Harlow
Council Housing Services
Business Plan

2014 – 2044
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Foreword by the Portfolio Holder for Housing

Last year was another challenging year for Councils up and down the Country. Harlow is not immune to these challenges.

The implementation of the Council’s Housing Investment Programme (HIP), the changes to welfare reform, and the continuing reductions in government funding, have impacted both local residents individually, and Harlow Council as a whole. I am very aware of these challenges. Despite all these challenges the Council has continued to respond positively and achieve some notable successes.

The Council’s housing stock remains large compared to many other Councils in the region. This updated plan outlines the Council’s on-going landlord priorities for the short, medium, and long term. These priorities directly address what is important locally to ensure we are able to plan effectively and with confidence the Housing Revenue Account and Capital Programme over the next few years. Increased resources are in place to tackle priorities.

The continued shortage of housing in general and particularly genuinely affordable housing, is a growing concern. The building of Council housing for the first time in twenty five years will help a small way and I will continue to lobby all political parties to ensure housing is their top priority for resource allocation.

The Council’s key objective is to deliver its Modern Homes Programmes, which is a major part of delivering the Council’s corporate objective of providing “More and Better Housing” with modern homes which are energy efficient, tackling fuel poverty. Investment and procurement plans are in place for these objectives to be achieved, meeting the Decent Homes standard by March 2015 as well as its landlord statutory requirements. More than 19,000 home improvements have been completed so far, with more to follow.

The £100 million programme funded by rents and grants is the biggest ever investment in modernising Council homes in the Town. The new Council housing will come on stream in 2015. Whilst the role of social housing has played and continues to play an increasing role in an ever-changing environment, I still firmly believe that social housing should be a tenure of choice for as long as the tenant wishes. Housing remains and will remain the top priority in the Labour Administration’s plans, Corporate Plans, and decision making.

I am pleased to present Harlow Council’s Housing Revenue Account Business Plan for 2014-44.

The plan identifies my commitment to working for, and with, all the tenants and leaseholders of Harlow to achieve our priorities and make Harlow an even better and more enjoyable place to live.

Councillor Rod Truan
Portfolio Holder for Housing
Executive Summary
Introduction

This is Harlow Council’s fourth annual Housing Revenue Account (HRA) Business Plan which sets out priorities and plans for the housing service. Chapter 1 provides an Introduction to this year’s plan, and its main themes.

The plan seeks to link the management and ownership of the Council’s housing stock clearly to the Council’s Corporate Plan, and Housing Strategy as well as preparing financial plans to support decision making. Chapter 2 provides the Strategic Context to the business plan.

Summary of Main Issues

Harlow Council’s HRA Business Plan identifies the principal objectives and priorities for the management and maintenance of the stock in the short, medium, and long term. These include:

- Robust income and expenditure projections,
- The setting of rent levels,
- Ongoing delivery of the Council’s Modern Homes Programmes. Achievement of decent homes targets by April 2015, focusing on kitchens, bathrooms and windows with external works commencing in May 2015.
- The resourcing “catch up” repairs over the next five years,
- Improving housing standards with energy efficient, modern home facilities, tackling local priorities and statutory requirements,
- Building Council houses, as well as the development of a long term asset management plan to keep the current stock in good order.

Chapter 3 describes The Housing Service and the way the services are delivered.

Financial Position

The HRA Business Plan includes a financial projection of expenditure and income over the next thirty years. It is imperative that the Plan has sufficient resources to manage and provide the service as well as make provision for the repayment of debt taken on when the HRA self-financing rules were introduced three years ago. Chapter 6 covers ‘Financial Forecasts’.

Rent Levels

The Government has recently issued new guidance to restrict social housing rent increases to no more than CPI+1% from 2015/16 to 2024/25. (CPI is the Consumer Price Index.) The Council has considered the implications of what will be lower rent increases than once anticipated whilst ensuring a sustainable 30-year Business Plan. This will be discussed further in Chapter 6.
Our Housing Stock

Harlow Council’s housing stock is large compared to many other authorities in our region. Sixty-five years or so have passed since five rural Essex parishes were designated as the area for a post-war new town. Twenty-first century Harlow is evolving to meet the challenges of this new age. The 2011 Census results reveal changes in population, ethnicity, and patterns of work. See Chapter 2.

In 2012 a major Stock Condition Survey was completed to identify work required to every home. This has resulted in the creation of a Modern Homes Programme and a huge amount of work being done to Council properties throughout the town with the key objective to achieve decent homes for all tenants by April 2015. The Council is also committed to maintain its properties at decent homes standards and above. Chapter 4 is devoted to the Council’s Asset Management.

The withdrawal of Government regulation brought about by self-financing in 2012 placed Harlow Council more at the heart of service delivery. Whilst Councillors retain all the decision-making powers, our tenants, in particular, have an increased scrutiny role through their membership of the Housing Standards Board. This Business Plan has been produced in consultation with tenants and leaseholders. Chapter 5 explains the ‘Governance’ arrangements which support the self financing regime.

Building Council Housing

Councils across England are reviewing their role in becoming a provider of affordable housing rather than just continue to be an enabler of affordable housing by housing associations (Registered Providers).

The Council will review the options, and implement a programme of Council house building making best use of surplus council land. The Council is on course to build 18 new homes by the end of 2015 at Fesants Croft, Felmongers and The Hill. These are the first new council homes for a quarter of a century.

The Council has also purchased properties on the open market and brought them into the housing stock.

Customer Perceptions

The Council introduced a new tenant satisfaction survey in 2012. An updated survey will be published in 2015 which will include a perception survey of tenants satisfaction with the services they receive from their landlord. An action plan will be updated with the key priorities.

Demand and Housing Need

The number of local residents on the Council’s Housing Needs Register identifies the local need and continues to grow.

Local Planning Authorities prepare a Strategic Housing Market Assessment (SHMA) which identifies their full housing needs. Working with neighbouring authorities where housing market areas cross administrative boundaries, this assessment identifies the
scale and mix of housing and the range of tenures that the local population is likely to need over the plan period. Harlow’s housing market covers the area of Harlow, Epping Forest, East Herts and Uttlesford. The SHMA was last updated in 2012/13 and indicates that the total housing requirement for Harlow is 8,000 dwellings of which 3,600 should be Social Rented / Affordable Rented Sector.

It is estimated there is a need for mixed sized dwellings for all areas. In Harlow there is a lower need for three or more bedrooms. The need for intermediate dwellings is more heavily concentrated on smaller dwellings. Smaller properties may also encourage those in larger and family sized dwellings who are under occupying to downsize to a smaller property. With an increasingly ageing population and those who find themselves in poverty there will always be an increasing need for housing support services.

The Council, along with Epping Forest, East Herts and Uttlesford Councils have commissioned a ‘refresh’ of the SHMA. The publication of this is not expected to be until early 2015. This iteration of the study incorporates population studies undertaken for all Essex authorities plus East Herts and others, which includes the latest data from the 2011 census.

The Housing Needs Register shows 29% of all households registered are categorised having an urgent or high need to be allocated a social housing property. The main reasons households want to move is due to both overcrowding and affordability. The housing needs register currently has approximately 3,500 applicants for 598 vacancies per year.

In Harlow, demand for services remains high and services are focused on preventing homelessness wherever possible. The Council has achieved significant success in this area; so far it has not seen a rise in homelessness acceptances, which remain stable at around 140 each year.

Significantly, there remains a shortage of affordable housing in Harlow. The Council will seek to meet this need through putting plans in place to build new council housing, prioritising affordable housing targets in suitable housing developments, and working with other registered providers to enable the delivery of new affordable homes. There are significant changes to national and local planning policies which will include affordable housing targets and local decision making.

**Equalities and Diversity**

Consideration is given to how different, and sometimes vulnerable, groups of people may be affected by the change to self financing. Chapter 7 sets out the Council’s statement on **Equality and Diversity**.

**Taking the Plan Forward**

The Plan includes some sensitivity analysis and indicates that small changes to the key base assumptions can make a significant impact on the overall finances of the service. Each year, as part of developing the Business Plan, work will be undertaken to both confirm assumptions, but to also understand the key factors influencing these assumptions.
Within the Council’s Corporate Plan, housing has a high profile: recognising the importance of more and better housing to the quality of life of residents of Harlow.

The review of the Business Plan will form part of the work plan of the Housing Standards Board and Panels linking to the Council’s formal governance structures.

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1. Introduction
1.1 A ‘Self-financed’ Housing Revenue Account

In 2012 the Council welcomed new legislation which changed the way in which local authority housing was financed. Under the provisions of the Localism Act 2011 the centrally controlled HRA Subsidy system was abolished and replaced with a one-off increase or decrease in an individual Council’s debt. This was called ‘self-financing’ and gave Councils local control in running their housing business.

Before considering the current plan it is useful to look back at the ‘self-financing’ transactions that were made.

Harlow Council was required to pay the Treasury £208.837m. in place of annual ‘negative subsidy’ contributions. The ‘settlement payment’ was calculated by the Government using a discount rate of 6½%, which converts a £479.98m deficit over 30 years to a £208.837m one-off transaction. Their model assumed that:

- rent restructuring would continue until 2015/16 with rent increases from 2016/17 at RPI +½% annually;
- an increase in Harlow’s notional Major Repairs Allowance of 28.083% (from £794.17 to £1017.20 per dwelling); and,
- an increase in the notional management and maintenance allowances by 5.47%.

The Council needed to borrow in order to make the payment to the Treasury.

The decision around borrowing periods and acceptable rates was one of the largest the Council has ever made. The settlement payment was covered by borrowing from the Public Works Loan Board (PWLB) who offered the best rates of interest.

In March 2012, the Council took out five maturity loans, each at £41,767,400, with repayment dates of 28 March 2026 (14 years), 28 March 2030 (18 years), 28 March 2034 (22 years), 28 March 2038 (26 years) and 28 March 2042 (30 years). A maturity loan is one in which interest only is paid for the duration of the loan, with the whole principal sum being repaid on the final loan date. The average rate of interest for all of these loans is 3.292%, thus making the annual payment to PWLB in interest charges £6,874,914 until 28 March 2026.

1.2 HRA Business Plan priorities

To ensure that the Council’s HRA operates in a sustainable manner, a formal 30-year HRA Business Plan is prepared annually and presented to Full Council for approval, following consultation with tenants and leaseholders.

The key principles which underpin this HRA Business Plan are:

- To repay the debt in full within the life of the 30-year Business Plan (i.e. by 31 March 2042).
- Achieving Decent Homes for all properties by April 2015.
- Building new council owned homes as a priority and to develop a longer term plan, within resources available.
- Ensuring a sustainable Business Plan with fair and affordable rent levels.

### 1.3 HRA Business Plan 2014-2044

The HRA Business Plan 2014-2044 is a formal update of the Plan presented last year. It takes into account:

- the decisions which Councillors have made over the past twelve months;
- any external factors which have affected the funding of the service; and,
- changes in forecast income and expenditure over the next 30 years.

It is said that “to fail to plan is to plan to fail”. It is therefore very important to revisit the Plan to ensure that the HRA is managed so that there are sufficient funds to deliver the service as well as provide for the repayment of borrowing. **Chapter 6** will explain that decisions made today can have a large impact in the future.
2. **Strategic Context**

2.1 **Introduction to Harlow**

Harlow is a former new town, designated under the New Towns Act 1946 and designed through the vision of Sir Frederick Gibberd. It is a relatively small town, but one of the most densely populated areas in the East of England. Most of the immediate post-war housing was built by the public sector: a Development Corporation passed to the newly designated Harlow District Council its stock when it was wound up. The Council takes its housing landlord role very seriously. The financial challenges that it and all other Councils face mean that difficult choices have to be made about the roles it undertakes.

This HRA Business Plan linking closely with the Corporate Plan seeks to illustrate how the Council will respond to the challenges it faces to improve Harlow for residents, businesses and visitors.

A summary of the key headlines for Harlow reveal:

- **82,700 people**
  - Harlow’s population has grown slightly over the past five years and is projected to grow further, and on current trends would reach 90,000 by 2021.
  - Harlow has a young population, with those under ten accounting for 13% of the population. Excluding London Boroughs this represents the 19th highest rate in England and Wales.
  - Harlow has a more diverse population than ten years ago. Around 16% of Harlow’s population are from black or minority ethnic groups. This is slightly lower than the national average.

- **36,070 homes**
  - Around a third of Harlow’s homes are social rented from the Council: the third highest in England and Wales.
  - 51% of Harlow’s homes are terraced houses – the fourth highest rate in England and Wales, and 24% are flats.
  - House prices are lower than in many neighbouring areas, but still unaffordable for many. In 2013 the average house cost £199,320 compared to £242,415 in England as a whole. But this was still nearly eight times the average annual wage for residents who are working full time.

- **40,000 jobs**
  - Unemployment has fallen slightly in recent months to 3.8% (JSA Claimant rate November 2013) but is still much higher than the pre-recession level of around 2.5% - 2.8%.
Despite having among the third highest workplace earnings in Essex (£548.10 per week), Harlow also has the lowest resident earnings in the County (£486.30 per week, ASHE 2013).

As at 1 April 2014, Harlow Council managed 9,715 Council dwellings, a further 2,384 leasehold flats purchased under the ‘Right To Buy’ scheme plus 16 homes managed under the shared ownership scheme (as shown in the table below). In 2008, Harlow was ranked 121st of 354 authorities in the Country (with 1 being the most deprived). Harlow is the 3rd most deprived district in Essex (with Tendring and Southend being more deprived), and the 9th most deprived District in the East of England.

