Appendix 8

HRA Business Plan Executive Summary

The HRA Business Plan shows how the HRA assets are managed and maintained over the longer term (30 years), and what action is required in the short and medium term to ensure that the position is improved. The Business Plan enables the Council to plan for future housing policies, and to understand their financial implications.

There are challenges to the HRA Business Plan in the first three years. This is due to a number of factors: the introduction of Universal Credit has demonstrated in the pilot Boroughs where it has already been implemented, that rent collection is more difficult, and has led to an increase in arrears of rent. In addition, every borough needs to assess the cost of addition fire protection work, in the light of the fire at Grenfell Tower.

After the early years, the current HRA Business Plan demonstrates that over the forecast 30 years of the Plan, the HRA can fund its current planned expenditure requirements. This is based upon £107.2m of rent and other income at 2018/19, falling next year and rising after 2019/20 if the Government delivers on its promised rent policy of rent increases of CPI + 1% after the current period of rent reduction. Management and maintenance costs will rise by inflation in 2018/19 but are set to require services absorb inflation for the next three years thereafter. The Business Plan then assumes that pay and inflation rise by 3% after that. This generates a net revenue surplus, which after meeting interest costs of £10.06m a year for the life of the Plan can fund the current stock investment, estate renewal and new build requirements.

There are other potential challenges in that a new Stock Condition Survey is being carried out with new information about the stock available in March 2018. This may show a greater need for stock investment requirement than is currently provided.

The Business Plan assumes that there is no additional borrowing undertaken (as the current level of borrowing is at the Government defined cap) but also assumes that there is no provision for reduction of debt. It is assumed that no external grant is received, either for stock investment or for new build. Provision for stock investment is set in the region of £50.72m for 2018/19, and then falls to £30m a year in 2022, after the completion of the Decent Homes Programme. A programme of new build is funded from the HRA for the life of the plan; it fluctuates in the first year in line with anticipated pipeline schemes, and then is estimated at £20m a year from 2020 onwards. As this new build programme is funded almost entirely from restricted capital receipts, there is no point in reducing this programme. Restricted capital receipts not spent have to be returned to Government with interest.

Estate Regeneration is also funded in the HRA Business Plan at an indicative level of £13.25m in 2018/19 and £6m a year thereafter. With this level of expenditure, cash balances remain adequate during the early period of stock investment activity, and when the Decent Homes Programme is complete, start to rise from 2021/22 onwards. There are therefore investment opportunities after 2023 but it is anticipated that the condition of the stock will require at least this level of resources. Some of the resources within the HRA Business Plan are restricted in their use – the RTB receipts that have been generated in line with the Government's agreement on one for one replacement of homes. In addition, consideration should be given to the level of debt which is sustainable, given the regular loss of properties, which are not being replaced within the HRA.

Barking and Dagenham Housing Revenue Account Business Plan

2018 - 2048

1. Introduction

The Council adopted its first Housing Revenue Acount Business Plan in March 2012, in preparation for the introduction of the new financial regime, Self Financing, in April 2012, and has updated the Plan in the light of changes in legislation and local strategies since that date. This version of the Business Plan updates the Plan once more, and sets out the current position of the Council's housing stock. There are a number of new initiatives in the structure and plans of the Council which will have an impact on the Business Plan; the new Plan takes these into account.

Context

2.1 Barking & Dagenham Corporate Plan

The Barking & Dagenham Corporate Plan sets out an expectation that the Borough will grow. From a population of 164,000 in 2001 the population has grown to an estimated 201,979 in 2015, and is expected to grow further to an estimated 220,000 by 2020. This population is young, rapidly growing and increasingly diverse. But in many areas, the Council is at the bottom of the London league – in unemployment, in qualitications and in earnings. The Council expects, and intends to change this. One of the Council's principles, set out in the Plan is that the housing offer in the borough will reflect London's diversity, with widening housing choice to include social housing for rent, affordable sub market rent, seeking to maintain a well regulated private rented sector, and increased opportunities for households to access home ownership. The Council seeks to shape the Borough into a place that people choose to live in.

The Council's housing stock comprises 23.3% of the homes in Barking & Dagenham, and the HRA has a role to play in supporting the development of first steps home ownership products, intermediate rented housing and delivering new homes at a range of different price points.

The Corporate Plan also sets out the Council's ambition to provide excellent cost-effective services. The Council wants to maximise income, and use it well. These aspirations are an important part of the HRA Business Plan, to ensure that resources are spent wisely, and that the financial performance of the Council's assets supports this aim.

The Council wants to see more geographically balanced and mixed communities, and will be developing homes appropriate to the different areas of the borough through its new housing policies. In areas where concentrations of Council housing currently exist, the Council will be introducing a range of mixed tenure options where housing of different rent levels and ownership types will provide a more mixed community and vice versa.

2.2 Barking & Dagenham Housing Strategy

Barking and Dagenham's current Housing Strategy was written in 2012, and expires in 2017. The overall context remains relevant, but many of the plans set out in the Housing Strategy are well underway, and some have been completed. The four major priorities in the Housing Strategy 2012 are:

Objective 1: Delivering social and economic regeneration through building high quality homes and thriving communities

Objective 2: Investing in new council homes and establishing new ways to deliver affordable housing

Objective 3: Good quality services

Objective 4: Sustainable communities

These objectives remain relevant to the refreshed HRA Business Plan as overall objectives, but new plans to deliver these objectives are required. A new Housing Strategy will be developed in 2018, using a new evidence base.

The structure of the Council has completely changed since the last Business Plan was approved in February 2017. The Council now has unified service blocks delivering the functions of Asset Management for all the Council's buildings in one place – My Place; and one service block delivering key services to people – Community Solutions. The Council's regeneration and growth will be delivered by an arm's length company, Be First. The maintenance of the HRA assets will therefore be undertaken by My Place, and the fees for this service recharged to the HRA. Community Solutions will deliver services relating to tenancy support, debt advice and antisocial behaviour in Council homes, recharged to the HRA in the same way. These services will be monitored by a Commissioning Unit, within the Inclusive Growth Department.

<u>History of Self Financing and what has changed since</u>

A new financial regime for Council housing was introduced in April 2012. Instead of a national housing subsidy system, each local authority took on a portion of the national housing debt, and in return received new financial freedoms to retain rental surpluses and plan their spending on a 30-year basis.

The London Borough of Barking and Dagenham settlement in April 2012 was that it had to take on additional debt of £265.912m with an opening stock level of 18,894 properties. This represented an average debt per property of £14,074. Following the reduction in stock because of the Right to Buy, and the additional borrowing the average debt per property is now £16,992.

