012, the performance does still fluctuate and has often been below target. However it should be noted that this is a stretch target (top quartile performance) where the Council is consistently upper quartile or median when compared to its peers.

We have recently reviewed our suite of performance indicators with managers and the Tenants Services Management Board and agreed a more focussed and targeted set of measures that focus on the relevant areas of business and service delivery. This has reduced the number of measures we report on but ensured that they are relevant to the business. We will use this set of indicators to drive our performance and be accountable to our tenants, Tenants Services Management Board and councillors.

The Business Plan review created an opportunity to review performance drivers within the service and consider whether the impetus and delivery of performance management could improve the focus on customer focussed services. We have set out actions to achieve this in section 7 and will report on these outcomes in addition to the revised performance indicators.

3 Customer satisfaction

Tenant satisfaction has fallen from 2011-15 and, while this is a trend that is evident nationally, this is a source of disappointment for the Council. Areas of dissatisfaction relate largely to repairs and communications, which echoes the performance data. Leaseholders' overall satisfaction has increased, however, following a Business Plan priority to address this issue. A project to address satisfaction is underway, as covered in the previous section.

4 Tenant involvement

The Tenant Services Management Board (TSMB) continues as a forum for regular scrutiny of performance and consultation on proposals. The TSMB plays a valuable role by undertaking detailed scrutiny of performance, not least because this adds an alternative perspective to officers' own performance monitoring and review. Increasingly the TSMB considers complex and challenging issues, so in future a greater involvement in problem solving could help to make a more positive experience for members of the board and promote deeper engagement with how the service operates.

5 Moving forward

There have been some big external changes since the Business Plan was prepared. Financial pressures have affected expenditure choices. While under the 2012 plan the level of 2042 projected reserves provided a buffer to manage emerging resource demands, the external changes meant this approach was no longer possible. Maintaining a sustainable reserves balance under the 2016 plan required the Council to make choices about the amount and balance of expenditure on revenue services, investment in existing or new homes, and repayment of debt.

Section 5 Assets

Introduction

Our housing stock is a valuable asset. As a major provider of social housing we make a significant contribution to meeting the need for affordable housing in the borough. Tenant feedback indicates a high level of satisfaction with the quality of homes although recent surveys have seen a slight decline in satisfaction rates. Reduced satisfaction with the repairs service is a key factor in satisfaction decline.

Demand for homes is generally high across the stock with only 0.7% of income lost each year from empty properties. There is some evidence of a slight weakening of demand in some sheltered schemes, evidenced by higher void rates which will be subject to further investigation through the supported housing review. We have recently carried out a stock condition survey which has found that the 5,769 properties require a £202.3m capital expenditure programme across the next 30 years (excluding revenue). The stock condition survey results provide costs to maintain the stock in a good lettable condition, with additional allowance for environmental improvements, as well as structural repair work that is expected to be required by properties of non traditional construction.

Stock profile

The Council's housing stock consists of 5,780 dwellings together with 1,436 garages, and a number of shops, meeting halls, land and sewerage treatment works.

The age profile of the stock is as follows:

	Age Band						
Property Type	**1919 - 1944**	**1945 - 1964**	**1965 - 1979**	**1980 - 1999**	**Post 2000**	**Pre 1919**	**Grand Total**
Bedsit	45	38					**83**
Bungalow		193	486	168	2		**849**
Flat	70	663	939	219	14	3	**1,908**
House	1,131	1,192	382	152	13	30	**2,900**
Maisonette		40					**40**
Grand Total	**1,246**	**2,126**	**1,808**	**541**	**29**	**33**	**5,780**

Table 1: Property type and age band profile of total stock

Just over 34% of the stock is flats, including a small number of bedsits. Just over 22% of the stock was built before 1945, and approximately 91% of this older stock is houses, mostly semi-detached.

By post code district, over 71% of the stock is in TA1 and TA2.

Homes of non traditional construction types

Just over 22% of the stock (1,299 homes) is of non traditional construction. This includes homes that are built with prefabricated reinforced concrete (PRC) panels or other methods such as steel frames. In 2004 a specialist stock survey was carried out on the non traditional stock by Curtins, with updates in 2013 and 2014.

Most non traditional construction types have been brought up to licensed repair standards and require no significant additional costs in future when compared with properties of traditional construction. The exception is the properties of Woolaway construction. These will require significant additional costs in the medium term to address structural issues. There can be no certainty about the timing of when this work will be required as some will be in worse condition than others. For business planning purposes we have made provision for an additional £60,000 per property over the next 10 – 25 years for each of the 237 tenanted properties. The action plan also includes detailed options appraisals of the Woolaway sites in order to identify the potential for regeneration and redevelopment as an alternative to refurbishment in some cases. These appraisals will be carried out in consultation with tenants and freehold and leaseholder owners.

Supported housing

The Council has 980 dwellings designated as sheltered housing or extra care housing for the elderly, representing 17% of the total stock. The properties are grouped within 32 schemes / local areas, consisting of between 10 and 81 homes. These include two extra care schemes at Kilkenny Court in Taunton and Lodge Close in Wellington. A large majority of this stock (75%) was built between 1960 and 1980 and is beginning to appear outdated when compared with more modern provision from other providers.

A more detailed review of supported housing is underway. As part of this review it will be important to understand the standard of service and accommodation that sheltered and extra care residents require and the policy context in which we are able to respond. This needs to consider a broad range of housing aspirations, beyond traditional supported housing models. The aim will be to develop a standard of supported housing that encourages people to actively make the choice to move, and to establish targets for the level of provision needed to match estimated future demand. The existing accommodation will be assessed against this standard and opportunities for changes, and improvements will be identified in order to improve outcomes for existing residents and provide a portfolio that matches anticipated future demand.

Temporary accommodation

The stock includes 23 units of temporary accommodation, including two groups of mobile demountable units at Sneddon Grove and Winckworth Way in Taunton. The Winckworth Way properties will be decommissioned by the end of the December 2016 as part of the plans for the sale of the Priory Way depot site, and the need for the Sneddon Grove units will be kept under review. Other temporary accommodation is in traditionally built units in a range of property sizes. The long term future of these properties is explored alongside the main housing stock, details of which are set out below.

Leasehold

Around 30% of flats have been sold through the Right to Buy and as a result the Council manages 384 leasehold properties. There are three blocks where all flats have been sold, and 19 blocks where over half of the flats are leasehold. In 2012 the Business Plan included actions to develop an effective and efficient leasehold management service that would improve services and leaseholder satisfaction. Actions delivered since 2012 include improving billing systems so that leaseholders receive accurate and timely bills to improve transparency, accountability and collection rates.

Asset performance evaluation

As part of the development of the asset management strategy, we have evaluated the financial performance of all our stock, based on 30 year income and expenditure associated with the assets, alongside other non-financial measures of broader neighbourhood sustainability. These have been measured against the key landlord objectives of excellent services, supporting the most vulnerable and investment in homes, reflecting the objectives in this Business Plan.

The performance evaluation is intended to inform an investment strategy based on an active asset management approach where we make investment decisions based on the performance of the stock in a way that strengthens our Business Plan and contributes to meeting the Council's policy objectives. We have set out our approach to this in our asset management strategy and summarised the key findings below.

The asset management model produces the following key results:

- The 30-year net present value (NPV) of the income and expenditure associated with a tenanted housing stock of 5,769 units stands at £94.87m, equivalent to an average of £16,445 per unit. This reflects a range of NPV levels across the stock and between the different parts of the borough
- There are 237 units (4%) in asset groups with an average NPV per unit which is negative. These are exclusively the Council's properties of Woolaway construction, reflecting the anticipated need for major works to these properties in the medium term
- A larger proportion (35%; 1,992 properties) is in asset groups that have marginal cashflows with an average NPV of below £15,000
- The majority of the stock (61%; 3,540 properties) is in asset groups that have NPVs which are above £15,000 per unit representing relatively strong financial performance over the long term.

The range of performance across our rented housing stock presents challenges for our asset management strategy. The most significant challenge is that the operating cashflows of the Woolaway properties are insufficient to provide funding for the long term refurbishment of all properties. Over thirty years this would result in a loss of £2.2m.

Other properties that are currently showing weak cashflows include temporary accommodation, driven by low rents charged for these properties and properties where value is forecast to decline in the short term. A review of temporary housing rents is included in our action plan as well as a review of asset management resources to ensure options appraisals are carried out in a timely manner so that we can explore options to reverse decline. Our aim over the long term is to improve the value of cashflows through a programme of active asset management, exploring alternative options to improve outcomes for the Council and for residents.

Sustainability modelling has identified the socio economic context of each asset group against our own policy objectives. The analysis has used a range of external and internal data covering measures around deprivation, satisfaction, demand, anti social behaviour and fuel poverty. The indicators and measures used are detailed in the asset management strategy.

The combination of the sustainability analysis and financial assessment is useful as a comprehensive assessment of overall performance. Priority in terms of action will differ depending on whether financially poorly performing stock is located within a relatively sustainable or unsustainable location.

Examples of the range of scores and performance at asset group level and the performance drivers in each case are provided in a detailed sustainability index. In general low sustainability scores are driven by low levels of resident satisfaction and high levels of deprivation, tenancy turnover and fuel poverty. These factors are key drivers for the asset management principles applied in our asset management strategy.

Consideration will be given to the nature of intervention that could improve performance in other areas. Intervention would generally vary depending on the relative position. For example:

- A high NPV but low social sustainability score may indicate a need for community investment, alongside asset investment to improve the Council's ability to deliver its housing objectives
- A low NPV but high social sustainability score may indicate a need for regeneration or redevelopment to improve the physical quality of the buildings in an area of high sustainability.

The modelling also compares the value of existing cash flows with information on open market values. This means that the model can be used to identify opportunities to improve asset performance through disposals, using the resources to support redevelopment of higher quality homes.

The results from this asset performance evaluation have been used in the development of our asset management strategy, including:

- Establishing a 5 year investment strategy for the stock, based on a transparent investment standard which prioritises investment decisions based on the performance of the assets and Business Plan affordability
- The production of a 30 year investment profile that manages critical points in the Business Plan cashflow
- Identification of candidate asset groups for more detailed options appraisal
- The establishment of links between the performance of the assets, regeneration and redevelopment potential in order to identify resources and opportunities to support future new homes.

Stock investment needs

The total expenditure to improve and maintain the stock and related assets over 30 years is based on our recent stock condition survey which forecast a total of £202.3m. This equates to £35,069 per dwelling over 30 years. These costs relate to 5,769 properties, are at a base date of May 2016 and comprise items of capital maintenance expenditure only. They include contract preliminaries, but exclude professional fees, leaseholders, management costs and VAT.

The following table sets out the capital requirements in five year bands from 2016/17.

	Yrs 1 -5	Yrs 6-10	Yrs 11-15	Yrs 16-20	Yrs 21-25	Yrs 26-30
Future Major Works	£28,698,209	£19,990,779	£26,995,319	£27,293,634	£17,773,325	£27,408,096
Improvements	£1,762,400	£1,850,000	£1,850,000	£1,850,000	£1,850,000	£1,850,000
Related Assets	£920,000	£920,000	£920,000	£920,000	£920,000	£920,000
Contingent Repairs	£745,405	£454,288	£553,810	£578,599	£398,460	£557,992
Exceptional Extensive	£2,150,000	£1,530,000	£5,650,000	£5,650,000	£5,650,000	£650,000
Disabled Adaptations	£2,175,000	£2,175,000	£2,175,000	£2,175,000	£2,175,000	£2,175,000
TOTAL	**£36,451,014**	**£26,920,067**	**£38,144,129**	**£38,467,233**	**£28,766,785**	**£33,561,088**

Table 2: Capital investment profile based on stock condition survey

Compliance

Our Business Plan includes a total of £5.4m for compliance related works to manage asbestos and legionella. This includes £2.15m in the first five years, then a regular allowance for the remaining period of plan for ongoing works. Testing and remedial work for other compliance related aspects (e.g. fire risk and legionella) is included in our revenue maintenance allowances and will be reviewed following regular inspections.

Our action plan includes proposals to review the policy and procedures for all aspects of health and safety compliance, ensuring strong governance of our compliance programme supported by full and robust data.

Investment strategy

The new stock condition survey information has been used to establish the capital programme needed to keep the stock in a good lettable condition long term. We have made some adjustments between the survey and the Business Plan. Firstly, the Business Plan includes some carry forward from previous years, resulting in an additional £872K in year one. Secondly the budget for Disabled Funding Grant (DFG) is reduced over the first five years, to bring it into line with the levels of current spend of £300K per year. The reduction over 5 years will allow us to implement efficiencies into the process in order to derive this saving. Finally the survey results included an allowance of £6m over thirty years for improvements in sustainable energy. This has been removed to reflect the fact that we anticipate our energy efficiency plans can be catered for within our future major repairs spend (e.g. replacement of boilers with more efficient ones). For the same reason we have reduced spend on environmental improvements to £50,000 per annum to reflect current spend.

In total the thirty year expenditure provision has reduced from £202m to £190m. The profile of expenditure is illustrated below. This reflects a need for an annual programme of around £7.3m over the next 5 years representing a slight increase on the programme compared with recent years.

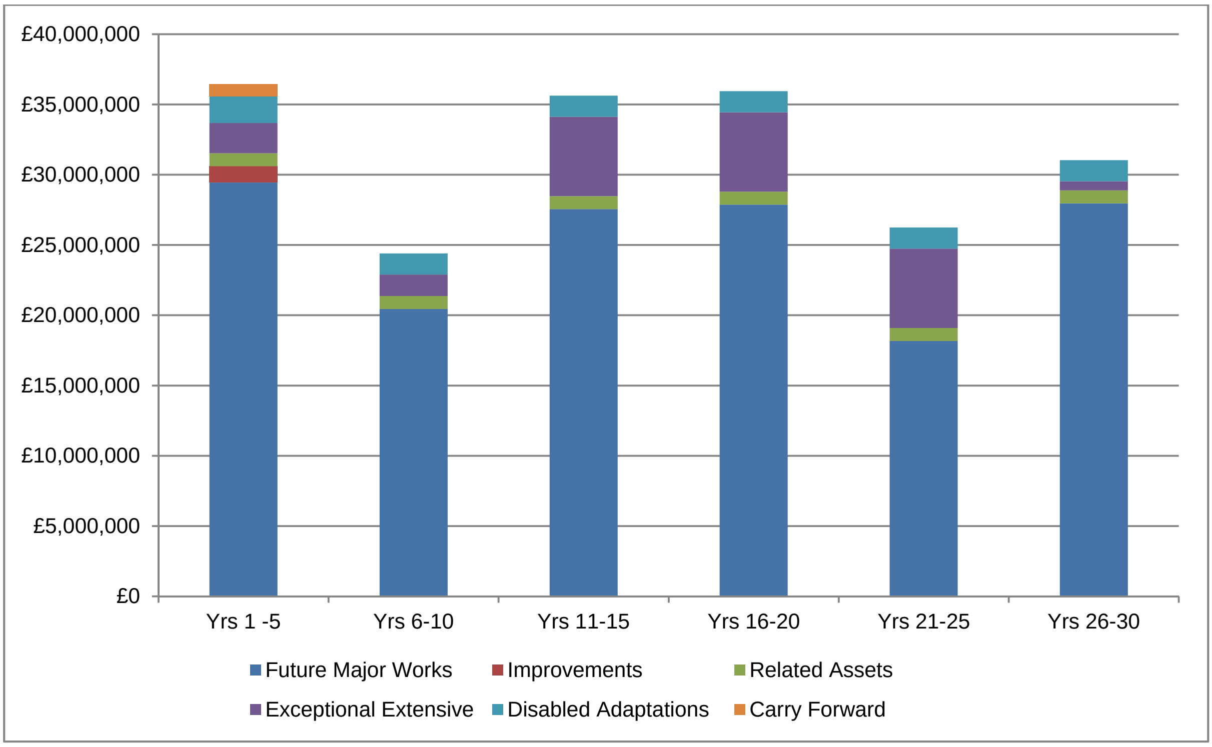

Figure 3: Capital investment profile in Business Plan

This level of investment is affordable in the short term. Longer term, solutions for the Woolaway properties will need to be explored in order to balance expenditure requirements across the stock in years 10 – 20.

In addition to the investment in the existing stock the Business Plan also includes provision for the development of new build housing and repayment of debt. The resource requirements for this are set out in the next section. Our development strategy sets out the pipeline for future development and a series of development appraisals are taking place in order to explore viability before final decisions are made.

Energy efficiency

We plan to continue our commitment to energy efficiency, reducing carbon emissions from our housing stock and tackling fuel poverty.

Our asset management strategy sets out the actions we will take to target fuel poverty through our future major repairs programme.

Section 6 Resources

This section describes the baseline financial position for the Housing Revenue Account and the way in which financial capacity can be managed.

Taunton has operated self-financing for its housing service since 2012. This was a major change from the previous redistributive national housing subsidy system. The move to self-financing saw Taunton begin to manage its own capital and revenue costs, take on £85m additional debt (bringing total housing debt to £99m) and gain borrowing headroom of £16m. Priorities set by the Council were to repay debt by 2030, build and then maintain reserves, borrow to invest in new stock and use revenue to fund investment in existing stock.

Since the 2012 Business Plan was established there has been some downward pressure on reserves which was predominantly due to a change in national rent policy. The response to this has formed part of this Business Plan review to consider the impact on financial priorities. The national policy context is about to change significantly and these changes will place further pressure on revenue and capital aspects of the Business Plan as well as on overall stock numbers. Pressure on the General Fund means that it is more important than ever to ensure that ringfenced HRA resources are used efficiently and effectively, with appropriate focus on the landlord's role in contributing to wider community sustainability outcomes.

This updated Business Plan reflects a refresh of strategies relating to debt, reserves, investment and revenue expenditure in light of these changes with a view to ensuring they are aligned to best support achievement of overall priorities and long-term sustainability.

Baseline financial position for Taunton Deane

The Business Plan has been completely refreshed in order to reflect:

- Reductions in social housing rents for four years from 2016-17, with increases limited to CPI inflation from that point
- Reductions in revenue expenditure on repairs, to balance reduced income and to reflect the provision within the capital programme
- Updated stock condition information – with reductions to non specific allowances on sustainable energy and environmental improvements, and reductions in budgets for disabled aids and adaptations to match current spend levels
- Updated projections of future stock loss from Right to Buy
- A proposed programme of new build development and/or property acquisitions
- Proposals for long term debt repayment.

An increase in management costs has been assumed in the short term in order to allow for continued One Team working, as well as support for welfare reform and other services for vulnerable tenants. This reflects the continuation of current provision to support our most vulnerable residents into our mainstream service provision, as set out in section 3.

Day to day repair costs have been reduced to reflect a realistic expenditure level that will be required to maintain current services, alongside the full provision of capital expenditure identified in the survey. Cost reductions from the current budget of £6.2m to £5.1m will be phased in over five years.