<table>
<thead>
<tr>
<th>Analysis of Housing Stock</th>
<th>Quantity</th>
<th>% of total stock</th>
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<tr>
<td>Analysis by Type of Dwelling</td>
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<tr>
<td>Houses &amp; Bungalows</td>
<td>6,019</td>
<td>61.95</td>
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<tr>
<td>Flats and Maisonettes</td>
<td>3,689</td>
<td>37.97</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>0.08</td>
</tr>
<tr>
<td>Total</td>
<td>9,715</td>
<td>100.00</td>
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<table>
<thead>
<tr>
<th>Analysis by Number of Bedrooms</th>
<th>Quantity</th>
<th>% of total stock</th>
</tr>
</thead>
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<tr>
<td>Bedsitters</td>
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<tr>
<td>1 bedroom</td>
<td>2,091</td>
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<td>2 bedrooms</td>
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<tr>
<td>Hostels</td>
<td>7</td>
<td>0.08</td>
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<tr>
<td>Total</td>
<td>9,715</td>
<td>100.00</td>
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As a major sub-regional centre, Harlow's success is important for communities across a wide area. With its fantastic connections to London, Cambridge and Stansted Airport, Harlow has huge potential to be a major driver for economic growth. But the town faces some significant challenges, with ageing infrastructure, a tired town centre, and some dated housing stock.

Whilst major regeneration schemes have been completed others are about to commence and Harlow Council is responding to changing economic conditions. Like many towns, Harlow’s unemployment levels have been affected by the recession.

2.2 The Council's Vision and Objectives

The Corporate Plan 2013-2016 sets out these priorities in more detail and describes what the Council will do to achieve them. The Council has three main roles to play:

- **Community leader**: representing the interests of Harlow and its community, working with the community to agree and achieve shared objectives and ambitions and to ensure that Harlow keeps evolving.
• **Service provider**, meeting the statutory duties placed upon it by Parliament to protect people, to exercise regulatory functions and to provide discretionary services where it is best placed to do so.

• **Commissioner** of services where such services can best be provided by others.

The Council takes these roles very seriously. The financial challenges that it, and all other Councils face, mean that difficult choices have to be made about the three roles that it undertakes. The Council has five key priorities:

1. More and better housing.
2. Regeneration and a thriving economy.
3. Wellbeing and social inclusion.
4. A clean and green environment.
5. Successful children and young people.

### 2.3 Links and Contributions to the Regeneration Strategies

The Council has a Regeneration Strategy which provides a support framework for housing activity, and the wider housing investment by the Council and its partner organisations.

A major part of the Regeneration Strategy is the Priority Estates Programmes which will have a significant support role for the HRA Business Plan in the replacement of estates.
3. The Housing Service

3.1 Responsibilities

The statutory basis outlining responsibilities required of a housing landlord are contained within the Housing Act 1996, and subsequent legislation.

The housing service delivers Council landlord services including:

- Tenancy and Property management.
- Income management and tenancy support.
- Management of the housing estates.
- Empty Property Management.
- Right to Buy applications.
- Consultation with tenants and leaseholders.
- Leasehold Management.
- Garage and Hardstand Management.
- Rent and service charge collection.
- Enforcement.
- Tackling Anti-social Behaviour.
- Tackling Poor Health and Wellbeing.

3.2 Key objectives

As the landlord for 9,715 homes the Council has a responsibility to ensure that:

- its housing is well maintained and managed,
- it listens to the tenants and leaseholders, and,
- it provides a service that meets their needs whilst meeting the statutory / regulatory requirements.

The changes to the Housing Benefit rules and other welfare reforms have placed many Harlow residents, including many Council tenants, under increased financial pressure. Many young adults find it hard to move into their own home. There are over 3,500 households on the housing needs register, and average house prices are around seven times average earnings. This increases overcrowding, and exacerbates parking problems. Too many successful Harlow residents end up leaving the town, in part because they can't find suitable housing.

3.3 “More and better housing”

The following are the key objectives for the housing service:

- More housing available in Harlow, with a wider choice of housing types which are affordable.
• Continue to increase the range of supported housing.
• Provide high quality housing stock, with all Council homes in the town meeting Modern Homes standards.
• Improve choices for those in housing need.
• Provide effective Tenant and Leaseholder Engagement.
• Continue to improve housing standards.
• Provide effective tenancy support tackling health and wellbeing.

The housing service will:
Improve the quality of housing
• Ensure decent homes targets are met, by increasing investment to tackle the backlog of repairs and deliver packages of improvement work.

Implement a Tenancy Strategy

Implement the Homelessness Strategy
• Continue to develop the Harlow Homelessness Partnership (HHP), targeting resources and joint working with agencies.
• Increase promotion of wider housing options and use of the private sector.

Increase the availability of housing that is affordable
• Use Council owned land, where appropriate (subject to planning consent) such as under-used garage sites to support the development of increased housing opportunities, and,
• Implement a programme of Council house building.

Improve involvement and communication with Tenants and Leaseholders
• Increase participation and representation.
• Ensure that housing works programmes are communicated in advance and monitoring arrangements improved.
• Ensure tenants and leaseholders have opportunities to choose, be consulted by and receive feedback from their representatives when seeking to influence and be involved in the management of their homes.
• Provide opportunities for tenant and leaseholder representatives to input into service improvement activities.
The following key targets are established:

0% of Council homes are recorded as being non-decent by 2015

Our aim is to greatly reduce the number of Council homes that do not meet certain standards making them more energy efficient and better to live in.¹

75% of Council tenants satisfied with the overall service provided by Harlow Council by 2014

The Council aims to further improve the way it consults and communicates with tenants and leaseholders. By doing this we expect to see an improvement in the proportion of Council tenants who are satisfied with Harlow Council as a landlord.²

A performance management framework is in place to manage performance. The framework seeks an outcome based approach focusing on targets that make a real difference to people’s lives focusing on improving customer satisfaction, efficiency, and delivering value for money.

3.4 Supported Housing

Reductions in housing support places increasing pressure on supported housing services. However, the Council wants Harlow to be a great place to grow older with people living happy, healthy and independent lives with the Council playing a leading role in tackling the underlying root causes of poor health and the issues that affect wellbeing.

The Sheltered Housing Service plays an important role in this Wellbeing Strategy and comprises 17 sheltered housing schemes with an outreach service for older people living in their own homes. The careline service provides an emergency tele-care monitoring service and emergency response when required.

Sumners Farm Close Scheme provides accommodation for frail elderly tenants as well as on site extra care housing support with a home for life and a real alternative to residential care.

Older People can expect to live longer, maintaining their independence for longer, seeking care and support services later in life. In Harlow this age profile is projected to increase dramatically. Therefore, it is appropriate to continuously review and reshape services to meet the changing needs with an emphasis on housing support services.

3.5 Tenure policy

The Council is required to have a Tenancy Strategy setting out its approach to tenure.

This was published in 2013 together with a new Allocations Policy determining the priorities used for allocating Council housing. The policy has given greater freedom to establish local approaches of those who can join the Housing Needs Register and

¹ NI158 per cent non-decent council homes
² BV74a Satisfaction - with Council tenants overall (per cent)
what priority the Council can award. The Council no longer manages an open waiting list to which any person can apply.

3.6 Managing Performance

Harlow continues to be recognised externally as a top housing performer operationally. Real achievements have been made over the last year leading to:

Modern Homes Programme

Harlow Council’s biggest ever investment and transformation of Council homes continues with nearly 17,000 improvements completed so far in more than 6,200 different homes and a five-year £100 million investment in Council housing renewal, making a real transformation. Works included:

- 1,596 kitchen replacements
- 1,177 bathroom replacements
- 7,354 window installations
- 2,692 external door installations

Council House Building

The Council agreed a £2.7 million contract to build new two- and three-bedroom Council homes for rent on disused or under-used garage sites across Harlow, the first project of its kind for almost 25 years. All Council homes will be allocated to local people on the Housing Needs Register and it is expected that work will commence in January 2015.

Tackling Fuel Poverty

The external walls of over 372 Council homes were insulated and covered with new render to help reduce heat loss and make them warmer, reducing heating bills and tackling Fuel Poverty. The programme was completed in December 2013 and was jointly funded by a £1.5 million grant from Scottish and Southern Energy Solutions.

Providing Housing Supporting

The Careline and Supported Housing Team achievements included installing approximately 270 alarm units, attaining the Tele-care Services Association (TSA) accreditation for the fifth year running, and being accredited for the BS 50134-7:2003 Provision of Social Alarm Systems, which means that Careline is operating at a very high industry-recognised standard providing support to vulnerable residents of the town.

The Council’s extra-care scheme at Sumners Farm Close providing 42 one bedroomed flats for frail elderly people who need access to 24 hour care but wish to retain their independence. This is one of the first of its kind in the region, and recognised by Essex County Council as a top provider of care and support being held up as an exemplar scheme for how this should be run.
Tackling Housing Need

The town’s social housing shortage focusses even more attention on how Council housing is allocated.

The Council’s Allocations Policy provides the framework for prioritising scarce resources to those in housing need

Tenant Moves Incentive scheme and mutual exchanges

The main priorities remain:

- Strengthening the local connection eligibility.
- Providing additional priority to members of the Armed Forces.
- Increased priority will be given to Council tenants wishing to move to a smaller property.
- Additional priority to Adopters and foster Carers.

In December 2013, keys for 41 homes, a mixture of both flats and houses, were handed over to 31 families and 10 individuals on the Housing Needs Register. Thirty-nine applicants live in Harlow and two have close family members who live in the town. Twenty-four of the applicants moved into their first home. One of the homes to be allocated was the first ever house bought on the open market by the Council.

At the end of 2013/14, the Council turned round its void properties within 20 days which is top quartile performance. There were 45 vacant properties Council Owned which helps tackle the housing need and minimises the amount of rent lost due to properties remaining vacant.

These efficiencies mean more services can be provided to tenants.

Tackling Homelessness

This prevented 253 people from losing their home. There was a reduction of 25% in households placed in temporary accommodation: the lowest number of residents living in temporary accommodation for over 10 years.

Collecting Rent and Service Charges

Benefit changes introduced in 2013 have meant a difficult time for many residents.

The Council’s “can’t pay / won’t pay” approach actively helping residents with dedicated money advice, early intervention, and targeted income management, along with the promotion and take up of direct debit payments. The Council has increased rent and service charge collection rates with performance still in the top quartile of high performing landlords, which is one of the highest collection rates in the regions.

- 99.31% of rent collected in 2013/14.
- 99.2% of leasehold service charges were collected in 2013/14
Repairs

Continued good performance is being reported by Kier Harlow Ltd, responding to tenants’ requests. This needs to be even better, dealing consistently well with the 30,000 repairs requests on an annual basis. Prioritising vulnerable tenants, and responding effectively to feedback regarding experiences. We continue to work effectively with our contractors (Kier Harlow Ltd, United House, Solar) supporting the Council in the delivery of the repairs service and improving the customer experience.

Welfare Reform

Following the introduction of the Government’s Welfare Reform legislation, work continues to assist residents with embedding the amended Housing Benefit Regulations. The Council continue to have clear and transparent processes and procedures for dealing with arrears recovery, and will continue to work in line with its “Can’t pay / Won’t pay” ethos when managing debt in relation to support and enforcement. (See 6.4.2. below).

Anti-Social Behaviour

Tacking anti-social behaviour continues to be a high priority for the Council. Early intervention is key and by ensuring resources are targeted appropriately enables the Council to deal efficiently and effectively with complaints. By taking a multi-agency approach involving the Police, Social Care, schools and other support agencies is attributed to the continued successes in reducing the number of complaints and need for enforcement action.

Tenant and Leaseholder Engagement

We continue to work in co-regulation with Tenant and Leaseholders using different methods in order to scrutinise, challenge, putting them at the heart of the housing service.

A summary of the Service Plan and key performance indicators is shown in Appendix 3.1.
4. Asset Management

4.1 Stock Condition and Key Investment Principles

The completion of the stock condition survey in 2012 enabled the Council to establish a clear plan of improvement works to its housing portfolio to meet and maintain the Government’s Decent Homes Standard.

One of the key investment principles set in the Procurement and Investment Strategy was to achieve decency to the entire Council housing stock by 31 March 2015 which will be achieved.

The stock condition information was developed into a five year programme using key investment principles which from April 2015 now move into another phase as follows:

- Maintain decency from 2015 with investment for all elements to prevent fall out of decency and move towards the development of a Harlow Standard. Future investment to the agreed Standard based on affordability;
- Double glazing of Windows and Doors to all houses - to be completed by March 2016;
- An 8 year External Programme to commence in 2015/16;
- Refocus priorities on compliance, energy efficiency and the works identified in the Garage Strategy approved in December 2014; and,
- Works continue to be programmed geographically into Local Investment Plan areas (LiPs) to achieve Value For Money.

A more comprehensive list of short medium and long term priorities are identified in Appendix 4.1.

4.2 Investment and Procurement Programme (2014-18)

Historically the Council has spent around £9.5m from capital resources to fund programmes of works. In the period April 2013 to March 2015 the Council will have invested £47m of capital funding on its Housing programme with a further £50m to be spent over the next 3 years.

The results of the procurement exercises for the internal works programme are on average showing a 10% saving to earlier business plan assumptions. In 2013/14 the Council agreed to bring all of its single glazed windows in its houses into its short-term programme (2013/14 to 2017/18) which, due to the economies achieved with the procurement process, will be completed by March 2016. Other savings the Council has made is being reinvested in additional works on compliance, energy efficiency and delivering works identified in the garage strategy.

The external works programme, as well as the mini-tender for 2015/16 residual internal programme will be procured using the same principles and procurement route as the previous internal programme. Delivery will commence in April 2015. The annual external programme is likely to be around £5m inclusive of leasehold recharges. Additionally there will be £5.8m to Kier-Harlow through the SCAPE framework as part of the Joint Venture Company (JVCo) agreement, but for 2016/17 there will be a reduced SCAPE allocation of £4.8m (through to January 2017) when the current JVCo arrangements cease to exist in its current form.
4.3 Backlog Repairs

All backlog repairs to achieve decency will have been completed by 31 March 2015 and all backlog funding received from the Homes and Communities Agency.

Priorities for the next three years will be dealing with the backlog of repairs / improvements in compliance areas, as well as dampness and structural requirements.

4.4 Renewals/Planned maintenance

The condition of the Council’s housing stock does not stand still. We need to maintain the momentum and develop a more proactive approach in ensuring the best possible quality for our tenants.