Factors which have changed since the introduction of Self Financing, which have had a significant impact on the Plan are (a) changes to the Right to Buy discount and (b) Rent Policy

3.1 Right to Buy Discount

On 2nd April 2012, The Government raised the Right to Buy discount, which was limited to £36,000 in London to a maximum of first, £75,000 and subsequently on 25th March 2013 to £100,000. Sales under the Right to Buy which had fallen began to increase rapidly, and this caused significant changes to the level of sales that each local authority had been predicting. In Barking and Dagenham, the sales rose from 97 sales in the year before the change to an estimated 220 sales a year going forward. The Government recognised that this would have a detrimental impact on Local Authority's Business Plans, and offered local authorities a "deal" which consisted of a complex formula for sharing the receipts on the increased Right to Buy sales, over above those that had originally been forecast at the start of the Self-Financing regime. This formula allowed Local authorities to take a fixed administration fee on sales, and then share the receipts between a portion attributable to the debt of the property sold, which was retained by the local authority, and then the remainder shared between the local authority and the Government, on condition that the local authority used the receipts towards to the cost of building new homes. Local authorities were given the freedom to use the portion of the RTB receipt which related to debt. The Council is not required to repay the debt. The portion that had to be used for new homes was allowed only to contribute towards 30% of the cost of each new home, and to be spent within 3 years of receipt. Barking and Dagenham have received £16.897m in RTB receipts under this agreement up to September 2017, and have spent £5.189m to date. By the end of 2017/18 it is anticipated that there will be £28.186m RTB receipts remaining to be used. The deadline for using these capital receipts is staggered, depending upon the quarter in which each sale was completed.

3.2 Rent Policy

Government policy on rents has changed twice since the introduction of Self Financing with serious consequences to the finances of the HRA Business Plan. Barking and Dagenham have ended up with low rents, which cannot now be raised, as the Government has now taken direct control of rent policy.

On 8 July 2015, the Government announced that they would require social landlords to reduce their rent by 1% a year for four years, thus cutting the Housing benefit bill. The change represents a transfer of funds from social landlords to the Exchequer, without a significant benefit to most social housing tenants. In Barking and Dagenham 64.4% of tenants are on Housing benefit, and those tenants not on benefit will of course benefit from the rent reduction, but this does not outweigh the serious consequences of the loss of income to the Council. We have calculated the loss of income to Barking and Dagenham, from this proposal. The impact on the original business plan was a loss of income of £33.6m over 4 years, with a £3m loss in 2016/17. This would have equated to a loss of income in the region of £450m over the 30-year business plan

It should be noted that the average rent for our secure tenancies in 2017/18 in Barking and Dagenham is £96.89 which is already below the target rent by £1.85pw. This will get worse next year. All new lettings are set at the target rent, but this has a low impact, because of it affects only properties which become empty and remain in the HRA during the course of the year.

2. Demography and Local Housing Market

The London Borough of Barking and Dagenham is at the heart of the Thames Gateway area. It is a relatively small (3,611 hectares) outer London Borough and has a population of 164,572 which is estimated to rise to 220,000 by 2020. It is predominately residential in character but also has significant areas of employment land, a major town centre at Barking, district centres at Dagenham Heathway and Chadwell Heath and a network of smaller neighbourhood centres. There are significant areas of undeveloped land in two areas. These are the marshes bordering the Thames and the agricultural land to the north east at Marks Gate. The River Roding, River Beam and River Thames form the Borough's westerly, easterly, and southern boundaries respectively. Currently there are growing proportions of under 16-year olds and over 85 year olds and a rapid increase in the proportion of ethnic minority residents. The Borough is one of the four most deprived boroughs in London, as set out in the New Policy Institute analysis of London's poverty profile. Barking and Dagenham scores particularly badly across the four indicators of health. 14% of adults in Barking & Dagenham are living with a long-term illness or disability compared to 11% across London. 6.9 underage women become pregnant per 1,000 population, compared to a rate of 4.8 in London overall; Male life expectancy in Barking and Dagenham is on average 77.7 years, compared to 80 across London. There is a childhood obesity rate of 26% compared with 22% across the whole of London.

East London and the Thames Gateway are described as "the priority area" for development in the London Plan and Barking and Dagenham lies at the heart of this region. The Borough has substantial opportunities for regeneration, including having the potential for up to 25,000 additional homes which will be located mainly in the south of the Borough.

Local Housing Market

At the last Census, the stock of housing was 69,000 in 2001. Net additional homes built in the Borough amount to 3,053 from 2011/12 to 2015/16, which falls short of the annual targets for new homes set both by the Borough and by the Mayor's Housing Plan for London. The stock of housing in the census of 2011 shows the following composition:

1 Figures from the Annual Monitoring Report 2015/16

<table>
<tr><th>Tenure</th><th>Numbers</th><th>Percentage</th><th>England %</th></tr>
<tr><td>Social Rented</td><td>23,459</td><td rowspan="3">33.7</td><td rowspan="3">17.7</td></tr>
<tr><td>Local authority rented</td><td>19,782</td></tr>
<tr><td>RSL rented</td><td>3,677</td></tr>
<tr><td>Private Rented Sector</td><td>12,328</td><td>17.7</td><td>16.8</td></tr>
<tr><td>Owner Occupied</td><td>33,324</td><td>46</td><td>63.4</td></tr>
<tr><td>Shared Ownership</td><td>906</td><td>1.3</td><td>0.8</td></tr>
</table>

Other, including rent free	663	1	1.3
Total	70,680	99.7	

These net additional homes bring the Borough's housing stock up to 73,733 homes. Since the 2011 Census, the private rented sector has increased by 7% up to 17.7% and the ownership occupation sector has fallen. The Council rented stock has fallen to 17,555 dwellings, and 23.8% of the housing stock in the Borough.

3. Local Authority role

The Council has an important role as the largest provider of housing within the borough. The Council now manages 24% of the Borough's housing stock, at low rents and to a reasonable standard of management and maintenance. There is an overwhelming demand for social housing, at rents affordable to those on the lowest wages in the Borough. This demand greatly exceeds the supply of homes; and therefore, the Council has a significant role in assessing the needs of households for housing, and providing advice and assistance to households about other forms of housing that they may be able to access. The Council also wishes to shape the borough geographically in a more balanced way, by introducing within the supply side, more properties at different rent levels. In addition to the role of being a good landlord, the housing services within the HRA provides alternative housing at different price points for a range of households in work; through its affordable housing programme, and by the establishment and management of its wholly owned housing company, Reside. The HRA Business Plan supports all these activities.

4. Objectives

The HRA Business Plan has the following objectives:

- To provide housing services of good quality to the tenants and leaseholders of the London Borough of Barking & Dagenham, and Reside
- To maintain and improve the housing stock to modern standards of comfort
- To retain the stock, and to replace housing units within the Borough, either within the Housing Revenue Account at a range of rent levels to meet the needs of residents in the borough or within the Council's wholly owned company, Reside
- To improve standards of thermal comfort within the housing stock, and to reduce fuel poverty affecting tenants and leaseholders
- To understand and maximise the efficient financial performance of the housing stock
- To support the regeneration of the Council's housing and communities
- To assist in meeting the housing needs of current and future housing customers.

5. Governance

The HRA Business Plan is reported to Cabinet on an annual basis.

The cycle of the Business Plan is iterative; tenants have been consulted on the Budget annually in the past; and on the Business Plan when this was introduced. It is anticipated that the Business Plan and Budget will continue to be considered by Tenant and Leaseholder Forums annually and their comments reflected as part of the review process. A Residents' Survey is also conducted biennially, to review the level of satisfaction with residents' services, and to plan for areas of concern in the forthcoming year.

An HRA Officer Group reviews the Business Plan quarterly, and brings all the assumptions up to date with actual performance data; identifies issues of policy for the annual consideration of the Business Plan by the Corporate Management Team, and Cabinet. The officer group comprises a team of officers from Strategy, Policy, Finance, and My Place.