Provision for the full capital programme of £190m has been included at this stage, as set out in section 5.

Right to Buy sales are assumed to increase to 60 a year for the next three years, reflecting current rates of demand, reducing to a long term rate of 30 a year.

A provision for new build has been included reflecting the current committed schemes at Creechbarrow Road and Weavers Arms (86 new properties in total). Future opportunities will be from two sources: smaller opportunity led schemes on both on TDBC land and wider market opportunities such as rural exception sites; and more strategic asset management projects including addressing the investment needs of non-traditional stock. The ongoing profile will be refined as options appraisals are carried out and viability is tested on a site by site basis. At this stage we have provided an average of 15 units per year for the purposes of financial modelling. Our borrowing headroom provides an opportunity to manage peaks and troughs of resource requirements for new development to a degree.

Debt is assumed to reduce as loans fall due for repayment, where reserves allow it. This reduces debt to less than £50m by the end of the 30 year period.

This produces a balanced baseline position as illustrated below.

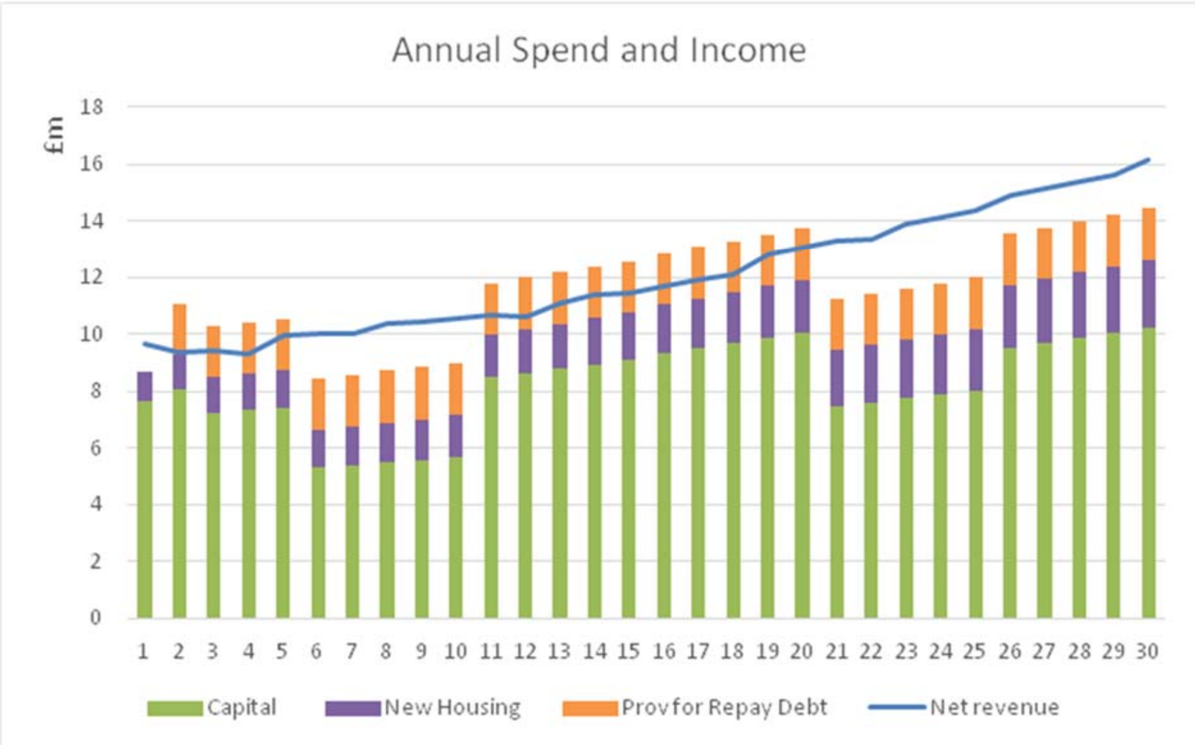

Figure 4 HRA baseline position - cashflow

It is good practice to establish long term financial plans for property management, where short and medium term deficits can be managed within existing reserves balances. However our level of reserves needs to be maintained to ensure we can manage unexpected financial risk. Our general reserves need to be maintained above £1.8m at all times, and if this is not possible expenditure will be re-profiled to balance. Overall the plan provides very little scope for further deterioration of cashflow, for example as a result of further external changes.

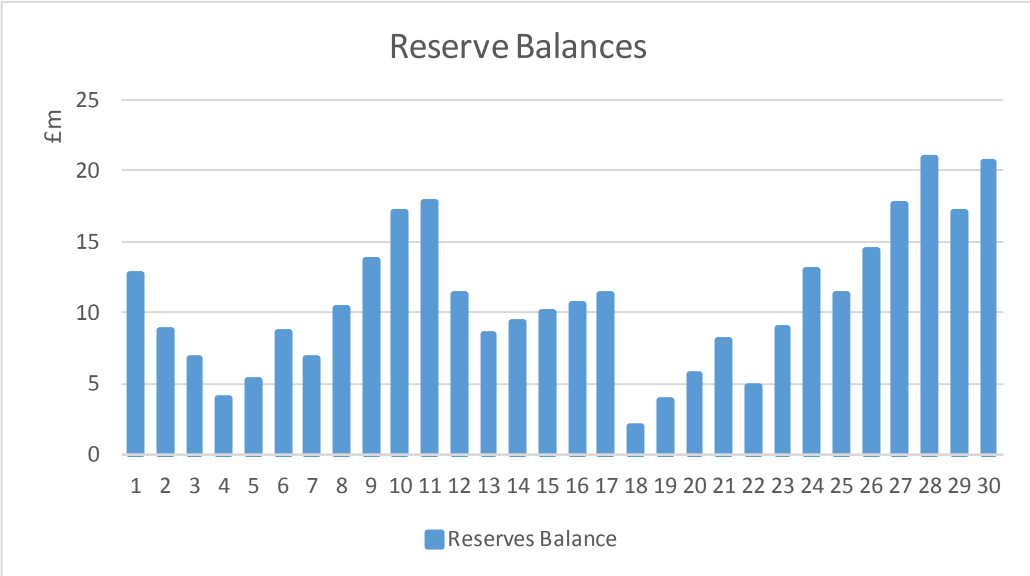

Figure 5 HRA baseline position- reserves

The medium term deficits, requiring use of reserves, are driven by the capital expenditure requirements associated with the Woolaway homes. Options appraisals of these properties will be carried out to explore options for managing this pinch point with partial regeneration considered to improve the quality of homes and to increase housing supply.

Sensitivities and stress testing

Future financial performance of the HRA is subject to a number of risks and uncertainties, including:

- Government policy and control – as shown by the recent rent cuts, restrictions on benefit eligibility and policy for higher value council housing sales
- Higher Value Sales – the policy remains uncertain pending publication of secondary legislation, and though some compensation is likely it is hard to predict the level and impact. Similarly there are uncertainties around uptake of the Right to Buy. Both of these initiatives contain risks for the HRA through loss of rented homes, but also opportunities through use of resources released
- Inflation – a general level of inflation of 2.0% pa has been assumed in line with forecasts of long term CPI by the Office for Budget Responsibility. This has been applied to costs and rents (except for short term rents where the Council is required to reduce them by 1% per year for the next four years). This presents challenges to the Council to contain costs within these parameters
- Interest rates – due to its short term borrowing arrangements, the Council is exposed to interest rate risk at the point of refinancing.

We have tested the financial plan against future changes including sensitivities below:

- Costs increase at 0.5% above CPI.
- Rents increase at CPI + 1% after rent reduction period
- Increased bad debt - from 0.5% to 1% long term.
- New build programme increases to match stock loss
- Increased stock loss from high value void sales, with a step change in costs at year 10.

Key findings from the stress testing are set out below.

Cost control

Currently costs are assumed to be contained within long term CPI rates of 2%. This is a challenging target but is in line with the approach taken by many other landlords in the current economic climate. If costs cannot be controlled within this target, and increase at a rate of 0.5% above CPI, this would result in reduced revenue income which was insufficient to meet the proposed expenditure and could not be met by reserves. To rebalance the position over 30 years, reduction in expenditure of £42m would be needed, either on the existing stock, new build or debt repayment.

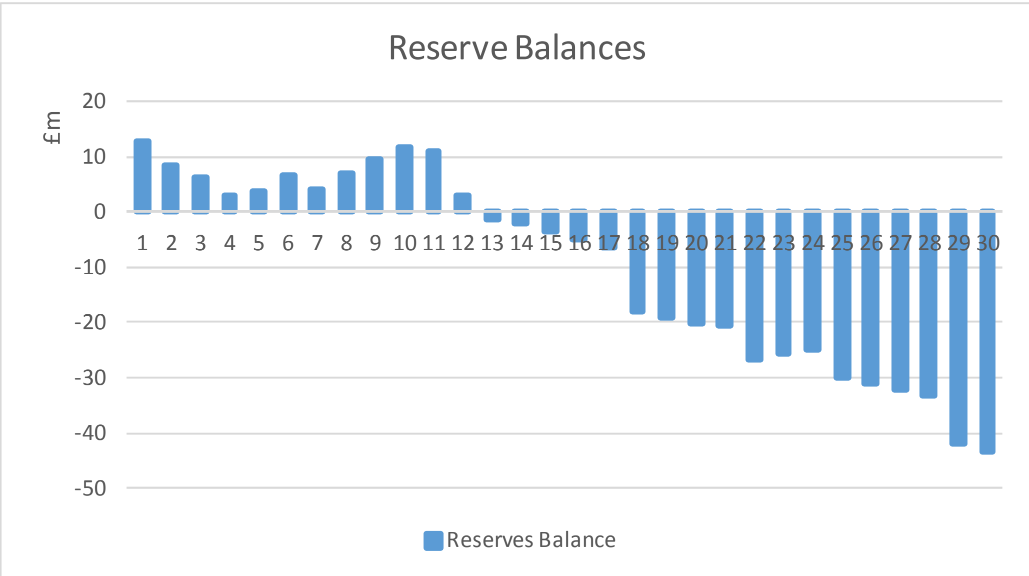

Figure 6 Impact of cost increases at CPI + 0.5%

Rental income

The baseline position assumes that rent increases will be limited to CPI only after the four years of rent reductions. This is a reasonable assumption, particularly in the context of restrictions proposed to Housing Benefit levels. If the external economic environment changed and rent increases could return to rates of CPI + 0.5% for a 5 year period, this would improve the financial position as set out below.

This could generate an additional £3m in surpluses in the next 10 years, which could be targeted at increased expenditure on existing stock, new build or debt repayment. However an increase in bad debts from 0.5% to 1% p.a. could reduce the benefits of additional rent increases as illustrated below.

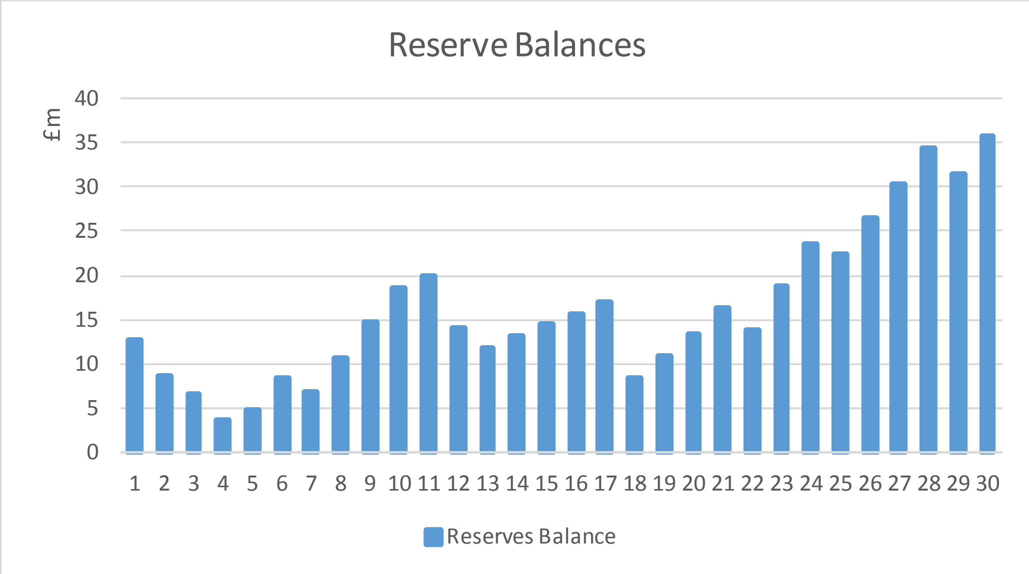

Figure 7 Impact of rent increases @ CPI + 1% and bad debts increase to 1%

New development

As set out in the strategy, the final programme will depend on viability testing on a site by site basis, with affordability tested within the Business Plan. This may result in peaks and troughs of development which will vary the profile compared with the average of 15 units current provided.

HRA business plan - new build assumptions					
	2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21**
Comitted	48	26			
Additional		15	15	15	15
Total	**48**	**41**	**15**	**15**	**15**

Table 3Business Plan provision for new development

The development strategy currently includes an uncommitted new build pipeline supply which reflects some early assumptions about the regeneration of some of the Woolaway properties. This would be subject to more detailed financial appraisal, but if feasible, would also reduce expenditure requirements associated with these properties currently reflected in the plan.

However, even this level of development would not be sufficient to balance stock loss from Right to Buy and Higher Value Sales over the long term.

If the development and acquisition programme were increased to balance stock loss, for example to an average of 30 per year long term, the impact on the HRA is illustrated below.

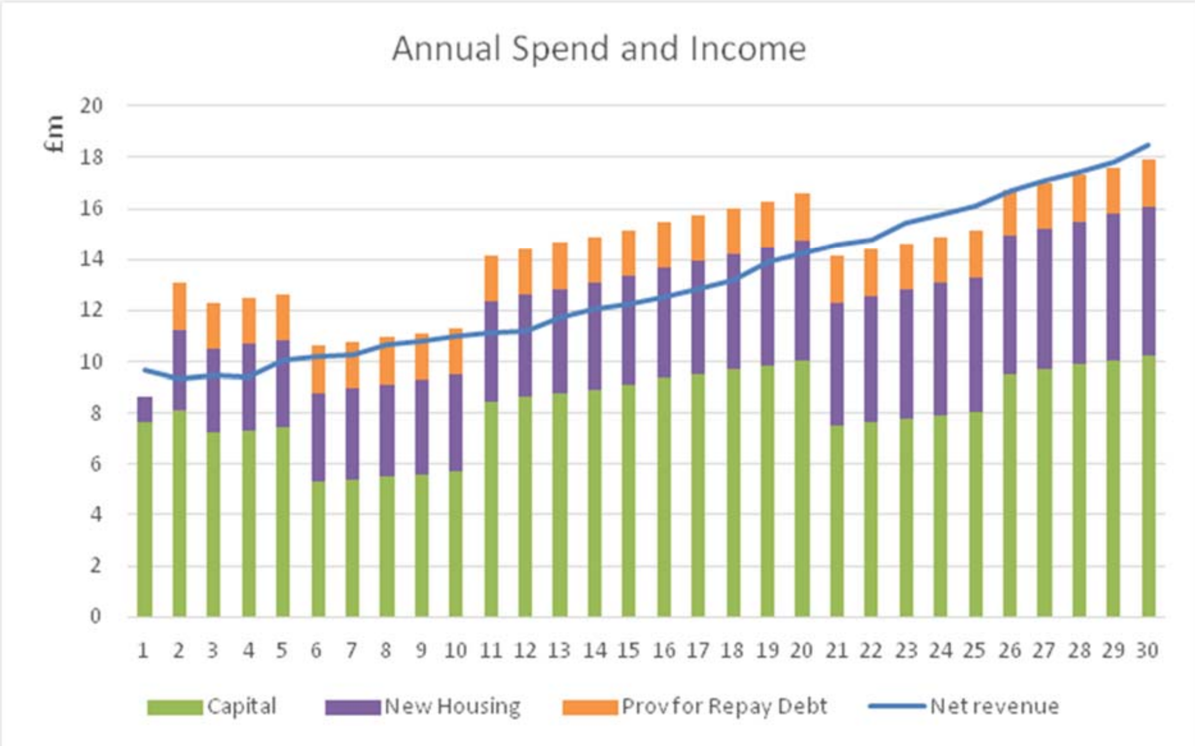

Figure 8 HRA Business Plan with 30 new build per annum

This position could not be managed within existing reserves as illustrated below.

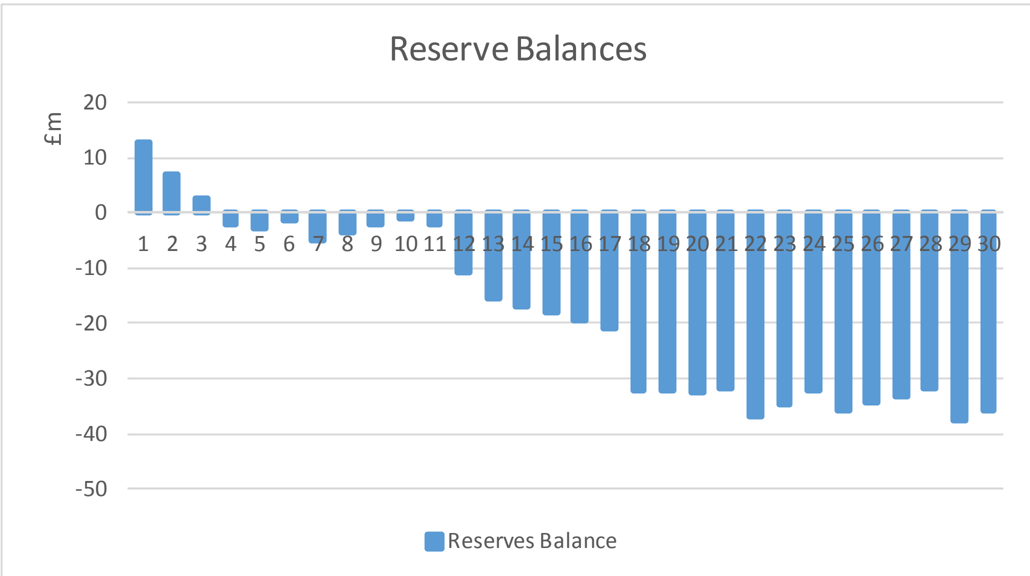

Figure 9 HRA Business Plan reserves with 30 new build per annum.

This would mean a reduction in expenditure of £4m over the next 10 years on existing stock or debt repayment (£40m over 30 years) in order to produce a balanced position.

However it should be noted that the baseline position assumes that HRA debt would be reduced to less than £50m by the end of the 30 year period, so there is some scope to increase debt to fund some growth in the new build programme, whilst remaining within the current debt cap of £115.8m.