The Decent Homes Standard only measures a limited amount of repairs and improvements to homes and is, in the Council’s view, a basic standard. The adoption of a more proactive approach provides the council with opportunity to develop and introduce a Harlow Standard which takes into account the broader wishes of the Council and its tenants for improvements to homes and housing areas. The Standard would aim to include:

- The ‘Internal standard’ focusing attention on timescales for the replacement of Kitchen, Bathroom and Boiler replacement;
- the ‘Healthy Home standard’ focusing on annual testing of boilers and smoke detectors, 5 year electrical testing and the roll out of a smoke detector hardwiring programme;
- the ‘External standard’ including 7 year cyclical decoration of all council property (including communal areas).

All of the above proposals are subject to affordability.

4.5 Responsive, Void, and Cyclical Maintenance

There is an extensive maintenance programme of £357.6m over 30 years.

The investment required satisfies all aspects of works identified to ensure the stock attains an optimum standard over the 30 year reference period.

A large proportion of the stock (15%) was built using non-traditional construction methods. In addition, most of the Council’s housing stock was built around the same time, so many are simultaneously encountering the same problems, producing an unusually high concentration of demand for repair and replacement of homes.

The issue of maintenance also includes the revision and potential amendment to the current iteration and provider of the JVCo.

July 2015 will also see the full utilisation of the Council’s Orchard system for recording responsive repairs which will assist in the identification of costs and prioritising the move to planned rather than reactive repairs.
4.6 Leasehold Management Costs

There were 2384 leasehold properties as at 1 April 2014. A key responsibility of leaseholders is to contribute towards any costs incurred in maintaining and renewing the common and structural part of their building. This will also include an amount for the management of schemes.

The move in April 2012 to self financing has resulted in more funds being available to the Council to carry out the work needed on its properties.

The work required on properties will include work to flat blocks that leaseholders have a responsibility to contribute to under the terms of their lease.

Leaseholder works have been fully itemised for capital works at £22.4m, or the equivalent of an average of £317.50 per leasehold dwelling per year.

The Council offers different repayment options in the recognition that the Council should be offering the widest range of support possible to leaseholders facing bills for major works, particularly in the current financial climate. These include a five year interest free loan for resident leaseholders and a hardship loan by way of a voluntary charge for those who meet the required qualification and have difficulties in making payments. An incentive is also offered for accounts paid within 30 days. This option will encourage those leaseholders with available funds to pay immediately and will improve cash flow to assist the business plan.

4.7 New Build

Harlow has funded the first new Council house building for many years, commencing development of 18 two-bedroom properties on three small infill sites provided through the demolition of garages. Funding has been provided to accommodate completion of these new homes by December 2015.

4.8 Priority Estates

A key challenge for the Council is to promote a greater mix and diversity of housing in Harlow which facilitates the aim of creating a place where people will want to both work and live.

Some of Harlow's housing estates suffer with construction problems and issues of design which combine to create a situation where these areas do not function well as attractive places to live. In addition, some of these estates are also places where higher levels of multiple deprivation are manifest. Delivering improved housing in these deprived areas will contribute to neighbourhood renewal, addressing housing need and place shaping aspirations.

The current global recession will provide challenging conditions for maintaining momentum for housing renewal and growth.

The Council has developed its Priority Estates regeneration programme prioritising plans and consulting with the local community on the future. In 2013 a development partnership was established, which included a national registered provider of housing was chosen to take forward the redevelopment of The Briars, Copshall Close and
Aylets Field estates. Together the partnership will provide a mixed offer including outright sale, rented and affordable properties, which will be managed and owned by the Registered Provider. It is expected work will commence in early 2015. Provision within the HRA Business Plan is to provide financial support and assistance for those who wish to move or remain in the newly developed estate.

4.9 Energy Efficiency

The Business Plan has allocated expenditure for energy efficiency improvements to its stock of £4.15m in the first five years of its plan. This work will be spread across all forms of energy efficiency and will be used in conjunction with any grant available.

Previous work has included Insulation to the stock limited to cavity wall, external wall and loft insulation programmes which have been very successful in increasing the energy efficiency values across the portfolio and reduced fuel costs for tenants. But the Council also owns a number of difficult to heat solid wall properties (of traditional and non-traditional construction) which were constructed between 1950 and 1970. The non-traditional solid wall properties have experienced damp problems; namely penetrating dampness covering the external walls. This is due to the poor thermal quality of the walls which causes condensation and associated mould growth.

The Council accepted a funding opportunity through Scottish and Southern Energy Ltd (SSE) and delivered external wall insulation improvements to 303 homes in 2013/14 plus an additional 78 properties in 2014/15 attracting a total Energy Company Obligation (ECO) grant of circa £1.75m to Harlow whilst protecting its investment in the housing stock, minimising dampness problems and generating savings to the Business Plan.

The Council has identified £4.150.000 in the first five years of the HRA for work required to provide innovative heating solutions. Priorities from 2015/16 and beyond include:

- Replacement and upgrade of Communal Boilers - the Council has 23 such systems now over 32 years old.
- The impact of new regulations associated to heat metering on communal systems – this requires the installation of heat meters for every individual home by December 2016.
- Regulations from 2018 that prevent letting of any home with Energy Performance Certification of the G and F ratings (The two lowest ratings).
- Other measures will include: Improving the Energy performance rating of homes with the lowest rating of Energy Performance Certificates (EPCs) by looking at Hard to Treat Cavity wall insulation, top up loft insulation, and External Wall insulation to low rise and high rise properties. (including opportunities linked to the Government’s recent Green Deal announcements).

Once completed each property to receive additional heating or insulation measures will have an update on the Energy Performance Certificate. This will provide the Council with accurate data to target future energy performance measures and programmes of work.
4.10 Moving Forward

The Asset Management Plan’s short, medium, and long term objectives are outlined in Appendix 4.1.

1. The Council will continue to prioritise kitchens, bathrooms, heating systems, electrical works, windows and doors to maintain the Decent Homes Standard and develop its own Harlow Standard

2. There will be a new programme of external works commencing in April 2015.

3. Prioritising Compliance arrangements which takes account of statutory obligations associated to Fire Risk Assessments; periodic electrical testing and a whole suite of requirements linked to tenant well-being and safety in their homes.

4. Energy Efficiency improvements which focus on the refurbishment or replacement of district heating systems with more cost effective fuel efficient alternatives; External or cavity wall and loft insulation to improve the thermal efficiency of our properties and support the challenges faced by our tenants associated to fuel poverty.

5. New Build. Having experienced a positive outcome to its venture into house building and the partnership arrangement the council is keen to continue the development of new homes within the town providing a range of tenure.

6. Investment in Garage capital budgets have been included within the Business Plan covering priorities identified in the Garage and Hard standing Strategy.

7. Continuing clearing the backlog repairs on dampness and design (structural) issues in our properties.

8. The external insulation and upgrade the appearance of Tower Blocks: to improve energy efficiency of homes, safety and security features.
5. Governance

5.1 Development and Review

The Council introduced a Cabinet style of political management from May 2011.

The Cabinet carries out all the Council's functions which are not reserved to Full Council or the responsibility of any other part of the Council, whether by law or under the Council's Constitution and takes Key Decisions, including the development, monitoring and review of services, resources and policies.

5.2 Involvement and consultation

The updated Business Plan has been produced in partnership with tenant and leaseholder representatives. The Council is committed to tenant and leaseholder participation and believes that this is a way in which tenants and leaseholders can be involved in the management of their homes.

The Tenant and Leaseholder Participation Agreement was developed in 2012, taking into account the regulatory arrangements and its implications for the Council, tenants and leaseholders. The updated Agreement forms part of the Council's approach to the social housing regulation built around the concept of co-regulation.

Co-regulation will require the Council to demonstrate robust self-regulation incorporating effective tenant and leaseholder involvement through its governance structures.

The HRA Business Plan will be reviewed by tenants and leaseholders together with the other landlord’s housing related policies and priorities. This will ensure tenant and leaseholder involvement in the:

- Making of decisions about how housing-related services are delivered, including the setting of service standards.
- Scrutiny of their landlord’s performance and the making of recommendations to their landlord about how performance might be improved.
- Management of their homes, where applicable.
- Management of repair and maintenance services.

The Council’s Housing Standards Board and Tenant and Leaseholder Standards Panels will jointly monitor service delivery against the consumer standards applicable to the Council and regulated by the Homes and Community Agency (HCA).
6. Financial Forecasts

6.1 Introduction

The HRA Business Plan is a key tool in the management of the Council’s Housing Service. It sets out the key priorities for the service and provides a financial forecast over 30 years. This document is regularly referred to by Officers, and is subject to regular review.

HRA self-financing gives Councils greater control over service delivery, but also brings greater responsibility. Taking on borrowing of £208.837m on 28 March 2012 was one of the biggest decisions Harlow Council has ever had to manage.

A realistic and sustainable HRA Business Plan is therefore an essential tool in the current and future management of the housing service.

The Council’s HRA Business Plan 2014–2044 is summarised below, and detailed in Appendix 6.1.

6.2 Key principles

The key principles which underpin the HRA Business Plan were approved by Cabinet in December 2011, following consultation with tenants and leaseholders.

These key principles are currently:-

- To repay the debt in full within the life of the 30-year Business Plan (i.e. by 31 March 2042).
- Achieving Decent Homes for all properties by March 2015.
- Building new homes as a short term aspiration subject to resources becoming available.
- Ensuring a sustainable Business Plan with fair and affordable rent levels.

6.2.1 Debt financing and repayment

On 28 March 2012 the Council was required to make a one-off payment of £208.837m to the Government to exit the old HRA Subsidy system. The amount was raised in borrowing from the Public Works Loan Board (PWLB). Officers, in consultation with their Treasury Management advisors and lead Councillors decided an optimum portfolio of five equal loans repayable over 4-yearly intervals from 28 March 2026 to 28 March 2042. These are maturity loans, which means that interest only is payable during the lifetime of the loan with repayment of the principal sum in full (the original amount borrowed) on the maturity date.

It is necessary for the Council to raise sufficient surpluses for future repayment.

6.2.2 HRA Operating Account: minimum revenue balance

The Council is obliged by law to set rents and other charges at a level to avoid a deficit on the Housing Revenue Account (i.e. the legal minimum balance at any time
during the financial year must exceed zero). This must be done during the months of January and February of the year immediately preceding the relevant year. The HRA budget for 2015/16 will be presented to Cabinet on 29 January 2015.

In addition, it is the Section 151 Officer’s responsibility to review annually the minimum working balance the HRA should hold. The working balance will increase annually by the general rate of inflation (i.e. £2,695,000 as at 31 March 2015 and £2,727,000 as at 31 March 2016).

A detailed assessment of the HRA Minimum Working Balance is given in the HRA Budget 2015/16 report.

### 6.2.3 Major Repairs Reserve

HRA self-financing has changed the way Councils account for depreciation. Under the new regulations Councils are required to show in the statutory accounts the full cost of depreciation of non-dwellings (garages etc) in its HRA Income and Expenditure Account and transfer to a Major Repairs Reserve not only the statutory sum for dwellings but also depreciation of non-dwellings. The amount held in the Major Repairs Reserve can only be used to finance capital expenditure and / or repay debt.

Harlow Council has no immediate plans to repay debt but will use any balance transferred to the Major Repairs Reserve to contribute towards the cost of the housing capital programme.

The HRA Business Plan 2014-2044 does not make additional transfers from the HRA to MRR towards the future repayment of debt. It confirms that there are sufficient resources within both the HRA and MRR to repay debt at the due time.

### 6.2.4 Decent homes by 2015

The Council will meet the Decent Homes Standard by March 2015 *(see Chapter 4 above)*. A Government grant towards the Decent Homes Backlog in 2014/15 was £4.145m.

### 6.2.5 Investment Planning

The Council has developed a robust methodology to assess the performance of its existing assets. This is based on a financial evaluation of cashflows relating to the assets in order to understand how assets perform within the Business Plan. The assessment covers housing and garage stock and has been overlaid with non-financial sustainability analysis which has provided a framework for investment decisions.

Initial results indicate that the majority of the stock performs well, with positive cashflows. There is a small percentage with cashflows which have a negative worth to the Business Plan. These properties have been categorized within the assumptions for the business plan and ranked, rated and managed according to their category. This has led to the current identification of garage sites for demolition and redevelopment and the priority estates at The Briars, Copshall Close and Ayletts.
Our priority now is to focus on high rise, non-traditional and sheltered housing stock where the nature of the stock means that cashflows are weaker than across other more traditionally built stock due to the higher maintenance costs. For example, the Business Plan includes a provision of £11m for over cladding work associated with high rise properties in the medium term. There are three tower blocks in particular where external insulation now will save maintenance costs in the future and provide a quality building suitable for future investment. The asset modelling provides a base line cash flow to support bids for funding for this scenario and the development of a business case to ensure the future sustainability of blocks. This sophistication will assist in identifying priorities for financial resources on schemes which require intervention to improve the quality of life for tenants and the financial benefit to the Council.

6.2.6 Rent policy
6.2.6.1 Background

A major portion of income to the HRA is dwellings income.

Until 2014/15, successive governments had a policy of moving Council rent increases in excess of annual inflation. This was closely linked to the former HRA Subsidy system.

Under HRA self-financing the debt settlement calculations assumed that this policy would continue. However under the self-financing arrangements the HRA 30-year Business Plan must be sustainable taking into consideration the principles of affordability, fairness, and priorities.

Rent restructuring, as it was called, began in 2002/03. It created a nationally calculated Formula Rent which took account of average county earnings and bedroom size of each property – weighting 70% - and property value – weighting 30%. The formula was uprated annually by inflation. Put simply, it meant that when local rents converged with the Formula Rent a three bedroom rented property with the same property value would have the same weekly rent whether it was in Harlow, Brentwood or Colchester. The Formula Rent had some rationale in that it created relative property rents. What discredited it slightly was the assumption of average county earnings: it was always said that earnings were lower for Harlow residents than elsewhere in Essex.

2015/16 would have been the final year of rent restructuring.

6.2.6.2. Current position and Government guidance

The importance of the nationally devised rent setting as a policy making tool has diminished.

