

Taunton Deane Borough Council

Tenant Services Management Board – 29th October 2012

Review of HRA Business Plan 2012-2042

Report of the Health & Housing Manager - James Barrah

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

1. Executive Summary

Following the HRA Self Financing settlement a new 30 year HRA Business Plan 2012-2042 was agreed from the 1st April. At this time a formal review process was agreed and as such a project group has been convened to lead on a review of the HRA Business Plan, in light of a number of changes and issues that have arisen since April.

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

2. Background

2.1 It was agreed by the Council that the HRA Business Plan would be subject to a formal annual review involving member scrutiny and agreement as part of the budget setting timetable each year. In the first few months of the financial year it has become apparent that there are a number of issues that require amendment or inclusion in the business plan, as the context in which Housing Services operates continues to change rapidly. As a result of this a review of the business plan has now been undertaken to address a number of issues that are outlined in this report.

2.2 In addition it was felt that the process of early discussion of issues in the year was beneficial in that it gave adequate time and opportunity to discuss and debate issues fully prior to the detailed budget setting timetable. Consequently the changes agreed as part of this report can flow into the budget setting process for 2013-14 where appropriate.

3. Asset Management

3.1 **Uplift of Disabled Facilities Grant and Aids & Adaptations Budget**

The HRA budgets £500K capital per year to provide disabled aids and adaptations for tenants in our stock, this work is undertaken by the Somerset West Private Sector Housing Partnership (SWPSHP) on behalf of the housing service. In the original business plan we projected this

figure to remain constant, however we were aware that the need is likely to increase in future years as the population ages. Consequently a needs analysis has been commissioned for the HRA from the SWPSHP. This work is underway and will be reported in due course. For business planning purposes it is thought prudent to increase this provision by 5% per year for the next 10 years and then for it to remain fixed for the remainder of the plan. This issue can be re-visited pending the outcome of the needs analysis work.

Recommendation 1 - To uplift Disabled Facilities Grant and Aids and Adaptations budget by 5 % for the next ten years pending the outcome of the needs analysis.

3.2 Stock Investment Figures and Data Cleanse –

During the creation of the original business plan, a validation exercise was undertaken by Savills in relation to the quality of the Council's stock condition data. Consequently concerns were raised about the accuracy of the data and reliance on it for business planning purposes. At this time a commitment was made to address this issue during 2012 and the outcome from this work would be fed into the review process.

Since April work has been underway to cleanse the stock data of certain inaccuracies and undertake stock condition surveys. A full report on this activity is contained in Appendix 1. The impact of this work is a slight reduction in the Future Major Works requirement for our stock over 30 years of approximately £4M, due to some re-profiling of the needs based on better stock information. However, there remains a significant backlog of work created in part by tenant refusals for improvement works previously and other works not completed as part of the Decent Homes programme. Consequently as in the original plan the capital works requirement has been smoothed, however this smoothing now only covers the period up to year seven in the plan and not the first ten years as previously.

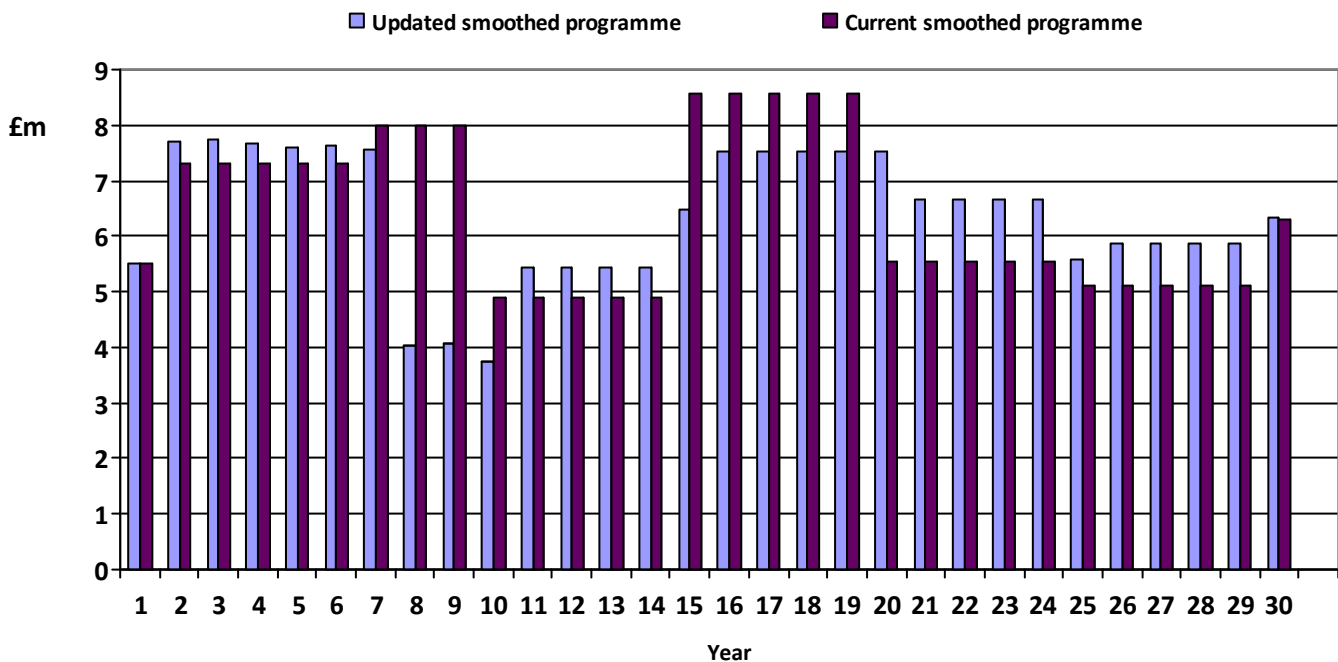
The revised capital investment figures are contained in the charts below. As a consequence of the inclusion of the additional items identified in this report, the overall capital expenditure over the 30 year period has risen to £191M from £187M.

Note: Some of the amounts have changed from the last Business Plan because the new amounts are at 12/13 rates rather than 11/12 and so include an inflationary uplift.

	Yrs 1-5	Yrs 6-10	Yrs 11-15	Yrs 16-20	Yrs 21-25	Yrs 26-30	Total
Major Works (incl Backlog)	£26.3m	£17.5m	£18.6m	£23.7m	£19.3m	£20.8m	£126.2m
Improvements	£3.6m	£3.2m	£1.9m	£1.9m	£1.9m	£2.0m	£14.5m
Related Assets	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£3.6m
Contingent Repairs	£0.4m	£0.1m	£0.2m	£0.3m	£0.2m	£0.2m	£1.4m
Exceptional Extensive	£1.3m	£1.3m	£2.2m	£6.5m	£5.4m	£1.6m	£18.3m
Extension of Properties	£0.6m	£0.8m	£0.8m	£0.8m	£0.8m	£0.8m	£4.6m
Disabled Adaptations	£2.8m	£3.5m	£3.9m	£3.9m	£3.9m	£3.9m	£21.9m
IT Improvements	£0.5m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.5m
Total	£36.1m	£27.0m	£28.2m	£37.7m	£32.1m	£29.9m	£191.0m

Smoothed Annual Capital Programme

at 2012/13 prices



The current lifecycle replacement of kitchens is 20 years. Some social landlords are currently investigating the possibility of reducing this frequency to 15 years on the basis that this element is more liable to wear and tear and is the element which has the greatest impact when renewed. We have modelled the impact of this potential change on the business plan which would cost an additional £20 M over 30 years. The conclusion is that currently this change would put an unacceptable strain on cash flow at the current time, but that this is an issue that we will keep under review in subsequent business plan reviews and as it may become affordable in future years or if a phased approach to reduce to 15 years would be appropriate.