6. Resident Satisfaction

In 2014, the Housing Quality Network (HQN) conducted a Landlord Health check and this found that performance across the core business processes within Housing that drove service delivery was generally below the average for London Boroughs and identified the improvements needed to address this. My Place have now taken over responsibility for managing the Council's housing stock, and have put in place a Service Improvement Plan with the aim of improving the service to tenants to the upper quartile of performance.

In the last Satisfaction Survey carried out in 2014, the headline results were:

- 75% of general needs tenants were satisfied overall with their services, which was a slight improvement on 2013, although not a statistically significant one. However, this change means that when compared with the benchmark group, Barking & Dagenham have now moved to the median score on this measure.
- 71% of tenants were satisfied with the Value for money of their rent; and 63% were satisfied with their service charge
- 68% of tenants were happy with the quality of their home, which is 6 percentage points below the median for this measure. This measure varied by ward, with tenants in Gascoigne ward being only 50% satisfied with the quality of their home, in contrast to 75% of tenants in Abbey, Village, Maybrook and Becontree Wards being satisfied with the quality of their homes.
- 65% of tenants were happy with their Repairs and Maintenance Service which although it is an improvement on the last survey, is still below the median benchmark for this service (73%)
- 52% of tenants were satisfied with their resident involvement, which was an improvement on the performance in 2013, and means that on this measure, Barking & Dagenham have moved from the fourth to the third quartile
- 70% of tenants were satisfied with their neighbourhood, which was 6 percentage points below the median for this measure

Tenants were asked about whether they felt safe in their area, during the day and after dark.

- 81% of tenants felt safe in their area during the day, only 13% felt unsafe
- 47% of tenants felt safe in their area after dark, and 42% felt unsafe.

Levels of satisfaction have improved since the last survey in 2013, although not by statistically significant amounts. The levels of satisfaction also remain below the benchmark median in quality of home, neighbourhood, resident involvement and repairs and maintenance. A new Satisfaction Survey is being commissioned, and the results will be available in February 2018.

7 Service Delivery

The Barking and Dagenham performance data available in the Housemark Benchmarking Club is mainly from 2016/17.

a. Rent collection

Rent collection in 2016/17 ended the year at 96.73% which is lower than the collection rate in 2015/16 which was 99.02% of income collected. The median performance in the Benchmark Group of London local authorities and Housing Associations was 99.83% in 2016/17. 42% of tenants in April 2017 had some arrears; 22% of tenants had arrears over 13 weeks. 106 tenants were evicted during the year (2016/17) compared with 64 in the year before.

Only 4.72% of Former tenant arrears were collected in 2016/17; this compared with 8.04% in the year 2015/16. Only £31K of FTAs were written off. This compared with £0.7m last year. There remains £2.3m of outstanding Former Tenant Arrears to be collected. This represents a rise of £654K in the FTA debt.

The Spare Room Subsidy ("the Bedroom Tax") continues to affect a significant number of tenants. 789 working age tenants were under occupying their homes by one bedroom and 313 (39.7%) of these were in arrears in September 2017. This has fallen 986 at the same time last year. 200 tenants were under occupying their homes by two bedrooms, and 72 (36%) of these were in arrears of rent. This has fallen from 258 tenants in the same position last year. However, this remains a significant problem for the Council, and the tenants affected.

b. Voids

Average days to relet homes by Barking & Dagenham in 2016/1 was 31.2 days against a median performance of 28.17 days. The annual rent loss in 2016/17 amounted to 1.2% of debit.

c. Service Charge collection

The Annual Service charges due to the Council in 2016/7 were £3.686m, together with arrears of £342K made a total debt of £4.208m; of which 98.6% (£4.1m) was collected. When compared with the benchmark performance of the peer group, the collection rate in 2014/15 was 99.55% against a median performance of 102%. The major works debit raised in this year was £1.032m. Collection of the major works contributions was 9.4% (£82,670) of the amount due from leaseholders in that year; this will reflect the agreement to allow leaseholders to stagger payments of major works bills.

d Repairs Performance

Satisfaction with the performance on repairs is collected in a monthly survey of 200 clients who have had repairs carried out during the previous month. This data shows that 92.1% of respondents said that the job had been completed to their satisfaction; 83.4% said that it had been completed at the first time; and 94.7% said that they were satisfied overall with the service. This performance data relates to the average for the year to July 2017.

8. Understanding the assets

8.1 General needs

The Council owns 17,161 units of general needs stock and 3,724 leasehold properties. Within the General Needs stock 16,612 are let at rents which are "social" rents. They were previously subject to the rent restructuring regime, and were therefore moving towards target rents, but before they could reach target rents, the Government imposed the 1% rent reduction. The rents on these properties are on average 32% of market rents. 627 properties are let at Affordable rents – rents between 50% and 80% of market rents. These properties are also subject to the 1% rent reduction until 2019/20; after this date, it is assumed that both these and the social rented properties will move back up in line with CPI + 1%. All the social housing rents, and those at 50% MR are let via the Council's Housing Register. Those properties whose rents are 65% or 80% MR, are let in accordable with the Allocations Policy for Affordable rental properties – which are set out in Paragraph 32 of the Allocations Policy.

The largest proportion of the general needs stock, nearly half (8,717 homes) were built between the wars – between 1918 and 1940. Of the remainder, 20% of the stock was built between 1965 and 1980; 21% between 1945 and 1964, only 2% is pre-WW1, and 7% built since 1991.

Only 1.3% of the stock has four bedrooms; 0.1% has five bedrooms and the Council only own one six-bed property.

Size	Stock Numbers	Percentage
0	516	3
1	4113	23
2	7456	42
3	5340	30
4	225	1.3
5	10	0.1
6	1	0
Grand Total	**17,661**	

Households on the Housing Register need the following bedroom sizes:

Size	Households on Register	Percentage
1	2590	30.9
2	2904	34.7
3	2357	28.2
4	471	5.6
5 BR +	47	0.6
Grand Total	8369	

This shows that there is a reasonable match between the housing stock analysed by size, and the housing need as expressed by the Housing Register. There is a greater need for more one bed homes than the Borough currently holds; and a slightly greater need for larger homes (4BR+) that the Borough current holds; but for other sizes there is a reasonable match of stock to need.

This does not address the overall level of need for all sizes of homes. It demonstrates that shortages are evenly distributed across all bedroom size requirements.

11.1 Community halls

Some Tenant Groups have the use of facilities on estates, to encourage and support community and tenant activities. The following Tenants Groups have the use of the following facilities:

Tenants Group	Facilities
Tenant Federation	Former Warden's office, Whyhill Walk
Scrattons Tenants & Residents Association	Farr Avenue, Shop – shared with the community.
Millard Terrace	Community Centre – limited use with agreement
Reede Road Tenants and Residents Association	Land for storage and community events
Thames Tenants and Residents Association	Community Garden at Bastable Avenue

No rent or charges are made for the use of these facilities. In addition, most groups have access to councils meeting rooms for free.

