

Taunton Deane Borough Council

Tenant Services Management Board – 25 January 2016

Housing Revenue Account Business Plan Review

Report of the HRA Business Plan Review Project Manager

(This matter is the responsibility of the Executive Member, Councillor Terry Beale)

1 Executive Summary

This report updates the Tenant Services Management Board on the progress of the Housing Revenue Account (HRA) Business Plan Review.

It includes a discussion paper, outlining key points for discussion.

2 Background

- 2.1 The Business Plan contains the aims and objectives for the HRA and was first put in place in 2012. Annual reviews have since been reported to Members and tenants.
- 2.2 Since 2012 there have been a number of changes, both internal to the Council, and external. A comprehensive review is now needed to ensure that the HRA continues to meet the needs of tenants within the financial constraints.
- 2.3 The Business Plan Review will include:
 - Refreshing and reviewing the baseline financial position, including a health check of the stock investment data.
 - Undertaking sensitivity and stress testing of the business plan to support the modelling of future decision making in areas such as rent policy, major works programme, housing development pipeline and regeneration projects, changes in Government policy and demographic changes ahead.
 - Reviewing the Business Plan priorities and objectives.
 - Updating the Business Plan document, financial modelling and debt profiling.
 - The development of a new Asset Management Plan to set a refreshed course based on the performance of our existing stock.
 - A Development Strategy that will provide the future direction for new build volumes set against the regeneration of our non-traditional stock.
- 2.4 Savills have been appointed to provide external support and challenge for this work.
- 2.5 The Business Plan Review will refresh the priorities of the HRA and financial position over a new 30 year period – from 2016/17 through to 2045/46.

3 Discussion Paper

- 3.1 A discussion paper written by Savills in conjunction with Officers, is included in

Appendix A.

- 3.2 It contains details of the updated financial position, performance against the Business Plan priorities, and proposals for new objectives and an updated action plan.
- 3.3 It also includes key areas of discussion for Tenant Services Management Board. These discussions will further inform the direction of the Business Plan Review.
- 3.4 The key discussion points are summarised as follows:
 - 1) What should be the core business of the housing service, and are the priorities in the draft action plan appropriate to deliver this?
 - 2) What priority should be given to improving the customer experience of housing services, and which are the most effective and efficient actions to achieve this?
 - 3) How should limited financial resources be prioritised to support sustainable investment in each of:
 - Capital spend – investment in existing stock
 - New build programme
 - Revenue spend - including wider community priorities
 - 4) Should we consider products that are closer to the market such as Intermediate or Affordable rent in order to generate additional income?
 - 5) What is the council's appetite for repaying or increasing its debt?

4 **Recommendation**

- 4.1 Tenant Services Management Board is asked to discuss and comment on the discussion points raised.

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Housing Revenue Account Business Plan 2016 – 2046

Discussion paper for members – January 2016



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1. Executive Summary

The business plan is produced to set out the Council's overall aims and objectives for the housing service, as a landlord for nearly 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. When finalised it will reflect consultation carried out with tenants, members and wider stakeholders. It provides a framework for monitoring and evaluating progress in delivering the plan.

In developing a draft business plan for members to consider, officers will be guided by members' overarching financial priorities for the HRA and their vision for where the housing service sits in the context of the wider council and social housing provision more generally.

This discussion paper will help to explore these priorities and the Council's vision for its housing. It sets out the broad financial and contextual matters that will inform the new business plan, along with some discussion points that arise from those matters. Section 2, Strategic Context, sets out the issues that will influence the business plan, at a national, regional and local level. This includes how changes in national housing and welfare policy could impact on the Council's capacity and priorities for its housing service. It also includes an overview of the Council's housing stock, recent lettings, and factors that can influence future demand.

Section 3, Service Delivery, describes the way in which the service is currently provided and provides some comparative information on current service performance. It also comments on delivery of the priorities for action set out in the 2012 business plan.

Section 4, Resources, describes the baseline financial position for the Housing Revenue Account and the headline options for how that financial capacity can be managed.

