

APPENDIX A



Harlow Council Housing Services Business Plan

2019 – 2049

HRA Business Plan 2019 – 2049
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Foreword by Portfolio Holder – Housing

Housing remains a top priority for me and the administration, recognising the need for effective partnership working to deliver on our priorities. The updated housing investment programme continues to focus on the local priorities that you identify.

Last year has seen a continued strong performance from Housing Services, outlining the national and local challenges being faced with reduced resources. My top priorities include more and better housing - generally that is affordable, tackling the growing need for Supported Housing, helping to improve choices for those in housing need and improving residents' health and wellbeing by improving housing conditions, improving housing standards with energy efficient, modern home facilities and tackling local priorities and statutory requirements.

Working in partnership has proved successful in receiving additional grant funding for homelessness and tackling rough sleeping and other services being accredited e.g. Supported Housing by national bodies. This, together with, strong performance for repairs, income management, and empty properties management means your housing service continues to be well regarded nationally, regionally and locally.

The Housing Revenue Account Business Plan continues to outline the short, medium and long term priorities for the service together with the resources available, maximising capacity to the level of resources.

The goals for the next three years' continue to be:

- Invest in the Housing stock.
- More housing available in Harlow, with a wider choice of housing types of all tenures which are affordable, social rented and council housing.
- Work towards improving choices for those in housing need.
- Encourage and facilitate effective tenant and leaseholder engagement.
- Tackle homelessness by implementing the Homelessness Strategy.
- Increase the range and type of supported housing.

The plan identifies the Council's continued commitment to working for, and with, all the tenants and leaseholders of Harlow to achieve its priorities.

Mark Wilkinson
Portfolio Holder - Housing

Executive Summary

Introduction

Local Authority housing has its own ring-fenced Housing Revenue Account (HRA). This operates as a “business” of its own, separate to Council’s other operations. The HRA takes its income from rents and service charges and spends its money exclusively on building and maintaining housing.

The business plan is a formal statement of business goals, reasons they are attainable, and plans for reaching them. It may also contain background information about the organisation or team attempting to reach those goals.

This broad definition of a business plan is equally applicable to this HRA Business Plan which is an annual statement of intent to all stakeholders. It is a discipline which requires Councils to develop a robust forecast ensuring that its landlord aspirations are affordable, and national and local priorities delivered.

National priorities have been changed by successive Governments since the first Business Plan was presented to Full Council back in February 2012. Back then, under self-financing, Harlow Council took on a debt of £208.837m. in settlement of what was a centrally distributed subsidy system.

In 2015 changes to the self-financing regime were announced by Government, of which only the central setting of rent levels was implemented requiring Councils to mandatorily reduce dwelling rents by 1% annually from 2016/17 to 2019/20.

Councils may, however, under the newly confirmed ‘Rent Standard 2020’, increase rents by no more than CPI+1% annually until 2024/25 (see *Chapter 1.2.2*).

This updated Business Plan reflects and positions a number of themes which continue to develop. These include:

- The Council’s ambition to build new housing of all tenures, both as social rent and affordable rent in its widest sense;
- Increased Fire Safety and associated Regulation following the tragic fire at Grenfell Tower in London in June 2017.
- The significant increase in the number of properties being identified with structural issues and the associated budgetary pressures upon the Housing Capital Programme.
- Implementation of the ‘Homelessness Reduction Act 2017’ which imposed new statutory processes.
- Implementation of Universal Credit and benefit rules and its implications on tenants.
- Inflationary Pressures, including that of the Council’s contractual arrangement with HTS (Property and Environment) Ltd which undertake much work for tenants and leaseholders.

Locally the Council has:

- Commenced work to develop a plan for the building of new council homes.

- Continued strong performance collecting rent and service charges, turning round empty properties, and repairing tenants' homes. Achieving the national accreditation award for Supported Housing services and continuing to provide extra care housing at a time when funding has ceased, providing support to elderly and vulnerable tenants.
- Continued to make the best use of stock, tackling local priorities, prioritising energy efficiency schemes that can make a difference in tackling fuel poverty, and implementing the five year Modern Homes Programme (HIP), investing in the priorities for maintaining its housing stock. The Council achieved the Decent Homes Standard in 2015.
- Continued to raise awareness and offer support in response to the Welfare Reform (Universal Credit) changes, working with local agencies providing support and budget advice to residents to carefully understand their choices.

