

HRA BP Review 2015. Specification for consultancy.

A. 1st Phase – Indicative time period September 2015 to November 2015

1. Establishment of baseline financial position to include:

- Review of business plan financial model
- Review of functionality of the model and robustness of calculations
- Review and update of all inputs
- Review Void property expenditure and comment on suitability of average void cost of £2.5k per property in our context.
- Review management costs to progress decisions regarding whether additional (temporary posts) in relation to activities such as money advice and One Team input become permanent commitments.
- Review emerging impact of budget announcements on financial position, and any implications in terms of management costs.

2. Explore flexibilities and constraints:

- Set out the key features of the current regulatory and financial framework within which the HRA is required to operate, highlighting the opportunities and constraints in particular around asset acquisitions/disposals, capital investment and borrowing

3. Sensitivities and stress testing to model options for future decision making

- Rent policy options
- Provision of additional or different services eg employment skills development, lifeskills, health support etc
- Working with TDBC Treasury Management service to explore re profiling of loan portfolio to release cash earlier.
- Capital programme for major works to existing housing
- Debt increases or reductions
- New development, acquisition or disposal of housing arising from the regeneration programmes
- Test various quantum and profile of investment in non-traditional property regeneration
- Options for use of right to buy receipts
- Profile impact on recharges of reduced staff headcount in General Fund transferring greater organisational running costs to the HRA.
- Comment on the Council's HRA Governance and make recommendations as to how potential greater risks and pressures in the Business Plan can be monitored and mitigated by enhanced Governance arrangements.

4. Healthcheck of Codeman stock condition data to include

- A desktop review of the Codeman database to : -
 - Review the existing data collection set up and comment on any areas not covered
 - Review progress with increased coverage of survey data since last review.
 - Review the existing schedules of rates, and comment accordingly
 - Review the existing life cycles and comment accordingly
 - Using the raw data check for elemental population and frequency of replacement in line with life cycles and actual work completed and comment accordingly
 - Review works contracts in place and planned and comment on fit with stock data.

5. Refresh business plan progress and priorities

- Review of progress against previous objectives
- Workshop with staff to carry out - SWOT analysis of current service and plans
- Incorporation of feedback from other tenant survey/feedback conducted by TDBC or from STAR surveys.
- Review of available information on demand and commentary on implications for HRA stock
- Assess projected demographic and health demand data to consider niche supported housing opportunities e.g. dementia support.
- Review of current service performance and whether this needs adaptation to reflect strategic priorities
- Development of business plan narrative
- Update action plan
- Identification of key risks and establishment of risk management plan
- Workshop with members to present financial model and options for expenditure priorities over the short/medium/long term
- Presentation of key messages to Tenant Services Management board and incorporation of feedback from them to inform priorities

B. 2nd Phase – Indicative time period November 2015 to February 2016

Arising from the business plan review are likely to be several significant activities including

Asset Performance and new Strategy

- Review the financial and social sustainability of assets in order to inform long term asset management plans.

- Assessment of financial performance based on the net present value of the operating cashflows of the assets, alongside a review of social sustainability linked to business plan objectives and other core data.
- High level review of open market values and market rents used to inform strategies around disposal and tenure conversion as options to improve asset performance.
- Assess potential risks associated with current right to buy proposals relating to the sale of high value local authority assets.
- Make recommendations as to how assets could be managed at a portfolio and local level including identifying candidates for options appraisal to improve business plan cashflows, address void issues and support regeneration plans.
- Draft new Asset Management Strategy that targets investment in existing assets where it will add maximum value both financially, and against the Council's housing objectives.

Development strategy

- Review Development progress to date in particular assumptions used to determine business case for developments and contribution of new builds to HRA.
- Assess and challenge drivers for new build programme.
- Identification of opportunity areas/sites based on key drivers such as market evidence, asset performance, planning policy
- Review evidence for different housing products in terms of tenure, unit type and size in light of local housing need and changing demographic picture.
- Make recommendations for where and what we should be developing.
- Assess extent of investment required to address regeneration of non traditional portfolio and comment on emerging plans for initially tackling Woolaway properties and make recommendations on extent of investment required to address this class of property and staff team necessary to deliver
- Based on the first phase review make recommendations on the volume of investment possible and timing of investment to inform pipeline
- Consideration of procurement and delivery options
- Assess viability of additional investment in further sustainable energy initiatives, in particular further roll out of Solar P.V. and External Wall Insulation of suitable property.

In addition to investigate options for a Council owned company or similar special purchase vehicle. The purpose of this work would be to:

- Review and confirm the rationale for looking to set up such a vehicle – in particular what are the potential benefits it could offer compared to existing delivery options?
- Illustrate the nature and scale of housing and financial benefits it could offer the Council, in the context of a typical housing development project.
- Outline the alternative options for the structure and funding of such a vehicle, and the main steps which would need to be taken to implement the proposals, including the likely timescales, costs and risks.