The rent restructuring formula is still expected to be uplifted annually from each April using published data for the previous September. In 2015/16, for the first time, CPI will be used as the measure, replacing the RPI index.

The Government has issued guidance that rents should not increase by more than CPI+1% annually between 2015/16 and 2024/25. This was included for the first time in the HRA Business Plan 2013-2043.
In addition, it encourages Councils to maintain the calculation of a National Formula Rent and to use this higher amount when letting property to new tenants. This would mean differential rent charges between neighbouring properties and was rejected by Housing Standards Panel in December 2013 as creating a “two tiered town”. The HRA Business Plan 2013-2043 did not factor any movement of dwellings towards Formula Rent.

Finally, it encourages Councils to charge tenants whose income exceeds £60,000 a year the market rent. Many Councils have dismissed this as unworkable.

### 6.2.6.3. Rent Setting Options

The guidance allows for some flexibility in setting rents for individual properties: “The Government’s policy recognises that authorities should have some discretion over the rent set for individual properties, in order to take account of local factors and concerns, in consultation with tenants”\(^1\).

The Council consulted tenants on future rent setting policy. (Details are set out in Appendix C of the ‘HRA Budget 2015/16’ report)

It was agreed that a Formula Rent is useful in adopting relative dwelling rents in accordance with bedroom size and property values (a property based approach). It is also consistent with the concepts of affordability and fairness.

1. **Affordability.**
   The government recommends an increase of no more than CPI+1% over the next ten years. Expenditure plans in the past were formulated on higher increases allowing for full convergence of rents with the Formula Rent. Implementing the current government guidance restricts the income to the HRA Business Plan and may lead to cost reductions or a tapering of ambition to, for example, build new council homes.

2. **Fairness.**
   Although some tenants might contend this, having a Formula Rent with a limitation on rent increases appears to be fair. A Formula Rent – however calculated – is based on a set of principles.

To achieve an actual average rent level equivalent to an increase of CPI+1%, the Formula Rent uplift would be amended \(^1\) (i.e. to achieve an average rent of £93.60, an average uplift of CPI+1% meeting guidance). To achieve an average weekly rent of £93.60, the Formula Rent uplift needs to be amended to CPI-0.1%.

In common with government guidance all properties would not converge with a national Formula Rent.

The proposal would mean rent increases would not be a uniform 2.2% uplift, as illustrated in the graph below.

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\(^1\) CLG. Guidance on Rents for Social Housing, June 2014. para. 2.13
Tenants serving on the Housing Finance Standards Panel at its November 2014 meeting endorsed this option.

368 properties would have increases capped at CPI+1%+£2 per week, in other words would not have actual rents set at what would be a Local Formula Rent in 2015/16.

The Council would continue with restructuring until all properties were charged at the Local Formula Rent. This would mean average increases slightly above CPI+1% annually. This option would mean that the Council would not be charging tenants the National Formula Rent.

Figures for the next ten years are given here.

<table>
<thead>
<tr>
<th>Year</th>
<th>Weekly Rent (CPI+1%)</th>
<th>Local Formula Rent</th>
<th>Weekly Rent (based on Local Formula Rent)</th>
<th>Assumed annual increase (CPI+1%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/16</td>
<td>93.60</td>
<td>93.76</td>
<td>93.60</td>
<td>2.2</td>
</tr>
<tr>
<td>2016/17</td>
<td>95.66</td>
<td>95.82</td>
<td>95.72</td>
<td>2.2</td>
</tr>
<tr>
<td>2017/18</td>
<td>98.34</td>
<td>98.51</td>
<td>98.44</td>
<td>2.8</td>
</tr>
<tr>
<td>2018/19</td>
<td>101.29</td>
<td>101.46</td>
<td>101.42</td>
<td>3.0</td>
</tr>
<tr>
<td>2019/20</td>
<td>104.33</td>
<td>104.50</td>
<td>104.48</td>
<td>3.0</td>
</tr>
<tr>
<td>2020/21</td>
<td>107.46</td>
<td>107.64</td>
<td>107.63</td>
<td>3.0</td>
</tr>
<tr>
<td>2021/22</td>
<td>110.69</td>
<td>110.87</td>
<td>110.87</td>
<td>3.0</td>
</tr>
<tr>
<td>2022/23</td>
<td>114.01</td>
<td>114.20</td>
<td>114.20</td>
<td>3.0</td>
</tr>
<tr>
<td>2023/24</td>
<td>117.43</td>
<td>117.62</td>
<td>117.62</td>
<td>3.0</td>
</tr>
<tr>
<td>2024/25</td>
<td>120.95</td>
<td>121.15</td>
<td>121.15</td>
<td>3.0</td>
</tr>
</tbody>
</table>
6.2.7 Priority Estates

Harlow Council has three estates classified as priority. A preferred partner has been chosen for the redevelopment of The Briars, Copshall Close, and Aylets Field (BCA) estates and it is expected that a planning application will be submitted in 2015. Funding for the project will be provided by the contractor, with provision for financial support being made within the HRA Business Plan. The Priority Estates programme brings a number of challenges to the Council – not least the demand for suitable housing during this period.

In addition to the above, Harlow Council has three estates which require additional support. Barley Croft and Lower Meadow will be subject to additional attention under the Modern Homes Programme and the Council will pursue redevelopment opportunities for two flat/maisonette blocks in Northbrooks as and when opportunities arise, the remainder of the estate has been removed from the Priority Estates Project.

6.2.8 Reinvigorating Right To Buy

The Government introduced a new policy from April 2012 to encourage an increase in Right To Buy sales in order to support the replacement of homes. Discounts available to tenants were substantially increased which, following a campaign by the Government, has stimulated the number of sales. The HRA Business Plan assumes 83 sales in 2014/15 and 60 in 2015/16.

The Council is still required to pool the capital receipts to Government but the formula used to calculate the amount payable now includes an allowance for the additional sales which would have otherwise generated a rental income to repay debt, and an amount offered to Councils for the purpose of house building, subject to terms and conditions. These are:
- the ability to find and build on a site within three years;
- penalties for not delivering - repayment of the sum with an addition of interest at 4% above the base rate;
- receipts must not fund over 30% of the cost of the project.

The Business Plan is therefore cautious regarding the need for reinvigoration receipts and will draw down no more than is necessary to finance each project.

6.2.9 Creating New Council Housing

A ‘pathfinder’ project to build new homes has been approved making best use of surplus Council Land, such as under-used garage sites. The contract, which was approved in October 2013, will initially see 18 new houses constructed on sites at Felmongers, Fesants Croft and The Hill. Work has commenced with scheduled completion in December 2015.

As more funding and capacity becomes available further homes could be built. The Council has identified 15 potential disused or under-used garage sites which could provide a total of 91 new homes. The HRA Business Plan will continue to be reviewed at least annually developing plans for Council house building.

The Council has ceased purchasing property on the open market because, with rising house prices, this is not a viable option.
Expenditure for the current schemes is given in the table below.

<table>
<thead>
<tr>
<th>Balance at 1 April 2014</th>
<th>Expenditure on schemes (£)</th>
<th>Supported by Right to Buy Reinvigoration Receipt from CLG (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinvigoration Receipts drawn down during 2014/15</td>
<td>(-)234,000</td>
<td>(-)674,000</td>
</tr>
<tr>
<td>Expenditure on Open Market Purchases</td>
<td>169,000</td>
<td>51,000</td>
</tr>
<tr>
<td>Expenditure on Pathfinder Scheme</td>
<td>1,020,000</td>
<td>306,000</td>
</tr>
<tr>
<td><strong>Total Expenditure / Unused reinvigoration receipts at 31 March 2015</strong></td>
<td><strong>1,189,000</strong></td>
<td><strong>(-)551,000</strong></td>
</tr>
<tr>
<td>Expenditure on Pathfinder Scheme, 2015/16</td>
<td>1,836,000</td>
<td>551,000</td>
</tr>
<tr>
<td><strong>Total Expenditure / Unused reinvigoration receipts at 31 March 2016</strong></td>
<td><strong>1,836,000</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

6.2.10 Garage Strategy
6.2.10.1 Summary

The Council has updated its Garage and Hardstand Strategy. This was approved by Cabinet on 11 December 2014.

The Strategy reviewed the financial viability of each garage block and, where the decision to 'retain and invest' was made, set a programme for future major expenditure.

The Council has 7983 garages in total, 6428 of which are designated ‘retain and invest’. Of these 3581 are let to non-tenants. These will be appropriated since these are no longer required for the purpose of housing in accordance with s122 LGA 1972, HA1985 s19 (2): land not used for housing or part thereof can be appropriated for any purpose.4

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4 The Council in its capacity as local housing authority has determined that the garages to be appropriated are not part of a house and not let in connection with housing stock but are required for the more general purpose of letting to non-Council housing tenants. The Council are satisfied that the garages are better suited for general purpose of being let to members of the public who are not the Council’s own Housing Act Part II residential tenants. Therefore, the appropriation may be made pursuant to section 122 of the Local Government Act 1972. It is proposed to transfer private rented garages from the HRA to the General Fund (GF) on an ongoing basis as the use of garages is no longer entirely a Council landlord (HRA) function. Thereafter, expenditure and income relating to those garages transferred will be accounted for in the General Fund.
The transfer of 3581 garages let to non-Council housing tenants will assist in the balancing of the General Fund which faces ongoing reductions in grant, in contrast to the Council’s Housing Revenue Account which has a positive ongoing income stream forecasted from housing rents.

The garages in question have been revalued at a net £10.937m. This is the value of the garages to be transferred, which has an impact on the respective borrowing limits within the HRA and General Fund. The sale of these assets to the General Fund creates an additional £10.937m of borrowing headroom within the HRA. The overall borrowing position to the Council (referred to as the Capital Financing Requirement) remains unchanged.

Set out in the table below are the changes made to the HRA and General Fund as a consequence of this policy change. These figures have been incorporated into this HRA Business Plan.

6.2.10.2 Notes on changes to the Business Plan

The Council asked Savills to revalue the garage stock as at 1 April 2014 in light of the findings contained in the Garage Strategy. The value is greatly reduced (impaired) so instead of approximately £6m for depreciation, the figure will fall to £179,000. This has an impact on the contribution from the HRA to the MRR: for 2014/15 this will be £11.101m.

The Housing Capital Programme utilises the balance in the MRR to fund expenditure. This will instead be financed by Direct Revenue Financing. It means that prior to transfer of garages there is no overall financial impact on the HRA of the combined amounts in the Operating Account and Major Repairs Reserve.

The transfer of garages from 1 April 2015 will mean an apportionment of capital expenditure in respect of garages will be met by the Non-Housing Capital Programme (which is outside the scope of this report). Additional capital expenditure to the Non-Housing Capital Programme will be met by Direct Revenue Financing from the income collected from non-tenants. (The General Fund also receives an apportionment of management and repairs expenditure exemplified in the table below.)
## Garage Finances

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of garages</td>
<td>7983</td>
<td>3581</td>
<td>3581</td>
<td>3581</td>
<td>3581</td>
<td>3581</td>
</tr>
<tr>
<td>of which relates to empty garages</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Valuation (£m)</td>
<td>10.937</td>
<td>10.937</td>
<td>10.937</td>
<td>10.937</td>
<td>10.937</td>
<td>10.937</td>
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<tr>
<td>of which relates to buildings not land</td>
<td>2.734</td>
<td>2.734</td>
<td>2.734</td>
<td>2.734</td>
<td>2.734</td>
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</tr>
<tr>
<td>expressed as a percentage (%)</td>
<td>25.00%</td>
<td>25.00%</td>
<td>25.00%</td>
<td>25.00%</td>
<td>25.00%</td>
<td>25.00%</td>
</tr>
<tr>
<td>Remaining Useful Life (yrs)</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Interest on Investments applied to CFR</td>
<td>0.670%</td>
<td>1.250%</td>
<td>1.500%</td>
<td>2.000%</td>
<td>2.500%</td>
<td>2.500%</td>
</tr>
<tr>
<td>Garage Rent</td>
<td>£8.20</td>
<td>£8.36</td>
<td>£8.53</td>
<td>£8.70</td>
<td>£8.88</td>
<td>£9.05</td>
</tr>
<tr>
<td>Annual Uplifts</td>
<td>2.00%</td>
<td></td>
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</tr>
</tbody>
</table>

### Expenditure & Income

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Costs &amp; Overheads (£m)</td>
<td>0.293</td>
<td>0.131</td>
<td>0.134</td>
<td>0.137</td>
<td>0.139</td>
<td>0.142</td>
</tr>
<tr>
<td>Maintenance Costs (£m)</td>
<td>0.250</td>
<td>0.112</td>
<td>0.114</td>
<td>0.117</td>
<td>0.119</td>
<td>0.121</td>
</tr>
<tr>
<td>Capital Programme: Garages (£m)</td>
<td>varies</td>
<td>0.648</td>
<td>0.661</td>
<td>0.707</td>
<td>0.823</td>
<td>0.844</td>
</tr>
<tr>
<td>Total (£m)</td>
<td>0.543</td>
<td>0.891</td>
<td>0.910</td>
<td>0.960</td>
<td>1.082</td>
<td>1.108</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Income (£m)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voids (£m)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Net Income (£m)</td>
<td>-1.557</td>
<td>-1.589</td>
<td>-1.620</td>
<td>-1.653</td>
<td>-1.686</td>
<td>-1.686</td>
</tr>
<tr>
<td>Year</td>
<td>GF</td>
<td>HRA</td>
<td>GF</td>
<td>HRA</td>
<td>GF</td>
<td>HRA</td>
</tr>
<tr>
<td>------------</td>
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</tr>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>2015/16</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016/17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017/18</td>
<td></td>
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</tr>
<tr>
<td>2018/19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019/20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Transactions
- **Transfer of Garages adjusts CFR**
  - 2015/16: 10.937
  - 2016/17: 10.937
  - 2017/18: 10.937
  - 2018/19: 10.937
  - 2019/20: 10.937