11.2 Sheltered

The Council has 607 units of Sheltered Housing, with a variety of house types and support levels. These have been recently subject to a comprehensive review and during 2017 the recommendations of the review will be considered and those which are accepted will be implemented. The current stock is set out in the table below:

Scheme	Numbers of units	Build date	Type
Bennets Castle Lane	12	1974	Sheltered 1 BR
Berryman close	12	1974	Sheltered 1BR
Birch Gardens	5	1951	Sheltered bungalows
Burford Close	16	1974	Sheltered 1BR
Catherine Godfrey House	34	1990	Sheltered 1BR
Dewey Court	48	1971	Sheltered 1BR
Dunchurch House	38	1976	Sheltered 1BR
Earls Walk	20	1970	Sheltered 1BR
Ely Gardens	5	1948	1BR Bungalows
Forsters Close	54	1971	Sheltered 1BR
Hook Hall Drive	8	1949	Sheltered 1 & 2BR Bungalows
Humphries Close	31	1979	Sheltered 1BR
Inskip Road	35	1973	Sheltered 1BR
Kidd House	19	1988	Sheltered 1BR
Kilsby Walk	42	1972	Sheltered 1BR
Maxby Road	30	1979	Sheltered 1BR
Padnell Road	17	1955	1 BR Sheltered Bungalows
Park Drive	8	1948	1BR Sheltered Bungalows
Pembroke Gardens	29	1937	1BR Sheltered Bungalows
Rainham Road	8	1977	1BR Sheltered
Rosehatch Avenue	15	1955	1BR Sheltered Bungalows
Seabrook Road	10	1966	Sheltered 1BR
Shipton Close	25	1971	Sheltered 1BR
Stone Close	20	1976	Sheltered 1BR
Vicars Walk	24	1970	Sheltered 1BR
Wyhill Walk	22	1975	Sheltered 1BR
Turner Court	20	1988	Sheltered 1 BR
Total	607		

11.3 Stock condition

The Council has a Housing Asset Management Strategy that was adopted in 2015 and runs to 2020. It sets out the aspiration of the Council to achieve Decent Homes compliance by 1st April 2019. When the Council was awarded £42m in 2011/12 62% of Barking and Dagenham homes were non-Decent. The funding profile is set out below.

2011/12	**2012/13**	**2013/14**	**2014/15**	**Total**
£2.0m	£9.5m	£15.0m	£15.5m	£42m

The Council also matched this backlog funding with its own resources and has invested in delivering the Decent Homes Programme. The Council has invested £0.750m in a refreshed stock condition survey in 2017 and this will enable the Council both to verify the level of non-Decency and develop a new programme of works to complete the programme by 1st April 2019. The new Stock Condition Survey will provide a full report on condition by March 2019; but this will not be in time to use the data to refresh this year's HRA Business Plan.

Current position

The initial HRA business plan was compiled based on analysis following the existing stock condition survey from Savills. A ten-year capital forecast was devised, identifying the profile of spend for different streams of work. It was anticipated that the backlog of non-decent homes would be eliminated in year eight of the ten-year forecast (2018/19) and that properties that fall below the standard set by Decent Homes from 2012/13 onwards, would have their component replacement needs addressed by a rolling stock investment programme (separate to the Decent Homes budget). There was also budgetary provision for other categories of work such as those to maintain the building envelope and those to fulfil statutory landlord obligations.

The diminution of the specific group of properties that formed the decent homes backlog has not been specifically tracked. Instead, there is a measure of the gross number of homes that data suggests will fall short of the decent homes standard both currently and per year for future years. As the initial analysis done in 2012/13 suggests, the number of homes forecast to fall short of this standard, decreases substantially after 2018/19.

In light of this analysis, the stock investment approach for the next five years, from 2018/19 to 2023/24, which moves beyond the initial ten-year capital profile completing in 2022/23, concludes the aspirations of the initial forecast and sets the scene for future aspirations.

2018/19 will be the year in which all the original decent homes backlog will be addressed. Data shows that by the beginning of 2018/19, there will be 4,930 homes that fall below this standard. These will all be brought up to the decent homes standard in 2018/19. From 2019/20 onwards, a relatively small number of properties is forecast to fall below the identified standard each year.

From 2019/20, it is recommended that the Council considers a change to the standards it wishes to maintain its properties at. The use of the terms Decent Homes can be misleading, as it often refers to a specific backlog of properties but is applied more liberally as if an accepted term to describe a sub set of refurbishment works. Instead the Council is suggesting a standard defined by measuring the lifespan and conditions of four components: kitchens, bathrooms, heating and electrical wiring. This is being termed the Comfort Standard and equates to what residents have come to expect from their decent homes package. The table below illustrates the number of properties that are anticipated to fall below this standard every year from 2019/20 and the number of properties that can receive works every year. The aim is to pull forward a number of properties from future years, in order to create a volume of properties, smoothed to approximately 600 properties a year, which at an average cost of £7,000 per unit (from Capital Delivery Unit data) works out to approximately £4m per year.

Average cost	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
failures	467	1,036	1,026	312	469	681	405	259
output	582	582	582	582	582	582	582	582
7,000	£4.1m	£4.1m	£4.1m	£4.1m	£4.1m	£4.1m	£4.1m	£4.1m

The appropriate standard that homes should be maintained at, will be dealt with in more detail in the Housing Asset Management Strategy, which is due to be refreshed.

General stock investment work

The stock investment requirements in workstreams such as the building envelope (roofs, windows, doors, concrete repairs), compliance (lateral mains, remedial fire works, gas safety work, asbestos) and landlord obligations (lifts, door entry) are currently being quantified, but are not thought to be in excess of the parameters currently set within the HRA business plan. It is anticipated that additional work such as communal painting and estate improvements, will also met within existing budget forecasts. Additional funding, which has not yet been quantified in detail, may be required for any additional fire safety work brought about by a possible change in regulations following the investigation into Grenfell Tower. This has the potential to be very expensive and a provision sum of £5m a year has been included within the Business Plan for the next three years.

The Borough also has 716 homes of non-traditional construction which will require refurbishment to bring them up to mortgageable standard; this is a very expensive programme. The Borough has the following types of non-traditional construction:

Belfy	9
Bison	76
Fidler	606
Orlitt	20
Wates	5

The Business Plan makes provision for £50.7m to be invested in the Housing stock in 2018/19, when the Decent Homes Programme will be complete. The investment then falls to £30m annually, from 2022, and a total of £333.62m over the ten-year period from 2018/19 to 2028/29.

<u>Stock Investment</u>

The Business Plan also considers what the council's investment strategy is to be following the completion of the decent homes programme. The key proposals are to develop plans for improving the external environment of estates and the external fabric of blocks. The opportunities to improve thermal efficiency and to review the way in which residents and visitors circulate within the estate, its security and how parking and refuse is managed and to soften the hard landscapes prevalent on a significant number of estates are to be addressed in consultation and feasibility work during 2017/18.

In addition, new programmes for the replacement of lifts, windows and doors, roofs, electrical laterals, and communal heating will be developed in 2017/18 as well as capital replacement programmes for compliance related matters such as water tanks and rewiring homes.

The Housing Asset Management Strategy recognises that Barking & Dagenham tenants pay higher than average costs towards their fuel costs, and that the Borough is therefore committed to improving energy efficiency and reducing fuel poverty. £1m per year is set aside in the next three years to add energy efficiency measures.