The following principles are contained within the HRA Business Plan:

- a. To increase dwelling rents annually by CPI+1% commencing 2020/21. Uplifts are based on the Consumer Price Index as at September annually. In this Business Plan rents will increase by 2.7% with effect from April 2020, and an estimated 3% annually thereafter.
- b. Renew the Public Works Loan Board (PWLB) debt of £209m upon maturity of each loan and the repayment be kept under review.
- c. Set the minimum HRA working balance at 31 March 2020 at £4m, being £2.5m for extraordinary events and £1.5m for fire safety work following the Grenfell Tower Public Inquiry.
- d. The following asset management priorities as outlined below:
 - i. Maintain compliance of the Council's housing stock to the housing regulatory requirements. Continuing with the replacement regime (based on stock condition survey) for internal and external property components (e.g. kitchens, bathrooms, central heating systems, roofs and external structure of homes).
 - ii. Prioritise resources to safeguard the well-being and safety of the Council's tenants in their homes in regard to increased statutory and legislative landlord requirements for fire safety, electrical (communal) safety, asbestos management and lift maintenance.
 - iii. Develop energy efficiency initiatives that alleviate fuel poverty.
 - iv. Allocate resources for disabled adaptations to meet statutory requirements and keep under review annually.
 - v. Target resources to garage-related works and re-prioritise the approved Garage and Hardstand Strategy.

- vi. Realise further efficiencies from responsive repairs programmes and scope of works.
 - vii. Develop a three year housing programme to outline the aspirations for the delivery of housing, affordable housing, social rented, and the building of new council housing. In accordance with local plan priorities, regeneration priorities, and affordability/viability.
- e. Assume annual increases of at least 5% per year for garages and increases / decreases in service charges related to changes in expenditure, subject now though to a proposal to incentivise take-up in some areas of the town.

This HRA Business Plan sets out Harlow Council's priorities in responding to the changes in Government policy. **Chapter 1** provides an '**Introduction**' to this year's plan, and its main themes.

The plan outlines the link to the management and ownership of the Council's housing stock and priorities within the Council's Corporate Plan, Housing / Regeneration Strategies 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.
- Long term asset management plans to keep the stock in good order.
- Building council houses.
- Improving housing standards with energy efficient, modern home facilities, tackling local priorities and statutory requirements.
- Releasing more efficiencies from the housing repairs and environment maintenance activities.
- Provision of housing related support.

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. **Chapter 6** covers '**Financial Forecasts**'.

The Council's Housing Stock

Harlow was one of the 'new towns' designated in the late 1940s to provide public sector housing for those who needed homes. Harlow Council's housing stock is therefore large compared to many other authorities in the region. Twenty-first century Harlow is evolving to meet the challenges of this new age with the most recent Census results revealing changes in population, ethnicity, and patterns of work. See **Chapter 2**.

The Stock Condition Survey completed identifies work required to every home. This has resulted in the creation of asset management programmes to maintain decent homes standard within the constrained cash income available. The Council will continue to target stock condition updates to ensure limited resources are properly targeted. **Chapter 4** is devoted to the Council's '**Asset Management**'.

While the Council retains many decision-making powers regarding its stock, tenants, in particular, have a 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.

Building Council Housing

The Council's Corporate Plan places emphasis on 'More and Better Housing'. This means tackling the housing need of Harlow residents, both in quantity, affordability, range and quality.

Further information on the programme of council house building can be found in Chapter 6.1.3. and in 'Appendix B' of the 'Capital & Treasury Report' being considered by Councillors at the same time as this HRA Business Plan.

A consultation on changes to the rules on the use of retained capital receipts was undertaken by the Government in October 2018. The outcome of this consultation exercise has yet to be announced so current rules remain in place whereby retained receipts must be spent within three years, and expenditure must not exceed 30% of cost.

Customer Perceptions

Housing Services conduct a Landlord Survey every two years and a Leaseholder Survey once a year.

The statutory requirement to produce a customer satisfaction survey (known as the 'Status Survey') ended in 2010/11, however the completion of an alternative survey is important to both the Housing Service and future Tenant and Leaseholder Engagement as the results can be used to measure and assist in shaping and developing future services.

The surveys cover questions around the overall tenant and leaseholder satisfaction with Housing Services as a whole but also ask how satisfied tenants and leaseholder are when receiving housing and communal repairs, cleaning and ground maintenance, modern homes or major works, service charges, leaseholder management fee and tenant and leaseholder engagement and empowerment. The Surveys also gauge tenants' and leaseholders' perception on different aspects of the

Housing Service which includes moving home, reporting anti-social behaviour, garages, contact and communication with Housing Services, complaints and value for money.

Housing Services continue to review and make changes to the way it will engage productively in the future and be more proactive in using the channels of communications. Housing Services is currently undergoing a review of the current Tenant and Leaseholder Involvement and Engagement Strategy to bring this in line with changes made to the Tenant Involvement and Empowerment Consumer Standard which is part of the Regulatory Framework produced by the Regulator of Social Housing (RSH) and tackle wider involvement and engagement by implementing a joined up approach through the Council's community engagement process to increase involvement and engagement and promote further awareness of services to a wider audience.