### Interest on CFR
- 2015/16: 0.073
- 2016/17: 0.137
- 2017/18: 0.164
- 2018/19: 0.219
- 2019/20: 0.273

### Depreciation charge to MRR
- 2015/16: -0.091
- 2016/17: -0.091
- 2017/18: -0.091
- 2018/19: -0.091
- 2019/20: -0.091

### Capital Programme: additional DRF
- 2015/16: 0.091
- 2016/17: 0.091
- 2017/18: 0.091
- 2018/19: 0.091
- 2019/20: 0.091

### Depreciation charge to GF
- 2015/16: 0.091
- 2016/17: 0.091
- 2017/18: 0.091
- 2018/19: 0.091
- 2019/20: 0.091

### Depreciation charge reversed through MIRS
- 2015/16: -0.091
- 2016/17: -0.091
- 2017/18: -0.091
- 2018/19: -0.091
- 2019/20: -0.091

### Garage expenditure
- 2015/16: 0.891
- 2016/17: 0.910
- 2017/18: 0.960
- 2018/19: 1.082
- 2019/20: 1.108

### Garage income
- 2015/16: -1.557
- 2016/17: 1.557
- 2017/18: 1.589
- 2018/19: 1.620
- 2019/20: 1.653

### Cost / (Saving)
- 2015/16: -0.593
- 2016/17: 0.593
- 2017/18: -0.542
- 2018/19: 0.542
- 2019/20: -0.352

### Memorandum
- **Revenue**
  - 2015/16: -1.241
  - 2016/17: 1.241
  - 2017/18: -1.203
  - 2018/19: 1.203
  - 2019/20: -1.176

- **Capital**
  - 2015/16: 0.648
  - 2016/17: -0.648
  - 2017/18: 0.661
  - 2018/19: -0.661
  - 2019/20: 0.844
6.3 General assumptions.
The table below sets out the assumptions applied in the HRA Business Plan. *A full commentary is given in Appendix 6.2.*

<table>
<thead>
<tr>
<th>Inflation indices</th>
<th>RPI</th>
<th>Pay</th>
<th>Repairs &amp; JVCo annual uplift</th>
<th>CPI</th>
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</thead>
<tbody>
<tr>
<td>Year 2 (2015/16)</td>
<td>2.5%</td>
<td>2.2% from Jan 2015</td>
<td>1.1%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Year 3 (2016/17)</td>
<td>2.5%</td>
<td>2%</td>
<td>2%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Year 4 (2017/18)</td>
<td>2.5%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Thereafter</td>
<td>2.5%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inflation indices</th>
<th>Dwelling Rents (broadly CPI+1% where CPI previous Sep)</th>
<th>Garage Rents</th>
<th>Interest Rate paid on Borrowing</th>
<th>Interest Rate received on Working Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 2 (2015/16)</td>
<td>2.2%</td>
<td>2%</td>
<td>3.47%</td>
<td>0.67%</td>
</tr>
<tr>
<td>Year 3 (2016/17)</td>
<td>2.2%</td>
<td>2%</td>
<td>3.47%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Year 4 (2017/18)</td>
<td>2.8%</td>
<td>2%</td>
<td>3.47%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Year 5 (2018/19)</td>
<td>3%</td>
<td>2%</td>
<td>3.47%</td>
<td>2%</td>
</tr>
<tr>
<td>Thereafter</td>
<td>3%</td>
<td>2%</td>
<td>3.47%</td>
<td>Rising to 3%</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Rents</th>
<th>Average weekly rent per tenant (£)</th>
<th>Average weekly service charge per tenant (£)</th>
<th>Local Formula Rent (£)</th>
<th>National Formula Rent (£)</th>
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<tbody>
<tr>
<td>2014/15</td>
<td>91.59</td>
<td>1.79</td>
<td>-</td>
<td>92.74</td>
</tr>
<tr>
<td>2015/16</td>
<td>93.60</td>
<td>1.64</td>
<td>93.76</td>
<td>94.78</td>
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<tr>
<td>2016/17</td>
<td>95.72</td>
<td>2.06</td>
<td>95.82</td>
<td>96.87</td>
</tr>
<tr>
<td>2017/18</td>
<td>98.44</td>
<td>2.11</td>
<td>98.51</td>
<td>99.58</td>
</tr>
<tr>
<td>2018/19</td>
<td>101.42</td>
<td>2.16</td>
<td>101.46</td>
<td>102.56</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stock</th>
<th>Number of tenanted properties as at 1 April 2014</th>
<th>9715</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of leasehold properties as at 1 April 2014</td>
<td>2384</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual changes</th>
<th>Right To Buy sales</th>
<th>New leasehold properties</th>
<th>New Build</th>
<th>Demolitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/15</td>
<td>(-)83</td>
<td>34</td>
<td>1</td>
<td>(-)16</td>
</tr>
<tr>
<td>2015/16</td>
<td>(-)60</td>
<td>24</td>
<td>18</td>
<td>(-)65</td>
</tr>
<tr>
<td>2016/17</td>
<td>(-)60</td>
<td>24</td>
<td>0</td>
<td>(-)65</td>
</tr>
<tr>
<td>2017/18</td>
<td>(-)30</td>
<td>12</td>
<td>0</td>
<td>(-)65</td>
</tr>
<tr>
<td>2018/19</td>
<td>(-)30</td>
<td>12</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Thereafter</td>
<td>(-)30</td>
<td>12</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

| Other assumptions (figures at 31 March 2015) | |
| Settlement payment (on 28 March 2012)       | £208,837,000 |
| Limit of Indebtedness / Borrowing cap       | £208,837,000 |
| Housing Capital Financing Requirement       | £198,307,000 |
| Borrowing headroom                          | £10,530,000. |
| Minimum working balance on Housing Revenue Account | £2,637,000 |
6.4 Risks and opportunities

6.4.1 Investment Strategy

The Council has developed an Asset Management Plan highlighting spending required to maintain homes in good order throughout the life of the HRA Business Plan. The figures included in the Business Plan have been prudently calculated, such that it is anticipated that the sums involved will decrease rather than increase. The Sensitivity Analysis will consider the implications of changes to these figures.

6.4.2 Welfare Reform

Following the introduction of the Government’s Welfare Reform legislation, work continues to assist residents with embedding the amended Housing Benefit Regulations. The Council continue to have clear and transparent processes and procedures for dealing with arrears recovery, and will continue to work in line with its “Can’t pay / Won’t pay” ethos when managing debt in relation to support and enforcement.

Housing rent collection has not been majorly affected by the welfare reforms at this stage, with figures on arrears relating to the Under Occupation Surcharges comparing favourably to other Local Authorities across the country. Work continues to be undertaken to provide tenants affected with support and assistance in relation to debt management, income maximisation and budgeting advise with the aim of finding resolutions to their financial difficulties before enforcement action is considered.

The appointed Welfare Reform Support Officer within Housing Services continues to work proactively with the households most vulnerable and affected by the changes, by identifying appropriate interventions and solutions in ensuring they are able to maximise their income, minimise their debts and sustain their tenancies. Preparing tenants for Universal Credit has already commenced with vulnerable tenants being identified and providing budgeting advise, income maximisation and assistance with managing their financial affairs by ensuring they have bank accounts in preparation for direct payments.

Due to the continuing implementation of the Welfare Reform legislation, further changes and impacts are currently unknown in the following areas:

- The timetable for Universal Credit (UC) which brings together the majority of welfare benefits, including housing benefit, under one claim process and one monthly payment was due to be rollout in October 2013, but this has been delayed. The roll out will now take place in four tranches, with the first tranche planned to be rolled out from March 2015 and will initially be rolled out to single claimants in the first instance. Once tranche one is complete, subsequent tranches will be rolled out until national expansion is completed during the Spring of 2016. At this stage we have not been notified as to what tranche Harlow will be in, however it is expected that it is more likely to be nearer the end of the national roll out.
- Payment of housing benefit direct to tenants of registerd social landlords. In preparation for UC, local authorities may be required to implement Payment Direct of housing benefit, which is already operational for tenants in the private sector.
The legislation represents a wholesale change to the welfare state set up in the late 1940s following the Beveridge report. The affect on individuals, and their payment behaviour, is unknown but it is estimated that there will, in the coming year, be a reduction of £2m in the welfare bill to the residents of Harlow. The Council has planned that additional staff will be necessary to support money management and the payment of rent and council tax. The Council has increased its provision for bad debts in the HRA Business Plan. It is difficult to assess whether sufficient resources have been allowed given the radical change in culture which Welfare Reform will bring.

6.4.3. Secretary of State powers to reopen “payment settlement”

The Localism Act 2011 gave the Secretary of State powers to redetermine Council debt at a future date. This would be used in the event, for example, of national policy change having an affect on HRA Business Plans.

This is a pragmatic piece of legislation.

Harlow Council’s payment settlement was adjusted for the projected demolition of 204 dwellings at The Briars, Aylets Field and Copshall Close between 2014 and 2018.

6.4.4 Borrowing Strategy

The HRA Business Plan 2011-2041 was designed to indicate the minimum period over which loans could be repaid, thus avoiding perhaps needless interest charges to the HRA. This updated Plan ensures that the borrowing commitments made in March 2012 can be met. Predicting expenditure and income over very long time periods is risky. Officers believe there are two guiding principles:

1) To ensure that the HRA Business Plan can afford to repay the loan or loans over the anticipated time period.

2) To ensure that sufficient surpluses are set aside to repay these loans.

As surplus balances increase over time there may be the opportunity to invest sums or reprofile the loans.

6.4.5 Limit of Indebtedness

The ‘limit of indebtedness’ is the borrowing cap set by the Secretary of State under the Localism Act. This is the maximum amount that housing authorities may borrow. For Harlow Council this is identical to the settlement payment, £208.837m, however finances at 31 March 2012 showed the ‘HRA Capital Financing Requirement’ at minus £10.53m. This sum is an additional, or headroom, amount which may be borrowed.

In addition the transfer of garages from the HRA to General Fund (see 6.2.10 above) will produce a larger borrowing headroom of £21.467m. The value of the garages to be transferred on 1 April 2015 is £10.937m. This reduces the HRA Capital Financing Requirement to £187.37m.

This HRA Business Plan provides that the headroom will only be borrowed if absolutely necessary.
6.4.6 Accounting for the Depreciation and Componentisation of assets

With the Housing Revenue Account required to operate on a more business-like footing and have a regularly updated Business Plan, there is a requirement to account properly for the depreciation of assets and, where it is important and significant, the various parts of an asset (referred to as componentisation). Councils are currently allowed to apply a figure for the depreciation of dwellings which is currently lower than that calculated by professional valuers. This dispensation will probably end on 31 March 2017, after which real charges have to be applied to the Operating Account with compulsory transfers to the Major Repairs Reserve. The impact of these changes is unknown, and not factored into this HRA Business Plan.

For a full commentary on this topic please refer to the ‘HRA Business Plan 2013-2043’, section 6.4.8.

6.5 Sensitivity analysis

Sensitivity analysis tests how much the Business Plan might fluctuate from its set of standard assumptions (see 6.3 above). This is distinctive from the key principles (see 6.2 above), which have been approved and are unchanging, save for inflationary fluctuations.
7. Equalities and Diversity

Harlow Council is committed to providing equal access to Council services for all those who make up Harlow's diverse communities. It is also committed to regular evaluation procedures, and policies promoting diversity in all areas of recruitment, employment, training and promotion.

The Council will work towards an environment that is based on meritocracy and inclusiveness, where all employees can develop their full potential, irrespective of their race, gender, marital status, age, disability, religious belief, political opinion or sexual orientation.

The Council recognises that equality of opportunity leads to:
- Services that respond to the needs of all its communities.
- Staff who are able to deliver services to the whole community more effectively through improved training and development.
- A more positive working environment which enables hearts and minds to embrace change.
- A workforce that is representative of the wider community.
- Good partnership between the Council and the community.

The Council’s Constitution sets out how it operates as an organisation, how decisions are made and the procedures that need to be followed to ensure it is efficient, transparent and accountable to local people.

Harlow Council is committed to the principles of equality of opportunity, fairness and equality for all in its service provision. These principles underpin the services the Council provides and the opportunities it creates as an employer, partner and service provider. The Council works toward an environment that is based on inclusiveness, where all potential applicants are given equal opportunity to apply for available roles with the Council and all employees can develop their full potential.

In 2011 the Council published its Corporate Equalities Policy, *Putting People First*, which reflects what is enshrined in our constitution and embedded across the culture of the organisation.

**Harlow Fairness and Diversity Partnership**

The Fairness and Diversity Partnership is independent of the Council, but an integral part of the structure of key partnerships for Harlow.

Independently chaired; the Partnership includes Harlow Councillors and Officers, and representatives from a range of government and non-government organisations including trade unions.

The Council monitors how well it is performing against this objective through a variety of measures including community cohesion and reducing disadvantage. The Council’s approach to equalities is embedded in the decisions it makes as an organisation.