12 Estate Renewal Programme

The Estate Renewal Programme started in 2010 and was approved at the Cabinet meeting on 6th July 2010. At that meeting, three estates were identified which needed renewal: Gascoigne East, Goresbrook Village, and The Leys. These estates were considered to need attention to create an attractive and sustainable place to live, to improve the prosperity of the residents, and to address the quality of life issues affected by the poor environment. The three estates consisted of:

Estate	Blocks	Tenants	Leaseholders	Total residents
Gascoigne East	13	1035	127	1162
Goresbrook Village	3	282	6	288
The Leys	19	215	65	280
Total		1532	198	1730

The Estate Renewal Programme started because of the poor housing condition of the estates; and concern that a straightforward improvement and refurbishment programme would not be a cost-effective solution as there were issues of layout, environment, and reputation. These Estates included most of the Councils system built high rise and non-traditional build flatted blocks that had suffered from a variety of issues including dampness and condensation due the poor levels of insulation and original construction method and materials.

A programme of decanting tenants, and buying out the leaseholders began, and the plans, funding and resources have been developed as the project has progressed. The impact of the regeneration programme on the needs of households on the Housing Register was analysed, and the concerns raised by this analysis were addressed by the development of the new build programme, and limiting the total number of lettings allocated to decants during the development programme. During the period of decanting, a new build programme of 474 units was already underway.

The replacement schemes will provide 421 new units in Phase 1 of the Gascoigne East development, 149 units at Goresbrook Village and 89 units at The Leys (Phase 1). Later phases of the Gascoigne Project will provide an additional 1100 units over the next 5 years.

Estate Renewal site	Rented @ 50%	Rented @ 53 – 80%	Shared Ownership	Private Sale	Total
Gascoigne Phase 1	100	100	221	Nil	421
The Leys Phase 1	35	35		19	89
The Leys Phase 2	17	17	34	Nil	69
Goresbrook	98	Nil	10	41	149
Total	250	152	265	60	728

Although the principle of regeneration was approved earlier, the plan for the Althorne Way tower block was not considered until 22nd October 2013 when demolition was approved, the identification of site proposals, and the proposals for private and affordable homes on the site agreed. This scheme was approved by Cabinet in June 2017 and gained consent in June for 170 new homes on 5 sites at Becontree Heath – the 41 affordable rent and 46 Shared Ownership units are being developed for Reside.

The Estate Renewal Programme was reviewed and refreshed by Cabinet on 27th January 2015. The focus for new estate renewal schemes remains with the completion and delivery of the initial approved estates, but attention is now also moving to consideration of other areas which may benefit from a similar approach. The following estates were approved for inclusion in the programme: Sebastian Court, Marks Gate, Roxwell Road, Oxlow Lane and Rainham Road North. Each scheme will be considered in turn, appraisals undertaken, and funding put in place. The notable change between the first programme sites and the additional sites is that only one of these blocks, Sebastian Court is non-traditional construction. The others are sites that can deliver higher density development through unused land within their boundary or through their location in Growth areas

The first of these new schemes to be considered was Sebastian Court. Proposals for Sebastian Court were approved on by Cabinet on 18th October 2016. There are 57 rented units on this site, 54 tenanted and 3 void properties, as well as 8 leaseholders. The replacement scheme will provide 57 affordable rented units and 33 shared ownership units. The rented units will all be owned and managed by Reside; 50% of these will be at 50% market rents and therefore let to households on the Housing Register whilst a further 50% will be let at 80% market rents and let through the Affordable Rented Lettings Policy. RTB receipts (£2.9m) and General Fund borrowing (5.8m) will fund this scheme.

Over the six years since this programme started, the Borough has carried out a review and is embedding the lessons of the early part of the programme into future projects. The Borough is seeking to consult residents at the earliest opportunity, and prior to planning applications are submitted. The ways in which consultation is undertaken needs to be updated, and greater use made of social media, websites and drop in surgeries, rather than large evening meetings. Decision making needs to be based on sound evidence and analysis, rather than subjective opinion. There are also important lessons to be learnt about the technical aspects of leaseholder buy-backs; which have the power to hold up estate regeneration if the needs of the leaseholders to maintain their financial and housing circumstances are not recognised.

The future of the Estate Renewal Programme beyond 2021 links to the Councils long term Investment Strategy and the Stock Condition Survey. This plan sets out the Councils intention to reach the Decent Homes Standard by 2020. However, Decent Homes work is expensive and all encompassing; it would not be a good use of resources where stock has been identified within a programme of estate renewal. Careful consideration will be given to the stock that whilst able to brought up to the Decent Homes Standard still suffers from issues relating to poor layout of communal areas, no private amenity space and sites that can deliver much higher density schemes.

The future of the Estate Renewal Programme is currently under review. A review of the current methodology of appraising estates is underway, and in the next 12 months, the metrics and evaluation system by which the Council decides which properties to include in the programme will be reported to Cabinet, with a view to updating the methodology, including a broader set of criteria to evaluate an estate. The current funding provision is set out using the current known commitments, but once plans are firmed up, more precise figures can be tested against the overall resource position.

13 New Build

An integral part of the estate renewal programme, is the new build programme. Whilst some of the Council new build programme is in part on individual standalone sites, others are part of the overall Regeneration Programme, making better use of sites and maximising development opportunities.

The new build programme has delivered 197 additional units of housing within the HRA, and 807 new homes to be managed by the Council’s wholly owned housing company, Reside.

14 Reside

In 2011, Barking and Dagenham took the decision to establish a wholly owned company to let manage and maintain housing stock outside the Housing Revenue Account. The reason for establishing the company, was because the Council felt the need to diversify the housing stock within the borough, and to build mixed communities of housing and tenure at a range of different price points. Funded by private finance, it took on the letting and management of the first 477 properties in 2012. These were let at different prices: 20% at 50% of market rents, to households from the Housing Register, 6% of the homes at 65% of market rents, and 74% of the housing, at 80% market rents.

The company has since added a further 144 new homes, and is due to take on additional properties in the next few years. There are significant expansion plans.

The management and maintenance services provided by My Place, are paid for by Reside, paying a management fee. This is treated as income to the HRA, as the HRA bears the costs of the management. The income under the Management Agreement is currently £608,000 pa. Part of this is variable. This should be reviewed as the number of properties managed by the Housing Service expands. Reside will have a choice of continuing to use the housing management service provided by the Council (through My Place) or deciding to tender the housing management service to ensure that the company obtains the best possible.