3.3 Extension of Properties

Many years ago the housing service allocated a budget to undertake extensions to existing TDBC dwellings to help meet the housing needs of our larger families. Such practice ceased due to insufficient funding being available.

Currently (Aug 2012) our Housing Register tells us we have:

- 236 Silver Band Taunton Deane Registered applicants who are one bedroom deficient; and
- 15 Gold Band Taunton Deane Registered applicants who are two bedroom deficient.

Current TDBC Tenants within the figures above:

- 53 Housing Register Silver Band Taunton Deane Borough Council tenants who are one bedroom deficient; and
- 4 Housing Registered Gold Band Taunton Deane Borough Council tenants who are two bedroom deficient.

Note: Overcrowding data at August 2012 Homefinder Somerset Statistics.

With 3,818 (at 30/6/12) Housing Registered applicants in Taunton Deane and 18,813 (at 30/6/12) Housing Register applicants Somerset wide the demand for social housing is high.

It has been suggested that it would be appropriate to re-introduce a budget that will provide TDBC Housing Services with an additional means of helping to alleviate the housing need of those who are living in overcrowded conditions. It is therefore suggested to create a new improvements budget of £160K per year which would be used to fund approximately 4 two storey extensions per year. Operationally decisions regarding where extensions will be undertaken will be made on the basis of need, property type and return on investment.

In creating properties with a greater number of bedrooms the rent would have to be re-set to the appropriate level which would produce a small additional income to the HRA. In the original Business Plan £210K was allocated between years 1-10 for known extensions required to 6 properties where bathrooms required re location upstairs, this allocation will be incorporated into modelling of the additional budget for extensions.

Recommendation 2 - To create a new improvements budget of £160K per year which would be used to fund approximately 4 two storey extensions per year.

3.4 Related Assets

In the original business plan an additional budget allocation of £3.6 million over 30 years and £600k in years 1-5, for related assets was made. This is non dwelling assets such as garages and sewage treatment works. We are currently surveying all our garages to enable decisions to be made on

future use and a programme of repair will inevitably arise from this. Subsequently we will undertake a survey of our sewage treatment works.

3.5 Environmental Improvements

In the business plan we allocated funding for environmental improvements on estates – £4.5 million over 30 years or £150k per annum. Previous consultation with residents has identified additional car parking on estates as a particular priority, but largely resources have not been available previously to progress this. Other potential areas for expenditure are waste storage facilities, mobility scooter stores, and fencing. An initial list of projects is emerging and will be progressed in the new financial year.

3.6 Sustainable Energy Fund.

Within the business plan new strategic priorities that were established included:

“Climate Change- this means taking action to reduce carbon emissions across our housing stock through our investment planning, service delivery, partnership and community action to address climate change and reduce fuel poverty.”

Consequently, a Sustainable Energy Fund of £6.6 million over 30 years was established to provide affordable warmth and improve the energy efficiency of homes. In order to utilise this fund and progress these aims, a project is emerging which builds on similar projects throughout the country. The project has two key elements, combined to form an overall package.

1. Retrofit works to properties

Properties will be selected on the basis of current energy performance. Alternatively they may be selected at the time they become void. A bespoke package of works for each property will be deployed. These works will focus on air tightness, insulation and the modest application of technologies.

2. Tenant Lifestyle Awareness

For the full benefit of the structural works to be realised, it is essential that tenants have greater awareness of how to live more efficiently in their adapted home. Equipment and modifications will have an impact in isolation, but with certain lifestyle changes observed by tenants, the full financial and energy efficiencies can be accrued. Consequently, tenants will be supported with a package of training and support to assist them in living more energy efficiently.

Full project planning, commissioning and evaluation will be required over a significant period to ensure the significant investment delivers the objectives of the project. Key local partners are already in discussion

about the project, and so recruitment of a project manager to undertake the next level of detailed planning is required.

3.7 Social Housing Development Fund (SHDF)

Following establishing the fund (£2.3 million in first 4 years) in the new business plan work has progressed to identify sites throughout the Borough that may be suitable for development. A development agreement has been signed with a partner housing association and we have engaged architects to progress some sites to the next stage, as our “Phase 1 sites”. These sites are in a mixture of urban and rural locations. We are assessing one of these sites to build our Passivhaus aspirations and the remainder traditional construction at Code for Sustainable Homes -Level 4.

Current projections for these “Phase 1” sites indicate that approximately 26 new units are feasible, at an approximate cost of £3.43 million. The current Business Plan includes SHDF investment of £2.3m. If the Phase 1 sites are to be delivered in the next 4 years, an additional £1.13m will need to be added to the Capital Programme. It is possible to make the SHDF go much further if part of the funding is allocated to service additional debt rather than pay for new build in full “up front”.

For example, the Council could borrow £2m to part fund this investment, with an annual cost in the region of £120k (principal and interest) over 25 years. This annual cost could be funded by a combination of the additional rental income from the new properties plus a top slice from the SHDF. The current borrowing headroom for the HRA is £16m, and we continue to potentially benefit from exceptionally low interest rates.

Recommendation 3: To explore extending the reach of the current Social Housing Development Fund by utilising some of the borrowing headroom towards funding for housing development.

Alongside these early wins in terms of site development, we also need to create a development policy to frame the way in which this fund will be used and to identify some of the relevant variables concerning house building. This policy will in time be used to describe our preferred approach. An interim development policy is attached at Appendix section 2. It is accepted that we will learn over time once we have experience of undertaking some development so this document will continue to evolve. However some decisions are required now concerning our preferred approach to allow us to scope the viability of each development and bring sites forward for a decision to progress. These issues have been highlighted in the attached document.

Recommendation 4 – To approve the interim development policy at Appendix section 2.

3.8 Exceptional Extensive.

In the Business Plan we have allocated £18.3 million over 30 years for works such as asbestos removal, subsidence and mostly in later years works to our non traditional properties. Shortly we will be commissioning further survey work, which we routinely undertake every 5 years, that will assist us in planning for the future of non traditional stock in the years to come.

3.9 Planned Maintenance

Following the “No” vote to stock transfer in 2006, a significant cut was made in HRA expenditure in order to fund the work that was known to be required to achieve Decent Homes. One of the changes that was made at this time was to reduce the frequency of planned maintenance (external repair and decoration) from a cycle of 5 years to 8 years. It has been suggested that we can now afford to potentially reverse this position and re-establish a 5-yearly programme. Although in theory the cost of a more frequent programme will increase, we also have to consider that the total maintenance requirement will reduce as we continue with window, door and uPVC facias and soffits that do not require painting. We will therefore seek to improve our planned maintenance cycle based on current affordability levels.

4. Welfare Reform

4.1 An emerging Housing Services Welfare Reform Strategy sets out actions over the next 12 to 24 months for effectively managing the changes contained in the Government’s Welfare Reform programme.

The purpose of the strategy is to mitigate the impact of the Welfare Reforms on Taunton Deane Borough Council Housing Services and its tenants. The strategy will provide a clear focus for our interventions and initiatives, all of which will be aimed at maximising our tenants’ income in order to help enable them to deal with the cuts in welfare benefits that many will face.