Where a new policy, function or activity has an impact on the community, or
where a policy, function or activity is changed, an Equality Impact Assessment (EIA) may be undertaken which assesses the proposed changes and asks the following questions:

i. Are there differential service outcomes for different communities? If so, what measures will be put in place to re-dress these differences?

ii. What will be the impact of the delivery of any proposed new services or functions on satisfaction ratings amongst different groups of residents?

iii. How have residents with different needs been consulted on the anticipated impact of this proposal?
### APPENDIX 3.1
### HOUSING SERVICE PLAN 2014-15

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Actions</th>
<th>Milestones</th>
<th>When</th>
<th>By Whom</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSG 1 Improve the quality of Council Housing stock, maintain stock in good order achieving Decent Homes Targets by April 2015</td>
<td>1.1 Procure Housing Investment Programme</td>
<td>1.1.1 Internal contracts awarded</td>
<td>Complete</td>
<td>Head of Housing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.1.2 External contracts awarded</td>
<td>Feb 2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.1.3 Programme and project management established</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.2 Revised Housing Revenue Account Business Plan Approved</td>
<td>1.2.1. Programme and Project Management Team established</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2.2 Annual work plans published to Tenants and leaseholders</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.3 Revised Asset Management Strategy Published</td>
<td>1.3.1. Plan published</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.4 Performance Management Framework established</td>
<td>1.4.1 Framework in place</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.5 New Asset Management Service Procurement Framework established</td>
<td>1.5.1 Framework in place</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td>Objectives</td>
<td>Actions</td>
<td>Milestones</td>
<td>When</td>
<td>By Whom</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------</td>
<td>-------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>HSG 2 Review the Allocations Policy and Tenancy Strategy</td>
<td>2.1 Review the impact of Welfare Reforms</td>
<td>2.1.1 Impact assessment made</td>
<td>Complete</td>
<td>Housing Options &amp; Advice Manager</td>
</tr>
<tr>
<td></td>
<td>2.2 Develop Action Plan for service reduction aligned to reduced budget levels</td>
<td>2.2.1 Action Plan in place</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3 Review processes and policies in line with new Tenancy Strategy</td>
<td>2.3.1 New processes in place</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td>HSG 3 Implement revised Homelessness Strategy</td>
<td>3.1 Implement Action Plan from revised Temporary Accommodation procurement</td>
<td>3.1.1 Action Plan completed</td>
<td>March 2015</td>
<td>Housing Options &amp; Advice Manager</td>
</tr>
<tr>
<td></td>
<td>3.2 Increase promotion of wider housing options and use of the private sector</td>
<td>3.2.1 Advice services reviewed</td>
<td>March 2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.3 Develop Harlow Homelessness Partnership targeting resources and joint working with agencies to prevent and respond to Homelessness</td>
<td>3.3.1 Allocate Government grant for 2014/15</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.4 Ensure all residents are provided with a range of Housing Options, choices and opportunities available</td>
<td>3.4.1 Review the options with a view to increasing the range available</td>
<td>March 2015</td>
<td></td>
</tr>
<tr>
<td>Objectives</td>
<td>Actions</td>
<td>Milestones</td>
<td>When</td>
<td>By Whom</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>------------------------------------------------</td>
<td>---------------</td>
<td>---------------</td>
</tr>
<tr>
<td>HSG 4 Increase availability of Housing to rent at low cost</td>
<td>4.1 Implement programme of Council house building</td>
<td>4.1.1 Implementation Plan published</td>
<td>Complete</td>
<td>Head of Housing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4.1.2 Progress reviewed</td>
<td>Mar 2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.2 Use Council owned land, where appropriate to support the development of increased housing</td>
<td>4.2.1 Revised Garage Strategy published</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4.2.2 Implementation Plan published</td>
<td>Feb 2015</td>
<td></td>
</tr>
<tr>
<td>HSG 5 Increase engagement and Participation of tenants and leaseholders</td>
<td>5.1 Review and consult on the Tenant and Leaseholder Engagement Strategy in response to national and local priorities and implement it.</td>
<td>5.1.1 Review completed</td>
<td>Nov 2014</td>
<td>Head of Housing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5.1.2 Plan implemented</td>
<td>Mar 2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.2 Ensure that Housing works programmes are communicated in advance of commencement and monitoring arrangements established</td>
<td>5.2.1 Programmes published</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.3 Ensure tenants and leaseholders have opportunities to choose, be consulted by and receive feedback when seeking to influence and be involved in the management of their homes</td>
<td>5.3.1 On-going</td>
<td>Mar 2015</td>
<td></td>
</tr>
<tr>
<td>Objectives</td>
<td>Actions</td>
<td>Milestones</td>
<td>When</td>
<td>By Whom</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>HSG 6 Review Supported Housing provision</td>
<td>6.1 Establish a new five year supported Housing Plan</td>
<td>6.1.1 Meet with Social Services</td>
<td>Deferred to next year due to ECC reviewing their Supported Housing Strategy</td>
<td>Supported Housing Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6.1.2 Review need and demographics</td>
<td>Deferred to next year due to ECC reviewing their Supported Housing Strategy</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6.1.3 Complete stock condition survey for older persons schemes</td>
<td>Deferred to next year due to ECC reviewing their supported Housing strategy</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6.1.4 Action Plan published</td>
<td>Deferred to next year due to ECC reviewing their supported Housing strategy</td>
<td></td>
</tr>
<tr>
<td>HSG 7 Improve tenant satisfaction with Housing Landlord Services</td>
<td>7.1 Review customer satisfaction measurements</td>
<td>7.1.1 Housing Tenant Survey</td>
<td>Feb 2015</td>
<td>Head of Housing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7.1.2 Repairs measurements reported quarterly</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td>HSG 8 Ensure all residents are provided with the full range of Housing Options, choices and opportunities available for their situation</td>
<td>8.1 Implement Housing Strategy</td>
<td>8.1.1 Plans implemented</td>
<td>Mar 2015</td>
<td>Housing Options and Advice Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8.2 Promote sustainable tenancies by providing timely advice and support</td>
<td>8.2.1 ongoing.</td>
<td>Mar 2015</td>
</tr>
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</table>
H098 Repairs - Attending site to make safe within 2 hours following a report by a tenant

<table>
<thead>
<tr>
<th>2014</th>
<th>KPI</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>HO98</td>
<td>Attend site to make safe within 2 hours following a report by a tenant or other stakeholder.</td>
<td>99.13%</td>
<td>99.29%</td>
<td>100%</td>
<td>99.37%</td>
<td>99.10%</td>
<td>99.70%</td>
<td>100%</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**HO98 Attending site to make safe within 2 hours following a report by a tenant or other stakeholder.**
### H101 Urgent requests for service (attend within 5 days)

<table>
<thead>
<tr>
<th>Year</th>
<th>KPI</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>H101 Urgent requests for service (attend within 5 days)</td>
<td>99.73%</td>
<td>100%</td>
<td>99.67%</td>
<td>99.70%</td>
<td>99.70%</td>
<td>99.66%</td>
<td>99.08%</td>
<td>98.60%</td>
<td>98.80%</td>
<td>99.00%</td>
<td>99.20%</td>
<td>99.40%</td>
</tr>
</tbody>
</table>

### H101 Urgent requests for service (attend within 5 days)

- **April**: 99.73%
- **May**: 100%
- **June**: 99.67%
- **July**: 99.70%
- **August**: 99.70%
- **September**: 99.66%
- **October**: 99.08%
- **November**: 98.60%
- **December**: 98.80%
- **January**: 99.00%
- **February**: 99.20%
- **March**: 99.40%
<table>
<thead>
<tr>
<th></th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>H103</td>
<td>94.64%</td>
<td>97.29%</td>
<td>95.56%</td>
<td>98.91%</td>
<td>98.72%</td>
<td>98.21%</td>
<td>98.48%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**H103 – Standard requests for service (attend within 20 days)**
Empty Homes Team

HMS8 - Number of empty Council homes

<table>
<thead>
<tr>
<th>PI CODE</th>
<th>2013/14 Outturn</th>
<th>2014/15 Target</th>
<th>May Week 8</th>
<th>June Week 13</th>
<th>July Week 17</th>
<th>August Week 21</th>
<th>September Week 26</th>
<th>October Week 30</th>
<th>Status</th>
<th>Trend Arrow</th>
</tr>
</thead>
<tbody>
<tr>
<td>HMS 8</td>
<td>45</td>
<td>60</td>
<td>53</td>
<td>44</td>
<td>49</td>
<td>44</td>
<td>52</td>
<td>49</td>
<td>GREEN</td>
<td>↑</td>
</tr>
</tbody>
</table>

Total Number of Voids

Number of Voids

Week Number
### Home Ownership

#### Annual Service Charges

**LHI 5025—Service Charges Collected as a Percentage of the Annual Target - Month by Month**

<table>
<thead>
<tr>
<th>Outturn 2013-14</th>
<th>Target 2014-15</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEPT</th>
<th>OCT</th>
<th>NOV</th>
<th>Status</th>
<th>Trend Arrow</th>
</tr>
</thead>
<tbody>
<tr>
<td>99.20%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>↑</td>
</tr>
<tr>
<td>TARGET INDICATOR %</td>
<td></td>
<td>98%</td>
<td>8.16%</td>
<td>18.33%</td>
<td>26.50%</td>
<td>32.66%</td>
<td>40.83%</td>
<td>48.86%</td>
<td>57.14%</td>
<td>65.33%</td>
<td>GREEN</td>
</tr>
</tbody>
</table>

#### Service Charge Collection

![Graph showing service charge collection by month for different years](image)
### Gas Compliance (annual Servicing completed) for contractor activity only 4.11 (ii)

<table>
<thead>
<tr>
<th>KPI DESCRIPTION</th>
<th>REF</th>
<th>Dec-13</th>
<th>Jan-14</th>
<th>Feb-14</th>
<th>Mar-14</th>
<th>Apr-14</th>
<th>May-14</th>
<th>Jun-14</th>
<th>Jul-14</th>
<th>Aug-14</th>
<th>Sep-14</th>
<th>Oct-14</th>
<th>Nov-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas compliance (annual servicing completed) for contractor activity only</td>
<td>4.11 (ii)</td>
<td>99.90%</td>
<td>99.69%</td>
<td>99.06%</td>
<td>99.36%</td>
<td>99.96%</td>
<td>99.33%</td>
<td>99.79%</td>
<td>99.69%</td>
<td>99.60%</td>
<td>99.75%</td>
<td>99.92%</td>
<td>99.99%</td>
</tr>
</tbody>
</table>

![Graph showing gas compliance (annual servicing completed) for contractor activity only 4.11 (ii)](image-url)
Harlow Non Decency Profile
April 2014 - March 2015
Nov 2014

Non Decency Profile

Target
Actual

Non Decency Properties

Apr 800
May 700
Jun 600
Jul 500
Aug 400
Sep 300
Oct 200
Nov 100
Dec 0
Jan 0
Feb 0
Mar 0
Harlow Achievement of Decency Profile
April 2014 - March 2015
Nov 2014

Target
Actual
**APPENDIX 4.1: ASSET MANAGEMENT PLAN**

<table>
<thead>
<tr>
<th>Element</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
<th>Years 6 to 10</th>
<th>Years 11 to 15</th>
<th>Years 16 to 20</th>
<th>Years 21 to 25</th>
<th>Years 26 to 30</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internals</td>
<td>14,570,524</td>
<td>14,570,524</td>
<td>5,652,310</td>
<td>9,713,683</td>
<td>7,424,033</td>
<td>£16,374,400</td>
<td>£25,313,000</td>
<td>£24,512,850</td>
<td>£38,704,700</td>
<td>£19,959,150</td>
<td>£176,795,173</td>
</tr>
<tr>
<td>Windows and Doors</td>
<td>3,229,325</td>
<td>3,079,325</td>
<td>3,500,000</td>
<td>0</td>
<td>0</td>
<td>£865,804</td>
<td>£6,810,431</td>
<td>£5,673,311</td>
<td>£4,885,071</td>
<td>£2,966,500</td>
<td>£31,009,767</td>
</tr>
<tr>
<td>Dampness / Structural</td>
<td>533,000</td>
<td>250,000</td>
<td>150,000</td>
<td>100,000</td>
<td>100,000</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£1,133,000</td>
</tr>
<tr>
<td>Contingent Major Repairs</td>
<td>557,485</td>
<td>700,000</td>
<td>800,000</td>
<td>422,576</td>
<td>422,576</td>
<td>£1,880,407</td>
<td>£1,666,040</td>
<td>£1,526,411</td>
<td>£1,656,570</td>
<td>£934,647</td>
<td>£10,566,713</td>
</tr>
<tr>
<td>Leaseholders costs</td>
<td>0</td>
<td>0</td>
<td>569,969</td>
<td>569,969</td>
<td>569,969</td>
<td>£10,221,465</td>
<td>£6,713,996</td>
<td>£1,857,166</td>
<td>£1,545,287</td>
<td>£364,231</td>
<td>£22,412,052</td>
</tr>
<tr>
<td>Related Assets</td>
<td>289,593</td>
<td>389,594</td>
<td>947,690</td>
<td>947,690</td>
<td>947,690</td>
<td>£5,385,442</td>
<td>£5,401,103</td>
<td>£7,023,297</td>
<td>£1,020,330</td>
<td>£607,606</td>
<td>£22,960,036</td>
</tr>
<tr>
<td>Barley Croft &amp; Lower Meadow</td>
<td>483,675</td>
<td>350,000</td>
<td>2,482,925</td>
<td>0</td>
<td>0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£3,316,600</td>
</tr>
<tr>
<td>Lift Programme</td>
<td>0</td>
<td>70,000</td>
<td>70,000</td>
<td>0</td>
<td>0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£140,000</td>
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<td>Environmental Works</td>
<td>20,000</td>
<td>30,000</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>£100,000</td>
<td>£100,000</td>
<td>£100,000</td>
<td>£100,000</td>
<td>£100,000</td>
<td>£700,000</td>
</tr>
<tr>
<td>Disabled Aids and Adaptations</td>
<td>630,000</td>
<td>750,000</td>
<td>800,000</td>
<td>800,000</td>
<td>800,000</td>
<td>£3,150,000</td>
<td>£3,150,000</td>
<td>£3,150,000</td>
<td>£3,150,000</td>
<td>£3,150,000</td>
<td>£19,530,000</td>
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<tr>
<td>Energy Efficiency</td>
<td>0</td>
<td>800,000</td>
<td>1,750,000</td>
<td>800,000</td>
<td>800,000</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£4,150,000</td>
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<tr>
<td>Electrical Upgrade and Fire Safety</td>
<td>0</td>
<td>450,000</td>
<td>1,000,000</td>
<td>100,000</td>
<td>100,000</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£1,650,000</td>
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<tr>
<td>Scape Overspend</td>
<td>450,000</td>
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<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£450,000</td>
</tr>
<tr>
<td>BC And LM additional Works</td>
<td>700,000</td>
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<td></td>
<td></td>
<td></td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£700,000</td>
</tr>
</tbody>
</table>


Total Per Annum: £16,234,846  £14,282,670  £12,676,956  £12,538,239  £7,262,276  £13,797,853

All costs are exclusive of Professional Fees, VAT, management and administration costs and are based on 2014/15 prices. Costs are inclusive of preliminaries.
The following priorities form the basis of the asset management plan.