Higher Value Sales

The impact of the Higher Value Sales policy is not possible to predict with certainty at this stage. The policy will increase the rate of stock loss in the HRA, increasing pressure on the cost base. Current projections assume that even after reductions in overall revenue spend, the average cost of day to day operations increases on a per unit basis over the long term due to the inability to reduce costs pro rata with gradual stock loss. Increased stock loss resulting from the Higher Value Sales policy would exacerbate this position leading to a need for a step change reduction in cost base at a point in time in order to continue to balance the HRA. For the purposes of illustration, we have modelled a scenario where the policy required the Council to sell 100 voids each year to fund the Higher Value Sales levy. If stock loss was at this rate, then the revenue loss would need to be balanced by a step change in costs of £2m by year 10.

Conclusions of base line position

The base line Business Plan shows a balanced financial position, with full provision for investment in the existing stock in line with the recent survey results, alongside a continued development programme and long term provision for debt repayment.

Robust control of costs will be required to maintain this position.

The position allows for a new build programme, but cannot allow for full replacement of stock from the Right to Buy without increasing debt back towards the debt cap. The position of further stock loss from the Higher Value Sales policy is still uncertain. As such the Council faces a position of a stock base which is gradually eroded over time. This will need to be addressed through a combination of cost reductions to balance income loss from stock reductions, as well as continued working with partners to enable new development to meet local needs.

Section 7 Priorities for Action

The table in this section sets out operational and strategic priorities for the housing service from 2016 to around 2019. Achievement of these priorities over the next few years will support delivery of the longer-term Business Plan. The table summarises the key relevant actions that remain from the 2012 plan as well as newly emerging priorities that were identified in the Business Plan review. Priorities are grouped under our four strategic housing objectives and include providing quality homes, supporting the most vulnerable, better services and a stronger business. Risks to delivery, and approach to future review have been identified and are presented below.

Risk

All financial and strategic plans face risks that could alter their delivery. Key risks to Taunton's Business Plan come from:

- Emerging national policy environment
  Lack of detail on requirements relating to new legal requirements hinders impact mapping and response planning. New policies could affect demand and relationships with tenants in particular
- Higher Value Sales policy
  The requirement to fund an annual charge on the HRA may create some opportunities around active asset management and new homes development, but strong challenges around financial management and maintaining an appropriate supply of social housing to meet local need are likely to arise
- Pressure on future rental income
  Rent setting policy beyond 2020 is unknown, and welfare reforms continue to put downward pressure on tenants' ability to pay and/or the suitability of our allocations and income collection methods
- Scale and pace of desired operational change
  Changing expectations and demands on staff can create fatigue and affect morale. Similarly, there can be tension between need to attend simultaneously to internal and customer facing changes, resulting in insufficient attention where it is needed
- Changing practices of housing associations and private housing providers
  Other housing providers in the area may change their approaches as they seek to take opportunities or mitigate risks created by the operating environment, and this could drive increased or reduced demand for the Council's housing services.

Future review

The Business Plan will be monitored annually and priorities for action revised at that point. The results of this monitoring will be presented to the Council along with any decisions required as a result of changes. The Tenant Services Management Board will be at the heart of the annual review process. The reviews will be informed by the results of regular consultation with tenants throughout the year, including the results of surveys, mystery shopping and tenant inspection and scrutiny. We will also use information from complaints, service reviews and regular stock condition surveys to shape the development of the plan over time.

Providing Quality Homes **Sponsor: Terry May**	**Supporting the Most Vulnerable** **Sponsor: Simon Lewis**
Asset strategy (to include investment plan, higher value sales process and asset group appraisals) **Sheltered housing review** (agree home standard, evaluate stock against standard and identify & deliver options) **Property & Development staff restructure** (complete implementation and implement direct charging of workforce) **Repairs costs** (deliver 17% reductions in costs of responsive repairs and voids work) **Landlord health and safety compliance** (implement and embed action plan with initial emphasis on asbestos management) **Continuous improvement of quality asset data** (establish inspection regime and record information to implement Value For Money investment streams) **Energy performance** (improve energy efficiency of dwellings through capital investment strategy) **Development pipeline** (deliver committed schemes and establish rolling programme of development opportunities to fit investment parameters) **Regeneration** (develop a regeneration strategy to redevelop/refurbish the Councils worst performing non-traditional properties)	**Landlord customer strategy** (address changing tenant profile and demand, welfare reform, tenant vulnerability etc) - **Tenancy policy** (take account of flexible tenancies) - **Review lettings policy** (target most vulnerable tenants, under 35's etc) - **Sustain and develop One Team Offer to our communities** - **Welfare reform** (support tenants with introduction of Universal Credit and benefit cap, LHA rates etc) **Sheltered housing operating model** (fully embed new arrangements and monitor) **Extra Care housing** (progress final decision making on new Somerset County Council commissioning and progress to implementation) **Property adaptations for disabled tenants** (streamline the service to be more responsive and improve Value For Money) **Temporary accommodation** (review HRA provision including related service charge issues)

Better Service **Sponsor: Simon Lewis**	**Stronger Business** **Sponsor: James Barrah**
Customer service (implement the tenant and leaseholder service improvement plan) **Grounds maintenance** (review current service provision) **Resident participation** (review how stakeholders hold the service to account and widen consultation to support our key operational activities - new development, regeneration, One Team) **Tenure choices** (establish new tenure products and related tenant support as part of our new development to facilitate progression from social rent)	**IT strategy** (refresh service line IT provision plan, in particular to further embed and enhance Open Contractor and to consider upgrade of housing management system) **Income** - **Implement Pay to Stay** (a new legal provision) -**Service charge review** **Apprentices** (consolidate and develop existing provision to deliver better outcomes for succession planning) **Accommodation** - **Depot relocation** - **Area office and meeting hall review** **Commercialism** (evaluation of establishing a housing company and establishing new commercial products in our housing developments) **Business Plan** (meeting future financial challenges by greater efficiency and review of service offer, to review our Value For Money position)

Section 8 Appendices

This section presents strategies that will be central to delivery of the Business Plan:

- Asset management strategy
- Development strategy

A detailed landlord customer strategy is also being developed, as set out in the action plan

This section also includes impact assessments that are carried out so the Council can assess any positive and negative impact that our services and decisions may have on our customers or employees.

Asset Management Strategy

Asset Management Principles

TAUNTON DEANE BOROUGH COUNCIL

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1. Introduction

1.1. Background

Our asset management strategy had been reviewed to reflect recent external changes which impact on the Council's business plan and its residents, and to reflect work undertaken internally to improve our understanding of the investment needs of the stock, and asset performance. This document sets out the principles to be applied in the delivery of our strategy.

1.2. Purpose

The strategy recognises that effective asset management includes three key elements

- **Active Asset Management**

  Those activities to improve or replace properties that have a poor social, economic or environmental performance, because of low demand or high costs, and either improving them or replacing them with properties which are fit for purpose.

- **Stock Investment**

  Those activities that will maintain the stock to a standard to meet customer needs and regulatory requirements. This is principally the stock investment programme designed to keep all properties to the agreed investment standard for the full period of the Business Plan.

- **Supporting wider objectives**

  Being clear where and how asset management is supporting wider objectives, such as new development or supporting wider community activities.

1.3. Scope

These principles apply to investment decisions across the whole of the Council's housing portfolio and are also relevant to decisions on related assets, commercial property and office accommodation.

1.4. National and local context

The environment in which the council operates has changed dramatically in recent years, including public sector spending constraints, welfare reform, and reductions in social housing rents. Further changes are anticipated as a result of the Housing and Planning Act 2016 including the ending of lifetime tenancies, and the requirement to sell high value voids to fund an extension of the Right to Buy for housing association tenants. In this new environment it is increasingly important for us to ensure we are getting maximum value from our assets to support delivery of our objectives, and to support residents to manage the impact of external changes on their lives. These principles reflect changes in the approach to asset management that can help the Council to address these new challenges.

The government's current focus is to encourage the provision of housing supply, focussed particularly on a range of ownership options for residents. This strategy acknowledges this context, and includes objectives to address the Council's business plan objectives in this respect including identifying opportunities to release resources and land for new development and regeneration.

1.5. Landlord objectives

Our objectives as a landlord are set out in our housing business plan and include

- **Providing Quality Homes**

  This means we are committed to investing in our existing homes to deliver good quality of life for residents and value for the money spent, and to developing new homes that meet local needs.

- **Supporting the most vulnerable**

  This means we are committed to letting homes to people who have the fewest housing options, and will provide additional support that helps people who are older, disabled, or socially excluded to live comfortably in their council-owned home.

- **Better Service**

  This means we are customer and community focused and are committed to improving our services in line with what our residents have said matters to them. Our approach will support people to move through our social housing to cater for their changing needs and aspirations over time.

- **A Stronger Business**

  This means we will prioritise efficiency to support delivery of our social priorities and objectives. It sets out how we will improve our business practices, drive out value for money and pursue new commercial activities.

The Council has developed new homes in recent years and our development strategy seeks to continue this activity in order to meet local need, and to balance as far as possible the stock lost from Right to Buy and High Value Void Sales. The opportunity for development in the future is limited both by land availability, and by resources available in a business plan constrained by rent reductions. This makes it more important than ever to ensure we are taking every opportunity within our existing asset base to improve value for money, and to identify options for regeneration and redevelopment. We believe that with careful asset management, and strong financial management, a development programme will continue to be sustainable.

1.6. Asset management objectives

We have revised our asset management objectives, reflecting the challenges we face, and improving our focus on value for money for the Council and for our residents.

- To promote sustainable local communities through coordinated capital investment and housing management.
- To work closely with residents to ensure that their homes meet their needs and aspirations.

- To invest in stock, to achieve good quality and environmental standards and to ensure that all statutory obligations are met.
- To ensure that stock secures and strengthens the financial viability of the business plan and safeguards its long term future and the income stream it generates.
- Deliver Value for Money through targeting investment where it will have the best financial and social return.
- To carry out options appraisals on stock that does not meet the above criteria, exploring the widest range of alternative options to improve outcomes for residents and for our business plan.
- To deliver investment programmes in an effective way, achieving agreed quality and value for money.
- To improve the quality of management information about the nature, condition and sustainability of the stock, to keep this information up to date and to use this information to support decision making.
- To comply with all property related legislation.
- To work with local partners to support the economic and social wellbeing of the communities in which we work.
- To understand the markets in which we operate and focus investment to provide more homes where they are needed most, to meet the needs of local residents, including the most vulnerable.

1.7. Planning requirements and tools

As well as establishing principles to inform investment decisions, the strategy also sets out the planning tools which will support effective decision making and effective delivery. These include

- **Robust and up to date stock condition information.**

  Data for the strategy is based on a 2016 survey by Savills covering 50% of the stock. Data is then cloned to provide estimated costs for the whole stock for business planning purposes. Data from the survey will be held in our asset management database and kept up to date through regular updates. A process for keeping data up to date will be established as part of the action plan from our housing business plan.

- **Data management to support compliance**

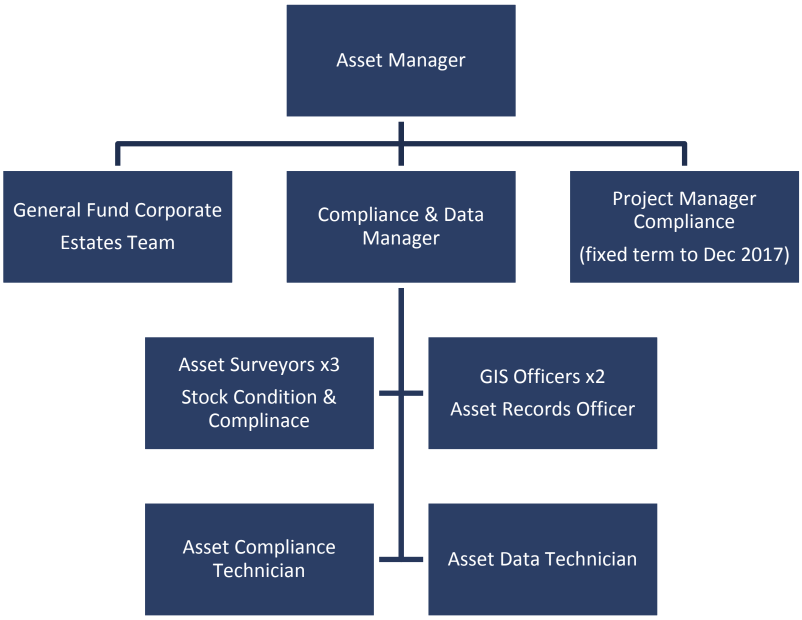
  In addition to the Council's legal duties and obligations, providing a safe environment for residents and staff is a fundamental principle. Effective compliance management, beginning with complete, accurate and controlled asset data records, and the development of efficient processes & procedures is at the centre of our ability to deliver this core objective. Our business plan includes objectives to review the policy and procedures for all aspects of health and safety compliance, ensuring strong governance of our compliance programme supported by full and robust data.

- **Understanding of asset performance**

  The Council is developing its approach to understanding asset performance. A model is in place to provide information on financial and social performance. This strategy sets out how this analysis will be used to inform future investment plans. Where stock is performing poorly, on either a financial or broader sustainability basis, alternative options will be explored for these properties before investment decisions are made. This approach ensures resources are targeted where they will provide maximum value for the Council and residents, and helps to plan for the replacement or modernisation of properties.

- **Skills and expertise**

A recent Directorate restructure has made adequate provision for dedicated collation and management of the Councils' housing stock condition and compliance information at a strategic level, with operational delivery of compliance sitting within the Property Investment Team.



The three Asset Surveyors will operate within our three operating areas, and undertake a 5 year rolling programme of stock condition surveys, alongside compliance surveys; asbestos inspections, fire risk assessments energy data collection, (Energy Performance Certificates and RD-SAP), and other asset related duties.

The Asset Compliance/Data technicians will complement and provide cover for each other, thus building in resilience and a mechanism for quality control of information.

An 18months fixed term post; Project Manager – Compliance has been included to drive the delivery of the Asset Compliance Action Plan, and provide capacity to the Compliance Data Manager to enable effective implementation of new robust Asset and Compliance processes and IT systems.
Asset will take the lead and drive Active Asset Management, by ensuring 360^0 flow of property related information to and from the Asset and Compliance Databases, with Asset data being held within Codeman and Compliance being held within an excel workbook. The Council is currently reviewing its IT systems, with a view of comparing Capita 'Open Contractor' (a system being used by Property Services) with other potential Asset and Compliance Database providers, as it wishes to rationalise the number of IT systems used and minimise integration.

1.8. Risk management

The strategy recognises that housing assets can also become liabilities, threatening the organisation's viability as a landlord and significantly impacting on residents' lives.

Asset Management carries risks for the Council:

- Failures to manage Health and Safety compliance could put residents, staff and contractors at risk
- Failures to meet statutory standards can carry penalties and will damage the Council's reputation
- The scope and quality of stock investment is a key driver of customer satisfaction
- It is the greatest consumer of funds in our business plan
- It is the element of the Council's landlord operations most vulnerable to increased costs

Key risks to the delivery of our asset management objectives will be identified and are included in the Council's overall risk register. Management actions will be identified to manage risks identified in the following areas:

- Affordability and cost control including funding, procurement, budget management, contract administration and management
- Data management
- Inappropriate design and specification of materials
- Re-investment in stock that is not viable
- Failure to provide sufficient staff resources to manage asset management and to deliver programmes

Key risks will be monitored regularly and further consideration of risks will be given including

- Compliance
- Leaseholder management and cost recovery
- Reductions in resident satisfaction
- Failure to realise opportunities from our asset base in order to sustain our development programme and community ambitions.

2. Demand and Sustainability

2.1. Evidence of housing demand

A review of current demand is included in our updated business plan. A principle of our strategy is that we regularly review demand across our portfolio and continue to meet demand in the communities that we serve. To this end our asset performance evaluation looks at various factors linked to demand including rates of bidding, turnover, and voids. Where properties score low on any of these factors, options are explored to improve performance either through management actions or alternative use.

By maintaining this information over time we will be able to spot changes in demand early, and take action through our asset management strategy and business plan to sustain demand where possible, to consider alternative options where demand is weak and to link to our development strategy to support growth in areas of high demand.

We need to understand the housing markets in which we operate, and the implications for our residents in terms of affordability and tenure choices. We have information on market values of our stock developed through the Council's HRA accounting process. We plan to use this, alongside an understanding of residents' income, to prepare estimates of future demand for Right to Buy and to explore the options we can provide for our residents, understanding the different types of housing need that exist in each area and how we can address it. We will develop policies that encourage home ownership options for our residents not currently reliant on housing benefit to pay any element of current rents. This will address residents' aspirations, and provide resources that can be used to address the needs of residents unable to access ownership.

2.2. Social sustainability

Our evaluation of the performance of assets includes a range of other aspects of social sustainability linked to our business plan objectives including

- Resident satisfaction
- Anti social behaviour, crime and noise complaints
- Income deprivation including rent arrears, fuel poverty and benefit take up
- Other areas of deprivation including health, education and employment
- Turnover rates, bidding and geographical proximity to key services

This analysis has been used to build up a picture of issues at a local level to inform neighbourhood planning and enable us to identify areas where neighbourhood sustainability is weak and to take action through our housing management and our "One Team" approach to improve the extent to which we are meeting our social housing objectives across our stock holding.

2.3. Residents priorities

Another critical aspect of sustainability is the extent to which we can meet our residents' needs and aspirations. We collect information on our residents' priorities in a variety of different ways and will use this to inform our investment plans. We are committed to engaging with residents in all aspects of the planning and delivery of the repair and improvement of their homes. We will report performance through our Tenant Services Management Board. A key priority for our residents is choice and we will ensure this continues to be delivered in our investment programmes.

3. Stock Profile and Condition

3.1. Stock profile

The Council's housing stock consists of 5,780 dwellings together with 1,436 garages, and a number of shops, meeting halls, land and sewerage treatment works.

The age profile of the stock is as follows:

Property Type	Age Band						
	1919 - 1944	1945 - 1964	1965 - 1979	1980 - 1999	Post 2000	Pre 1919	Grand Total
Bedsit	45	38					**83**
Bungalow		193	486	168	2		**849**
Flat	70	663	939	219	14	3	**1,908**
House	1,131	1,192	382	152	13	30	**2,900**
Maisonette		40					**40**
Grand Total	**1,246**	**2,126**	**1,808**	**541**	**29**	**33**	**5,780**

Table 1: Property type and age band profile of total stock

Just over 34% of the stock is flats, including a small number of bedsits. Just over 22% of the stock is pre 1945, and approximately 91% of this older stock is houses, mostly semi-detached.

By post code district, over 71% of the stock is in TA1 and TA2.

3.2. Homes of non traditional construction types

Just over 22% of the stock (1,299 homes) is of non traditional construction. This includes homes that are built with prefabricated reinforced concrete (PRC) panels or other methods such as steel frames. In 2004 a specialist stock survey was carried out on the non traditional stock by Curtins with updates in 2013, 2014 and 2016.