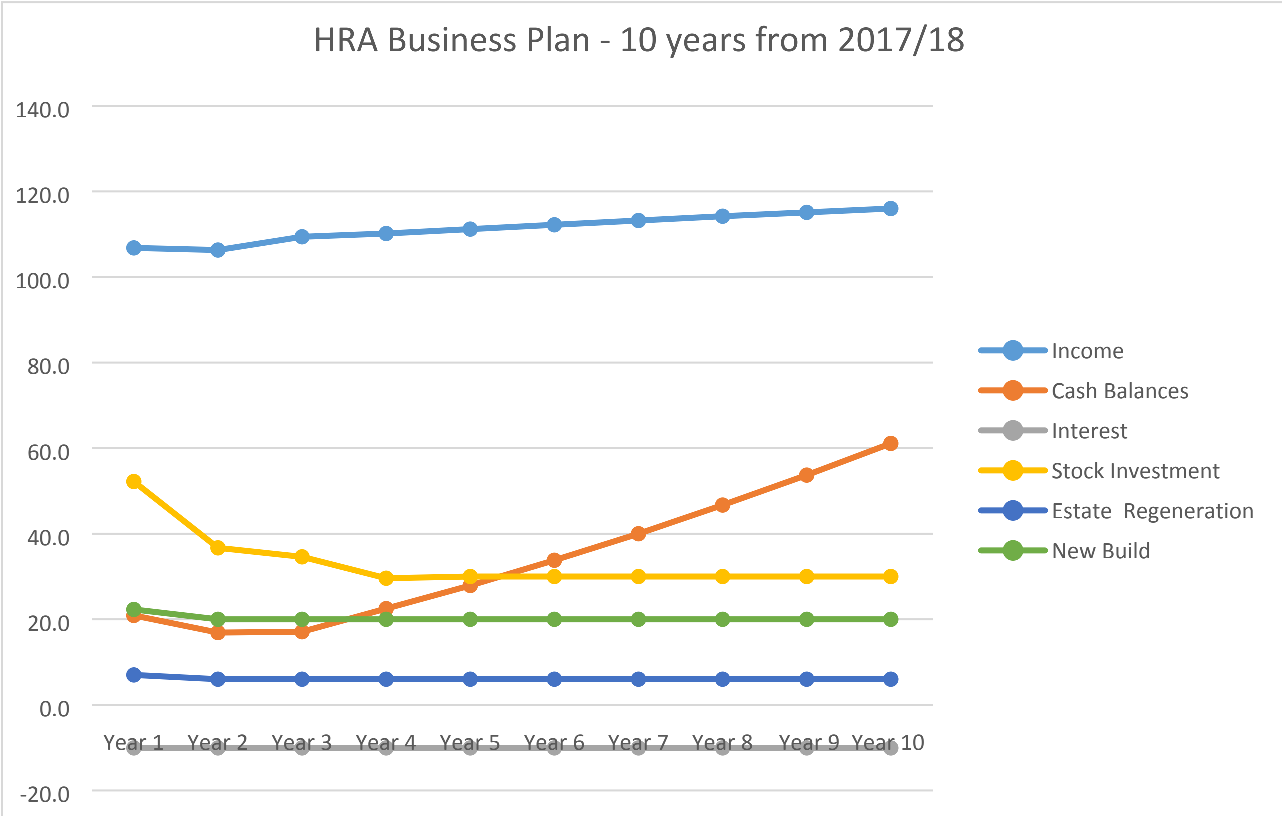
Reside has its own independent Business Plan.

Business Plan- baseline forecast

The current HRA Business Plan demonstrates that over the forecast 30 years of the Plan, the HRA can fund its current planned expenditure requirements. This is based upon £107.2m of rent and other income at 2018/19, falling for one more year and rising after 2019/20 if the Government delivers on its promised rent policy of CPI + 1% after the current period of rent reduction. Management and maintenance costs rise by 3% pa. This generates a net revenue surplus, which after meeting interest costs of £10.06m a year for the life of the Plan can fund the stock investment, estate renewal and new build requirements. This assumes that there is no additional borrowing (as the current level of borrowing is at the Government defined cap) but also assumes that there is no provision for reduction of debt. It is assumed that no external grant is received, either for stock investment or for new build. Provision for stock investment is set in the region of £50.72m for 2018/19, and then falls to £30m a year, after 2022. A programme of new build is funded from the HRA for the life of the plan; it fluctuates in the first four years in line with pipeline schemes, and then is estimated at £20m a year from 2020 onwards. This is funded wholly from restricted capital receipts. Estate Regeneration is also funded in the HRA Business Plan at an indicative level of £13.25m a in 2018/19 and £6m a year thereafter.

With this level of expenditure, cash balances remain adequate during the early period of stock investment activity, and when the Decent Homes Programme is complete, start to rise from 2023/24 onwards. These resources may be needed to carry out essential improvements to the housing stock. The full picture of stock investment requirements will not be clear until the Stock Condition Survey reports in summer 2018. In addition, there should be some consideration given to the repayment of debt.

The table below illustrates the next ten years. If the investment programmes remain constant as set out in the Plan, there will be an increase in balances from Year 5 (2022/23). It is likely that the Stock condition survey may demonstrate the need for additional investment. There is also a requirement to consider the repayment of debt.



15 Assumptions

These are the key assumptions on which this Business Plan is based. These assumptions need to be reviewed annually, to ensure that they are adjusted in line with any new information on actual performance, or changing markets. These assumptions are:

17.1 Stock numbers:

The Business Plan is based on *opening* stock numbers:

17,481 properties, of which

300 are held as Temporary accommodation, and rents charged in 2017/18 at 90% of LHA. Average TA rents in 2017/18 are therefore: £207.04pw
627 properties are let at Affordable rents, with average rents of £144.26pw
16,554 properties are let at average rents of £94.41 from 2018/19 onwards

17.2 Sales

Moving forward, RTB sales are assumed at 220 units per annum. There is a new build programme of properties within the HRA of 267 properties confirmed over the next three years. No properties have been added back to the HRA pending decisions on where there properties will be held and used. There is an expectation that no additional new build homes will be owned within the HRA after 2020.

17.3 New Build additions

There are currently 152 new homes under construction, or in the pipeline which will be delivered, owned, and managed within the HRA over the next two years. 62 of these are Modular Build properties, to be constructed on HRA garage sites, and will be used as temporary accommodation. The rents will therefore be set in line with the TA rent policy, and let at 90% of LHA rates. It is assumed that these will be delivered equally over the next three years, but after that date, no further new build properties will be owned and managed within the HRA; new build after this date will be owned and managed within the Council's wholly owned management company, Reside.

17.5 Rent Policy

Rents have been reduced by 1% a year since 2016/17. 2018/19 is the third year of the rent reduction policy, and this has been implemented appropriately, and it is assumed that 2019/20 will follow the same policy, and rents will be reduced by 1% in this year. This applies both to secure rented properties, and affordable rented properties within the HRA.

It is assumed that 300 properties a year will continued to be used as Temporary accommodation, and that the rents on these properties will be set at 90% of the Local Housing Allowance (LHA) in 2018/19. Temporary accommodation rents do not need to be reduced under the rent reduction policy, and therefore have been assumed to remain constant at 90% LHA throughout the life of the Plan. LHA rates are frozen until 2020, but it is assumed that they will uprated by inflation after that date.

17.6 Service Charge Policy

Currently, all service costs are fully recovered through service charges to tenants and leaseholders apart from five services. These are Grounds Maintenance, Estate lighting, TV aerials and Caretaking and Cleaning where the charges do not recover the full cost. This Plan assumes that the Council continues to freeze three of these service charges for the next year (Caretaking, Cleaning and Grounds Maintenance, until there is an improvement in the quality of the service when it is proposed to move towards cost recovery. Two other services (TV aerials and estate lighting will move to cost recovery in 2018/19. The Plan assumes that they will all move towards full cost recovery by Year 3 (2019/20) and thereafter that these costs are fully recovered. There are two other services not yet de-pooled. These are the services of lift maintenance and door entry maintenance. These costs are met through the general rental income, and these will continue to be met through the rent for the time being.