**Short Term: up to 5 years**

- Maintain and exceed the minimum standards associated to decency and in so doing develop an enhanced standard for Harlow, to include:
  - Timescales for kitchen, bathroom and boiler renewal programme;
  - Upgrade single glazed uPVC windows to double glazed uPVC windows;
  - Priorities identified in the stock condition survey for Housing Health and Safety Rating System (HHSRS) failures – the new Fitness standard for Housing;
  - Statutory Testing, (e.g. gas servicing, fire alarms testing, electrical testing, fire stopping works and asbestos testing and Fire Risk Assessments); and,
  - Other Planned works to communal areas including decoration.

- As part of our Energy Efficiency strategy we will:
  - Focus our attention and activity on the lowest EPC rated properties consistent with legislative changes and the emergent Harlow standards;
  - Exploring options to access funding and deliver works under the Green Deal – External Insulation to Non-Traditional properties and cavity insulation on ‘Difficult to Insulate’ blocks of flats;
  - Review and refurbish our district heating systems in a manner which is cost effective and more efficient for our tenants; and,
  - Tower blocks – To seek external funding to insulate and upgrade thermal efficiency of tower blocks.

- New Build – To continue to explore through our established approach a process of annual review of development potential across the portfolio.

- Re-procure the responsive repairs, voids and other servicing contracts, and in doing so introduce improved targets (time allocation) associated turn around on responsive repair and returning void properties.

- Centralised data storage for asset, compliance and repairs which maximises Orchard and Keystone opportunities.

- Explore the value for money opportunities through the closer alignment of capital and revenue budgets.

- Continue to meet our day to day repair obligations.

- Review materials and specifications to include for environmental climate change and provide value for money.

- Addressing dampness and condensation.

- Continue carrying out disabled adaptations to tenanted properties, and in the process review our procurement and targeted activity.

- Managing empty properties, sustaining the new re-let standard and carrying out work promptly to bring back into use.

- Exploring options to return long term empty properties back to general needs housing.
• Requirement for repairs under right to repair legislation.
• Explore further options for garage sites, including refurbishment and improvement as well as redevelopment.
• Ensure the Council's Temporary Accommodation meets the minimum Decent Homes Standards and statutory obligations.
• Work with colleagues to understand the long term requirements associated to maintaining the Council's Sheltered Housing in line with Decent Homes and build review outcomes into the long term demand for the accommodation.
• Stock rationalisation - continue to challenging the notion of unchanging asset ownership and replacing uneconomic stock to enable the development of new better quality homes similar to our previous development.
• Continue to review the opportunities to acquire street properties in order to replace stock lost through the right to buy scheme. Maximise grant funding opportunities.

Medium Term: 5-15 years
• The Council's medium term asset management plan aim is to make best use of its assets by carrying out a review of the property stock and housing land. Comparing investment appraisal, likely demand, and unit expenditure. Specifically the following:
• Evaluate the use and need for bin storage including a replacement and refurbishment programme to stores, shed areas and drying areas.
• Tackle unsatisfactory levels of dampness (condensation).
• Improve the layout of amenities not meeting modern requirements and requiring replacement
• Address estate management issues including:
  o Vandalism and graffiti of public realm,
  o Limited street furniture and lighting,
  o Limited maintenance and management of public realm,
  o Paving,
  o Environmental improvements, and,
  o Garage and parking strategy – To deal with medium and long term priorities for replacement parking
• Sustainability and Energy Saving schemes – supporting government initiatives and ensuring the Council benefits from resources available.
• Temporary Accommodation – ensuring a supply of good quality accommodation to meet identified demand.
• Identifying opportunities for new build and exploring options for its funding, delivery and long term ownership.
Long Term: 15 to 30 years

- In the long term the Asset Management Plan will seek to increase and/or replace the housing stock and related assets. Specifically to:
  - Improve the quality of the public realm and overall neighbourhood management;
  - Enhance overall building stock and overcome weaknesses in any typology;
  - Overcome any early failure of building components;
  - Enhance local property market conditions by meeting the demands of existing and new residents and thereby increasing the value of the properties;
  - Fulfil the wider housing quality and choice agenda; and
  - Continuing a programme of new build with annual review.
### APPENDIX 6.1
### HRA ESTIMATES 2014-2044: BASELINE SCENARIO

#### HRA Operating Account 30 Year Business Plan

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Management</td>
<td>10,983</td>
<td>11,848</td>
<td>12,030</td>
<td>12,974</td>
<td>11,671</td>
<td>11,904</td>
<td>12,886</td>
<td>14,227</td>
<td>15,707</td>
<td>17,342</td>
<td>19,147</td>
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<td>Special Management</td>
<td>5,408</td>
<td>5,610</td>
<td>5,772</td>
<td>5,904</td>
<td>6,041</td>
<td>6,181</td>
<td>6,779</td>
<td>7,625</td>
<td>8,598</td>
<td>9,722</td>
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<tr>
<td>Repairs</td>
<td>9,327</td>
<td>9,342</td>
<td>9,611</td>
<td>9,849</td>
<td>10,093</td>
<td>10,344</td>
<td>11,408</td>
<td>12,286</td>
<td>13,886</td>
<td>15,696</td>
<td>17,743</td>
</tr>
<tr>
<td>Rents, Rates, Taxes &amp; Other Charges</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>31</td>
<td>31</td>
<td>32</td>
<td>34</td>
<td>36</td>
<td>39</td>
<td>42</td>
<td>46</td>
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<tr>
<td>Supporting People Transitional Relief</td>
<td>7</td>
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<td>6</td>
<td>4</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Provision for Bad &amp; Doubtful Debts</td>
<td>300</td>
<td>360</td>
<td>316</td>
<td>324</td>
<td>332</td>
<td>341</td>
<td>376</td>
<td>426</td>
<td>482</td>
<td>545</td>
<td>616</td>
</tr>
<tr>
<td>Major Repairs Reserve Contribution</td>
<td>11,101</td>
<td>11,270</td>
<td>11,431</td>
<td>11,572</td>
<td>11,755</td>
<td>12,012</td>
<td>13,098</td>
<td>14,590</td>
<td>16,249</td>
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<td>4,560</td>
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<td>14</td>
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<td>14</td>
<td>11</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Capital Charges: Interest</td>
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<td>6,553</td>
<td>6,446</td>
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<td>5,011</td>
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<td>-644</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
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<td>Dwelling Rents</td>
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<td>1,238</td>
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<td>22</td>
<td>22</td>
<td>22</td>
<td>22</td>
<td>22</td>
<td>22</td>
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<td>Service Charges: Tenants</td>
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<td>1,012</td>
<td>1,026</td>
<td>1,045</td>
<td>1,088</td>
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<td>Service Charges: Leaseholders</td>
<td>1,471</td>
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<td>1,642</td>
<td>1,690</td>
<td>1,734</td>
<td>1,755</td>
<td>1,954</td>
<td>2,203</td>
<td>2,484</td>
<td>2,802</td>
<td>3,161</td>
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<td>Other Charges for Services</td>
<td>798</td>
<td>790</td>
<td>806</td>
<td>838</td>
<td>872</td>
<td>907</td>
<td>1,065</td>
<td>1,307</td>
<td>1,611</td>
<td>2,024</td>
<td>2,509</td>
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<td>Transfers from General Fund</td>
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<td>500</td>
<td>513</td>
<td>526</td>
<td>539</td>
<td>552</td>
<td>610</td>
<td>690</td>
<td>780</td>
<td>883</td>
<td>999</td>
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<td>Interest on Revenue Balances</td>
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<td>44</td>
<td>40</td>
<td>49</td>
<td>99</td>
<td>219</td>
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<td>52,017</td>
<td>51,050</td>
<td>51,626</td>
<td>52,543</td>
<td>53,847</td>
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<td>71,113</td>
<td>80,684</td>
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<td>111,592</td>
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<td>Surplus / (Deficit) for year</td>
<td>4,113</td>
<td>9,698</td>
<td>3,388</td>
<td>3,021</td>
<td>3,496</td>
<td>6,545</td>
<td>26,346</td>
<td>35,201</td>
<td>47,069</td>
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<td><strong>Balance in hand at 31 March</strong></td>
<td>9,698</td>
<td>3,388</td>
<td>3,021</td>
<td>3,496</td>
<td>6,545</td>
<td>11,201</td>
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## Major Repairs Reserve: 30 Year Business Plan

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure</th>
<th>Income</th>
<th>Surplus / (Deficit) for year</th>
<th>Balance at 1 April</th>
<th>Balance in hand at 31 March</th>
</tr>
</thead>
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<tr>
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<td>2014.15</td>
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<td>2015.16</td>
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<tr>
<td>2016.17</td>
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<tr>
<td>2017.18</td>
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<tr>
<td>2018.19</td>
<td>11,755</td>
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<td>0</td>
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<tr>
<td>2019.20</td>
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</tr>
<tr>
<td>2023.24</td>
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<td>13,098</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2028.29</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>2033.34</td>
<td>175</td>
<td>175</td>
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<td>0</td>
<td>0</td>
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<td>2038.39</td>
<td>18,092</td>
<td>18,092</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2043.44</td>
<td>16,264</td>
<td>16,264</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

- **Expenditure**
  - Capital Programme Financing: £13,518, £11,270, £11,431, £11,572, £11,755, £12,012, £13,098, £14,590, £175, £18,092, £16,264
  - Repayment of Debt: £0, £0, £0, £0, £0, £0, £0, £0, £41,767, £0, £0

- **Income**
  - Transfer from HRA: £11,101, £11,270, £11,431, £11,572, £11,755, £12,012, £13,098, £14,590, £16,249, £18,092, £20,138

- **Surplus / (Deficit) for year**
  - Year 2014.15: £2,417
  - Year 2015.16: £0
  - Year 2016.17: £0
  - Year 2017.18: £0
  - Year 2018.19: £0
  - Year 2019.20: £0
  - Year 2023.24: £0
  - Year 2028.29: £0
  - Year 2033.34: £0
  - Year 2038.39: £0
  - Year 2043.44: £0

- **Balance at 1 April**
  - Year 2014.15: £2,417
  - Year 2015.16: £0
  - Year 2016.17: £0
  - Year 2017.18: £0
  - Year 2018.19: £0
  - Year 2019.20: £0
  - Year 2023.24: £0
  - Year 2028.29: £0
  - Year 2033.34: £0
  - Year 2038.39: £0
  - Year 2043.44: £0

- **Balance in hand at 31 March**
  - Year 2014.15: £0
  - Year 2015.16: £0
  - Year 2016.17: £0
  - Year 2017.18: £0
  - Year 2018.19: £0
  - Year 2019.20: £0
  - Year 2023.24: £0
  - Year 2028.29: £0
  - Year 2033.34: £0
  - Year 2038.39: £0
  - Year 2043.44: £0

- **Balance in hand at 31 March**
  - Year 2014.15: £2,417
  - Year 2015.16: £0
  - Year 2016.17: £0
  - Year 2017.18: £0
  - Year 2018.19: £0
  - Year 2019.20: £0
  - Year 2023.24: £0
  - Year 2028.29: £0
  - Year 2033.34: £0
  - Year 2038.39: £0
  - Year 2043.44: £0
## Housing Capital Programme

<table>
<thead>
<tr>
<th>Year</th>
<th>Core Programme</th>
<th>New Build</th>
<th>Expenditure</th>
<th>Financed by:</th>
</tr>
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<tbody>
<tr>
<td>2014.15</td>
<td>23,625</td>
<td>1,189</td>
<td>24,814</td>
<td>13,518</td>
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<td>2015.16</td>
<td>24,936</td>
<td>1,836</td>
<td>26,772</td>
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<td>2016.17</td>
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<td>11,431</td>
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<td>2017.18</td>
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<td>2018.19</td>
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<td>3,610</td>
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<td>2038.39</td>
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<td>2043.44</td>
<td>17,390</td>
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<td>1,009</td>
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</table>

**Note:**

The Council borrowed £208.837m on 28 March 2012.
This will be repaid in five equal instalments of £41.7674m on 28 March 2026, 28 March 2030, 28 March 2034, 28 March 2038 & 28 March 2042.
APPENDIX 6.2
HRA BUSINESS PLAN 2014-2044: ASSUMPTIONS

1. **Over-Arching Assumptions**

1.1 Harlow Council has used Capita’s HRA Business Planning excel workbook to compile the HRA plan. This is an independent, expertly devised workbook which allows sophisticated modelling to be performed. Officers can also liaise with the authors over any point of query.

1.2 Harlow Council’s HRA Business Plan covers a period of thirty years, from 2014/15 (year 1) to 2043/44. Data input for 2014/15 (year 1) and 2015/16 (year 2) replicates the HRA Revised Estimates 2014/15 and Estimates 2015/16, which will be submitted to Cabinet on 29 January 2015. The report shows growth for 2015/16 (in paragraphs 33 to 35).

1.3 The HRA Business Plan is based on the following key principles:
- to repay the debt in full within the life of the 30-year Business Plan (i.e. by 31 March 2042);
- achieving Decent Homes for all properties by April 2015
- building new homes as a short term aspiration, subject to resources becoming available, and,
- ensuring a sustainable Business Plan with fair and affordable rent levels.

2. **Stock Categories**

2.1 The model has been completed on the basis of all stock in a single category. The workbook has capacity to analyse up to six categories, and would be useful if considering different plans for different estates, or groups of properties. The objective of this model is to ensure that in overall terms the Council’s entire HRA is sustainable over the lifetime of the Plan.

3. **Inflation**

3.1 The general level of inflation (to which is added any real increase or decrease in specific items of income or expenditure) has been assumed at 2.5% throughout the planning period. The Bank of England has forecast a much lower rate for the Consolidated Price Index (CPI), now used in the HRA Business Plan to calculate annual rent levels. At September 2014 CPI stood at 1.2%. It is predicted to be 1.2% (September 2015) and 1.8% (September 2016). The HRA Business Plan assumes that from 2017/18 CPI will be 2% per year.