The strategy will focus on the achievement of the following objectives;

- To improve the information that we hold about our tenants to enable us to provide them with appropriate advice and support;
- To ensure tenants are claiming all of the benefits they are entitled to;
- To improve the money management skills of tenants;
- To help tenants resolve any debt problems they may have;
- To enhance tenant access to the internet;
- To enhance tenant access to bank accounts which allow payment of bills by direct debit;
- To help improve tenant access to low cost credit and opportunities for saving;
- To help in achieving affordable warmth for tenants;

- To assist tenants in moving to more affordable accommodation which better meets their household needs; and
- Invest in community development to improve opportunities for employment and skills for tenants.

However a potential impact of welfare reform on the business plan is that the level of financial hardship will increase in the community and therefore we may experience greater challenges in collecting rent with debt levels likely to increase. Of particular significance are proposals for Universal Credit to be paid direct to claimants rather than to social landlords as currently.

There are two issues to consider. Firstly that the Council's cash flow may slow down, which creates an additional risk for the General Fund in that there is potentially less money to invest, and for the HRA in that it benefits less from the return on Council wide investments. However at the current time with interest rates as they are the impact is thought to be minimal.

Secondly the amount of irrecoverable debt may increase leading to a higher level of write offs. Consequently it is proposed to increase the bad debt allowance in the HRA business plan from 0.5% to 2% for a period of three years, while the impact of welfare reform progresses. This situation will be kept under close review and further adjustments may be required.

Recommendation 5 – To increase allowance for bad debt in the HRA to 2% for a period of three years from 1 April 2013.

5. Right to Buy review and policy on use of additional receipts.

Below is an extract from the recent report to members on Right to Buy changes:-

“On 2 April 2012 Ministers raised the cap on Right to Buy discounts to £75,000, and confirmed that receipts from the additional sales this would generate would be used to fund replacement stock on a one-for-one basis. At the same time Ministers confirmed that their favoured option of delivering these new homes would be through local authorities retaining receipts to spend in their areas. In order for your authority to keep these additional receipts it will be necessary for it to enter into an agreement with the Secretary of State for Communities and Local Government.

In short the Secretary of State agrees to:

- Allow your authority to retain additional Right to Buy receipts to fund the provision of replacement stock; and*
- Allow your authority three years (from commencement of the agreement) to invest those receipts before asking for the money to be returned.*

It is worth emphasising that the agreement does not require a local authority to complete the building of any home within three years. All that is required is that the local authority should have incurred expenditure sufficient that Right to Buy receipts form no more than 30% of it.

In return your authority agrees

- i. That Right to Buy receipts will not make up more than 30% of total spend on replacement stock, and*
- ii. To return any unused receipts to the Secretary of State with interest.”*

Subsequently TDBC resolved to sign the agreement with Government. Under the agreement the Council will continue to receive the income it was expecting from RtB receipts and this income will continue to support the Council’s General Fund Capital Programme. However only the additional receipts the council will receive from this change in policy are the subject of the agreement.

A summary of the RtB position as at mid October is contained in the table below. For comparison purposes the number of applications received and completed RtB’s in the last 4 financial years are included:-

Year	Number of new applications received	Number of sales
2008/09	36	6
2009/10	22	7
2010/11	27	8
2011/12	31	11
2012/ to date (i.e. October 2012)	64	7

On this basis modelling has been undertaken for the additional receipts produced from the completion of a total of 18 properties in this financial year. This shows potential additional receipts in year 1 (2012-13) of approximately £600K. To meet the conditions of the Agreement and keep the additional income, the £600K would need to be matched with £1,400K of other resources such that total expenditure on affordable housing would reach £2M between April 2012 and March 2015. This is well within our current budgeted expenditure on new affordable housing between the GF and HRA. The table below is a refresh of our position in terms of monitoring the Right to Buy agreement described above to ensure we continue to be able to retain all of the additional RtB receipts.

2012/13 - 2014/15		
	Number of sales needed	
	3 Year period	Per year (average)
Level at which Retained Receipts start accumulating (ie after payments to government and Taunton Deane in lieu of previous pooling arrangements)	21	7
Level at which some Retained Receipts would need be returned to the Secretary of State (based on current target budgets and with an assumption that all grants to RSLs are matched with 70% of their own funding)	69	23

Note: This is based on an average receipt of £70.4k (based on sales to date in 2012/13)

Recommendation 6 - It is proposed that the additional RtB receipts are ring-fenced and allocated to a separate budget code. Subsequently proposals will be brought to members to make decisions on how they are allocated i.e. either to traditional housing enabling projects or to development within the HRA, on the basis of the ongoing project need and spending the receipts within the restrictions of the above mentioned Agreement.

6. Staffing

6.1 Development Team staffing

In order to deliver the projects identified above additional resource will be required to lead on the HRA's development activities. An incremental approach is suggested as our development (in the widest sense) aspirations grow.

1. Housing Enabling. The current part time post holder will increase hours by one day per week from 3 to 4 on a temporary basis. The HRA will pay for 2 days of this officers time to work on site development, the remaining two days will be committed to ongoing regeneration projects. This will be funded from the Social Housing Development Fund.

2. Housing Development Projects Lead (Sustainable Energy). A temporary post (18 months) will be recruited to lead on the project outlined above and also progress other related projects in the HRA including Solar PV, and evaluation of new energy efficient technologies in our properties for example, Air Source Heat Pumps. This post will be funded from the Sustainable Energy Fund.

3. Housing Development Projects Lead. An additional post will be recruited to bring forward some of the capital projects with new allocated resource described above. In practice projects will ultimately be handed to the property team to oversee to practical completion. This post will also shadow the work of the current Housing Enabling Lead and in time start to get involved in new house building by way of succession planning. This post will be funded by the exceptional extensive and environmental improvements budgets.

4. Development Manager. In time as we fully understand the work involved in delivering the new investments planned within the business plan and the Council's wider regeneration plans become clearer, it is proposed to create a senior manager position to oversee all development activity, and potentially draw together the above posts to create a small development team. It is therefore thought prudent to plan for some additional expenditure within the business plan for this post and some administrative support for this new team. It is therefore suggested an additional salaries allocation of £70K is made in the business plan.

6.2 Repairs Line

The Repairs Line service is open to TDBC housing tenants to report repairs required from 8.30am to 5pm Mon to Thurs and 8.30am to 4.30pm Friday (the service is open a total of 42 hours across a potential of 5 telephone lines). Originally the service was staffed by 3.7 FTE but due to staff becoming part time (due to retirement and childcare) and the movement of one member of staff to another team the service has lost the equivalent of 26 hours of staffing. This reduction has led to significant difficulty in providing sufficient cover to meet demand, especially in times of staff absence or at busy periods. It is proposed to restore staffing levels by the 26 hours lost (increasing the hours of an existing part timer and offering a three day week post as a new position). This will ensure that staffing levels are returned to the original 3.7 FTE. The additional cost of this proposal is £15K.

6.3 Staffing budget.

Due to some pension corrections there are salary savings of 30K in next year's planned budget. The additional staffing requirement outlined above adds a potential additional £85K salaries costs. Therefore taking these two factors together the net impact on salaries in the revenue budget is an additional £55K.

Recommendation 7 – To agree the outlined approach to additional staffing to support the Business Plan objectives and a consequent increase in revenue staffing costs of £55K.

7. IT Improvement

Taunton Deane Housing use four business critical software applications (Academy, Codeman, Abrisas, SAP). As part of the DLO transformation the DLO will replace their aged software system known as Cosy. This will involve certain changes to Academy (housing management system) due to existing interfaces (links between the two programmes and SAP). We recognise that we will need to invest in Academy so that it can respond to needs of the business over the next 10 years, making a true step change e.g. mobile working and better access to our services online. We also need to consider a fully integrated replacement for our Codeman (stock condition database). We anticipate requiring around 3 years to complete this programme of works. Approximate total one off costs £500k and £33k ongoing. We currently have a revenue budget of £39k and a capital budget of £15k.