Most non traditional construction types have been brought up to licensed repair standards and require no significant additional costs in future when compared with properties of traditional construction. The exception is the properties of Woolaway construction. These will require significant additional costs in the medium term to address structural issues. There can be no certainty about the timing of when this work will be required as some will be in worse condition than others. For business planning purposes we have made provision for an additional £60,000 per property over the next 10 – 25 years for each of the 237 tenanted properties. The action plan also includes for detailed options appraisals of the Woolaway sites in order to identify the potential for regeneration and redevelopment as an alternative to refurbishment in some cases. These appraisals will be carried out in consultation with tenants and freehold and leaseholder owners.

3.3. Supported housing

The Council has 980 dwellings designated as sheltered housing or extra care housing for the elderly, representing 17% of the total stock. The properties are grouped within 32 schemes / local areas, consisting of between 10 and 81 homes. These include two extra care schemes at Kilkenny Court in Taunton and Lodge Close in Wellington. A large majority of this stock (75%) has been built between 1960-1980 and is beginning to appear outdated when compared with more modern provision from other providers.

A more detailed review of supported housing is underway. As part of this review it will be important to understand the standard of service and accommodation that sheltered and extra care residents require and the policy context in which we are able to respond. This needs to consider a broad range of housing aspirations, beyond traditional supported housing models. The aim will be to develop a standard of supported housing which encourages people to actively make the choice to move, and to establish targets for the level of provision needed to match estimated future demand. The existing accommodation will be assessed against this standard and opportunities for changes and improvements identified in order to improve outcomes for existing residents and to provide a portfolio that matches anticipated future demand.

3.4. Temporary accommodation

The stock includes 23 units of temporary accommodation, including two groups of mobile demountable units at Sneddon Grove and Winckworth Way in Taunton. The Winckworth Way properties will be decommissioned by the end of the December 2016 as part of the plans for the sale of the Priory Way depot site and the need for the Sneddon Grove units will be kept under review. Other temporary accommodation is in traditionally built units in a range of property sizes. The long term future of these properties is explored alongside the main housing stock, details of which are set out below.

3.5. Stock condition

Information on the condition of our stock is based on our recent Savills stock condition survey. The total expenditure to improve and maintain the stock and related assets over 30 years is currently forecast as £202.3m. This equates to £35,069 per dwelling over 30 years. These costs relate to 5,769 properties, are at a base date of May 2016 and comprise items of capital maintenance expenditure only. They include contract preliminaries, but excludes professional fees, leaseholders, management costs and VAT. The survey indicates a fairly even profile of investment need across a thirty year period, with peaks of investment required in 10-20 years time. This reflects a combination of increased need for renewals of major components across the stock, alongside the anticipated investment needs of our non traditional housing stock of Woolaway construction.

The following table sets out the capital requirements in five year bands from 2016/17:

	Yrs 1-5	Yrs 6-10	Yrs 11-15	Yrs 16-20	Yrs 21-25	Yrs 26-30
Future Major Works	£28,698,209	£19,990,779	£26,995,319	£27,293,634	£17,773,325	£27,408,096
Improvements	£1,762,400	£1,850,000	£1,850,000	£1,850,000	£1,850,000	£1,850,000
Related Assets	£920,000	£920,000	£920,000	£920,000	£920,000	£920,000

Contingent Repairs	£745,405	£454,288	£553,810	£578,599	£398,460	£557,992
Exceptional Extensive	£2,150,000	£1,530,000	£5,650,000	£5,650,000	£5,650,000	£650,000
Disabled Adaptations	£2,175,000	£2,175,000	£2,175,000	£2,175,000	£2,175,000	£2,175,000
TOTAL	**£36,451,014**	**£26,920,067**	**£38,144,129**	**£38,467,233**	**£28,766,785**	**£33,561,088**

Table 2: Capital investment profile based on stock condition survey

We have made some adjustments between the survey and the business plan. Firstly, the business plan includes some carry forward from previous years, resulting in an additional £872K in year one. Secondly the budget for Disabled Funding Grant (DFG) is reduced over the first five years, to bring it into line with the levels of current spend of £300K per year. The reduction over 5 years will allow an additional provision to increase spend in the event that delays in processing applications has resulted in a backlog of unmet need. Finally the survey results included an allowance of £6m over thirty years for improvements in sustainable energy. This has been removed to reflect the fact that we anticipate our energy efficiency plans can be catered for within our future major repairs spend (e.g. replacement of efficient boilers etc). For the same reason we have reduced spend on environmental improvements to £50,000 per annum to reflect current spend.

In total the thirty year expenditure provision has reduced from £202m to £190m. The profile of expenditure is illustrated below. This reflects a need for an annual programme of c£7.3m[1] over the next 5 years representing a slight increase on the programme compared with recent years.

[1] Excluding inflation

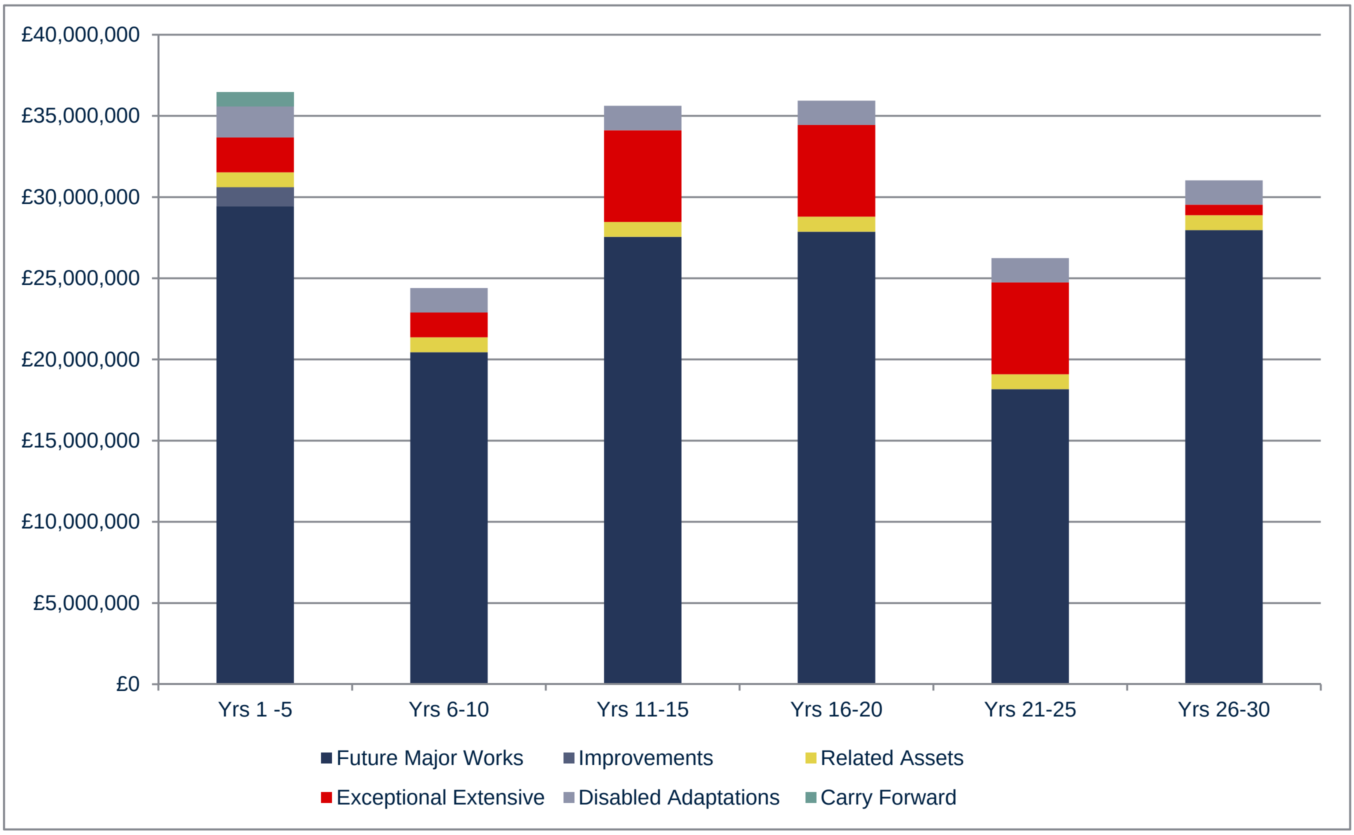


Figure 1: Capital investment profile from business plan

3.6. Compliance

As landlord there are a number of legal and moral responsibilities and obligations which we MUST (and should) abide by, in order that we ensure tenants have a safe environment in which to live.

To demonstrate that we are meeting those obligations, we shall introduce a robust regime of compliance inspections across all premises, which will include, but not be limited to:

- Asbestos Surveys and Re-inspections
- Gas Safety
- Electrical Safety
- Fire Risk Assessments
- Oil & LPG Safety
- Water Hygiene
- Energy Performance

We are currently evaluating our entire property estate, collating all available information, formalising our guidance, together with policies and procedures, to measurably validate the servicing and maintenance regimes. We will undertake visits and inspections to all premises over a five-year period, on a cyclical basis, initially prioritising those buildings whose construction method (eg asbestos containing materials known to have been used and present), or those with a limited record of inspections, which would lead to higher risk rating.

We will also undertake stock condition surveys as part of this process, ensuring that the fabric of the properties remain in good condition, meeting the service user needs, and providing the planned preventative maintenance (PPM) programme with the necessary information to allow the council to make strategic decisions over improvement, or replacement, of properties.

In due course, all reports and information will be made available to appropriate council officers via an electronic database, with new tenants provided with documentation as part of the lease agreement, and existing tenants with updated reports as and when applicable.

Through this process, the council will demonstrate that it is meeting its statutory and regulatory obligations with regards to Landlord Health & Safety Compliance.

3.7. Energy efficiency

We plan to continue our commitment to energy efficiency, reducing carbon emissions from our housing stock and tackling fuel poverty.

Provision for this is included within our allowance for future major works, including the use of new efficient boilers, improvements to loft and wall insulation. This work will be designed to improve the energy efficiency of the worst performing stock.

We will take action to improve the information we have on the properties, and information on the affordability for residents. Our asset performance evaluation includes a measure of fuel poverty risk based on the cost of running different heating types (based on information from the energy savings trust), and the income of residents (based on income information in the indices of multiple deprivation). Our asset performance evaluation can also be used to test the financial viability of different levels of investment. Our interventions will be targeted where we can have the biggest impact on SAP/fuel poverty, with maximum financial viability for the asset. This will enable us to identify clear targeted plans for future expenditure, moving away from a contingency position.

We also plan to introduce an energy supplier switching service for tenants.

We will review recent investment from the sustainability energy contingency fund to analyse the return on this investment – from both a resident and property perspective. We will use this information to inform the targeting of our future major works programmes, to continue the most effective interventions.

4. Active Asset Management

4.1. Analysis of stock performance

We have assessed the performance of our stock against a range of social and financial criteria. Financial performance is assessed using the 30 year net present value (NPV) of operating cashflows. The process for social performance assessment is linked to our key business plan priorities, as set out in section 2.

The modelling will provide a framework for investment decisions to inform an investment strategy based on an active asset management approach where we seek to make investment decisions based on the financial and social performance of the stock, in a way that strengthens the business plan and contributes to meeting our policy objectives.

The analysis focuses on 5,769 tenanted units of a range of different tenancy types including general needs, sheltered, and temporary accommodation. It excludes other tenures (such as leaseholders, and the temporary mobile home units). For the purposes of analysis, the stock is broken down into 176 asset groups, containing properties with similar characteristics, in a similar location[2].

Data on income and expenditure associated with the housing assets has been collected and cash flows prepared which show an annual surplus and deficit for each property. Income and expenditure assumptions reflect those in the Council's business plan where costs can be identified at a per property level[3]. The annual surplus and deficits for the next 30 years are then discounted back to a value in today's terms to produce a net present value "NPV" which is a measure of the worth of the cash flows to the long term financial plan.

4.2. Results

The asset management model produces the following key results:

- The 30-year net present value (NPV) of the income and expenditure associated with a tenanted housing stock of 5,769 units stands at £94.87m, equivalent to an average of £16,445 per unit. This reflects a range of NPV levels across the stock and between the different parts of the borough.

[2] The range of asset groups varies from 2 – 168. There are 5 groups which have less than 10 dwellings. Where an asset group contains large numbers of properties, data is effectively "smoothed" across the assets, which may mask specific issues (e.g. exceptionally high or low costs for some properties within the group. Where an asset group contains very small numbers of properties, caution needs to be applied about the statistical reliability of stock condition costs based on the sample survey. A 'sense-check' will need to be made of the results as the asset management strategy develops. For the same reason we would recommend that results are viewed at asset group level, rather than individual unit.

[3] Capital allowances for environmental and sustainability improvements, and disabled aids and adaptations are included in the business plan, but not included in the asset performance evaluation as these are not linked to individual properties at this stage. Management costs have been varied based on resource levels by patch.

- There are 237 units (4%) in asset groups with an average NPV per unit which is negative. These are exclusively the Council's properties of Woolaway construction, reflecting the anticipated need for major works to these properties in the medium term
- A larger proportion (35%; 1,992 properties) is in asset groups that have marginal cashflows with an average NPV of below £15,000.
- The majority of the stock (61%; 3,540 properties) is in asset groups that have NPVs which are above £15,000 per unit representing relatively strong financial performance over the long term.

This is demonstrated in the graph below, with Asset Groups (represented as blue columns) ordered according to their value. The lower NPVs are to the bottom increasing gradually to the highest NPVs at the top.

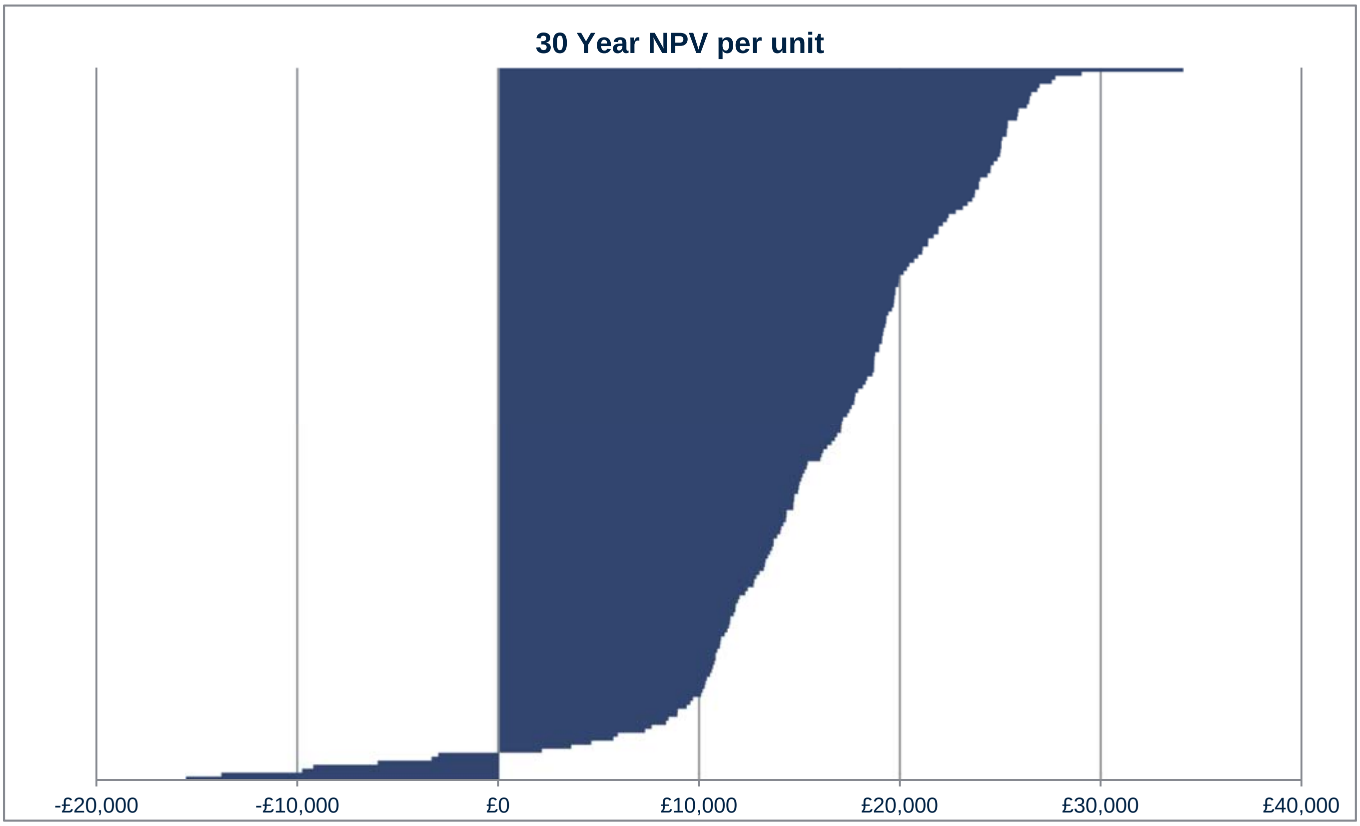


Figure 2: 30 Year NPV per unit at asset group level

The NPV range varies across the portfolio and we have illustrated the range of performance bands below:

30 Yr NPV pu	Performance Description	No. of Units	% Units	Total 30 Yr NPV	NPV per Unit
Below £0	Poor	237	4%	-£2,229,552	-£9,407
£0 - £15,000	Marginal	1,992	35%	£23,615,683	£11,855
Above £15,000	Good	3,540	61%	£73,485,845	£20,759
Total		5,769	100%	£94,871,976	£16,445

Table 3: Performance table

The range of performance across our rented housing stock presents challenges for our asset management strategy. The most significant challenge is that the operating cashflows of the Woolaway properties are insufficient to provide funding for the long term refurbishment of all properties. Over thirty years this would result in a loss of £2.2m.

Other properties that are currently showing weak cashflows include temporary accommodation, driven by low rents charged for these properties. A review of temporary housing rents is included in our business plan action plan.

Within the properties with marginal cashflows there are 3% (175 homes) where the value of cashflows is forecast to decline in future. These will be prioritised for options appraisal to explore whether alternative options may provide better outcomes for the business plan and for residents. Interim investment plans will be put in place until appraisals are completed and long term investment decisions can be confirmed.

The model includes a chart setting out the financial performance of the stock for the lowest and highest performing asset groups. This includes the key performance drivers including levels of capital expenditure, rent, voids and management and maintenance costs shaded according to their impact on the results (with greener shading showing above average performance for the stock and red showing below average). This chart is available in the model for all asset groups.