Section 5, Draft Action Plan, presents a proposed action plan for the housing service for three years from 2016. Actions are grouped around performance of housing services, support for the most vulnerable, and investment in new and existing properties.

Section 6 summarises the four key points for discussion and decision. It is intended that the priorities articulated in relation to these discussion points will guide further work on the 2016-46 business plan.

2. Introduction

2.1. Introduction

The business plan is produced to set out the Council's overall aims and objectives for the housing service, as a landlord for nearly 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.

In developing a draft business plan for members to consider, officers will be guided by members' overarching financial priorities for the HRA and their vision for where the housing service sits in the context of the wider council and social housing provision more generally.

This discussion paper will help to explore these priorities and vision. It sets out the broad financial and contextual matters that will inform the new business plan, along with some discussion points that arise from those matters.

2.2. 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.

2.3. How will the plan be put together?

Officers have developed a base line financial position which enables a series of options to be presented to members as to how future resources can be directed.

A series of consultation events will be planned 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.

2.4. What key decisions will inform how the plan is put together?

Key decisions which will inform how the plan is put together include those made around:

- Decisions around 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 residents 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.

3. Strategic context

In this section we set out the issues that will influence the business plan, at a national, regional and local level. This includes how changes in national housing and welfare policy could impact on the Council's capacity and priorities for its housing service. It also includes an overview of the Council's housing stock, recent lettings, and factors that can influence future demand.

3.1. National context

3.1.1. National Housing Policy

A raft of new policies covering rent, asset management, tenure and welfare will be implemented over the next few years. 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 Bill and the Housing and Planning Bill, include

- Reductions in social housing rents
- Voluntary extension of Right to Buy to housing associations
- Levy on high value council homes, and a duty to consider sales of these homes
- Pay to Stay
- The 'National Living Wage'
- The replacement of 'lifetime' secure tenancies with 2-5 year fixed terms
- Reductions in the Benefit Cap
- Reclassification of housing associations as public non-financial corporations, and associated reductions in regulation introduced in pursuit of a reversal of this classification
- Restriction of housing benefit for council and housing association tenants to no more than Local Housing Allowance (LHA) levels
- Refocusing of government capital funding for housing onto properties for home ownership.

Some of these announcements will have major implications for the Homes and Communities Agency's (HCA)'s role in the regulation and funding of housing associations, as well as for the activities of housing associations themselves. Consequently they have implications for the Council in considering how it can best meet housing need in its area, working with partners in this changing environment.

It is difficult to model the cumulative impact of all these policies on the HRA business plan, but it is clear that the impact will be significant.

3.1.2. Social housing sector trends

It is becoming more difficult for housing associations 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 November 2015 confirmed a very significant shift towards low cost home ownership (starter homes, shared ownership) with only very small elements of grant available to support new rented sub market housing.

Local authorities are 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. Many housing associations already 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.

Social landlords are developing asset management strategies which include three key elements: **stock investment** to maintain homes to a standard to meet tenants needs and regulatory requirements; **active asset management** to improve or replace properties that have poor social, economic or environmental performance, because of low demand or high cost and either improving them or replacing them properties which meet improved standards; **supporting wider objectives** such as new development or supporting wider community activities.

Social landlords are reviewing service and investment standards in the light of rent cuts. Early indications are that landlords are keen to protect surpluses in order to continue to fund new development, and that many are seeking 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 and the consequent risks to lettings and income collection.

3.2. 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 JMASS.

3.2.1. Description of housing stock

Taunton Deane Borough Council's housing stock comprises 5790 rented homes, with a further 377 leasehold properties. The Council also manages two private leasehold schemes for the elderly. The housing service also owns and manages 1436 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 23% is of non-traditional construction. It will be important to consider what pressures arise from this picture, and whether it will cater appropriately for future need.

The Council could see the number of homes in their ownership steadily reducing because of the Right to Buy and High 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.

3.2.2. Tenant 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. 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.