8. Other Financial Adjustments

8.1 Inflation Adjustment

Retail Price Index (RPI) inflation, on which the annual uplift of rental income is calculated, has been falling in recent months and has reduced substantially from 5.6% in September 2011 to 2.6% in September 2012. Therefore it would be prudent to reduce the level of inflation included within the model from 3.5% to 2.5%. The impact of this is a reduction in both the annual expected increase in rent, and also the annual expected increase in expenditure

8.2 Interest Rate Saving

Due to better interest rates than modelled at the point of the transaction there are additional savings in the Business Plan of £0.936m saving in year 1, total £4.4m saving in years 1-5. Appendix section 3 contains a full profile of savings. Advice received from the Council's Treasury Management Advisors - Arling Close is that it is not advisable to use interest savings at this time to pay of any debt capital.

The difference in interest rate on the loans has also affected the forecasted investment income on the HRA reserve balance, and a lower rate than budgeted is likely to be received in year 1. This means that although a saving of £0.936m has been achieved through the interest payable on the loans, this has been offset by the reduction in interest received and the overall net saving is £0.817m. A lower investment income rate was budgeted from year 2 and so this will not impact on future years.

Initial projections on the first phase of sites for the Social Housing Development Fund indicate that we can build 26 units at an approximate cost of £3.4M. In the first 4 years of the plan we have agreed an allocation of £2.3M, leaving a potential deficit of £1.1M, and this is prior to considering Phase 2 developments. In practice we will not spend the

exact amount in any given year that has currently been budgeted, it is therefore suggested that a process of managing this situation is agreed.

Recommendation 8. To agree that any surplus Social Housing Development Fund budget remaining at the end of any financial year be allocated to a new “Social Housing Development Fund” earmarked HRA reserve.

9.0 Finance Comments

The table below illustrates the impact of the changes outlined above on the HRA business plan. This table uses the measures of in year cash flow and impact on the HRA reserve balance at year 30. Each key change identified in this report has been modelled and its impact (either positive or negative) has been identified on both cash flow and 30 year reserve position. This shows that if all the recommendations of the report are agreed the Council still has a viable and healthy business plan.

Based on the current set of policies and business plan assumptions, and the proposals as part of this years review, the financial projections identify cash flow surpluses in the first ten years of the Plan period. This will be subject to the actual financial performance of the HRA and outcomes related to these assumptions, and also subject to future risks and uncertainty. However, it remains evident that the HRA is likely to generate significant cash surpluses over the long term. It is proposed to establish a principle that surplus resources are added to the Social Housing Development Fund, where prudent, to support further affordable housing provision. This is seen as a more sensible alternative to building excessive balances in the HRA reserve.

Recommendation 9. To agree the principle that surplus cash resources within the HRA are allocated to the new Social Housing Development Fund Reserve at the end of each financial year, where prudent.

Table to show variables identified in report and their impact on cash flow and reserve position.

	Cash Flow - At Cost (at 2012/13 prices)															Impact on Business Plan Reserve Balance at 2041/42	Business Plan Reserve at 2041/42		
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yrs 11-15	Yrs 16-20	Yrs 21-25	Yrs 26- 30	Total				
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s			£000s	
Contributing Items																			251,973.0
Interest rate savings	817.0	936.1	875.3	875.3	784.1	719.4	633.8	577.4	519.6	469.6	1,475.6	159.2	-	-	8,842.4		14,181.6		
Stock investment and data cleanse	-	-	-	-	-	-	775.9	4,334.1	4,334.1	1,576.4	2,122.3	4,353.9	(2,772.4)	(960.2)	13,764.1		26,824.3		
Total	817.0	936.1	875.3	875.3	784.1	719.4	1,409.7	4,911.5	4,853.7	2,046.0	3,597.9	4,513.1	(2,772.4)	(960.2)	22,606.5		41,005.9		292,978.9
Additional Costs																			
Allowance for bad debt	-	(346.0)	(343.0)	(341.0)	-	-	-	-	-	-	-	-	-	-	(1,030.0)		(1,872.2)		
Extension of properties	-	(160.0)	(160.0)	(160.0)	(160.0)	(160.0)	(160.0)	(160.0)	(160.0)	(160.0)	(800.0)	(800.0)	(800.0)	(800.0)	(4,640.0)		(9,372.1)		
Staffing	-	(55.0)	(55.0)	(55.0)	(55.0)	(55.0)	(55.0)	(55.0)	(55.0)	(55.0)	(275.0)	(275.0)	(275.0)	(275.0)	(1,595.0)		(3,112.7)		
IT improvement	-	(200.0)	(200.0)	(100.0)	-	-	-	-	-	-	-	-	-	-	(500.0)		(912.1)		
Disabled Facilities and Aids and Adaptations	-	(25.0)	(51.3)	(78.8)	(107.8)	(138.1)	(170.0)	(203.6)	(238.7)	(275.7)	(1,378.3)	(1,378.3)	(1,378.3)	(1,378.3)	(6,802.2)		(13,916.8)		
Inflation adjustment	-	152.0	325.0	281.0	227.0	25.0	(431.0)	(661.0)	(718.0)	(791.0)	(3,542.0)	(3,158.0)	(3,494.0)	(3,675.0)	(15,460.0)		(18,281.6)		
Total	-	(634.0)	(484.3)	(453.8)	(95.8)	(328.1)	(816.0)	(1,079.6)	(1,171.7)	(1,281.7)	(5,995.3)	(5,611.3)	(5,947.3)	(6,128.3)	(30,027.2)		(47,467.5)		245,511.5
Update stock numbers and void rate																	(3,080.4)		242,431.1
Net Cash Flow Variance - in year	817.0	302.1	391.0	421.5	688.3	391.3	593.7	3,831.9	3,682.0	764.3	(2,397.4)	(1,098.2)	(8,719.7)	(7,088.5)	(7,420.7)				
Net Cash Flow Variance - cumulative	817.0	1,119.1	1,510.1	1,931.6	2,619.9	3,011.2	3,604.9	7,436.8	11,118.8	11,883.1	9,485.7	8,387.5	(332.2)	(7,420.7)	(7,420.7)				

10. Legal Comments

10.1 TBC

11. Links to Corporate Aims

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

The business plan is structured around four new housing strategic objectives:

1. *Securing a long term future for our housing service.*

- This means continuing to invest in the management of the housing stock to ensure it meets tenants' needs, who should be at the heart of decision making

2. *Tackling deprivation and sustainable community development*

- This means taking action so that disadvantaged communities will have better access to local housing services, training and employment, continuing our support for a range of vulnerable people

3. *Investing in our housing stock, regeneration and affordable housing*

- This means investing in our existing stock to deliver a standard that meets the needs of the stock and local aspirations. It also means planning and successfully managing the regeneration of our housing estates and communities, providing homes that cater for the needs of an expanding and diverse population within communities that people are proud of

4. *Climate change*

- This means taking action to reduce carbon emissions across our housing stock through our investment planning, service delivery, partnership and community action to address climate change and reduce fuel poverty

12. Environmental Implications

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

13. Community Safety Implications

- 13.1** Community safety is incorporated in the strategic priority for Housing Services and the business plan has been created to have positive implications for community safety. Housing Services aims to take action so that disadvantaged communities will have better access to local housing services, training and employment. Housing Services also aims to continue its support for a range of vulnerable people and to tackle crime and fear of crime through reducing anti-social behaviour.