Overall the value of the operating cashflows are anticipated to increase by an average of 1.81% p.a. over the next 15 years. This is illustrated below:

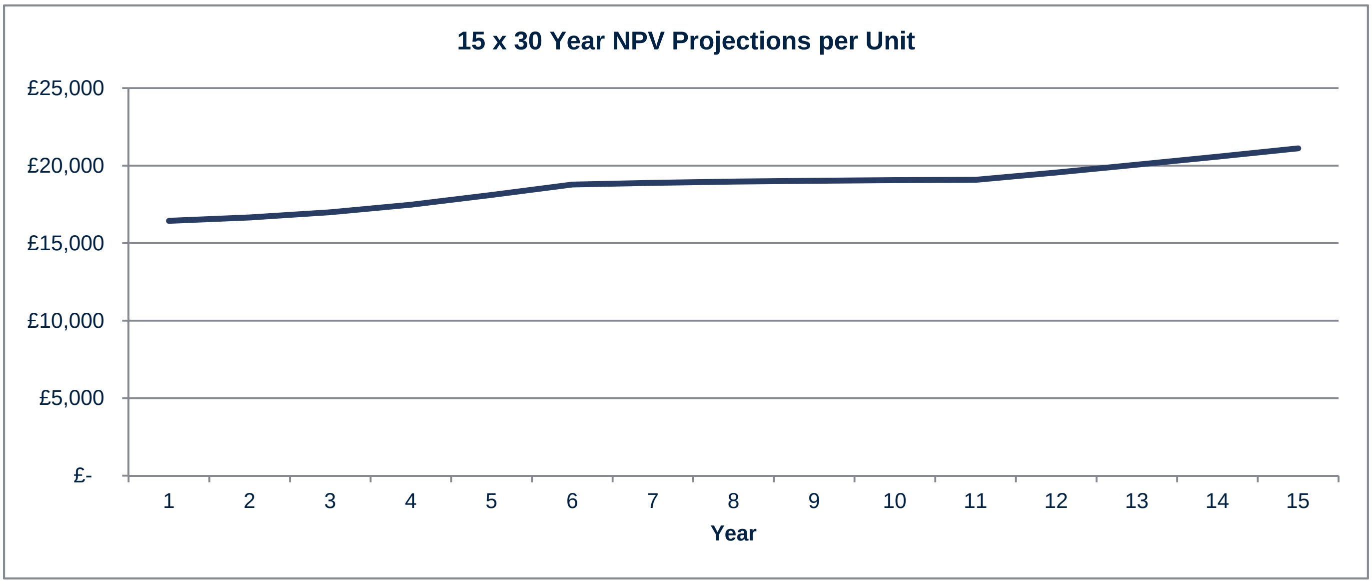


Figure 3: Estimates of future NPV per unit per year for all Taunton stock

Savills has compared these results with benchmarks from other landlords with a total of just over 400,000 homes, presenting around 25% of the UK social housing stock, where Savills has carried out similar exercises in the last 3 years. In general the council's NPVs are below regional benchmarks in the South West, driven largely by the rent reductions but also by the fact that average rents are slightly lower and day to day operating costs (management and maintenance) are slightly higher. For Taunton Deane, the modelling provides a baseline against which we will aim to improve performance through a programme of active asset management.

Sustainability modelling has identified the socio economic context of each asset group against our own policy objectives. The analysis has used a range of external and internal data covering measures around deprivation, satisfaction, demand, anti social behaviour and fuel poverty. The indicators and measures used are illustrated below, along with the data sources and weighting applied.

Measure	Data Indicators	Weighting
Excellent Services	Resident satisfaction with place	7.7%
(38%)	Resident satisfaction with home	7.7%
	Anti-social behaviour and total crime	7.7%
	Rent arrears	7.7%
	Noise complaints & environmental health complaints	7.7%
Supporting the Most Vulnerable	Health IMD	7.7%
(38%)	Education IMD	7.7%
	Employment IMD	7.7%
	Benefit take up	7.7%
	Tenancy Turnover	7.7%
Investment in Homes	Barriers to housing and services, Geo. Access IMD	7.7%
(23%)	Fuel poverty (Heating type and Income deprivation)	7.7%
	Rates of bidding	7.7%

Table 4: Non-financial indicators from sustainability scoring

The combination of the sustainability analysis and financial assessment is useful as a comprehensive assessment of overall performance. Priority in terms of action will differ depending on whether financially poorly performing stock is located within a relatively sustainable or unsustainable location.

A detailed sustainability index shows the range of scores and performance at asset group level, along with key indicators driving performance in each case. In general low sustainability scores are driven by low levels of resident satisfaction, high levels of deprivation, tenancy turnover and fuel poverty. These factors are key drivers for our approach to the targeting of investment in this strategy.

The graphs below show the overall results of the exercise for the group. Each 'bubble' on the graph represents an asset group, with the size of the bubble determined by the amount of stock in the asset group that has been included in the model. The x-axis sets out the average 30 Year NPV per unit of the asset groups, the y-axis the 'sustainability rank' of the asset group. The 'sustainability index' is scored by measuring the extent to which the sustainability score for the asset group differs from the average across the whole stock. The chart can be filtered to show the whole stock or filtered by housing management patch.

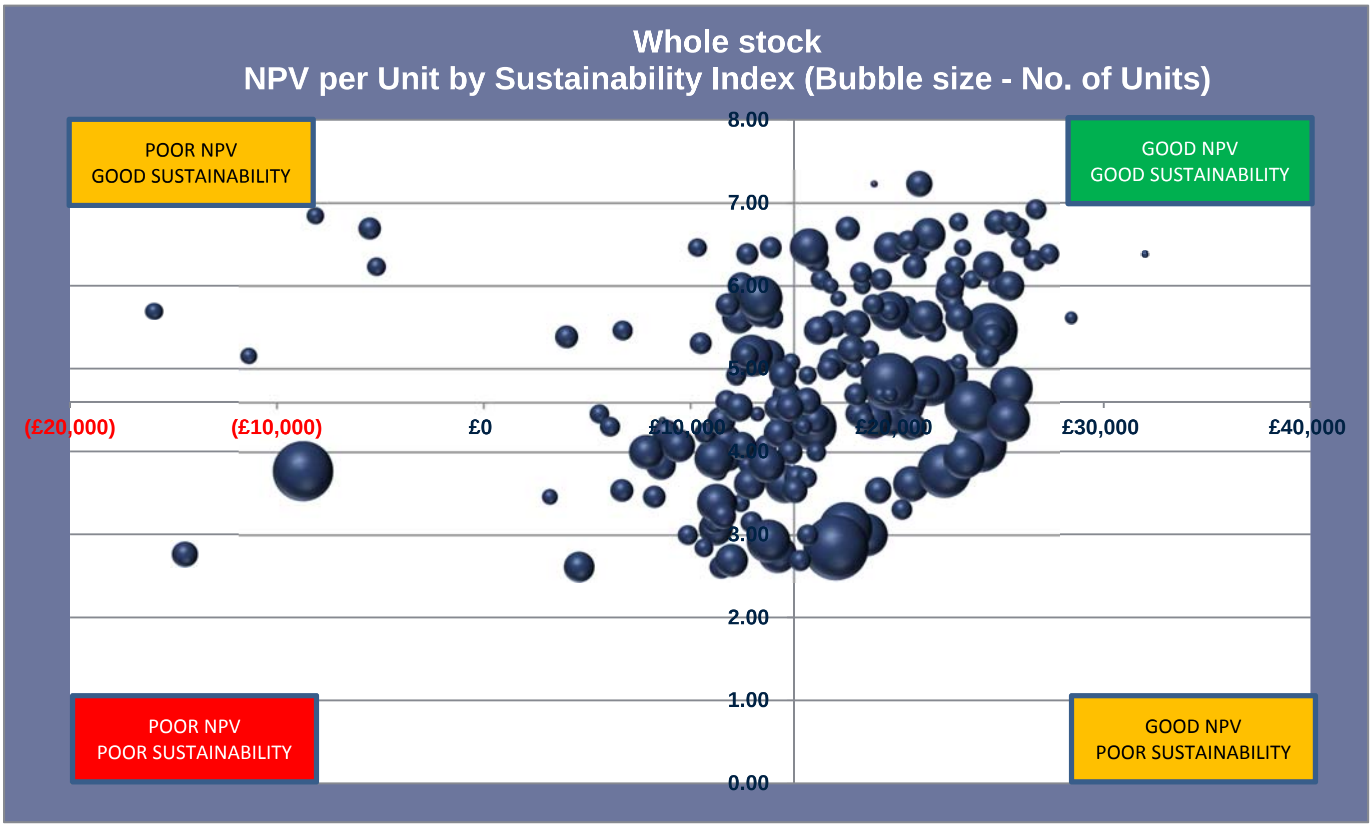


Figure 4: Financial v social sustainability

Consideration will be given to the nature of intervention that could improve performance in other areas. Intervention would generally vary depending on the relative position. For example:

- a high NPV but low sustainability score may indicate a need for community investment, alongside asset investment to improve our ability to deliver our housing objectives.
- a low NPV but high sustainability score may indicate a need for regeneration or redevelopment to improve the physical quality of the buildings in an area of high sustainability.

4.3. Options appraisals

Where our analysis identifies assets that are performing poorly, either on a financial or non financial basis, a more detailed options appraisal will be carried out and all options for improvement will be explored. Interim investment plans will be established for those assets identified as requiring options appraisal before long term investment decisions are made. We will consult residents and other stakeholders during this appraisal process.

Triggers for options appraisal will include

- Stock with a negative NPV
- Stock with a marginal NPV, with risk of value decline in the short term
- Stock identified with above average voids with an indication of declining demand in future

- Stock where there may be opportunities to release value to contribute to our development programme

Key potential options for stock could include:

- Management initiatives – for example, efficiencies in management costs or reductions in underlying maintenance or repair expenditure, reduction of voids, increases in income subject to the Council's policies on rents and service charges
- Other management initiatives to improve financial performance such as change of use to sub-market renting and potentially market renting and shared ownership (subject to regulatory requirements) and in line with our diversification objectives
- Disposal of properties that do not meet social need to release latent value for investment in affordable housing that will better meet the needs of our communities
- Decommissioning and disposal for redevelopment, again to release latent value for reinvestment, linked to our development strategy.
- Decommissioning and re-development of site

The benefits of this active asset management approach are that it would enable us to:

- Strengthen our business plan
- Make more efficient use of capital resources available, releasing resources for new investment
- Consider long-term planning for obsolescence, putting in place short and medium term investment strategies for assets identified with limited financial viability in the longer term.
- Obtain a balance between new build, remodelling & stock investment
- Provide evidence to inform local management strategies to improve the financial performance and sustainability of neighbourhoods and the satisfaction of residents
- Test alternative strategies
- Enable balanced investment decisions and support difficult decision making
- Demonstrate active asset management to meet CLG regulatory expectations
- Improve asset led value for money, delivering a good return on social housing assets, where investment delivers an increase in value over time
- Address regeneration needs to improve the sustainability of neighbourhoods.
- Communicate reasons for difficult decision to members, staff and residents, working with stakeholders to deliver improved outcomes.
- Assist us in delivering its social and housing objectives

We will review the resources of our asset management function to provide the necessary resources to carry out these appraisals. This is reflected in our action plan.

5. Investment Planning

5.1. Investment priorities

In order to ensure that the standard of investment that has been delivered to the stock is maintained, the investment programme will prioritise works to the long term sustainable stock within available budgets under agreed priorities set out below:

1. Statutory compliance such as fire safety, gas servicing, etc
2. Works identified through health and safety risk assessment to residents and risk assessments with regard to disrepair
3. Works that are structurally dangerous and if not corrected could affect the overall value of the asset and result in higher expenditure in future
4. Works that impact on high responsive repair costs e.g. roof repairs, internal electrical and plumbing, DPC, repointing etc.
5. Works to maintain decent homes
6. External and communal area redecorations
7. Estate improvements and sustainability improvements identified in consultation with residents, delivering enhancements to overall appeal and letting potential of the stock, parking and energy efficiency.

5.2. Investment planning

Overlaid on these priorities will be other factors including

- Information on the future sustainability of the stock, based on the asset performance evaluation, as well as information on future demand, housing needs and aspirations of current and future residents.
- Frequency of repairs/repairs expenditure
- Referrals from housing management and feedback from residents and other stakeholders
- The outcome of a more detailed review of supported housing due to complete in September 2016
- An assessment of the energy performance of the stock to establish which investment adds the most value in terms of improving the energy performance of the properties and tackling fuel poverty
- The allocation of planned maintenance budgets within the business plan balancing requirements for investment in existing stock with resources for new development and debt repayment.
- Opportunities for disposal or redevelopment to support our development strategy.

Investment programmes will be developed based on stock condition data, overlaid with these investment priorities in order to develop a 3 – 5 year investment programme that can be updated on an annual basis to meet any changing priorities or budget constraints that may come to light.

In addition to the proactive planning approach set out above, there will always be circumstances where viability issues are identified at the point of reletting. Under these circumstances options appraisals will be carried out before decisions to proceed where the cost of works exceed the average NPV of the dwelling assessed in our asset performance evaluation model.

5.3. Value for money

Our proposals for the use of asset performance to target investment at the long term sustainable stock, and our approach to considering alternative options for poorly performing assets, will ensure we can demonstrate a good return on investment in our assets.

We will constantly be looking to deliver value for money in our asset management strategy to maximise the use of scarce resources and keep down tenant and leaseholder charges.

We will plan whether works will be delivered as “one hit” all in package, separate programmes for internal and external works, an elemental approach or a combination of these options depending on the work required.

Detailed investment and delivery plans will be designed to ensure that:

- That works programmes are affordable within the business plan
- That a programme is mapped out to suit local needs
- That work packages can be structured to secure best value for money
- That the capacity and skills of the in-house project management team could deliver the programme.
- That the external contracting market could deliver the programme

Works will be programmed wherever possible so that works can be done to whole areas in a single contract to save on set up and preliminaries costs.

To ensure value for money is achieved KPIs will be established to monitor the time taken to complete works, the cost of the work and the quality of the work completed. Benchmarking will be used to verify that all planned programmes are delivering value for money. We regularly review outturn costs compared to budgets to ensure our costs are controlled within the limits of business plan affordability.

Appropriate procurement of supplies is one of the most important aspects of value for money and cost control and good procurement can increase profitability enormously. Our repairs service is delivered largely by our own internal workforce.

During the life of this strategy, a range of procurement routes for asset investment will be utilised including participation in frameworks, aggregation of contracts and maximising use of in-house labour.

6. Review and Monitoring

6.1. Governance and reporting

Investment plans and the results from options appraisals leading to alternative proposals for assets will be reported to the Council and through the Tenant Services Management Board. Reports will include financial and quality out turns against plans. We will measure our success through a range of Key Performance Indicators (KPIs) developed specifically for the Council which include:

- Increasing resident satisfaction
- Number of kitchen, bathrooms, windows and doors replaced as part of planned works programme
- Adherence to planned works budget and timescales
- Compliance with all health and safety, regulatory and statutory standards
- Overall growth in NPV across our portfolio
- Option appraisal within 12 months for all properties which meet the triggers established in this strategy
- Energy targets established based on EPC or SAP ratings, ensuring no properties are below an agreed level within the next 5 years, with alternative options explored where this is not feasible

6.2. Review

This strategy covers a five year period from 2016 – 2021. Detailed local investment plans will be reviewed annually. The strategy will be reviewed in 2019.

6.3. Authority and control information

We will ensure internal controls are in place to ensure effective delivery. These cover the following areas

- Robust and up to date stock condition data
- Investment planning process
- Procurement and staffing
- Asset Performance Evaluation providing a consistent evidence base to inform investment plans
- Link to the annual business plan/budget review process
- Internal audit and risk management arrangements
- Regular review of strategy

Responsibility for this strategy is with the Asset Manager who will be responsible for updating the strategy and managing control information.

Housing Development Strategy

Prepared for:

Taunton Deane Borough Council

June 2016

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1 Executive Summary

1.1 TDBC has used the freedoms offered by self-financing to develop a programme that includes new build development, acquisition of former Council homes sold under the RTB, and various improvement programmes.

1.2 The new build element of the programme has utilised vacant TDBC land; occupied TDBC land where land assembly has been required; and acquisition of third party interests. The programme is delivering a variety of house types to be let at social rents. The programme has delivered 47 homes to March 2016; 31 being new build development and 16 acquisitions of former Council homes. The two sources of funding are HRA borrowing and RTB receipts.

1.3 Delivery is managed by a core staff team with support, for initial schemes in the programme, from Knightstone Housing Association. The Development Team has built up expertise in putting together development schemes involving land assembly. This has included working with other Council departments including Property Services, Lettings and Procurement.

1.4 Future development activity is also likely to be influenced by the following key drivers:

- The housing market in Taunton is delivering and satisfying market demand at a range of price points with the exception of product at the lower end of incomes
- RP and developer provision that is likely to move away from providing rented accommodation in the light of changes to national housing policy
- Land availability within TDBC's portfolio
- HRA business plan priorities, specifically the need to address stock investment issues, the availability of continued HRA borrowing to support, and keeping pace with the loss through the RTB

1.5 The direction of travel is towards affordable housing policy and S106 agreements delivering fewer properties for social and affordable rents. This impact has not been felt acutely in Taunton Deane to date and a substantial amount of current supply is earmarked for social rent; the focus of future housing supply however is likely to shift.

1.6 To date TDBC's development programme has delivered homes for social rent. TDBC rent policy. TDBC also supports home ownership by enabling the development of shared ownership and discounted market products, and through planning negotiations.

1.7 The housing market is currently delivering a range of homes particularly at the upper and middle ends of the market. RPs are set to engage in an expanded drive to deliver shared ownership, with the possibility of Starter Homes overlapping with this market. In this context, affordable housing for rent and intermediate housing for lower income groups are likely areas of the market for TDBC to occupy.

1.8 Future opportunities could come from the following sources:

- TDBC owned sites
- Acquisition of former Council homes sold under the Right to Buy

- Other public sector land opportunities
- Rural exception sites and S106 opportunities
- Open market purchase opportunities

1.9 TDBC owned sites are likely to be a primary source of development opportunity and the effective coordination of site information across TDBC functions will be important to ensure development opportunities are not missed and the best sites are prioritised.

1.10 The amount of unencumbered land within TDBC's ownership available for new housing development is limited. A number of the schemes in the early years of the programme have required land assembly and acquisition activities which can be time consuming activities. Such sites can also carry larger abnormal (and up-front) costs in the form of land assembly and high levels of affordable housing re-provision which impacts on financial viability. These sites do however offer opportunities to make a significant intervention to deliver more comprehensive regeneration, addressing both community sustainability issues and the issues of poor performing housing stock.

1.11 Other, less encumbered, sites may offer opportunities to continue to deliver additional new homes at a faster pace than occupied sites. Like the current programme, a mixed portfolio of opportunities will give TDBC flexibility to address the range of HRA business plan priorities including keeping pace with RTB loss and addressing estate regeneration.

1.12 The types of homes that TDBC should be developing will be influenced by what the rest of the market is delivering; currently this would suggest that TDBC's role is to continue to provide homes for social/affordable rent, and encourage access to home ownership at the lower end of incomes. The type and mix of homes should also have regard to housing demand, competition, and site specific issues.