17.7 Void rate

It is assumed that the void rate throughout the life of the Plan remains at 1%. Current performance is at 1.2% of rental income, and therefore this assumption requires an improvement in performance to ensure that performance remains in line with assumptions.

17.8 Bad debt

Provision for Bad Debt in the Business Plan has been set at 6% of the rent due; a budgetary provision of £5.3m. Write offs of Former Tenant Arrears (FTAs) in the last three years have been less than this although bad debt has risen. This should be adequate for the current rent collection performance. The service charge collection rate in 2016/7 was 98.6%. No write offs of service charge debt have been made in 2015/16, and it is not policy to write off service charge debts, as they can be recovered through a recharge on the property concerned.

17.9 Inflation

Although inflation on pay and costs has been included in the Business Plan for 2018/19, no inflation has been built into the Business Plan either for staffing or other costs in the following three years of the Plan. It is assumed that the service will absorb all inflation pressures both pay and inflation for that period, and then increases are built into management and maintenance costs at 3% annually.

16 Revenue

16.1 Management costs

Barking and Dagenham participates in a benchmarking club with Housemark. The management costs are benchmarked against a club of London local authorities. This shows that the Management cost per property in 2016/7 was £326.39 against a median cost for the benchmark group of £292.36. Management costs are therefore higher than the median.

16.2 Maintenance costs

The maintenance costs in the same benchmarking arrangements are £692.37 per property for repairs and £326.39 for major works and cyclical maintenance. The median for the group for the same items are £705.22 per property for repairs and maintenance, and £292.36 for major works and cyclical maintenance. The R&M figure is therefore at the median for the group, and the major works and cyclical maintenance is above the median by £382 per property.

16.3 Conclusions on Management and Maintenance costs

The conclusion of the Benchmarking data therefore shows that the current performance is high cost, but low performance. The task of the new 12 months is to move the performance and cost of the service out of this quadrant.

17 Debt and Interest costs

As at 1st April 2017, the HRA will hold debt of £291.6m which is the maximum permitted debt (“the cap”) which the Council is permitted to hold. This is formed of the original debt settlement (£277.6m) and two further borrowing approvals to enable the development of additional homes within the HRA. The original debt level amounted to £14,074 per property, but with the loss of stock since the settlement, and the increased level of borrowing, the average debt per property is now £16,992 per property.

The interest paid on this level of debt is £10.06m and this remains constant throughout the life of the 30-year plan, as there is no permitted additional borrowing.

The current Business Plan does not assume that the level of debt is reduced, but is maintained at the cap throughout the life of the Plan. This would be an acceptable financial plan, if the numbers of stock were to remain at roughly the same level, and that therefore the interest costs could be fully met from income. The assumed loss of 220 sales per year (around 1.2% of the stock) can be managed within this for a period with prudent financial control of the annual budget, but if there are significant losses of stock, either over a longer period or through forced sales, it may be necessary to consider whether the level of debt to be maintained is required. The effect of maintaining this level of borrowing whilst stock is reducing will increase the debt per unit.

Whilst the Council needs to maintain investment in its key housing projects, including stock investment and regeneration no provision for repayment of debt is proposed. However, at a future review of the Business Plan it will be necessary to consider the right point at which this issue should be addressed.

18 Resources

Resources are sufficient to support current plans. These are made up of a variety of sources which support different items of expenditure.

18.1 Surplus/balances

The minimum balance on the HRA is currently set at 5% of income which provides a sum of £5.3m. Balances brought forward into 2017/18 were £44.8m. There is likely to be an in-year deficit, due to the increased stock investment programme which means that at the end of 2018/9 balances of £17.7m will be held within the HRA.

Capital Receipts

Some Capital Receipts are restricted in their use. They will have derived from sales after the Government raised the discount on RTB sales to £100,000 and after retention of the transaction costs, and the debt portion, they may only be used for replacement affordable rented homes. They were subject to a specific signed agreement between each local authority and the GLA, to fund new build programmes. The use is further restricted by a rule which requires the receipt to fund no more than 30% of the costs of each unit. It is therefore essential that the so-called 1-4-1 receipts are applied first to the new build affordable rent programme, so that they are fully used. If not used, RTB receipts from the 1-4-1 fund must be repaid to Government, with 6% interest over the Base Rate.

However, there are some capital receipts which are unrestricted. These relate to the "debt portion" which is a notional debt per property sum, which the Council can deduct for each property sold. These unrestricted capital receipts can fund any part of the housing investment programme and can be used as match funding to 1-4-1 receipts. The debt portion can of course also be used to repay debt. The level of unrestricted capital receipts (allowable debt) in 2017/18 is estimated to be £4.84m and this is used as part of the overall resources within the Housing Revenue Account.

20.3 Leasehold reserve fund

Leaseholders are required to pay for the cost of improvements to their homes, in the form of major works charges. The Council can only recover this cost, if it has appropriately consulted the leaseholders, and given the required notice to leaseholders. As many improvement schemes are expensive, and leaseholders do not always have the resources to pay for these works when the work is carried out, the Council has payment options for leaseholders which enables them to spread the payments. The Council therefore can calculate the sums due from leaseholders in respect of works carried out to their homes, but does not expect to receive those sums in the year in which they are incurred. Payments are made into the Leasehold Reserve Fund, and contributions from the Leasehold Reserve Fund can be added to the sums that fund future capital programmes. As at the end of 2017/18, it is forecast that the Leasehold Reserve Fund will stand at £8.97m. A review of the current Leasehold Reserve Fund is currently underway and the level of contribution to the capital programme will be established in the next 12 months.

21 Programmes of work going forward

There are programmes of work underway which will impact on the Business Plan. These include programmes of physical work – like the stock investment, the new build, and the Regeneration Programme. But there are also programmes of which are identified through the Business Planning process, which seek to establish effective working relationships that can deliver effective and efficient services to tenants and leaseholders.

21.1 Governance

The working relationships between the Business Plan, My Place, Community Solutions, and Home Services are critical to the effective delivery of good services. The strategic core will be commissioning services to manage and maintain the housing stock from My Place and Community Solutions and the structure of these relationships is important to making sure that the roles are clear and the accountability of each area of work is transparent. The role of tenants and leaseholders, and members will also need to be established within the new working arrangements. During the next 12 months, the development of these relationships will be a key piece of work.

21.2 Performance and Satisfaction

As part of the commissioning strategy over the next 12 months, performance in key areas (Rent collection, service charge collection, voids, repairs and tenant and leaseholder satisfaction) will need to be improved. The Commissioning Strategy will establish current performance, targets for improvement and ways of monitoring the service on a regular basis.

21.3 Stock Investment

There is a five-year stock investment programme included within the annual budget which sets out the elements that need to be addressed in the short term. However, there is a need to refresh the data that supports the stock investment programme and this is one of the key priorities in the forthcoming twelve months. From the refreshed stock condition survey, a long-term plan for active asset management will be developed. The new stock condition survey will commission individual, block based, and estate based financial performance information to enable the Council to prioritise the active asset management programme.