3.2.3. Trends in recent lettings

Some early observations of patterns in lettings indicate a possible need for better projection of the profile of demand for social housing over the longer term and exploration of demand for other tenures. It appears that the number of applicants for social housing in the district has reduced with changes in the criteria, and the proportion in the bronze category (i.e. lower need) being homed is rising. This is something that would need further investigation. In addition, fewer older people are applying for social housing than the population profile might suggest. These facts are too headline for conclusions to be drawn. The trend has emerged since introduction of the policy requiring people on the housing register to renew their application every 12 months, along with the need for a connection to the local area being required for lettings from outside the county. It is not presently clear whether social or administrative factors are at the root. Further analysis will be undertaken to understand these patterns and their significance and to ensure that any responses, if required, are appropriate.

3.2.4. Future demand for housing

Taunton Deane's Strategic Housing Market Assessment (SHMA) will be updated in April/May 2016. The new SHMA may 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 national average, and demand for homes may increase as Hinkley Point C comes on stream. Suitability and perhaps desirability will be relevant for housing provision alongside affordability.

3.3. Observations

Given changes in national policy and social landlord behaviours, and the profile of tenants/stock, trends in lettings and indicators of possible future demand, the council will need to be clear where it wants to position its housing provision – in terms of intended occupant profile, tenure and price points.

External drivers suggest that the council could position itself as the backstop provider of housing and associated services for the most vulnerable, as these groups come under increasing pressure and other service providers begin to move away from them?

If the Council were minded to do so, it could grow 'commercial' streams, for example providing services on a commissioned basis or pursuing housing activities that are closer to the market (such as development and management of market rent or shared ownership housing). These streams could allow the council to cater for a wider range of housing needs and generate some additional resources for reinvestment in housing services. While Council's have the powers to engage in these types of activity, there may also be benefits from working in the partnerships with others, both in terms of the sharing or risk and reward.

4. Delivery of Business Plan priorities 2012-15

4.1. Business plan priorities 2012

The priority objectives in the existing HRA business plan are:

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

There have been some big external changes since the business plan was prepared. Financial pressures have affected expenditure choices. While the level of 2042 projected reserves under the 2012 plan provides a buffer to manage emerging resource demands, maintaining a sustainable reserves balance under the 2016 plan means making choices about the amount and balance of expenditure on revenue services, investment in existing or new homes, and repayment of debt. As capacity to set future priorities will be more constrained by finances, considering performance against recent business plan priorities can help to understand and order what might come next.

Delivery of the business plan priorities has been reviewed. Although non-financial priorities have not been given the same reporting visibility as financial ones, 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 programme, that will provide 80 new homes that are either already completed, or that will be handed over imminently, and a strong pipeline of future development.

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 Childrens Centre and organised activities and volunteering.

The One Team model has been cited as best practice by a number of organisations including Somerset County Council's 'Early Help Board' and the Somerset Safety Partnership, and is being replicated across the region. 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.

4.2. Housing services performance

There are solid areas of good performance over the last three years – income collection, ASB resolution and the response to Welfare Reform in particular. There are some areas where performance is persistently below internal targets and may benefit from an improvement focus, for example emergency repairs and void relet 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. This shows that a performance culture can be embedded and deliver results but needs to be maintained.

This year has seen performance slipping in rent arrears and non-urgent repairs. There is an opportunity with the business plan review to review performance drivers within the service and consider whether the impetus and delivery of performance management can improve the focus on customer focussed services.

4.3. 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.

4.4. Tenant involvement

The Tenant Services Management Board (TSMB) has been established as a forum for regular scrutiny of performance and consultation on proposals. Increasingly officers have had to take complex and challenging issues to TSMB, which may be affecting volunteer tenants' experience of the board as well as placing undue demands on their capacity. 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. In coming months it may be beneficial to involve the TSMB more in problem solving which could help to make a more positive experience for members of the board and promote their wider understanding of how the service operates.

4.5. Moving towards 2016 Business Plan priorities

In line with the current Business Plan objectives, attention has recently been focused on:

- Care and support service delivery reviews
- Review and action for non-traditional properties
- Welfare reform management
- Data management
- Compliance with legal and regulatory requirements.