Supported housing review

Development of future Sheltered and Extra Care housing strategy to include

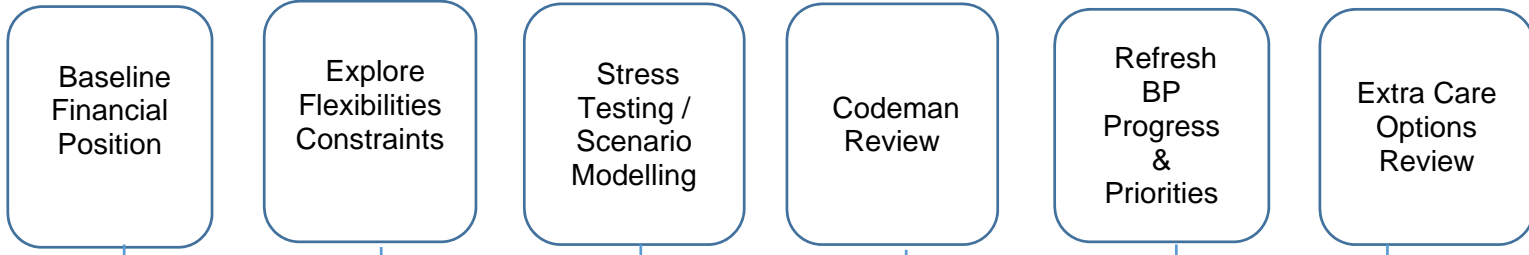
- Review of current sheltered housing stock to assess financial viability and capacity to meet identified needs now and in the future is appropriate for modern standards, and to support Council decision making
- Review the current physical environment offer of our Supported Housing stock and comment on its suitability against modern standards, and propose a potential new property standard that we could apply to our stock.
- Carry out an assessment of the suitability of stock against current and potential future improved standards, with recommendations for its future use, options including:
 - Refurbishment
 - Remodelling
 - Change of tenure or use
 - Additional provision for Extra Care
 - Disposal
 - Demolition / Regeneration

C. General

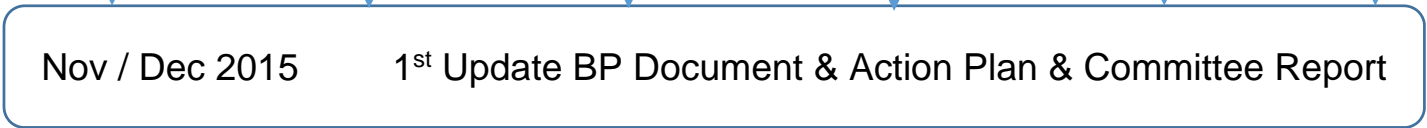
- Assist in planning suitable resident and stakeholder consultation activities and events concerning BP priorities. (Actual events will be delivered by TDBC staff).
- Support key decision making therefore plan to present at four evening committee meetings (two each for 1st and 2nd phase reporting).

TDBC HRA Business Plan Review

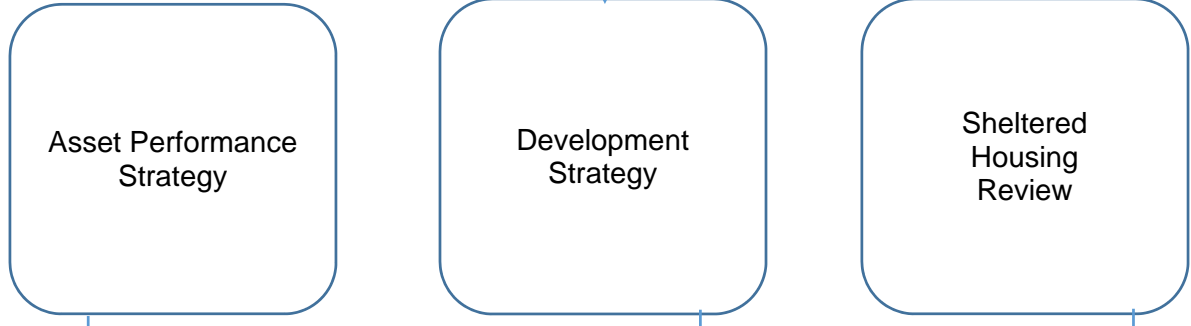
1st Phase



Budget Setting



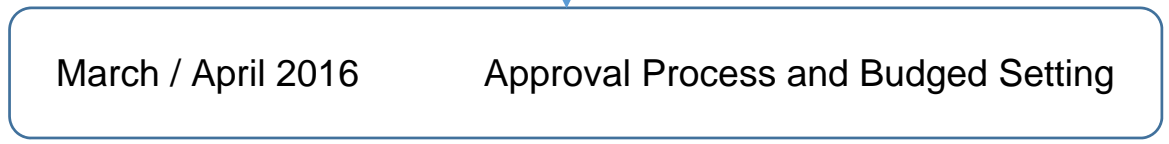
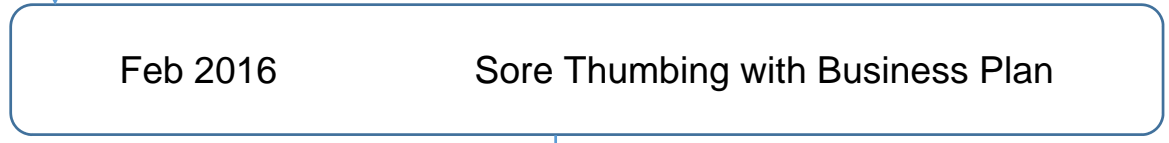
2nd Phase



Informs

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CONSULTATION