21.4 New Build

The new build programme is clear in the short term, (next three years) where either certain, or potential schemes and funding have been developed (See Para 17.3). The current Plan identifies where the replacement homes will be brought into the HRA, and where they may be identified for intermediate housing of difference kinds, for a range of household incomes. However, there is a dilemma to be resolved which is what will the impact be of building most new general needs homes outside the HRA, and therefore not replacing the homes lost through the RTB. Once this decision is taken, further financial modelling for both Reside, and for the HRA will need to be undertaken which will show these consequences and enable the Council to resolve the way forward for its new build programme.

21.5 Estate Regeneration

The first phases of the Estate Regeneration programme are underway and progressing with great success. The financial model for new estate regeneration programmes has been established. Over the next twelve months a new matrix to assess estates which may require a more comprehensive approach will be developed and applied to other estates where physical layout, poor environment and building type require attention. Early consultation is the prime lesson from the first phases of regeneration, and this will be applied to all forthcoming proposals.

22 Conclusions

The Barking & Dagenham HRA Business Plan is sound overall in 2018/19 but there are concerns which need to be addressed during the next 12 months. This Business Plan is a statement of where we are now. There are serious challenges in the next three years; and the Plan improves thereafter. However, the major risk is the condition of the housing stock; and improvements to the stock, and to housing services are likely to absorb all resources in the medium term.

The performance indicators in all areas of housing management, as well as tenant satisfaction need to be further improved through the Transformation Programme. Service charges for both tenants and leaseholders should be reviewed to ensure that there is confidence in the costs and service; and that the service charges can withstand scrutiny and challenge.

Stock condition data information needs to be regularly refreshed to ensure that the resources currently in place for the stock investment programme are sufficient to meet current and future needs.

Consideration needs to be given to the new financial model to support both estate regeneration and new build. Where new build properties are not being returned to replace housing stock loss, the Business Plan will need to be updated. Currently, in recent schemes, Right to Buy Receipts have been used, and the 70% match funding provided either by unrestricted capital receipts, private sales, or General Fund borrowing; this financial model has proved successful, and is therefore not dependent on limited and reducing HRA revenue resources. Currently there is continuing provision with the Business Plan to support the new build programme assumed; but this provision could be released if the new financial model continues to be implemented as set out above.

Clearly HRA resources supporting the Estate Renewal Programme addresses a housing stock need; and replaces investment which would otherwise be directed to improvement programmes for those estates.

The challenges of the next 12 months are particularly acute as there will be significant changes in the structure of the service, and what the service now needs is to focus strongly on the key basic management services, and the level of satisfaction that customers currently express.

Annex 1 sets out the key high-level requirements that will be commissioned from the Housing Service and future My Place and Community Solutions departments.

Appendix 9 provides an extract of the first ten years of the Business Plan.

ANNEX 1

Commissioning Intentions

The new arrangements for the management of the housing stock have changed radically in 2017/18. The new service block, managing all the Council's assets, including housing was established on 2 October 2017, and budgets reflecting the management of the stock were transferred into My Place and are reflected as a recharge to the HRA from My Place. The Repairs Budget will be managed by My Place who will oversee the contract with Home Services, the Council's in-house company providing a routine maintenance service.

A Commissioning Mandate, reflecting the services provided and the targets and outcomes that are being sought by the Council has been drafted. My Place are responding to the Mandate by drafting a Business Plan of their own, which will describe how they will provide the services sought, and meet the targets set. This process is being developed collaboratively. The priorities for the first 18 months are set out below.

Budget and Commissioning programme

The first task of the new approach, will be to establish the mechanisms, the governance, and the delivery of the new budget based commissioning. In future, programmes of work will be commissioned within an agreed budget. A service of asset management such as planned maintenance, or responsive repairs will be commissioned by Growth and Homes, and monitored against an agreed budget and to agreed standards. The process of developing how this will be done, will be rolled out over the range of services.

The HRA Business Plan sets out the current level of Tenant Satisfaction, and Performance in key areas of rent collection, and void management. Currently, these are lower than the median in all areas. Growth and Homes wish to commission My Place to:

- Improve Tenant Satisfaction to the median by 2018 and to the upper quartile by 2020
- Improve Rent collection to the median by 2018 and to the upper quartile by 2020
- Improve void performance to the median by 2018 and to the upper quartile by 2020

The rent collection and void performance will be measured by the monitoring of Performance Indicators against the benchmark group of organisations with over 10,000 homes within the Housemark Benchmarking Club

Tenant Satisfaction will be measured by reference to the STAR Survey, to be conducted every two years.

Leasehold Satisfaction will also be added to the survey in 2017; and an appropriate measure established thereafter.

Service Charges

Service charges are always contentions, both for tenants and leaseholders. Tenants and leaseholders have rights to information that will assure them that they are being charged the right costs for the right services, and that the Council is only charging the actual cost of the service back to them. The preparation of the service charge accounts is currently difficult, and the evidence that backs the charges can be improved. It is proposed that in 2017/18 a review of the service charge costs should be undertaken, involving tenants in order to be able to produce and validate service charge accounts promptly and cost effectively.

Asset Management

There is a refresh of the Stock Condition information underway, and results are due to be reported in March 2018. During the course of 2018/19, Growth and Homes will work with My Place to ensure that the data is correctly stored and analysed. The data will be the basis of a new assessment of the current levels of Decency in the stock, and the development of a new Asset Management Plan. This will have an impact on the HRA Business Plan when the profile of the required spend, to achieve Decent Homes is understood. Next year's Plan will address these spending requirements, and ensure that appropriate decisions are made to ensure that the stock is being maintained at Decency levels going forward.

HRA Business Plan Extract **Appendix 9**

	1-3 years	3-10 years	10 years	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m	£m
Rent and other income	322.56	793.34	1,115.19	107.21	106.21	109.14
Management & maintenance	- 197.27	- 480.72	- 677.99	- 65.48	- 65.48	- 66.31
Net rental surplus	**125.29**	**312.62**	**437.20**	**41.73**	**40.73**	**42.83**
Interest Payable	- 30.18	- 70.41	- 100.59	- 10.06	- 10.06	- 10.06
Transfer to HRA balances						
Available HRA revenue funds (A)	**95.11**	**242.20**	**336.61**	**31.67**	**30.67**	**32.77**
RTB Receipts (un-restricted - allowable debt)	14.51			4.84	4.84	4.84
RTB New Build Re-provision (1-4-1)	59.90	139.76	199.65	19.97	19.97	19.97
GLA new build grant	-	-	-	-	-	-
Backlog funding	-	-	-	-	-	-
Grant and new borrowing In Year (B)	**74.41**	**139.76**	**199.65**	**24.80**	**24.80**	**24.80**
Total HRA funding (A+B)	**169.52**	**381.96**	**536.26**	**56.47**	**55.47**	**57.57**
Investment in own stock (a)	124.01	209.61	333.62	50.72	37.68	35.61
Estate renewal (c)	25.25	42.00	67.25	13.25	6.00	6.00
New Build (b)	62.30	140.00	202.30	22.30	20.00	20.00
Housing Transformation (d)	0.45	-	0.45	0.45	-	-
Total Applied spend (a+b+c+d)	**212.01**	**391.61**	**603.62**	**86.72**	**63.68**	**61.61**
HRA Cash balances b/f				**- 48.40**	**- 18.16**	**- 9.95**
in year change				30.25	8.21	4.04
HRA Cash balances c/f				**- 18.16**	**- 9.95**	**- 5.91**