Consideration of local and national context, alongside a review of performance against the current Business Plan, shows the following areas emerging as priorities for action:

- Supply of new homes to replace stock lost through Right to Buy and High Value Sales, to sustain the number of homes available for social rent
- Strengthening the culture and practice of customer focus to improve customer experience and satisfaction
- Consciously becoming the local backstop provider of housing for the most vulnerable, and growing provision of wider services to these groups
- Refining engagement with tenants and residents to increase input of local knowledge and priorities to inform services
- Increasing the efficiency and effectiveness of work processes and practices to maximise impact of increasingly squeezed resources
- Maximising benefits for the Council and resident from current multi agency working through “One Team” approach.

In light of the changed environment for the new Business Plan we are suggesting three new strategic objectives of:

- High performing customer focused housing services
- Supporting the most vulnerable
- Investment in existing and new properties

These objectives have been used to populate a new draft action plan, included in section 5.

5. Resources

5.1. Introduction

This section describes the baseline financial position for the Housing Revenue Account and the headline options for how that 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 £87.2m additional debt 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 but this has not required a major rethink of financial priorities. The national policy context is about to change significantly, however, and these changes will place pressure on revenue and capital aspects of the business plan as well as on overall stock numbers in management. 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.

Members will need to refresh the 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.

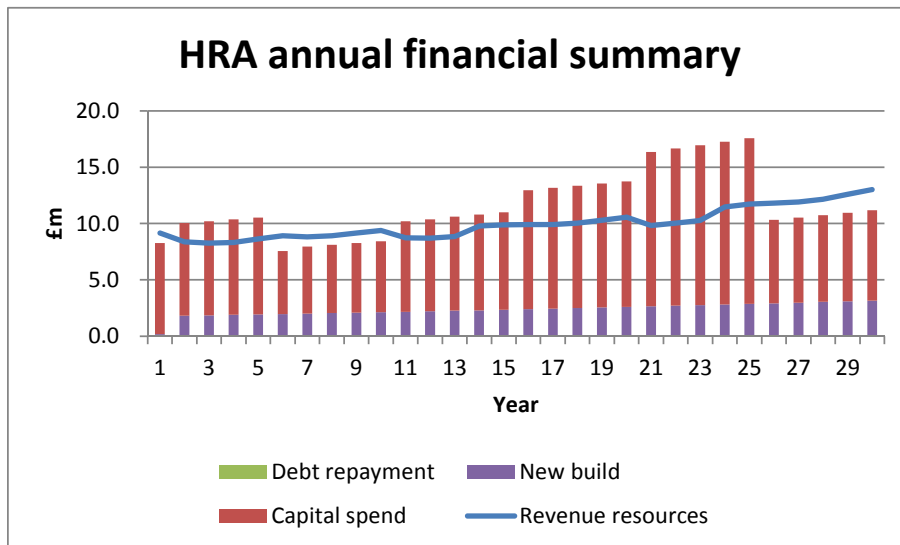
5.2. Baseline financial position for Taunton Deane

Financial modelling is used to illustrate the level of resources that could be available and costs that are affordable to the Council. It provides options for the Council to consider in balancing priorities between investment in homes and services, and repayment of debt and management of reserves. New national policies put pressures on council income and assets that were not present in the previous plan, and so the figures and strategic approach modelled is different from the approach taken in the 2012 business plan.