14. Equalities Impact

An Equalities Impact Assessment was included in the HRA Business Plan 2012 – 2042. This has been reviewed and an updated version is attached as Appendix 4

15. Risk Management

In creating this report advice has been received from the Council's Treasury Management advisors concerning in particular how our interest savings should be viewed against our ongoing debt position, and this advice has been incorporated into the recommendations in this report. In addition we have continued to work with Savills in particular in relation to our asset management data, to ensure we are fully considering the risk management issues concerning property investment.

16. Recommendations

Recommendation 1 -To uplift Disabled Facilities Grant and Aids and Adaptations budget by 5 % for the next ten years pending the outcome of the needs analysis.

Recommendation 2 - To create a new improvements budget of £160K per year which would be used to fund approximately 4 two storey extensions per year.

Recommendation 3: To explore extending the reach of the current Social Housing Development Fund by utilising some of the borrowing headroom towards funding for housing development.

Recommendation 4 – To approve the interim development policy at Appendix 2.

Recommendation 5 – To increase allowance for bad debt in the HRA to 2% for a period of three years from 1 April 2013.

Recommendation 6 - It is proposed that the additional RtB receipts are ring-fenced and allocated to a separate budget code. Subsequently proposals will be brought to members to make decisions on how they are allocated i.e. either to traditional housing enabling projects or to development within the HRA, on the basis of the ongoing project need and spending the receipts within the restrictions of the above mentioned Agreement.

Recommendation 7 – To agree the outlined approach to additional staffing to support the Business Plan objectives and a consequent increase in revenue staffing costs of £55K.

Recommendation 8. To agree that any surplus Social Housing Development Fund budget remaining at the end of any financial year be allocated to a new “Social Housing Development Fund” ear marked HRA reserve.

Recommendation 9. To agree the principle that surplus cash resources within the HRA are allocated to the new Social Housing Development Fund Reserve at the end of each financial year, where prudent.

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CODEMAN DATABASE IMPROVEMENT

BACKGROUND

Following the preparation of our 30 Year Business Plan and consequent self-funding status there is a need to ensure that the data held within our Codeman property database is as accurate as possible and that the information is suitable as the basis for a 30 year programme of works to the Housing stock. Our database is Codeman, which runs alongside Academy, the Housing integrated management system, and is used as a database for stock, and a planning and costing tool for future maintenance and investment.

Preliminary checks have shown that there are some basic anomalies within the data regarding install dates of various components, defaulting to build date of the property. On running a position report this would show a larger backlog at the beginning of the programme than should actually be, thus front-loading the projected spend. Although the word backlog in this context means work that should already have been completed it doesn't necessarily follow that officers have not been working correctly; financial constraints affecting resources to do works, and tenant refusal for the works to take place are the two most common reasons.

Obvious components here would be kitchens (20years), bathrooms (30 years), and heating boilers (15 years). When using these parameters within an initial report 199 properties were identified as being within all three categories. As condition can play a major part in the suitability of a kitchen or bathroom it was decided to first concentrate on cleansing the boiler dates. This exercise encompassed some 500 properties within the database that have now been corrected and this has improved the 199 figure down to 166.

After the preparation of data for the 30 year Business Plan Savills were invited to undertake an independent verification of our data. Once completed, a challenge came back from Savills with a selection of specific anomalies suggesting that if these were repeated throughout the data then it could be inaccurate and of questionable quality, thus possibly affecting our projected figures. It was clear that there was a need to re-visit certain areas of the database and cleanse the information so that it properly aligned with the age and condition of attributes within properties as they were actually found to be. Not only would we need to improve the current data but we would need to have a strategy that would ensure up-to-date information continued to be collected.

The challenges came in the following main sets:-

SCHEDULE OF RATES AND LIFECYCLES

Window and door costs were considered too low, whilst bathroom and kitchen refurbishment costs were considered too high –

We have secured good rates from our partner procurement club Advantage South West, thus making windows and doors cheaper. When we improve kitchens and bathrooms we take the opportunity of improving all the relevant services and structural layout where possible, thus inflating the average cost above expectation.

SURVEY FORM DESIGN

Considered suitable for its purpose.

UNDERLYING DATA (DESK TOP EXERCISE)

Incorrect or missing data has created anomalies within the database thus creating an abnormally large backlog –

We have undertaken cleansing of the data at desk top to ensure its accuracy and avoid the data being dated to the default age of the property build date; thus avoiding issues such as 70 year old extract fans and the like.

UNDERLYING DATA (SITE INSPECTION)

Where the desk top exercise has identified anomalies and the correct information was not obvious then further site surveys have been undertaken. From April 1st to September 30th this year these total 1,528 externally and 1,063 internally; note these won't all be separate properties. We have taken the opportunity to complete full surveys where possible as these will all improve upon the statistical accuracy levels previously achieved.

THE 30 YEAR COSTS

Previous total costs of works per property were in the region of £17,200 over the 30 year period; this was considered to be too low.

All the above improvements, and others, when totalled give a more realistic cost per property of £21,060; much more in line with anticipated costs for a stock of this nature, though still on the low side when compared nationally.

Original information had been uploaded from the previous TDBC database and has been improved by officers visiting properties using Property Survey Forms and desktop verification exercises. The database was previously updated by information from completed works but thanks to improvements in software and the acquisition of some handheld hardware Housing Property Services professional staff now re-survey properties at each and every visit and upload to the database electronically on returning to the office.

Currently we carry out work, in one form or another, to more than 1500 properties per year which is 25% of the stock. Allowing for some duplication we would therefore anticipate revisiting a property for survey on average every 4 – 5 years.

DATA CLEANSE

We had a plan to initially check the data supporting the large backlog and to go for any quick-win items that might carry a large individual cost. We were aware that, as suggested above, Codeman will default to the property build date if the install date of an attribute were to be missing. Initial exploration suggested that boilers, roofs, kitchens and bathrooms were such items.

Desktop cleansing exercises were the first step by investigating existing data and ensuring it looked realistic and aligned with similar situations where anticipated. These exercises delivered results, primarily by concentrating on the following areas:-

- Boiler install dates were inserted on the database correctly where obvious errors showed that the system had defaulted to the property build date
- Update of Capital works and Major Voids ensuring an overlay of relevant replacement information from the last few years(exercise on manual input of hard copy surveys)
- Ensure DLO deliver Void Improvement information to assist with the above bullet point
- Entire roofs including RWGs and chimneys where these showed as “sore thumbs” failing notably early or remaining in good condition. Checking on condition, life expectancy, attribute and description correctness by external verification survey. (completed by end of June 2012)
- 10% underfelt check on the numbers of these roofs
- Boilers – data showing Combination boilers installed sometimes continue to show cylinders and/or storage heaters still present; these have been deleted to show only boiler installation as the cylinders or storage heaters are likely to have been from a previous installation but not deleted when the system was upgraded

Further improvements in completing surveys quickly and accurately came from involving more surveyors, be that existing staff or temporary, and the increased use of handheld hardware enabling direct electronic entry of gathered data. Correcting data details and inserting information where none existed has helped to marginally reduce the overall cost of works over the 30 year period. Observing the quality and condition of an attribute and replacing it on failure rather than pure lifecycle has further improved the backlog situation, though not materially affecting the ensuing 30 years as replacements will still be needed over the period of the Business Plan. Whatever backlog we have to accommodate will be absorbed within the spend profile for the general works, and is likely to be smoothed over the first five to ten years.

A further combined report on Kitchens, Bathrooms and Boilers was run again as a check to get a flavour of progress (see results table later).