4. **Interest Rates**

4.1 Prior to self-financing, the Council had a negative Capital Financing Requirement, meaning that the Council’s General Fund is deemed to have borrowed from the HRA, and must pay interest upon the sum borrowed. The interest rate assumed for 2014/15 is 0.50%, and is based on the Council’s investment interest achieved on surplus funds it holds.
4.2 Under self-financing, the Capital Financing Requirement moved from \((-\£10.53\text{m})\) to \((+\£198.307\text{m})\). In practice, the General Fund will continue to borrow from the HRA, but the HRA will need to fund the higher cost of new borrowing itself.

4.3 The negative Capital Financing Requirement is the headroom which the Council’s HRA has up to the limit of indebtedness. The Council may therefore borrow a further \(\£10.53\text{m}\) to finance the HRA subject, of course to being able to service this debt.

4.4 After 1 April 2015, with the transfer of garages to the General Fund, the borrowing headroom will increase to \(\£21.467\text{m}\).

The table below summarises the HRA borrowing position for 2014/15.

<table>
<thead>
<tr>
<th>Lender</th>
<th>Amount borrowed / (lent) (£’000)</th>
<th>Maturity Date</th>
<th>Rate of Interest: Fixed or Variable</th>
<th>Rate of Interest (%)</th>
<th>Interest payable / (receivable) (£)</th>
</tr>
</thead>
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<td>PWLB</td>
<td>41,767.4</td>
<td>28.3.2026</td>
<td>Fixed</td>
<td>2.92%</td>
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<tr>
<td>PWLB</td>
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<td>28.3.2030</td>
<td>Fixed</td>
<td>3.21%</td>
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<td>PWLB</td>
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<td>28.3.2034</td>
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<td>3.37%</td>
<td>1,407,561</td>
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<tr>
<td>PWLB</td>
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<td>Fixed</td>
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</tr>
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<td>Variable</td>
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<td>(52,650)</td>
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<tr>
<td>Total</td>
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<td></td>
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<td>6,822,264</td>
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</table>

4.5 Interest is also earned on the HRA working balances. The rate achieved will track the Bank Base Rate which is expected to increase over time but not to the levels prior to the financial crisis of 2008. The Council usually achieves earnings slightly above the Base Rate. The model assumes earnings of 0.50% in 2014/15, 0.67% in 2015/16; 1.25% in 2016/17, 1.5% in 2017/18, 2% in 2018/19, 2.5% in 2019/20, and 3% thereafter.

5. **Stock and Rents**

5.1 The Council had 9,715 tenanted and 2,384 leasehold properties as at 1 April 2014. The tenanted dwellings include the equivalent of 7 shared ownership dwellings.

5.2 The average actual rent was £91.59 in 2014/15, and is expected to rise to £93.60 in 2015/16 (an increase of 2.2% on average).

5.3 Set out in section 6.2 are the Council’s proposals for setting rents from 2015/16.

5.4 Void loss is set at 0.85% throughout the life of the Business Plan.

5.5 An annual provision for bad and doubtful debts is made, which offsets any approved write off of old debts. The annual calculation is £300,000. However, in view of uncertainties regarding the potential impact of Welfare Reform, a one-off figure of £360,000 has been included for 2015/16.
6. **Service Charges**

6.1 The Council unpooled service charges in April 2007. The weekly service charge to all tenants averages £1.79 per week in 2014/15. This will rise (or fall) in line with expenditure levels. On average service charges will decrease to £1.92 in 2015/16, which includes an adjustment of (-)6p in respect of 2013/14, £2.06 in 2016/17 and £2.11 in 2017/18.

6.2 Leaseholder service charges include the cost of management charges, repairs and insurance, for example. Once again, these costs will rise or fall in line with relevant expenditure.

6.3 In addition to these charges, the plan also includes Heating income of £515,000 per annum, increasing by an average 5% annually. The figures for 2015/16 include any adjustment made to tenants in sheltered or ex-sheltered accommodation who have what are deemed to be excessive charges i.e. the cost of fuel exceeds 10% of their notional basic pension income.

7. **Garage Income**

7.1 Garage income, net of voids, is estimated at £2.464m in 2014/15. The plan assumes an annual increase of 2%. The transfer of 3581 garages to the General Fund will reduce income to the HRA by £1.557m in 2015/16.

8. **“Right to Buy” sales**

8.1 The Government’s policy to reinvigorate Right To Buy has caused an increased interest by tenants in the purchase of their properties. The number of completions is estimated to rise from 60 to 83 in 2014/15, 60 in 2015/16 and 2016/17 and 30 thereafter. Sales values are assumed at an average £127,294, increasing by 2.5% pa, with an average discount of £64,679 assumed.

8.2 The proportion of usable receipts applied to the housing capital programme is 50% throughout the plan. The figure is calculated as the net amount following an amount compensated to Councils for loss of future rent income as a result of increased RTBs brought about by the Government’s policy, and sums offered towards replacement housing.

8.3 Generally, three-quarters of receipts are subject to pooling by Government.

9. **Other Stock Changes**

9.1 The Council purchased one property on the open market in 2014/15.

9.2 Eighteen new homes will be added to the Council’s housing stock in 2015/16 as a result of the ‘Pathfinder Scheme’.

9.3 The Plan assumes that 204 properties in The Briars, Aylets Field, and Copshall Close will be demolished between 2014/15 and 2017/18.
9.4 The Council has a policy of selling empty properties with a high refurbishment cost. No adjustment has been made in the plan for this eventuality.

9.5 The plan does not include any receipts for potential garage sales, either individually or by block, and has ignored any receipts which might arise from the sale of HRA land.

10. **Management and Service Expenditure**

10.1 The model is based on the existing HRA budgets. Inflationary increases applied are as follows:

- **Employees and Support Costs**: 2.2% from January 2015 and 2% thereafter.
- Services provided by our Joint Venture partner (Kier Harlow Ltd) are automatically increased / decreased annually by the Buildings Maintenance Index. For 2014/15 this was (-)0.2%. For 2015/16 this is expected to be 1.1%; 2% in 2016/17 and thereafter. The present contract arrangements end on 31 January 2017. Finance has been set aside for the work necessary to re-procure these services.
- Other costs are anticipated to increase by 2.5% per annum.

11. **Other Expenditure**

11.1 The only other item of significant expenditure is the home loss payments which will be required to facilitate the re-housing of tenants: at The Briars, Aylets Field and Copshall Close. The following amounts have been estimated: 2014/15, £187,500; 2015/16, £812,500; 2016/17, £812,500; and, 2017/18, £812,500; and at Barley Croft and Lower Meadow, in 2017/18, £720,000.

12. **Rent Rebates**

12.1 The actual proportion of rents rebated is set at 56.7% currently experienced by the Council. The model assumes that this will be unchanged.

13. **Maintenance and Investment Expenditure**

13.1 Maintenance work is predominantly undertaken by Kier Harlow Ltd. In 2015/16 of the total budget of £9.5m, £8.1m forms part of the JVCo contract. Annual uplifts are therefore as set out, under the heading management costs.

13.2 Investment, or capital, expenditure has been calculated by reference to data contained in the latest Stock Condition Survey, and converted into an Asset Management Plan.

14. **Capital Programme**

14.1 The Council’s Housing Capital Programme is financed mainly from rent income received to the Housing Revenue Account. In 2015/16 capital
expenditure will total £26.8m. Of this, £12.1m will be financed directly from the HRA and £11.3m from the Major Repairs Reserve (which has itself been funded by a statutory transfer from the HRA). Throughout the Plan the programme is reliant on these income streams.

14.2 Right To Buy sales contribute £1,890,000 to the programme in 2014/15 and £1,338,000 in 2015/16.

14.3 The model allows for £300,000 of leaseholder contributions for 2014/15 and £485,000 in 2015/16. Income from leaseholders represents a proportion of work carried out in the Asset Management Plan.

14.4 The plan includes a Government grant of £4,145,160 in 2014/15 allocated towards the decent homes backlog.

14.5 The balance of financing in 2014/15 and 2015/16 comes from grants and receipts in support of the Council’s house building initiatives.

15. **Balances**

15.1 Balances brought forward as at 1 April 2014 were £4.113m on the HRA Operating Account and £2.417m in respect of the Major Repairs Reserve. It has been agreed that the HRA Operating Account must have a minimum working balance. At 31 March 2015 this is £2.695m. This will increase by CPI annually to keep pace with general inflation.

15.2 Overriding the requirement for a minimum working balance is the need for both the Operating Account and MRR to have sufficient funds to repay debt. This model confirms that the Council will have sufficient resources when each payment becomes due, and therefore confirms that the Plan set out is sustainable.

16. **Borrowing Strategy**

16.1 The model assumes that the five fixed term maturity loans will be repaid on maturity of each loan: i.e. £41,767,400 will be repaid on 28 March 2026, 28 March 2030, 28 March 2034, 28 March 2038 and 28 March 2042.

16.2 The Council’s Treasury Management Strategy will develop over future years to take best advantage of the accumulating surpluses to the HRA. The Business Plan assumes that these surpluses will be invested.
APPENDIX 6.3
HRA BUSINESS PLAN: SENSITIVITY ANALYSIS
Baseline Plan

The baseline HRA Business Plan has been described in 6.3 above.

The baseline shows that throughout the life of the plan the HRA is sustainable, avoiding a capital deficit in all years and generating sufficient surpluses to repay the debt. The baseline plan is illustrated in Appendix 6.1.

Sensitivity A: Procurement of Work (Housing Capital Programme).

Having achieved the Decent Homes Standard for all properties by 31 March 2015 the Council is moving forward with an external programme of works, double glazing, energy efficiency and investment in garages. The budget for the programme has been devised ahead of acceptance of tender prices. Should these prices be higher than anticipated, overall, it will mean there are insufficient funds in the Business Plan in 2016/17 and 2017/18. The programme will have to either be reprofiled or the Council will need to resort to borrowing. From 1 April 2015, the Council has available permitted borrowing of £21.467 m but will only use this ‘headroom’ if absolutely necessary.

Sensitivity B. Payments to Joint Venture Company

The JVCo undertakes a wide range of activities for the Council’s housing service.

These include all repairs, grounds maintenance, caretaking and cleaning. Some, but not all, of these charges are collected as service charges from tenants and leaseholders. Repairs is specifically excluded as a service charge to tenants. Annual uplifts are based on the Buildings Maintenance Index, which for March 2014 was forecast to be 0.1% but changed to (-)0.2%, reflecting the depressed state of the market in current economic conditions. The uplift for March 2015, to be applied from April 2015, is estimated at 1.1%. If the actual rate was to vary from the estimate this would have an impact on the HRA Business Plan.

If the uplift at 1 April 2015 was 1.6%, not 1.1% (i.e. 0.5% higher), then there would be an additional sum payable to the JVCo totalling £71,000. Small changes to large contract sums have a favourable or adverse impact across the life of the HRA Business Plan. This would mean that in the final ten months of the JVCo contract (to 31 January 2017) there would be an additional cost of £60,000 even if the uplift itself for 2016/17 was unchanged.

Sensitivity C. Future of Joint Venture Company

The present contract with Kier Harlow Ltd comes to an end on 31 January 2017, which is Year 3 of this Business Plan. The Council is in the early stages in considering how the work will be re-procured. Whatever happens this will be through a competitive process which will create fluctuations in pricing. (The last review was in 2012. Although subject to annual adjustments in accordance with the Building Maintenance Index, the competitiveness of the contract has not been tested externally.) The HRA Business Plan has assumed annual uplifts of 2% from April 2016 for services which cover grounds maintenance, caretaking, cleaning, revenue repairs. The contract also includes capital works.
As noted in Sensitivity B, small changes in pricing on large contracts can have an adverse or favourable effect on the Business Plan.

It is too early to predict the outcome of this exercise. Annual increases in line with CPI seem reasonable. Should costs be higher than anticipated this will be reflected in a future HRA Business Plan.

**Sensitivity D. Investment Strategy**

The baseline Plan is constructed such that there are only just sufficient resources to repay the first amount due to PWLB on 28 March 2026. Any movement in the HRA Business Plan will need to be considered: either by reducing expenditure, increasing income and/or drawing down additional borrowing.

**Sensitivity E. Rent Income**

The Baseline Plan has established the need for rent increases to ensure its sustainability. If rents were not increased in 2014/15 this would reduce income by about £1m in 2015/16. Government guidance to increase rents by no more than CPI+1% per year would mean, assuming that the Council did not price hike rents, the annual loss of income to the HRA would be ongoing throughout the life of the HRA Business Plan.

Most starkly is the fact that if rents were not increased in 2015/16 there would be insufficient income to pay for the proposed capital programme in 2015/16, 2016/17 and 2017/18 and insufficient balances to repay debt in 2026 and 2030.

**Sensitivity F. Empty Properties**

The proportion of empty properties to the whole stock is estimated as 0.85%. Therefore a 0.1% change in the level of voids is +/- £45,535 per annum.

**Sensitivity G. Employees Pay**

The HRA Business Plan forecasts an annual increase in rates of pay of 2% from 2016/17. A 0.5% change in employee pay levels is +/- £16,000 per annum.
GLOSSARY

CPI    Consumer Price Index
HHSRS  Housing, Health and Safety Rating System
HCA    Homes and Communities Agency
HRA    Housing Revenue Account
JVCo   Joint Venture Company
MRR    Major Repairs Reserve
PWLB   Public Works Loan Board
RPI    Retail Price Index
RTB    Right To Buy

FURTHER READING

Localism Act 2011
Implementing self-financing for council housing (Department for Communities and Local Government, February 2011)
Self-financing: Planning the transition (Department for Communities and Local Government, July 2011)
The Housing Revenue account Self-financing determinations. Consultation. (Department for Communities and Local Government, November 2011)
The Guide to housing self-financing (Chartered Institute of Public Finance & Accountancy, December 2011)
Harlow Council Corporate Plan 2013 – 2016
‘HRA Budget 2015/16’. Report to Cabinet, 29 January 2015

Presentations to:
Tenants Forum, 13 January 2015
Leaseholder Standards Panel, 8 January 2015