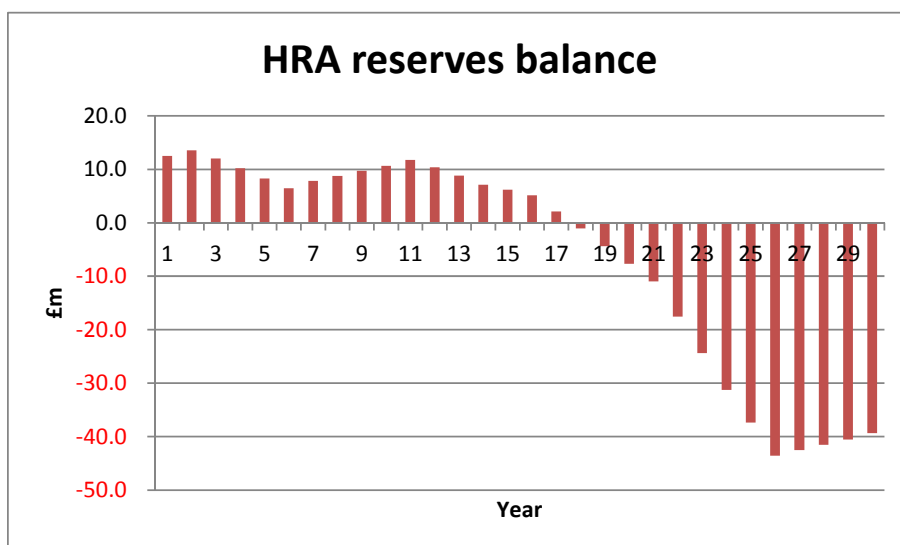
The baseline financial position assumes delivery of a capital programme for investment in existing stock, based on current estimates of investment need, continued funding of services at current levels, and a programme of new build development providing 20 new homes a year, to balance the stock lost from Right to Buy sales.

If debt were to be repaid as planned, the business plan would not be able to support the delivery of the desired capital programme and new build programme. The business plan would become unviable from year 5. Therefore the working assumption used is that debt remains static at its opening level (£105.9m) which means that the Council refinances each time debt is repayable. Existing planned increases in 2017/18 for the current new build programme (increasing debt to £109.4m) are still included. This maintains debt well below the overall HRA borrowing limit set by government of £115.8m preserving borrowing "headroom" of £6.4m throughout the life of the business plan.

This produces a baseline financial position as illustrated below:



- **HRA annual financial summary** – shows the annual level of projected revenue resources generated from the housing (blue line) compared to the projected expenditure on the capital programme, new build development and debt repayment.



- **HRA reserves balance** – shows the running balance of HRA reserves at the start of each year, with changes due to the annual surpluses or deficits as shown in the HRA annual financial summary.

This shows that even with this adjustment to refinance debt at current levels, the differences between revenue generated and capital spend cannot be accommodated by use of reserves beyond year 15 of the business plan. Including current expectations for revenue expenditure on services and capital expenditure on existing and new homes would exhaust reserves and lead to an unsustainable position beyond year 15.

However a viable financial plan can be created and choices need to be made to achieve this.

Options to achieve viability include reducing:

- Capital spend
- Revenue costs
- New build programme

We will also need to decide on the level and timing of debt repayment we wish to make, and which is affordable alongside other priorities and based on treasury management advice.

5.3. Capital spend

The plan includes estimates for expenditure based on a desk top review by Savills of the data in the current asset management database, alongside additional allowance based on information provided by the Council. This provides for investment in existing homes to maintain current standards, along side environmental improvements, sustainable energy interventions and disabled aids and adaptations based on current budgets. This provides for a high level of capital expenditure, which averages £38,000 per property, excluding inflation.

A new stock condition survey is underway and this will provide robust data which the Council can use to review the investment standard moving away from standard allowances and contingencies to a programme of more targeted investment. An evaluation of the performance of all assets will also be undertaken. The modelling is intended to inform an investment strategy based on an active asset management approach where the Council seeks to make investment decisions based on the financial performance of the stock, alongside a measure of social return reflecting factors important to residents, in a way that strengthens the Business Plan and contributes to meeting the Council's social housing objectives.

As an example, a 15% reduction in the total capital programme, would save £41.6m, an average of £1.4m pa. This would produce a financial position which is just about financially viable, with only a small deficit in reserves shown in years 26 & 27.

5.4. Revenue costs

Revenue costs include management costs, revenue repairs, voids and interest payable on borrowing.

Another option would be to explore the scope for reductions in revenue costs, for example to match the reductions in rental income from the government's July 2015 budget. While reductions in revenue costs would increase resources to spend on capital priorities, this would need to be balanced by consideration of the impact on current service priorities.