Concurrently we have been gathering full property data of 200 properties in Halcon as part of a regeneration project. These have been internal and external surveys with all but 15 internal surveys being completed. These survey results have been fed directly into the Codeman database to further populate and enhance the overall accuracy.

The overall process has effectively enabled us to:-

- Ensure that the data is fully up-to-date and reflective of past work
- Ensure that the schedule of rates and life cycles are appropriate
- Ensure that any missing items from the schedule are included in reporting formats
- Ensure second replacement costs are calculated within the stock
- Deliver a fresh, stratified sample survey to a suitable number of properties (see VALIDATION below)

FUTURE CHECKS

Any of our properties that have suffered fire-damage in recent years are likely to have had a number of their attributes updated or renewed. There is a good opportunity here to ensure that these properties are visited for verification of correctness and completeness of attributes on the database.

In conjunction with our new Heating Servicing and Maintenance contractors (ALHCO) we shall be running a complete new register of boiler types and makes, and other main heating components, such as cylinders, within our stock. Armed with this information we shall concentrate on the addresses showing within the backlog works to ensure correctness and in particular any duplication of cylinder types. For example we have evidence that some properties are recorded with having not only traditional hot water cylinders but also electrically heated hot water storage vessels such as Fortic tanks. This exercise can be operated at a desk top with information gleaned from site.

A further combined full report check on out-of-date Kitchens, Bathrooms, and Boilers will be run, but this time including external doors with a view to closely check on any aluminium doors ready for replacement. We are aware of a number of them that are nearing the end of their lives, and this test should show us not only those that need replacing, but also those within a property that has a complete mixture of other attributes to improve; perhaps at the same time.

The internal pipework attribute is showing high numbers of age failure. There is a need to initially check properties older than 50 years to ensure that all domestic supplies are suitable. If not then replacement work will be done sooner rather than later. As the programme of work within the Business Plan continues we shall remove this attribute from future reporting as it is not considered a stand alone element. Rather than this we shall consider it as part of the replacement of a major element such as say a kitchen or bathroom replacement. Waste and soil pipework will be similarly treated.

Records from the window replacement contract currently being completed at Hilly Park will further improve the backlog position with firm up-to-date information on the windows element and the opportunity for surveyors to have full internal access enabling them to undertake a complete condition survey. The situation repeats itself now that we have just commenced re-roofing works in the same area.

Once the above main areas have been properly addressed we would expect that the data held will then be as good as it is going to be. What it won't cover however is any potential areas where data might not exist. In this case we shall run a final report based on gaps in attribute data, thus finally showing us any particular areas where surveys need to be concentrated next.

VALIDATION

The intention is to ensure a suitable spread of property size, type, age and construction within the validation surveys so that these can be safely considered as a reasonable representation of the entire stock. This will enable us to be comfortable with the results when comparing with the existing database information.

The Business Plan contains information in tabular form showing the number and location of various types of non-traditionally constructed dwellings. It was considered prudent to concentrate initial 100% validation surveys on the non-traditional stock with 10% random sample validation surveys on traditional stock within these areas, thus ensuring a suitable spread across the stock profile. There is also currently a full 100% survey being undertaken on the garage stock. All this work is being delivered by surveyors whilst visiting properties for other reasons, and two others dedicating their full time to it until completion. Data handling and future survey study work is being delivered by a dedicated full-time resource in-house to ensure that the data is, and remains to be, up-to-date and properly managed. We are also continuing to monitor and record work completed by the DLO in void properties and general maintenance where attributes are updated. This information will also be collated and uploaded to the database. Once suitable surveys have been completed, the new data will be cloned to the non-surveyed properties whilst taking into account any relevant repair or improvement work over the last few years.

We have run "before and after" comparison reports from Codeman with checks along the way and this has shown a reduction in the volume and cost of backlog work that was originally anticipated. What it has also demonstrated is a minimal move in overall spend in the next 30 years. If the data had been incorrect or inadequate before the checks then a more noticeable change in total spend might have been expected.

TECHNOLOGY

We are currently using PDAs to gather data but are already looking at improving the quality of these with larger screens to make surveys quicker and easier. This may be further enhanced by the use of electronic notepads or tablets.

PROJECTED SPEND PROFILE

A spend profile report has been prepared with detail including the reduced backlog and the first five years. These are displayed in separate annual columns with the remaining 25 years displayed in 5 year banding (see summary below). The figures contained in this are based not solely on the lifecycle of the various attributes but in addition on their condition. If an element is at the end of its theoretical life but is still showing as in good condition then its renewal date will be extended within the database to a more suitable replacement time.

It is likely, as time moves on and attributes fail, that we shall apply this basis across the range of attributes but keep those that are more connected with comfort, that is heating, kitchens and bathrooms, to their original lifecycle (the effect of this can be seen in the bottom line of the table below). This will be dependent on resources being available but we believe it will improve the stock and the quality of life for our tenants. In addition to this, although total cost of replacement will increase we would anticipate a concurrent reduction in some maintenance costs such as kitchen unit repairs.

Table showing change in Spend Profile as Data has improved

As we have worked through our database, improving it as we go, the “before and after” checks that we have performed have given us the results in the timeline set out below. The first four lines demonstrate a quite dramatic reduction in backlog, as described in the text, with little change in the overall costs; this was over the first year to 15 months of data improvement.

The bottom line shows a combination of effects that produce a change in spend throughout the 30 year period. Firstly pure life cycles were applied to the major comfort elements of heating, kitchens and bathrooms. In addition to this, to be absolutely sure of maximum accuracy, a thorough review of costings was undertaken. Changes were made to the costings to reflect, wherever possible, our actual contract rates procured either directly or via our purchasing consortium Advantage South West, rather than using guide or estimated costs. Examples of this might be where the original cost included in the plan for a plain clay tile roof was at £4,000, this has been modified up to £5,500. Similarly, the cost of external door replacement was increased, but it was also streamlined to a single cost which is that of a composite material door. This is the type of door that we regularly now use to replace other types of door (timber or uPVC). As such, the inclusion of costs for replacing timber or uPVC doors like for like would be incorrect. As can be seen, these two revisions have the effect of increasing the backlog and total costs, however, the costs still remains lower overall than the originals.

Date	Backlog £000s	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yrs 6- 10	Yrs 11-15	Yrs 16-20	Yrs 21-25	Yrs 26-30	Totals
16/05/11	21,294	495	514	626	2,219	1,697	14,347	14,997	26,770	11,426	18,399	112,782
02/04/12	19,607	655	682	2,172	1,681	1,393	13,256	17,286	21,989	13,855	19,953	112,530
22/06/12	18,566	687	739	2,217	1,731	1,629	13,647	17,289	22,101	14,055	20,190	112,852
10/08/12	13,272	790	912	2,419	1,718	2,208	14,362	17,439	22,876	14,767	21,216	111,979
05/10/12	Incl Yr 1	27,264	1,323	1,369	1,265	2,330	10,288	18,570	23,671	19,335	20,755	126,168

Some social landlords are currently investigating the possibility of further reducing the expected life of a kitchen to 15 years as this is probably the element with the hardest life and the one with the greatest impact when renewed. If we were to follow suit we would have a combined backlog and yr 1 cost of £28,161k, first 5 year total of £34,617k and a 30 yr total of £147,831k. We would again anticipate a further reduction in maintenance costs.

The spend profile for the next 5 years will inform us as to how to proceed with future works, and hence what type and size of improvement and maintenance contracts we have to deliver. This could mean that we need to concentrate on just one or a few elements in a large number of properties, for example external doors to 2000 dwellings. Similarly but conversely we might need to renew a number of attributes such as bathrooms, kitchens, heating, roofs and doors to just one or two estates. In reality it might appear likely that a mixture of these two situations will occur.