1.13 Locations will be dictated largely by TDBC ownership as this is where the most economical opportunities are likely to lie, with potential for low-cost land, density uplift and delivery of wider regeneration objectives. More opportunistic sites should be pursued where they provide potential to add value to, or unlock, an existing TDBC site as is the case with Weavers Arms in the current programme.

1.14 The development strategy will focus on two key areas of activity:

- Opportunity led development that may include TDBC land and wider market opportunities such as rural exception schemes.

- Strategic, asset management led development that addresses the non-traditional or poor performing stock within TDBC's portfolio.

1.15 There is a potential pipeline over the next five years of 164 new homes with 74 of these already committed. The HRA Business Plan however provides funding for 15 new homes per annum; additional units beyond the Business Plan allocation would require extra funding through borrowing (or other sources) not included in the business plan.

2 Introduction

2.1 Savills has been commissioned, as part of a wider Housing Revenue Account (HRA) Business Plan Review, to prepare a report on Taunton Deane Borough Council's (TDBC) housing development strategy.

2.2 With the introduction of HRA Self Financing in 2012, the Council's Housing Service has been operating in accordance with a 30 year Business Plan. Since 2012 there have been significant changes impacting on the HRA Business Plan and development activity.

2.3 In addition, the services have matured with the Council learning from operating in a self-financed environment and from evolving new services such as new build and area working. TDBC has therefore decided now is an appropriate point to undertake a review.

2.4 The review has been split into two stages covering the following:

Stage One

- Establishment of baseline financial position
- Explore flexibilities and constraints in particular around asset acquisitions/disposals, capital investment and borrowing
- Sensitivities and stress testing to model options for future decision making
- Healthcheck of stock condition data
- Refresh business plan progress and priorities

Stage Two

- Asset Performance and new Strategy
- Development Strategy
- Investigate options for a Council owned company or similar special purchase vehicle
- Supported housing review

2.5 This report covers the Development Strategy element, the detailed brief for which is as follows:

- Review Development progress to date, in particular assumptions used to determine business case for developments and contribution of new builds to HRA
- Assess and challenge drivers for new build programme
- Identification of opportunity areas/sites based on key drivers such as market evidence, asset performance, planning policy
- Review evidence for different housing products in terms of tenure, unit type and size in light of local housing need and the changing demographic picture
- Make recommendations for where and what TDBC should be developing
- Consideration of procurement and delivery options

2.6 To address the brief, this report is structured as follows:

- Current programme - reviewing progress to date
- Drivers for future development - including demographics, planning policy, market supply, and HRA priorities
- Development delivery - analysis of TDBC pipeline and opportunities
- Summary and conclusions

3 Programme progress to date

CHAPTER SUMMARY

1. **Development programme has delivered 47 Council homes for social rent alongside a variety of improvement programmes.**

2. **Major schemes at Creechbarrow Road and Weavers Arms now well advanced.**

3. **Considerable capacity and expertise built up to progress complex schemes involving land assembly.**

3.1 The Development Team, comprising four staff with a Team Leader, also has wider housing enabling responsibilities across both Taunton Deane and West Somerset.

3.2 The team undertake a wide variety of activities including:

- New build housing development
- Acquisition of existing property including Right to Buy (RTB) buybacks
- Management of the RTB social mobility fund
- Property extensions
- PV installation
- EWI works
- Installation of scooter provision
- Car parking reconfiguration/provision

3.3 Linked to this activity is the enabling role of the authority through which homes for social rent, affordable rent, and intermediate tenures are delivered. The enabling role includes management of a strong local Registered Providers (RPs) partnership.

3.4 The table below illustrates the range and quantum of outputs achieved since inception of the programme.

TABLE 1 - TDBC HOUSING DEVELOPMENT PROGRAMME OUTPUTS 2013/14 - 2015/16	
WORKSTREAM	**OUTPUTS**
New build development	Three fully completed schemes comprising 19 new homes for social rent; 1st phase of Creechbarrow Rd of 12 new homes for social rent
RTB re-purchase	16 former Council homes re-purchased
PVs	Installations to 248 existing homes
EWI	Installations to 48 Corinsh homes
Scooter provision	32 installations
RTB social mobility fund	Six households assisted into home ownership to free up existing Council homes

3.5 The new build housing development programme has been delivered largely on TDBC owned land using HRA borrowing and RTB receipt funding. TDBC has delivered these directly, undertaking all stages of the development process and letting Design & Build contracts for the construction element. Knightstone Housing Association, one of TDBC's RP partners, has been engaged to provide a development management service.

3.6 The schemes have delivered a range of homes as illustrated in the table below.

TABLE 2 - TDBC NEW BUILD PROGRAMME OUTPUTS 2013/14 - 2015/16					
SCHEME NAME	**NEW HOMES COMPLETED**				
	1b	**2b**	**3b**	**4b**	**TOT**
Vale View	2	2	2	1	7
Bacon Drive	0	4	0	0	4
Normandy Drive	8	0	0	0	8
Creechbarrow Rd (1st tranche)		6	6		12
TOTAL	10	12	8	1	31

3.7 In delivering these the Development Team has built up expertise in putting together projects involving land assembly. These often have long lead-in times and negotiation and sourcing suitable alternative accommodation can be challenging. This has included working with other Council departments including Property Services, Lettings and Procurement and resulted in greater alignment of Council services around development opportunities.

3.8 In addition to delivering the programme described above, the Development Team has been actively developing a pipeline of new projects including major schemes at Creechbarrow Road and Weavers Arms; consideration of development of non-traditional stock; and further strategic acquisitions.

3.9 The team, through the Housing Development and Enabling Manager, also has access to information about housebuilder and RP development activity across the borough; activity is closely monitored to identify where TDBC can access development opportunities.

3.10 A major scheme, at Creechbarrow Road, adjacent to the Halcon estate, is also well advanced with completion expected during 2016/17. The scheme was made possible through leasehold repurchase and decanting of TDBC flats on the site. It is being delivered in partnership with Knightsone Housing Association, one of TDBC's strategic RP partners, and Galliford Try. TDBC are delivering 60 homes to be let at social rent, with Knightstone developing 32 homes for affordable rent.

3.11 The Weavers Arms scheme is well advanced with demolition complete, a construction contract let, and works now on site and expected to complete by mid-2017. The scheme has been made possible by the acquisition of a former public house, acquisition of a toilet block from the General Fund and the decanting of secure tenants from existing Woolaway homes that will be demolished to make way for the new homes.

3.12 The programme has contributed the following homes to the HRA:

TABLE 3 - TDBC DEVELOPMENT PROGRAMME 2013/14 - 2015/16		
YEAR	**NO. OF HOMES**	**ACQUISITION OR NEW BUILD**
2013/14	7	Acquisition
2014/15	7	Acquisition
	11	New Build
2015/16	2	Acquisition
	20	New Build
TOTAL	47	

3.13 A further 48 homes are expected to complete in 2016/17 and a further 26 in 2017/18. With historic and committed schemes this brings the five year total to 121 homes. This does not factor in further acquisition work over the next two years.

3.14 RTB sales over the same period, compared to the numbers being added back into the HRA through acquisition and development, are as follows:

TABLE 4 - TDBC RTB SALES 2013/14 - 2015/16			
YEAR	**RTB SALES**	**HOMES ACQUIRED OR DEVELOPED**	**DIFF**
2013/14	47	7	-40
2014/15	35	18	-17
2015/16	38	22	-16
TOTAL	120	47	-73

3.15 Without the active development programme the net loss of homes would clearly be greater. Given land and funding availability coupled with the long lead-in times for new development it is unlikely that TDBC, through new build development alone, could have made any more significant in-roads into the loss of homes through the RTB. A development programme that remains flexible, as illustrated through the purchase of the Weavers Arms which was a speculative purchase linked to TDBC owned land, will be key to keeping pace with loss of homes to the RTB.

3.16 The drivers for TDBC to pursue a development programme to date have been:

- The availability of under-utilised land in TDBC ownership
- The availability of HRA borrowing capacity post self-financing
- The requirement to spend RTB receipts or relinquish them to Treasury
- Continued demand for social housing

3.17 Given the level of subsidy (low cost land plus 100% development funding at low cost from TDBC), the key business case measures to date have focused on the Net Present Value (NPV) of the scheme and the payback period for the HRA borrowing. These are useful measures as they assess scheme performance using an investment methodology. However a grant rate of 30% (RTB funding), relatively low land costs, and low borrowing rates are likely to result in favourable performance results when compared to, say, RP developments.

3.18 It is also understood that at the beginning of the current HRA business plan, contributions of up to £1m per annum were to be set aside for development activity. The relatively small number of development opportunities available means that there has not necessarily been competing demands for use of a fairly open ended fund without any set financial hurdles.

3.19 In addition to NPV measures it is important to also focus on scheme cost benchmarks to ensure that any inefficiencies are not being masked by high levels of subsidy. Abnormal scheme costs may be acceptable within the context of a scheme that either performs well overall or has abnormal costs because of the particular nature of the scheme, for example regeneration schemes. Nevertheless it is important that these are exposed within a development appraisal and approval report.

3.20 Cost benchmarks are linked to scheme design and specification. As a developer it is important for TDBC to maintain close control over design to ensure that it is efficient as possible both from a capital cost and management in-use perspective. Employers' Requirements, Design Briefs and Wheelchair Standards are earmarked for review in 2016/17.

4 Future programme drivers

CHAPTER SUMMARY

1. **The supply data suggests that market is performing well with considerable developer activity with a range of homes being delivered, broadly in line with targets.**

2. **The shift in policy from Affordable Rent to home ownership tenures is likely to leave a gap in housing provision for those on lower incomes.**

3. **HRA Business Plan priorities, including the level of investment available for development and the need to address the non-traditional stock or poor performing stock, will be key drivers for the future development programme**

4.1 Demographics & demand

4.1.1 Taunton is expected to experience average population growth in the years up until 2020. The area has a high proportion of retired adults aged over 65. It also has a high amount of older working adults aged between 45-64. There is an under representation of young adults aged between 15-24 years old. Between 2001 and 2011 Taunton saw a significant decrease in its adult population aged between 25 and 44 years old.

4.1.2 Due to these demographic pressures it is likely that there will be more demand in the coming years for housing products meeting the needs of an ageing population which might include downsizer accommodation, bungalows, retirement living and extra-care.

4.1.3 Taunton is a moderately affluent area although recent years have seen a rise in unemployment and slight fall in the average house price so that house prices are now at 96% of their 2007 peak. A high proportion of the working adult population fall into the skilled manual employment category (26%), the percentage of those belonging to the more affluent categories of junior non manual employees are 28% and 20% for managerial and professional workers. Unemployed benefit claimants made up just 1% of the population compared to the national average of 1.6% of the population.

4.1.4 Taunton has an owner occupation level of 70% which is above the UK average which was reported at 63% in the English Housing Survey 2015. The average house price in Taunton as of Q2 2015 was £221,500 compared to £194,258 which is the average figure for the UK in the same period according to Nationwide HPI.

TABLE 5 - AVERAGE HOUSE PRICES IN NEIGHBOURING TOWNS	
TOWN	**AVERAGE HOUSE PRICE Q2 2015**
Bridgwater	£197,300
Weston-Super-Mare	£240,600
Exeter	£236,000
Bristol	£253,200
Taunton	£221,500
UK average	£194,258

Source: Land Registry

4.1.5 Despite the average house price for Taunton being £221,500 Savills Research note that the median house price for Taunton Deane is actually lower at £194,000. They also note that just 49% of dual earners on the median income for the area would be able to afford to buy a house at the median value. This statistic is based on a 20% deposit and a mortgage at 3.5 times joint annual income. The research also shows that just 20% of single earners on the median income would be able to afford a £194,000 house with a 20% deposit and a mortgage at 4.5 times their annual income.

4.1.6 Due to the high level of employment and high levels of owner occupation in Taunton, affordable products which allow eventual home ownership such as shared ownership products are likely to be in high demand. Since people in low paid work are likely to be able to make monthly mortgage payments but would find it difficult to raise a deposit Help to Buy is also likely to be a popular option.

4.1.7 In terms of known demand for social housing, the table below highlights the number of households TDBC has on its housing register (as at March 2016).

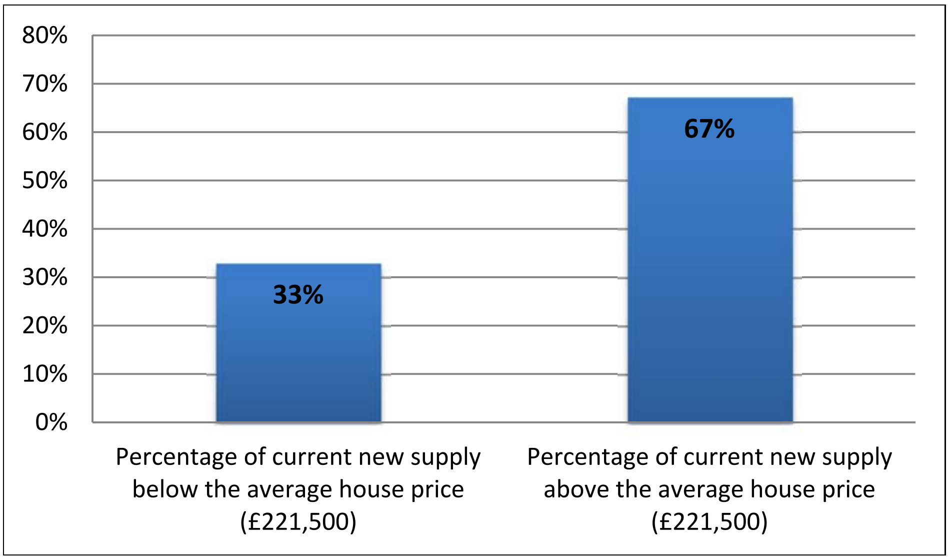
TABLE 6 - HOUSING REGISTER APPLICANTS BY SIZE OF HOME REQUIRED									
	1B	2B	3B	4B	5B	6B	7B	8B	TOT
No. of households on resgister	1476	913	302	81	12	3	1	1	2789
% of total total households on register	52.92	32.74	10.83	2.90	0.43	0.11	0.04	0.04	100

Source: Taunton Deane Borough Council, March 2016

4.2 Market supply

4.2.1 Based on the current supply information above, it is possible to determine whether the majority of the current new supply falls above the average property value for the area or is below it.

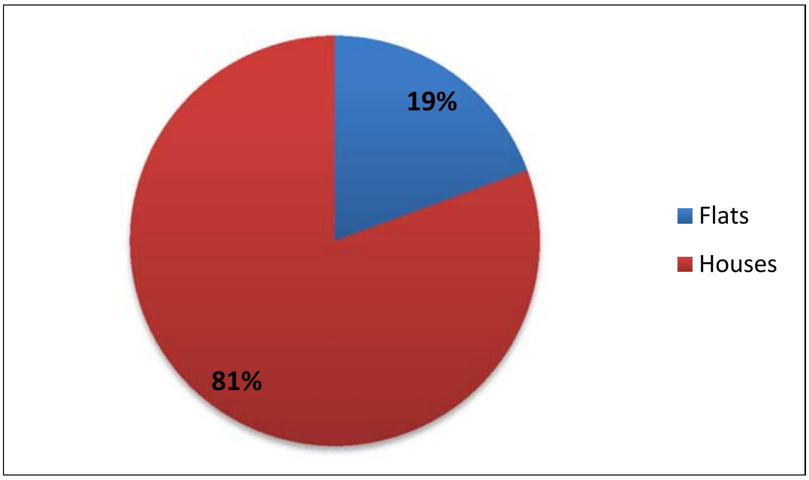
CHART 1 - CURRENT NEW SUPPLY AGAINST AVERAGE VALUES



4.2.2 As shown in the above graph, the majority of new supply in the Taunton area is serving the upper end of the market with almost twice as much supply for homes with asking prices above the average house value for the area as below. It is likely that this section of the market is being sufficiently supplied.

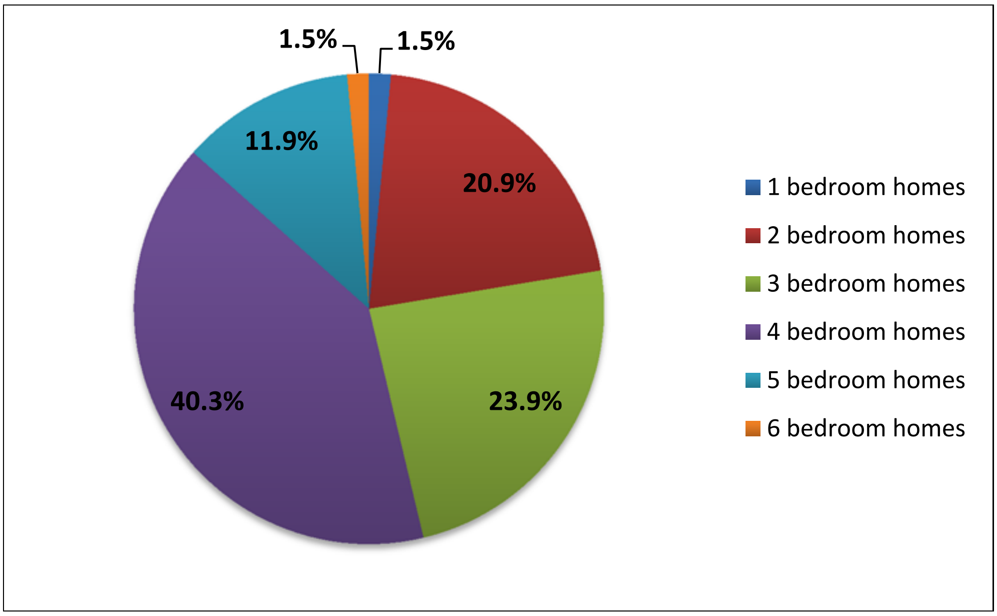
4.2.3 As shown in the chart below, the majority of the new supply currently coming forward is houses which outnumber new flats by more than 3:1.