Total revenue costs are forecast to be some £12m in year 1, broadly rising in line with inflation. A 10% reduction in revenue costs from year 1 would reduce 30 year costs by £45.3m, an average of £1.5m pa.

This presents a position which again is just about financially viable, with only a small deficit in reserves shown in year 26.

5.5. New build programme

The baseline business plan includes an assumption for 20 new homes a year. This enables the council's stock to remain relatively static, despite an expectation of continued stock loss from Right to Buy (RTB). A reduction in new build, for example from year 10 of the plan, would provide for an improved cash position and reduce the need for cuts in capital investment in existing stock, or in services, but would mean that at that point the Council is in a position of managed decline in terms of stock numbers.

5.6. Conclusions for producing a balanced position

The reality is that in order to deliver a position where the reserves balance is in surplus in all years of the plan is likely to require some reductions in each of these areas if the Council is to balance its priorities. Reducing only one area (by a manageable amount) just about achieves viability but leaves the plan very vulnerable to future income shocks or negative variations against forecast expenditure.

The council will now need to determine where reductions in planned expenditure should be made to enable creation of a viable business plan. To make this decision, clarity will be needed on how to balance priorities for expenditure on revenue services, existing stock, new stock and debt.

5.7. Sensitivities

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 proposals for high value council housing sales.
- High value sales – the policy is uncertain, and though some compensation is likely it is hard to predict the level and impact. Similarly there are RTB uncertainties. 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 Government policy. 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.

The council will need to determine how cautious it wishes to be in anticipation of sensitivities that may materialise, in particular the high value properties levy and future rent setting beyond 2020.

6. Draft Action Plan

The following table sets out suggested operational and strategic priorities for the housing service from 2016 onwards. It includes relevant actions remaining from the 2012 plan as well as newly emerging priorities identified in the initial stages of the Business Plan review. It will be further informed by consideration of the key discussion points in this document.

Priorities are grouped under three headings that cover: revenue-funded activities, capital-funded activities and support for the most vulnerable groups. Specific objectives to describe these groupings will be developed shortly.

Objective one: High performing customer focused housing services

Priority	Activity/Resources required	By when	Lead Officer	Measure of success
1.1 Strengthen tenant participation and empowerment	<ul style="list-style-type: none"> ▪ Support Tenant Services Management Board to identify service improvement areas and to inform service areas being reviewed or reformed ▪ Develop involvement in One Team areas from informative to consultative, with a focus on cross-tenure working ▪ Review how stakeholders hold the housing service to account 			<ul style="list-style-type: none"> ▪ Tenant satisfaction with service and involvement stabilises ▪ Increased knowledge of tenant and resident opinions/preferences available and used to inform service provision
1.2 Sustain quality of services to leaseholders	<ul style="list-style-type: none"> ▪ Set staff performance targets and undertake satisfaction checks to ensure recent performance improvements are maintained 			<ul style="list-style-type: none"> ▪ Leaseholder satisfaction remains at or above 2015 levels
1.3 Maximise capacity of revenue services	<ul style="list-style-type: none"> ▪ Ensure staffing skills and structures maximise ability to collect income as changes to rents and benefits are rolled out ▪ Maximise leverage of housing resources, and secure additional funds, to support delivery of local public policy goals for Council tenants 	2017		<ul style="list-style-type: none"> ▪ Income collection holds steady or increases as external policy reforms are implemented ▪ Income collection performance moves to 1st quartile ▪ Increased contribution to public policy goals without increasing demands on rental income