SUMMARY

Our CODEMAN database is at the centre of our plans for the Housing stock into the future and as such is at the centre of all we do. It is imperative that it is as robust as possible to ensure that there is no waste of resources in the delivery of the Housing Property Service. It has been demonstrated through challenge that the various facets of the data could be improved, and we have responded to this.

Because of the important position that the data holds we have taken the matter seriously and not only corrected data where it was incorrect, but improved the quality, removed duplication, corrected install dates, improved the manner in which data is collected and set a plan for its future that will ensure that it continues to be a reliable and timely source of information.

However, we are not complacent in this. We shall still continuously strive to improve the manner in which we collect information, taking every opportunity possible, and will also ensure that improvements in technology will provide us with a quicker and more accurate data collection

Social Housing Development Fund – Interim Development Policy

1.0 Introduction

Following reforms to housing finance and the move to self financing, the Council adopted a new 30 year Business Plan. This plan included creating a new fund to allow the Council to establish a modest new build programme. The intention of this programme is to “start small” and develop the skills and systems necessary as we go. House building will take place on small areas of land that the Council currently owns and the resultant properties will remain in Council ownership and be managed alongside the rest of the Council stock.

2.0 Site selection

2.1 Infill

Infill sites are mainly found on council housing estates built from the early 1960s through to the end of the 1970s when land was plentiful, when houses and blocks of flats were spaced out creating corners and triangles and leaving space for potential add ons.

There are several documents, each containing comprehensive information on land availability. These documents contain information on conveyance details and restrictive covenants etc.

- 1992 TDBC Land Terrier review relating to possible housing development sites.
- Housing Land Availability Summary.
- Housing Feasibility Schemes
- Public Open space and Playing Fields review.

2.2 Garages

The Council has an estate of some 1500 garages, in the past some have been sold, although this practice has now ceased. They are rented to tenants and some non tenants. There are currently approximately 106 garage locations and many of these locations contain several garage sites. Some garages are hard to let, many are used for storage of household items, and due to the size of modern motor vehicles many present challenges in being used for the purpose for which they were intended.

The majority of garages were constructed during the 1950s, 60s and 70s. The 1950/60 garages are mainly precast reinforced concrete (PRC) with asbestos (type) roof and situated in blocks behind estates and usually out of sight. The 1960/70 garages are mainly brick built with a flat roof. Many of these garages are either in blocks or constructed within the curtilage of the property, usually within sight of dwellings.

Some of the 1950/60s garage sites in particular present a good opportunity for regeneration into family homes and a local survey and viability study on each site will provide the necessary information to help form a view on the best way forward. Early consultation with the tenants is necessary to successfully clear the site and it is necessary to give each tenant two weeks notice.

2.3 Location

Equal attention will be given to both rural and urban areas for potential development sites, as it is acknowledged that there is significant need in urban areas, but also that a small development in a village perhaps accompanied by a local lettings policy could have the same or bigger proportionate impact as a larger development in a town location.

A key factor in site selection will also be local need for social housing, all site appraisals and any that come forward for viability approval will consider the local need in site selection and subsequent mix of property types on any proposed scheme. This assessment will be based on data relating to local Homefinder Somerset Bid histories on certain properties and ongoing need from current banding. This process will also be informed from the consultation processes outlined below.

3.0 Delivery

Until such time as the Council develops its own systems and expertise in this area, we will seek to engage the services of partner Housing Associations via the Housing Enabling Partnership, to provide development services. This gives the Council access to systems and experience and established relationships from these partner organisations, in order to expedite the delivery of new homes in the early years of the HRA Business Plan. This approach will be kept under review in terms of value for money and when the Council is able to undertake some of these roles itself. Meanwhile the Housing service will client Development Services arrangements as they are established.

4.0 Tenure

All new Council properties will be let at Social Rent levels and therefore will be consistent with the rest of the Council stock. Scheme viability will be modelled on the basis of social rent income.

Local lettings policies may be deployed for example in a rural / village location (ie tenants limited to certain villages a certain distance from the development).

5.0 Design

As a broad principle design of new properties will be traditional and be in keeping with the existing stock around the proposed site. The Council will utilise our RSL partner Design Guides and Property Specifications until such time as the Council is able to specify its own criteria. Equally the inclusion of appropriate Design

Standards for example “Building for Life” and “Secured by Design” will mirror the approach taken by RSL partners.

Traditional properties will be constructed to at least Code for Sustainable Homes -Level 4, the inclusion of additional renewable technologies and features will be considered on a case by case basis, depending on site specifics for example orientation and financial viability and suitability for social rented tenants.

6.0 Procurement

The Housing Service will work closely with the SW1 Procurement team to ensure that decisions are made in line with public sector procurement processes and any opportunities for adding value are explored. However as a general principle engaging a partner RSL to provide development services for the Council allows the Council to access public sector compliant procurement frameworks for aspects such as building contractors and architects in an efficient manner and with the confidence that these potential appointments are with organisations that have a proven track record in delivery.

Where appropriate other social factors will be incorporated into the investment that the HRA is making in new homes to benefit the local economy. For example opportunities to utilise local skills thereby sustaining and creating local jobs will be explored, along with the use of local suppliers. Issues will be evaluated on the basis of balancing local social / economic benefits with value for money and efficiency.

7.0 Resourcing

Each scheme will be presented for approval with a full financial appraisal undertaken. This will consider issues such as net present value of new properties, repayment of investment periods, income projections and repairs and maintenance expenditure. From factors such as these a clear picture can be developed to be fed into the decision making process about the financial business case for each proposed scheme. A standard report template will be used for this purpose.

8.0 Decision making

8.1 Resident / Local Consultation

At the point of early site identification and investigation, residents in the vicinity of a potential development site and any other individual or organisation that has been identified that may have an interest in the site, will be notified that the site is being considered in this context, so that they are aware if they see officers undertaking site assessment activities. Residents to be notified where possible will be consistent with the list of residents that would be consulted on any subsequent planning application.

If a site progresses to the next stage and site surveys in preparation for a planning application are to be undertaken then again these residents and parties will be notified accordingly. The next stage will be the statutory consultation undertaken as part of the planning process. In this way views and comments from residents and other interested parties can be considered throughout the process.

Ward Councillors and Parish Council's (if relevant) will also be consulted following the same broad process as outlined above.

8.2 Tenant Services Management Board (TSMB)

The TSMB be will appraised throughout the process, and receive the site specific reports for comment.

8.3 Sign Off

Each proposed scheme will be signed off, prior to planning applications being submitted by the Housing Portfolio Holder, this process will involve consultation with the Shadow Portfolio Holder. This method is preferred as it still allows for scrutiny should the decision be "called in" but means that decisions can be made quickly without holding up the inherently long process of bringing a site through to completion. The extent of the decision being made will include many of the factors outlined above such as the scheme going forward for planning consent, financial modelling, development mix style and broad layout. However the decision may also include factors such as approval for consequent demolitions, compensation and decanting arrangements and any additional investment required in infrastructure on estates to enable the development.