CHART 2 – PROPORTIONS OF FLATS AND HOUSES IN CURRENT NEW SUPPLY



4.2.4 As shown in the chart below, three and four bedroom homes make up the majority of the current supply.

CHART 3 – PROPORTIONS OF HOMES SIZE IN CURRENT NEW SUPPLY



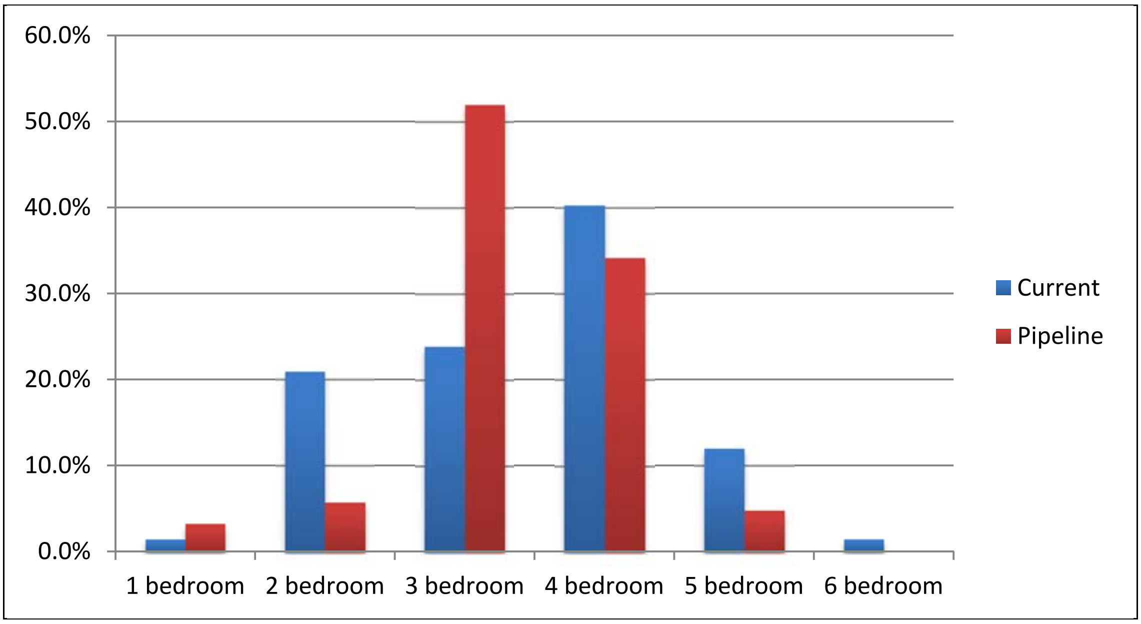
4.2.5 The reduction in Taunton's working age population, along with its high number of retired adults, could perhaps indicate that there is likely to be an oversupply of homes for the area. However, many developers are circumventing this problem by marketing their homes to attract families in the wider region who can benefit from close proximity to good schools and cheaper house prices than some of Taunton's neighbouring towns. This could also be the reason for the high proportion of large four bedroom executive homes, as well as preparing for future demand that may arise from the development of a nuclear power plant at nearby Hinkley Point.

4.2.6 There is a considerable pipeline of new homes with planning consent that have not yet been implemented or completed, including affordable homes. A large number of homes are expected to be delivered through strategic schemes such as Firepool Lock on the fringe of Taunton Town Centre and urban extensions such as Monkton Heathfield and Nerrols in Taunton, and Cades Farm in Wellington.

4.2.7 20 schemes where the unit mix of homes is known have been identified for further analysis. These 20 schemes incorporate 498 private homes and 160 affordable homes.

4.2.8 The chart below shows that three bedroom homes make up more than half of the pipeline supply in these 20 schemes. Four bedroom homes make up just over one third of the pipeline supply. Compared to the current supply the percentage of three bedroom homes delivered could be more than double in the future.

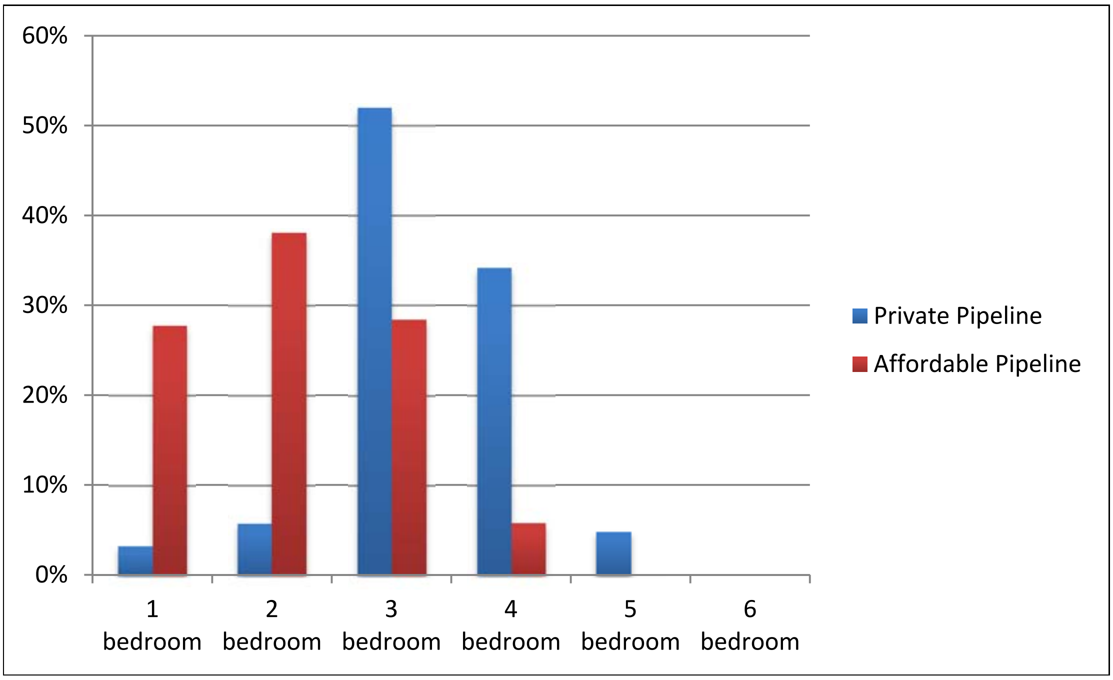
CHART 4 - COMPARISON OF UNIT TYPES IN CURRENT SUPPLY AND FUTURE SUPPLY



4.2.9 Of the 20 pipeline schemes for which there is a unit breakdown, 24% of the pipeline homes are affordable with the remaining 76% being market housing.

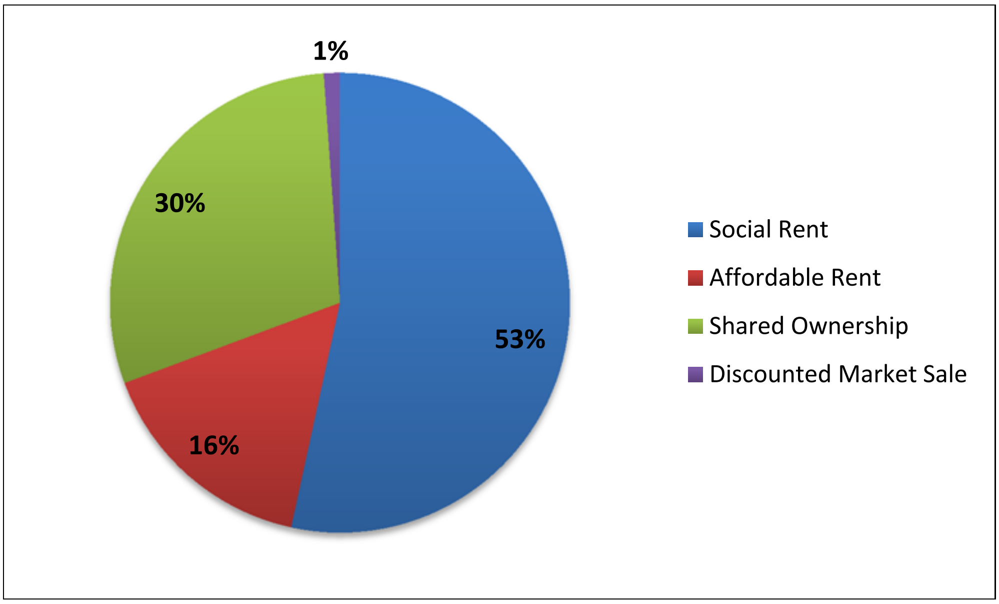
4.2.10 The chart below highlights that the highest percentage of affordable homes coming forward are two bedroom homes. This is in comparison to the private pipeline where larger properties make up the majority of the supply.

CHART 5 - COMPARISON OF MARKET HOUSING PIPELINE AND AFFORDABLE HOUSING PIPELINE



4.2.11 Analysis of pipeline schemes shows that the majority of affordable housing is likely to be delivered as social rent with the next biggest sector being shared ownership housing which makes up just under one third of supply. Only 1% of future supply is likely to be delivered as discounted market sale product.

CHART 6 - AFFORDABLE TENURES WITHIN PIPELINE SUPPLY



4.2.12 The table below compares affordable housing supply for Taunton Deane Borough Council in with neighbouring towns in the year 2013-2014.

TABLE 7 - AFFORDABLE HOUSING SUPPLY COMPARED TO NEIGHBOURING LOCAL AUTHORITIES			
NEIGHBOURING LOCAL AUTHORITY	**AFF HOMES BUILT**	**DISTRICT POPULATION**	**AFF HOMES BUILT PER CAPITA**
Sedgemoor District Council	75	119,057	0.0006
Exeter City Council	91	124,328	0.0007
North Somerset Unitary Council	200	208,154	0.001
Bristol City Council	540	442,500*	0.0012
Taunton Deane Borough Council	177	112,817	0.0016
Average			0.0011

***2015 population estimate**
Source: Savills

4.2.13 The market supply data suggests that market is performing well with:

- Considerable developer activity in Taunton and surrounding areas with active housebuilders and RPs
- A broad range of homes being delivered
- Delivery of affordable homes broadly close to target
- The split between rent and intermediate homes broadly in line with target

4.2.14 The analysis above does not replace the Strategic Housing Market Assessment (SHMA) that is currently in preparation; this more detailed analysis will also inform future housing development and enabling activity.

4.3 Affordable housing policy context

4.3.1 The reduction in social and affordable rents over the next four years will drive housing providers to manage their assets and associated costs more efficiently. However the cuts may also reduce some associations' capacity for development given the lower headroom for borrowing and the uncertainty over the longer term future once the four year period expires. This policy has already disrupted Section 106 deals across the country, and Registered Providers will have a greater focus on intermediate housing and home ownership with reduced delivery of rented homes.

4.3.2 The Government has pledged to build 1m homes to 2020 and is investing in the largest shared ownership programme (135K homes) ever seen, and in a starter home programme

(200k homes). This is in addition to the existing Help to Buy schemes and extension of Right to Buy for Housing Association tenants.

4.3.3 The HCA Shared Ownership and Affordable Homes Programme 2016 to 2021 prospectus has been published with £4.7bn of capital grant being made available to deliver starts on site for at least:

- 135,000 homes for Help to Buy: Shared Ownership
- 10,000 homes for Rent to Buy
- 8,000 homes for supported and older people's rental accommodation

4.3.4 Shared Ownership will in the future effectively be the main tenure for which HCA grant funding will be available. Private developers will be able to apply for the grant, although the Office for Budget Responsibility has said that it expects housing associations to receive 90% of the available funding.

4.3.5 Key features of the Help to Buy – Shared Ownership product are:

- The initial share sold to the buyer to be not less than 25% and not more than 75%
- Providers should not fix the share of a given property to be sold in advance, but offer specific buyers a size of share appropriate to their individual circumstances
- Rent should generally be lower than 2.75% of the value of the unsold share and must not be more than 3%; it should rise at a maximum of RPI plus 0.5% per annum
- Buyers are able to purchase additional shares of their home, in tranches of not less than 10% of its full market value, up to full (100%) ownership.
- Outside London, anyone with a household income of less than £80,000 is now eligible, and there are no nationally or locally defined prioritisation criteria
- Restrictions relating to the number of bedrooms in a home and on the ability of existing shared owners to buy a new Help to Buy: Shared Ownership home have been removed

4.3.6 The announcement of funding for an expansion of shared ownership is likely to have a substantial impact on housing associations. In the context of Taunton Deane the developing RP market has stayed strong with continued appetite for most affordable products. However with the switch towards more home ownership products, future delivery of Social Rent and Affordable Rent is likely to be impacted.

4.3.7 The government is introducing Starter Homes to help younger people become home owners. The Housing & Planning Act defines Starter Homes and creates new requirements that promote provision of them. Key features include:

- New homes must be available for purchase (freehold or leasehold) by qualifying first time buyers only
- Homes must be sold at a discount of at least 20% of the market value, and must be sold for less than the price cap (£250,000 outside Greater London and £450,000 in Greater London)

- Purchasers must be aged between 23 and 40, or be injured service personnel or widowers of servicemen/women, to be eligible for the scheme
- Planning permission will require provision of (or funding for) Starter Homes by developers
- Rural exception sites, National Parks and Areas of Outstanding National Beauty will be excluded from the requirement to provide Starter Homes
- There will be flexibility on the requirement to provide Starter Homes in other rural areas (relating to size or type of site), which will be defined in regulations
- Owners of Starter Homes who sell within a set period will have to repay some of the discount (as a percentage of the value of the home), and the amount will be tapered (taper length to be agreed) according to how long they've lived there
- Government may decide to require owners of Starter Homes to sell them to another qualifying first time buyer at a discount if they sell within a specified time

4.3.8 The inter relationship and competition between shared ownership, starter homes and Help to Buy needs to be properly understood at individual site level and in the broader market. Shared ownership, starter homes and lower value second hand homes compete for broadly the same lower earning customer group and this may create challenges for larger sites where a mix of sales tenures is proposed. Developers and house-builders alike are working through the implications for their businesses and further detail is required on how Section 106 policy will evolve in response to the policy initiatives.

4.3.9 There is however a risk that Starter Homes will distort the local market and cannibalise market sales. Schemes where there are a large number of Starter Homes for sale may have an impact on the saleability and therefore on values of competing entry level homes for sale nearby. The biggest impact is likely to be felt on sites offering new homes via Help to Buy equity loan schemes. With 80% of Help to Buy deals taken up by first time buyers, both schemes are essentially competing for the same tranche of the market. Depending on the size of the scheme, it could even have an effect on the wider second hand market.

4.4 Planning policy context

4.4.1 Taunton Deane Core Strategy was adopted on 11th September 2012 and deals with planning in the Borough from 2011 to 2028. The Core Strategy sets out a vision for Taunton Deane and strategic objectives, spatial strategy and policies for meeting that vision.

4.4.2 The Plan specifies the locations and quantity of growth to be accommodated within the Borough up to 2028 and identifies strategic site allocations, including mixed-use urban extensions.

4.4.3 The strategy sets out a target to provide 17,000 new homes over the period 2008-2028, of which 25% will be affordable to meet existing and future needs. This is split into the following delivery targets for each five year period as detailed in the table below.

TABLE 8 - TDBC HOUSING TARGETS OVER LOCAL PLAN PERIOD	
DELIVERY PERIOD	**HOUSING TARGET**
2011-2016	3,500
2016-2021	4,500
2021-2028	7,500
TOTAL	15,500

Source: Taunton Deane Borough Council

4.4.4 There is also a target to deliver at least 4,000 affordable homes over the plan period (Policy CP4). The council expects affordable contributions on all sites of five or more dwellings.

4.4.5 The TDBC Affordable Housing Supplementary Planning Document 2014 sets out that 25% of all new homes should be in the form of affordable housing with a target tenure split of 60% social rented and 40% intermediate. As highlighted above, changes to national planning and housing policy are likely to see a shift away from this mix in future years.

4.4.6 TDBC aims to meet its affordable housing target through a mixture of HCA funding for schemes in the Somerset Local Investment Plan, developer contributions to affordable housing, CIL and New Homes Bonus.

4.4.7 Current reviews, including the Strategic Housing Market Assessment and a review of the site allocations, will inform future changes to policy and implementation.

4.5 HRA priorities

4.5.1 To date a housing development fund of £1m per annum has been established to deliver the programme, along with RTB receipt funding to fund replacement affordable housing. This sits alongside other HRA priorities including investment in existing stock and maintenance of reserve levels.

4.5.2 TDBC wishes to address the investment needs of its non-traditional portfolio. The strategy for these estates will be shaped by the business case for retention and investment (versus comprehensive redevelopment) along with other regeneration priorities.

4.5.3 As noted in Section 2 above, TDBC is losing properties through the RTB at a rate of approximately 30 per year. The impact, should the trend continue, is to stretch fixed overheads over a dwindling income base. There is therefore an incentive from an HRA business plan perspective to maintain a level of stock. This is in addition to the imperative to spend RTB receipts on replacement affordable housing or lose them to the Treasury.

4.5.4 In addition to the rent cuts announced in the 2015 budget the government intends, via the Housing and Planning Act, to require local authorities to make a payment to it in respect of vacant high value housing. The detail of the proposals is not yet known but provision will need to be made for this and there may be impacts on resources available for any development programme.

5 Development delivery

CHAPTER SUMMARY

1. **TDBC has a number of identified schemes to continue its delivery programme over the next three years.**

2. **Future opportunities will be from two sources: smaller opportunity led schemes on both on TDBC land and wider market opportunities such as rural exception sites; and more strategic asset management projects including addressing the investment needs of non-traditional stock.**

3. **TDBC will develop homes aimed at those on lower incomes where the market is not delivering, whilst maximising income to the HRA. This will include affordable rent, and where appropriate homes for outright or shared ownership.**

4. **TDBC will also encourage home ownership through shared ownership schemes aimed at lower income groups with the additional benefit of freeing up existing Council homes.**

5.1 Current site opportunities

5.1.1 The identified pipeline for the TDBC programme comprises both committed schemes and schemes in feasibility.

5.1.2 The committed schemes are at Creechbarrow Road scheme that has 48 further homes in the pipeline; and Weavers Arms, a 26 home scheme that has recently started on site. These are approved schemes with funding in place.

5.1.3 Other identified pipeline sites have had feasibility work completed on them and the approval process is underway to commit these schemes to the programme.

5.1.4 Beyond the identified pipeline, future opportunities are likely to be from the following sources:

- Continued strategic acquisition of former Council homes sold under the RTB. In recent years TDBC has acquired a number of former Council homes sold under the RTB. This activity is projected to continue in the form of acquisitions of smaller properties to meet housing need and strategic acquisitions to facilitate wider redevelopment schemes.

- Further reviews of TDBC HRA assets which might include garage sites; sheltered housing stock; poor performing housing stock including the Council's non-traditional homes.

- TDBC General Fund assets that might come forward for disposal.

- Other public sector land opportunities.

- The purchase of S106 affordable rent properties of which there may be continued opportunities where RPs turn down schemes on grounds of scale (such as rural sites) or viability.

- Purchase on the open market.

5.1.5 Based on the above the projected pipeline is estimated as follows:

TABLE 9 - TDBC HOUSING DEVELOPMENT PIPELINE						
	2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**TOTAL**
Pipeline supply (committed)	48	26	0	0	0	**74**
Pipeline supply (un-committed)	0	14	12	24	40	**90**
TOTAL	**48**	**40**	**12**	**24**	**40**	**164**

5.1.6 The HRA Business Plan projects an average of 15 homes per year to be delivered within the development programme after the current committed supply.

5.1.7 The table above includes 74 new build homes for which funds have already been committed and these already form part of commitments within the new HRA Business Plan.