Priority	Activity/Resources required	By when	Lead Officer	Measure of success
1.4 Improve procedures and provision/use of IT	<ul style="list-style-type: none"> ▪ Revise procedures and process maps for Property Services to improve work planning and create consistency of approach ▪ Integrate the DLO into Property Services ▪ Embed and monitor processes for generating and managing compliance data ▪ Ensure software is available and used to support work processes in Property Services ▪ Review software used in Housing Services to ensure effective interfaces and support for customer self-help and mobile working 			<ul style="list-style-type: none"> ▪ Staff work more efficiently and effectively to provide quality services ▪ Compliance with statutory/regulatory requirements achieved and transparently reported
1.5 Reduce costs of staff accommodation and improve level of service provided	<ul style="list-style-type: none"> ▪ Review where and how staff work, to maximise capacity for mobile working and home working 			<ul style="list-style-type: none"> ▪ Cost of accommodating staff reduced ▪ Outputs from staff activity increased ▪ Increased customer satisfaction with staff contact and responsiveness
1.6 Improve performance management practices	<ul style="list-style-type: none"> ▪ Review approaches to performance management across Housing and Property Services ▪ Establish consistency in staff understanding of priorities and expectations ▪ Establish directorate-wide culture of proactive performance management, supported by appropriate tools 			<ul style="list-style-type: none"> ▪ Performance improved across priority areas ▪ Tenant satisfaction increased

Objective two: Supporting the most vulnerable

Priority	Activity/Resources required	By when	Lead Officer	Measure of success
2.1 Deliver quality housing-related support services	<ul style="list-style-type: none"> ▪ Implement the supported housing review of service and support charges ▪ Explore opportunities to fund and provide housing-related health and social care services that align with local priorities ▪ Develop modern sheltered housing standard that covers properties and services to ensure future schemes remain attractive to residents 			<ul style="list-style-type: none"> ▪ Tenant satisfaction at least sustained ▪ Voids reduced and demand for sheltered housing sustained ▪ Moves to residential care reduced ▪ Deliver targeted housing support to those that need it within a financial viable service plan. ▪ Expansion of services that cater for tenants' health and social care needs
2.2 Offer tenancies that cater for the most excluded whilst operating within the statutory framework	<ul style="list-style-type: none"> ▪ Implement policy for use of Introductory Tenancies ▪ Develop procedures to issue and review Flexible Tenancies ▪ Scope and explore provision of housing services to cater for single people under 35 years old 			<ul style="list-style-type: none"> ▪ Comply with new legal requirements for granting tenancies ▪ Accommodation continues to be provided to benefit dependent U35s beyond 2016-18
2.3 Make best use of properties and funds to support people who need adapted homes	<ul style="list-style-type: none"> ▪ Improve the lettings process for adapted properties – develop a register of adapted property ▪ Improve understanding of trends in DFG expenditure, with a focus on need and customer identification 			<ul style="list-style-type: none"> ▪ Appropriate tenant profile and reduced voids for adapted properties ▪ Budget for DFG expenditure matches need and affordability ▪ Explore widest range of options for tenants who need physical adaptations including options for alternative more suitable accommodation.

Priority	Activity/Resources required	By when	Lead Officer	Measure of success
2.4 Deepen understanding of local housing need	<ul style="list-style-type: none"> Review and enhance knowledge of local housing need and how different types of household could be catered for 			<ul style="list-style-type: none"> Service and development planning is informed makes reference to local knowledge

Objective three: Investment in existing and new properties

Priority	Activity/Resources required	By when	Lead Officer	Measure of success
3.1 Improve availability and use of information on housing stock	<ul style="list-style-type: none"> Develop processes for maintaining up to date data with information from the 2016 stock condition survey as a baseline Undertake review of sheltered housing stock quality, performance and viability Review policy and procedures for health and safety compliance. 			<ul style="list-style-type: none"> Data on stock components and ownership accurate on a 'live' basis Performance of sheltered stock understood and used to inform management/investment Health and Safety compliance supported by full and robust data
3.2 Manage housing stock investment and ownership to make efficient use of HRA resources	<ul style="list-style-type: none"> Establish and deliver new investment strategy (capital and revenue) Develop strategy for compliance with the national High Value Sales policy Evaluate the financial and social performance of the existing stock and use this information to inform an active asset management strategy Monitor impact on lettings and satisfaction as well as financial performance 			<ul style="list-style-type: none"> Negative impact of High Value Sales policy is minimised Value for money of investment decisions is demonstrated based on financial and social return Investment expenditure is reduced without downward pressure on lettings and satisfaction performance