Comparison of Treasury portfolio interest costs 'as modelled' February 2012 with actual rates 28 March 2012:

Actual saving on interest charges (for debt settlement portfolio only):

Years 1-5		Years 6-10		Years 11-15		Years 16-20	
2012/13	£936,102	2017/18	£719,350	2022/23	£407,550	2027/28	£87,350
2013/14	£936,102	2018/19	£633,750	2023/24	£353,550	2028/29	£48,150
2014/15	£875,302	2019/20	£577,350	2024/25	£287,750	2029/30	£23,650
2015/16	£875,302	2020/21	£519,600	2025/26	£238,550	2030/31	
2016/17	£784,102	2021/22	£469,550	2026/27	£188,150	2031/32	
Total each 5 years	£4,406,910		£2,919,600		£1,475,550		£159,150
Cumulative total	£4,406,910		£7,326,510		£8,802,060		£8,961,210

Summary of portfolio:			
Type	Principal	Period (yrs)	Rate 26.3.12
Variable	2,000,000	2	0.60%
Variable	3,000,000	4	0.60%
Fixed	2,698,000	5	1.24%
Fixed	4,000,000	6	1.50%
Fixed	3,000,000	7	1.76%
Fixed	3,500,000	8	1.99%
Fixed	3,500,000	9	2.21%
Fixed	5,000,000	10	2.40%
Fixed	5,000,000	11	2.56%
Fixed	7,000,000	12	2.70%
Fixed	6,000,000	13	2.82%
Fixed	7,000,000	14	2.92%
Fixed	16,000,000	15	3.01%
Fixed	7,000,000	16	3.08%
Fixed	5,000,000	17	3.15%
Fixed	5,500,000	18	3.21%
	£85,198,000		

Equality Impact Assessment

Responsible person	<i>James Barrah</i>	Job Title: Health and Housing Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	√
	Budget/Financial decision – MTFP	√
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Taunton Deane Borough Council (TDBC) Review of Housing Revenue Account (HRA) Business Plan 2012 – 42	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	<p>The strategic objectives of the business plan are to:</p> <ol style="list-style-type: none"> 1. Securing a long term future for our housing service; <ul style="list-style-type: none"> • This means continuing to invest in the management of the housing stock to ensure it meets tenants’ needs, who should be at the heart of decision making. 2. Tackling deprivation and sustainable community development; <ul style="list-style-type: none"> • This means taking action so that disadvantaged communities will have better access to local housing services, training and employment, continuing our support for a range of vulnerable people. 	

	<p>3. Investing in our housing stock, regeneration and affordable housing; and</p> <ul style="list-style-type: none"> • This means investing in our existing stock to deliver a standard that meets the needs of the stock and local aspirations. It also means planning and successfully managing the regeneration of our housing estates and communities, providing homes that cater for the needs of an expanding and diverse population within communities that people are proud of. <p>4. Climate change.</p> <ul style="list-style-type: none"> • This means taking action to reduce carbon emissions across our housing stock through our investment planning, service delivery, partnership and community action
<p>Which protected groups are targeted by the policy/decision/service?</p>	<p>Taunton Deane Borough Council's HRA housing stock comprises of approximately 6,000 rented homes, with a further 372 leasehold properties. In addition, the Council also manages two private leasehold schemes for the elderly. Housing services are designed to ensure they meet the needs of wide ranging customer base. As such the HRA Business Plan 2012 – 2042 is targeted at all the protected groups including: Age; Disability; Gender Reassignment; Pregnancy and Maternity; Race; Religion or belief; Sex; and Sexual Orientation; Marriage and civil partnerships.</p>

<p>What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....</p>	<p>Data:</p> <ol style="list-style-type: none"> 1. Major changes in national housing finance, welfare benefits reform and housing policy – 2011 and 2012; 2. Values and priorities reflected in the Council’s corporate strategy, which were developed following community consultation with TDBC residents – 2010; 3. Strategic Housing Market Assessment which gives a detailed picture of the future housing required for people who choose to live and work in the area. <p>Engagement:</p> <ol style="list-style-type: none"> 1. Consultation with residents and stakeholders which included regular meetings with the Tenant Services Management Board during 2011 and 2012 and building on wider consultation with tenants, staff, members and other stakeholders - 2011
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Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality

The Department for Communities and Local Government’s initial screening (which included an analysis of responses to national consultation) of the reform of council housing finance for race, disability and gender equality concludes that it does not believe that any specific equalities impacts will arise.

In terms of Taunton Deane Borough Council’s HRA Business Plan 2012 – 42 the impact on protected groups, whether potential negative impacts or opportunities to positively advance equality, are detailed as follows:

Age: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.
Elderly tenants will benefit from the overall investment in the council’s housing stock. Any improvements in energy efficiency would help to protect elderly and vulnerable from fuel poverty.
Any reduction and or loss of funding to help vulnerable people with housing related support needs will lead to a reduction in people’s independence which will in turn increase their need for other services.

Communications on any complex changes may disproportionately worry tenants in sheltered housing. Any proposed re-development of the housing stock could potentially have a negative impact on a specific group of tenants, depending upon the location. For example: The redevelopment of land locking sheltered housing accommodation.

Disability: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

Disabled tenants will benefit from the overall investment in the council's housing stock. Some disabled tenants will particularly benefit from the provision of disabled adaptations and Disabled Facilities Grants to council housing. The proposal to uplift Disabled Facilities Grant and Aids and Adaptations budget by 5% for the next ten years pending the outcome of needs analysis will allow further resources to be targeted to help this specific group.

Gender Reassignment: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

People will benefit from the overall investment in council housing. There is not expected to be any particular negative impact on this specific group.

Pregnancy and maternity: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

Within the business plan there is potential for investment in better quality and additional family housing, with a proposal to create a new improvements budget to fund extensions to properties, thus easing overcrowding. There is not expected to be any particular negative impact on this specific group.

Race: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

People will benefit from the overall investment in council housing. Wider tenant participation and engagement will increase the proportion of tenants providing feedback to inform service improvements.

Any proposed re-development of the housing stock could potentially have a negative impact on a specific group of tenants, depending

upon the location.

Communication about the business plan may not fully reach those for whom English is not their first language. For example: Requiring decant of households away from established community groups.

Religion or belief: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

People will benefit from the overall investment in council housing. Developing and supporting staff to deliver excellent services will ensure appropriate and sensitive services are delivered to the religious or belief requirements of tenants.

Any proposed re-development of the housing stock could potentially have a negative impact on a specific group of tenants, depending upon the location. For example: Requiring decant of households away from religious community.

Sex: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

People will benefit from the overall investment in council housing.

Sexual Orientation: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

People will benefit from the overall investment in council housing. Investment in community development will ensure information about various initiatives is accessible so that people can benefit from such services. People experiencing alarm, distress and harassment will benefit from investment being made into developing excellent services which are community inclusive.

Marriage and civil partnerships: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

There is not expected to be any particular positive impact on this specific group. There is not expected to be any particular negative impact on this specific group.

Currently the service collects data on seven strands of equality, However, the service would benefit from a better understanding of

service take up by all service users. This information can then be provided to management so that they can have a clear picture of need, and therefore take appropriate action to plan services.

I have concluded that there is/should be:

No major change - no adverse equality impact identified	
Adjust the policy/decision/service	Actions will be identified that will help mitigate the impacts identified above. These are contained in the action table of the Business Plan.
Continue with the policy/decision/service	
Stop and remove the policy/decision/service	

Reasons and documentation to support conclusions

The engagement activity shows that there will be impacts. Actions will be put in place to limit the impacts as much as possible.

Section four – Implementation – timescale for implementation

Housing Revenue Account Business Plan 2012 -2042 effective from April 2012 involving ongoing monitoring and controlling of impacts.

Section Five – Sign off

Responsible officer: James Barrah
Date

Management Team
Date

Section six – Publication and monitoring

Published on

Next review date

Date logged on Covalent