5.1.8 A further 115 homes are not currently committed. These homes comprise of:

- Schemes that have been identified and are likely to come forward for funding commitment in 2016
- Indicative numbers for future new build development including potential development of larger sites where TDBC has non-traditional stock
- Continued acquisition programme

5.1.9 Any schemes to redevelop non-traditional stock may benefit the HRA Business Plan by removing future liabilities. This factor, alongside opportunities to develop shared ownership or intermediate homes to create cross-subsidy, will impact on the funding required from the HRA to deliver such schemes. The indicative numbers will therefore need to be tested and refined as these pipeline schemes are developed, with the delivery profile being reconciled with the HRA Business Plan.

5.1.10 The business plan includes provision for an average of 15 new homes a year (on top of existing schemes with approval). In reality this will fluctuate year on year but allows for an average for 15 homes. It is possible for additional units to be built or acquired and Table 8 above sets out a potential pipeline beyond the 15 homes per year. Additional homes would require extra funding through borrowing (or other sources) not included in the business plan.

5.2 Future site identification

5.2.1 The Development team already has a very good level of understanding of local market conditions and operators including RPs, housebuilders and agents. The RP partnership is also active and a good source of market intelligence.

5.2.2 In order to continue to capitalise on opportunities this level of market engagement should continue, particularly as market conditions change in the wake of shifts in national housing and planning policy.

5.2.3 A key source of opportunities is from within TDBC ownership. The Development Team maintain a register of sites that is principally made up of TDBC sites. The identification of future opportunities would be aided by:

- More regularised coordination between key teams
- Maintenance of a single/coordinated registers of potential opportunities
- Mapping of development opportunities
- Raising awareness within front-line teams of priorities around the development programme

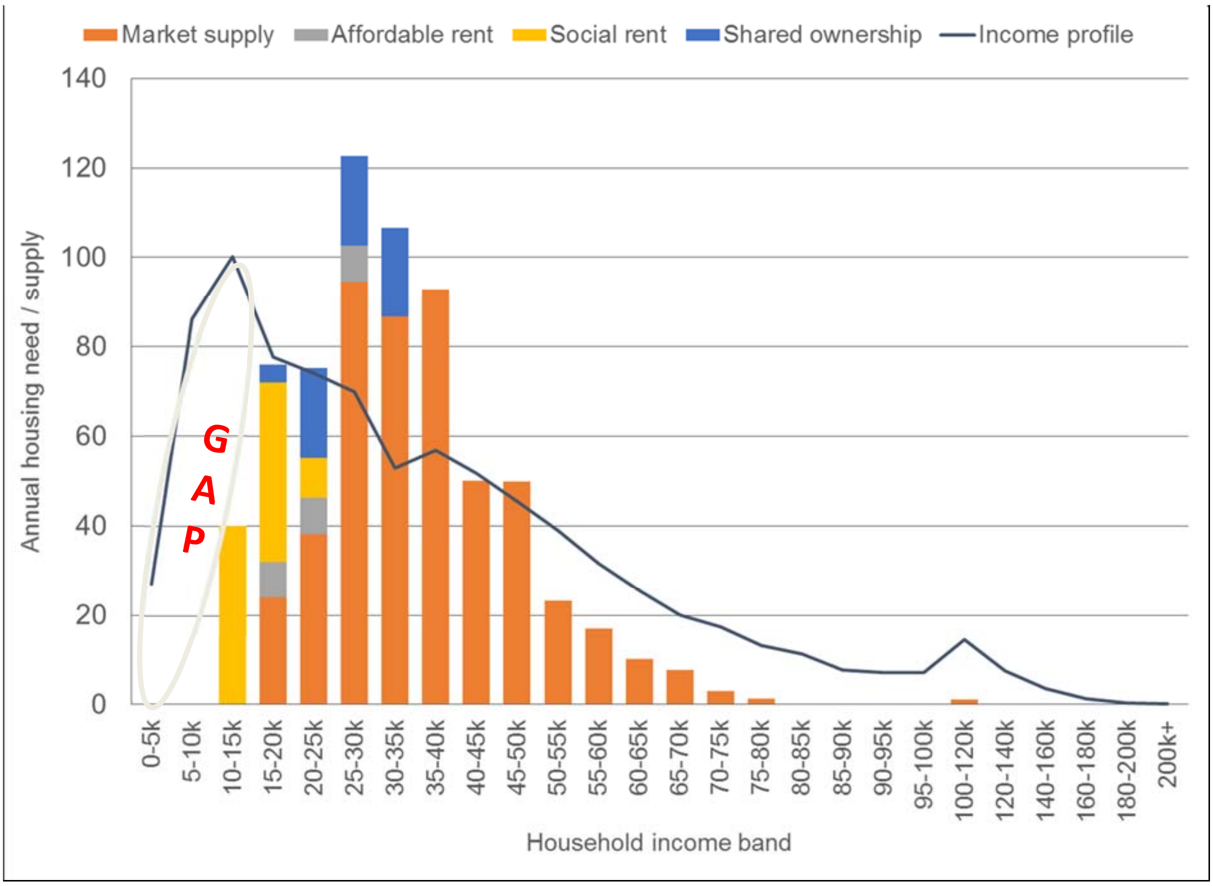
5.2.4 Likewise, relationships and coordination with other public sector landowners including Somerset County Council will be important in identifying opportunities from within other public sector estates.

5.3 Product and location - what and where should TDBC develop

5.3.1 To date TDBC's development programme has delivered homes for social rent in line with existing TDBC rent policy. TDBC also supports home ownership by enabling the development of shared ownership and discounted market products, and through planning negotiations.

5.3.2 The chart below plots housing supply against income bands for Taunton Deane. It illustrates that the gap in supply is for those on the lowest incomes.

CHART 8 – HOUSING SUPPLY AND INCOME BANDS (TAUNTON DEANE BOROUGH)



Source: CACI, Taunton Deane Local Plan, Land Registry, DCLG Table 1011, HCA Statistical Data Return

5.3.3 The gap illustrated above is that which RPs and developing local authorities have to date sought to fill. Given changes to national housing policy since 2010 and more recent changes described above, the supply of social rented homes, whilst still featuring heavily in current supply, is likely to decline in the future.

5.3.4 As demonstrated above the market is already supplying intermediate homes and this segment of the market is likely to diversify in the future as shared ownership expands and discounted market products such as Starter Homes are promoted.

5.3.5 There is strong developer activity at a range of price points currently serving most of the market. Housebuilders and RPs will continue to be well placed to deliver home ownership products, particularly at the middle and upper ends of the market.

5.3.6 To support the proposed future housing model (set out in Section 2 of the HRA Business Plan) that TDBC intends to adopt, the development programme will include:

- New homes at higher rents (affordable rent as opposed to social rent) that would still meet sub-market housing needs but generate higher returns to support scheme delivery and the wider HRA Business Plan
- Low cost home ownership homes with lower tranche shares or 'rent to buy' homes to target lower income groups; this would also include initiatives such as the RTB

social mobility scheme that would have a further benefit in freeing up existing Council homes for those in need
- Full 'market' homes for rent or for sale where these support a site specific strategy, for example on a site that needs cross subsidy to achieve viability or where diversification of tenure is desirable/achievable

5.3.7 The location of new TDBC homes will largely be dictated by land ownership, including strategic opportunities to address poor performing stock through redevelopment and regeneration. Alongside these opportunities TDBC should also consider sites within their own stock where land assembly is not required and therefore development can be delivered quicker than on occupied sites.

5.3.8 The types and mix of homes will need to be considered on a site specific basis with consideration given to the following factors:

- The need to re-provide social rented homes on regeneration sites
- The aspiration to diversify tenure and encourage home ownership
- Funding strategy and financial viability
- Competition with other sites
- The size of the site and what diversity of homes can be sensibly accommodated

5.4 Procurement

5.4.1 For schemes where TDBC develop to retain a site in its entirety, the current practice of procuring on a Design & Build basis is likely to continue to offer flexibility and risk transfer.

5.4.2 Having developed internal expertise there is now the opportunity, if supported by external professional services, to utilise more in-house resource for the management of development schemes that is currently delivered through Knightstone as the Council's agent.

5.4.3 There are likely to be sites, such as larger strategic sites, where a development partnership is the most appropriate vehicle through which to procure new affordable housing. This is likely to apply to sites where TDBC might typically be looking to secure capital investment, risk sharing, and development expertise to support their ambitions.

5.4.4 TDBC has a strong and effective partnership with developing RPs and these would be potential partners to work with TDBC on projects, particularly regeneration schemes, subject to a full assessment of suitability and a robust selection process.

5.4.5 Future development partners should also be selected in the context of the nature of the scheme being undertaken not purely past performance or relationships. New opportunities may present different scenarios bringing other development partners into consideration.

5.4.6 Use of frameworks (such as Advantage South West and Westworks that are currently being used within the programme) to are also likely to offer more efficient routes to market depending on contract size and suitability of partners on the frameworks. Given the size of the programme a bespoke framework for TDBC is not considered necessary.

Taunton Deane Borough Council and West Somerset Council

Equality Impact Assessment Form and Action Plan

Expand boxes as required. Guidance notes are stored - TDBC link: http://portal/sites/policyPerf/strategyandpartnerships/equality/Equality%20Impact%20Assessment%20GuidanceTemplate/Forms/AllItems.aspx *WSC 'W' drive:* W:\Equalities\EIA TEMPLATE

"*I shall try to explain what "due regard" means and how the courts interpret it. The courts have made it clear that having due regard is* ***more than having a cursory glance*** *at a document before arriving at a preconceived conclusion. Due regard requires public authorities, in formulating a policy, to give equality considerations the weight which is* ***proportionate in the circumstances****, given the potential impact of the policy on equality. It is not a question of box-ticking; it requires the equality impact to be* ***considered rigorously and with an open mind***."[1]

Officer completing EIA form:	Job Title:	Team/Service:
James Barrah	Director of Housing and Communities	Housing and Communities

Why are you completing the impact assessment? *Please ✓ as appropriate*

Proposed new policy or service	Change to policy or service	New or Change to Budget	Service review
√			

1 Description of policy, service or decision being impact assessed:

The Housing Revenue Account (HRA) Business Plan 2016 – 46 is produced in order to set out Taunton Deane Borough Council's overall aims and objectives for the housing service.

The main strategic housing objectives of the plan are to:

- ***Providing Quality Homes***

  This means we are committed to investing in our existing homes to deliver good quality of life for residents and value for the money spent, and to developing new homes that meet local needs.

- ***Supporting the Most Vulnerable***

  This means we are committed to letting homes to people who have the fewest housing options, and will provide additional support that helps people who are older, disabled, or socially excluded to live comfortably in their Council-owned home.

[1] Baroness Thornton, March 2010

- ***Better Service***

This means we are customer and community focused and are committed to improving our services in line with what our residents have said matters to them. Our approach will support people to move through our social housing to cater for their changing needs and aspirations over time.

- ***A Stronger Business***

This means we will prioritise efficiency to support delivery of our social priorities and objectives. It sets out how we will improve our business practices, drive out value for money and pursue new commercial activities.

2 People who could be affected, with particular regard to the legally defined protected characteristics[2]:
Taunton Deane Borough Council's HRA housing stock comprises of 6,000 tenanted and leaseholder homes. In addition, the Council also manages two private leasehold schemes for the elderly. Housing services are designed to ensure they meet the needs of a wide ranging customer base. As such the HRA Business Plan 2016 – 2046 will apply to all the protected groups including: Age; Disability; Gender Reassignment; Pregnancy and Maternity; Race; Religion or belief; Sex; and Sexual Orientation; Marriage and civil partnerships, Rurality.
3 People and Service Area who are delivering the policy/service/decision:
TDBC Housing and Community Development Services and TDBC Property Services.

[2] For protected characteristics, please visit: http://www.equalityhumanrights.com/private-and-public-sector-guidance/guidance-all/protected-characteristics

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4 Evidence used to assess impact: *Please attached documents where appropriate.*
Data: 1. Major changes in the national Welfare Reform and Work Act and the Housing and Planning Act – 2015/16; 2. Values and priorities reflected in the Council's Corporate Strategy for 2016 -20. 3. Homefinder Monitoring statistics **Engagement:** 1. Consultation with residents and stakeholders which included regular meetings with the Tenant Services Management Board and wider consultation with tenants, staff, members and other stakeholders – 2015/16.
5 Conclusions on impact of proposed decision or new policy/service change:
The plan is an overarching business plan and will apply to all new and existing tenants and leaseholders. The plan is not aimed at any of the protected groups and should not have a direct impact overall on tenants or leaseholders by any particular protected group. There may be a potential for the plan to impact indirectly on certain individuals or groups with a particular protected characteristic. As the plan is intended to support the delivery of the Council's corporate priorities and wider housing and community objectives it should enable more individuals across all the protected groups to benefit from the provision of housing services. The Business Plan will lead to the development of additional policies such as the Landlord Customer Strategy and a Local Lettings Plan which will focus on more specific customer groups. These Polices and Plans will require their own Equality Impact Assessments. **Disability** The plan will result in the budget for Disabled Facilities Grants (DFG) being reduced over the first five years, to bring it into line with the levels of current spend of £300K per year. We do not anticipate that this will negatively impact tenants applying for DFGs or adaptations as the new budget level has been historically sufficient to meet demand and the service will be taking additional steps to streamline and reduce costs in running the service which will provide further headroom.

Age

The plan recognises that government policies on Local Housing Allowance will negatively impact on single under 35s households and the business plan includes a commitment to consider how we address this moving forward. Any action we can take to address this will have a positive equality impact for younger people.

Other equalities groups

We do not consider that the plan will have a different impact on the basis of pregnancy and maternity, marriage and civil partnership, gender reassignment, sexual orientation, religion and belief, sex, race or rurality.

6 Recommendation based on findings. These need to be outlined in the attached action plan.

There is no evidence to suggest the plan would have a substantial adverse equality impact on any of the protected groups. We recognised the potential for adverse impacts on disabled people due to the reduction of the DFG budget however are confident that this will not be the case and will continue to provide access to an appropriate level of DFG resource for those with disabilities or longer term illness. We will commit to keep this under annual review and take the findings into consideration when reviewing the overall plan annually.

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Equality Impact Assessment Action Plan

Group Affected	Action required	Expected outcome of action	Person to undertake action	Service Plan - for monitoring	Expected Completion date
Age	The plan commits to further consider mitigation for those under 35s affected by LHA restrictions. This will be developed in the Landlord Customer Strategy	Affordable accommodation solution for some single under 35 applicants	Simon Lewis	To be developed in the Landlord Customer Strategy	December 2016
Disability	Proposals to be implemented to reduce the cost of DFGs (such as fixed price contracts) to ensure the budget goes further.	Process streamlined and DFG costs reduced to ensure budget meets customer demand	Simon Lewis	Housing & Community Development	September 2016
	The Business Plan will be monitored annually and priorities for action revised at that point. The results of this monitoring will be presented to the Council along with any decisions required as a result of changes.	DFG funding for tenants with disabilities or longer term illness maintained with flexibility to enable future needs to be met.	James Barrah	Regular meetings and wider consultation with stakeholders.	Annually.
Gender Re-assignment	None.				

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Group Affected	Action required	Expected outcome of action	Person to undertake action	Service Plan - for monitoring	Expected Completion date
Marriage and Civil Partnership	None.				
Pregnancy and Maternity	None.				
Race[3]	None.				
Religion and Belief	None.				

[3] Including ethnicity, national origin, colour, nationality, gypsies and travellers.

Taunton Deane Borough Council and West Somerset Council

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Sex	None.				
Sexual Orientation	None.				
Rurality	None.				

Author's Signature:	James Barrah	Ref/Report Title:	HRA BP 2016/46	Date:	June 2016	EIA Version:	1.0

Contact Details:	Tel:	01823 358699	Extn:	2751	Email:	j.barrah@tauntondeane.gov.uk

Analysis of tenant profiles and changing demands for social housing in Taunton Deane

Approach

As part of the work to set a new HRA Business Plan we wanted a better understanding of the housing market and changing tenant profiles and trends. An analysis was undertaken of recent quarterly Homefinder Somerset Monitoring reports and conversations were had with officers in Lettings, Housing Options and Estates to understand the changing market and demand for our properties. Further information was fed in from a Housing Provider 'Move On' group we were involved with. Unfortunately the 2016 Strategic Housing Market Assessment was not available at the time but will be reviewed later in the year.

Trends

The analysis identified the following:

- Strong demand for 1 & 2 bed properties (all bandings)
- TDBC dominates gold band offers to Under 35s (for single and multiple households)
- TDBC dominates offers to those over 60 years of age (20% of all offers within Taunton Deane are made by TDBC to over 60s)
  - Over 60s in Bronze band are more likely to receive offers for properties than those in Silver / Gold. 40% of our successful over 60 applicants are bronze banded applicants
  - Opportunity to review restrictive age limits to allow other 'vulnerable' people to access sheltered/supported housing
- Evidence that other RPs are targeting 35-59 age cohort, with a preference for Silver rather than Gold i.e. looking to house 'stable' rather than 'vulnerable' households. This appears to be the key 'target market' for other RPs
- 3+ person applicants tending to go to other providers – possibly due to recent new build.
- There are significant problems with Move-On:
  - Restrictive housing practices are creating bottle-necks both for those wishing to enter and depart move-on accommodation e.g. providers requirements (for entry to social housing) are often too restrictive
  - Potential opportunity for TDBC to provide support to vulnerable people in its own stock and PRS to help prevent the revolving door of homelessness (and hopelessness)
- There are significant numbers of over 60s requesting a transfer e.g. for under-occupying. We might want to reconsider at a later time whether and how we might provide support packages to encourage Mutual Exchange
- Bids on our properties have diminished, possible diminishing market share (note: we housed 61% of TD homefinder bids in 2015 compared to 64% in 2014) – however more longitudinal evidence required)
- Our rents are low compared to others
- Some evidence that providers (not TDBC) are housing more 'employed' applicants at the expense of more vulnerable prospective tenants
- Homelessness is increasing
- Homefinder data is weak in identifying those with support needs (e.g. mental health, other)

All of the above issues will be considered as part the development of our Landlord Customer Strategy and review of our Lettings Policy.

07/07/2016, Report:Housing Revenue Account Business Plan Review
Reporting Officers:James Barrah

07/07/2016, Report:Q4 - Financial Outturn report
Reporting Officers:Steve Plenty

07/07/2016, Report:Q4 Performance Report
Reporting Officers:Paul Harding

04/08/2016, Report:Housing Company
Reporting Officers:James Barrah

04/08/2016, Report:Report on Grants Policy
Reporting Officers:Christian Trevelyan,Mark Leeman

08/09/2016, Report:Review of Deane Helpline
Reporting Officers:Chris Hall
Contains exempt information requiring private consideration: Yes
Exempt reason:The report may contain some commercially sensitive information.

08/09/2016, Report:Update on Coal Orchard Consultation
Reporting Officers:Ian Timms

09/11/2016, Report:Review of Council Tax Support Scheme
Reporting Officers:Heather Tiso

09/11/2016, Report:Deane Lottery
Reporting Officers:Angela Summers