Priority	Activity/Resources required	By when	Lead Officer	Measure of success
3.3 Develop a regeneration strategy to part redevelop/part refurbish the Council's Woolaway homes.	<ul style="list-style-type: none"> ▪ Understand the investment needs of the stock and the regeneration opportunities and constraints ▪ Use this information to develop a refurbishment plan where value for money can be demonstrated and a redevelopment plan where this can demonstrate improved outcomes. 			<ul style="list-style-type: none"> ▪ Woolaway properties that remain are invested in to provide a long term life. ▪ Redevelopment provides additional homes for existing and new residents.
3.4 Improve energy efficiency of the worst performing stock	<ul style="list-style-type: none"> ▪ Target capital investment where the impact on SAP/fuel poverty and asset performance will be greatest ▪ Introduce an energy supplier switching service for tenants ▪ Review return on investment from recent Sustainable Energy Contingency Fund expenditure ▪ Identify clear targeted plans for future expenditure – moving away from a contingency provision. 			<ul style="list-style-type: none"> ▪ Reduction in fuel poverty ▪ Reduced fuel costs for tenants ▪ Increase in financial/social performance of stock
3.5 Deliver a Value for Money repair and maintenance service	<ul style="list-style-type: none"> ▪ Review repairs service performance and develop an improvement plan ▪ Implement improvement plan, with associated focus on customer service 			<ul style="list-style-type: none"> ▪ Tenant satisfaction with repairs services increases ▪ Performance against internal KPIs routinely achieved ▪ Performance moves to 1st or 2nd quartile

Priority	Activity/Resources required	By when	Lead Officer	Measure of success
3.6 Establish a development strategy that aims to sustain social housing rented stock in Taunton Deane to meet identified demand and explore need for additional mixed tenure development	<ul style="list-style-type: none"> ▪ Establish and implement development strategy ▪ Explore joint working and risk sharing on development with housing associations or other partners ▪ Develop a strategy to maximise retention and reinvestment of receipts from High Value Sales in new housing and Right to Buy receipts 			<ul style="list-style-type: none"> ▪ Number of homes in Council ownership meets identified demand

Discussion of this paper, in particular of the four key points in Section 6 below, will help to establish whether the priorities and activities suggested in the draft action plan are an appropriate response to Taunton Deane Borough Council's operating context, operational and performance issues, and strategic ambitions.

7. Summary of points for discussion and decision

7.1. Development of final plan

The business plan will be signed off in June 2016. There are several opportunities to discuss and refine proposals for financial and operational priorities between January and May 2016. Development of the plan will be based on work undertaken by officers, supported by Savills, which started in September 2015. Key dates are:

- Jan/Feb 2016 - Agreement of baseline financial position to inform 2016/17 budgets and inform members review of priorities
- April/May 2016 - Updated business plan, and development strategy
- June 2016 – updated asset management strategy and investment programme
- September 2016 - Sheltered housing review

The discussions are taking place at a time when the HRA faces substantial financial pressure, and when the profile of housing need and provision in the borough appears to be shifting. Discussions will help to develop a plan that is financially viable over 30 years, caters appropriately for local housing need, and provides an appropriate level of service for existing tenants. It will set the strategic direction for the Council's housing service as well as its immediate operational priorities.

Four key discussion points are presented below to aid consideration of this paper.

7.2. Discussion points

- 1) What should be the core business of the housing service, and are the priorities in the draft action plan appropriate to deliver this?
(Paragraphs 3.3 and 4.5)
- 2) What priority should be given to improving the customer experience of housing services, and which are the most effective and efficient actions to achieve this?
- 3) How should limited financial resources be prioritised to support sustainable investment in each of: (Section 5)
 - Capital spend – investment in existing stock
 - New build programme
 - Revenue spend - including wider community priorities
- 4) Should we consider products that are closer to the market such as Intermediate or Affordable rent in order to generate additional income?
- 5) What is the council's appetite for repaying or increasing its debt?