Results from the surveys are used to celebrate achievements and identify areas of improvements through "How did we do" and "Our Plans for the Future" as part of the Annual Report to tenants and leaseholders. The surveys assist the Council in the planning and resource allocation of its landlord services by measuring tenants' and leaseholders' satisfaction with the services they receive from their landlord. An action plan will be updated with the key priorities identified.

Demand, Homelessness and Housing Need

The introduction of the 'Homeless Reduction Act' 2017 from April 2018 fundamentally changed the way in which homelessness is managed. The profile of homelessness has changed, which means that both homelessness duty and homelessness prevention are now a 100% statutory demand-led service.

Demand for homelessness and Harlow's housing shortage is well-known and remains high. The number of local residents on the Council's Housing Needs Register continues to grow and is a key measure of the local housing need.

This Act fundamentally changed the homelessness legislation, by placing increased duties on Local Authorities to intervene at earlier stages to prevent homelessness, irrespective of whether or not an applicant has "Priority Need" or may be "intentionally homeless" and to prevent families and single people becoming homeless.

Preventing homelessness remains a key focus of activity for the Council, with the Council continuing to employ extra resources in order to tackle homelessness prevention. The Homeless Reduction Act definition of a prevention duty includes any activities aimed at preventing a household threatened with homelessness within 56 days from becoming homeless; the duty lasts for 56 days but may be extended if the Local Authority is continuing its efforts to prevent homelessness. Prevention activities include enabling households to remain in their home or assisting them to obtain alternative accommodation to include, but not exhaustive to:

- Negotiation with landlords and/or family and friends;
- Accessing the Council's Rent Deposit Guarantee Scheme;
- Seeking Money Advice;
- Maximising Income / Benefits.

The Council are awaiting notification as to whether they have been successful in receiving further determination for grant funding under the Flexible Support Grant and the New Burdens Allocation for 2020/21, to continue to assist with the duties prescribed by the Homeless Reduction Act. The Homelessness Grant that continues to be allocated to support the cost of homelessness is no longer ring fenced to homelessness, nor is it guaranteed. It is expected to be significantly reduced over time and could ultimately be withdrawn as the government attempts to reduce the reliance on government funding.

It is recognised locally that there is an increasing number of London Boroughs placing their homeless in Harlow. This puts added pressure on local support services and planning regulations making best use of limited buildings. In addition, London Boroughs are preventing homelessness by discharging their duty in the private sector by using converted office blocks in Harlow. This again reduces the availability of suitable accommodation in Harlow.

The number of homeless households being placed in temporary accommodation has steadily risen in Harlow. In 2015 there were 145 and by March 2019 this number increased to 255. This is a result of the continued lack of housing available and the increase in loss of private rented accommodation and impact of Universal Credit, e.g. benefit caps and changes from the Welfare Reform. The Council annually reviews its procurement arrangements for temporary accommodation to ensure best value and suitability.

With the numbers in Temporary Accommodation (TA) rising and alternative TA supplies continuing to reduce and become restrictive, the Council continues to explore alternative options. Based on current volumes, there is an expectation both locally and nationally that TA numbers will continue to rise. The following table shows the expected demand for TA over the next four years:

Projected demand for homeless placements in Temporary Accommodation Units	
Financial Year	Number of TA Units
2020/21	332 – 350
2021/22	350
2022/23	350
2023/24	350

Since the Secretary of State for Housing, Communities and Local Government announced the “Rough Sleeping Initiative” (RSI) to work intensely with local areas to immediately tackle rough sleeping, Harlow have successfully bid and obtained grant funding over the last two years. The Council was originally targeted to bid and received £260,000 for 2018/19 and £231,000 for 2019/20. The Council are currently in the process of submitting a further RSI bid for funding for 2020/21.

Harlow Council has seen over a 75% reduction in the number of people sleeping rough in the town since the annual autumn count in 2017 which was 24. Due to the ongoing work with our partners Streets2Homes, the additional funding received from the Government to enhance the initiatives available to this group has reduced the numbers currently (September 2019) to 5.

The following initiatives within the government funding commenced in April 2019, which were:

- Continued recruitment of a Rough Sleeper Co-Ordinator to manage and monitor the progress of the initiative and to lead and coordinate the enhanced Severe Weather Provision.
- To grant fund Streets2Homes to recruit additional Outreach / Tenancy Support Workers.
- To extend the Emergency / Severe Weather Provision for a four month period from November 2019 to February 2020, including security.
- Providing personalised housing budgets to individuals to assist them in securing accommodation.

Harlow Council is one of the few local authorities in Essex that provide a Severe Weather Provision to support rough sleepers in the town. It provides an enhanced provision to support and encourage the prevention of further rough sleeping locally, when there is a dramatic reduction in temperature.

In line with the Council's statutory requirements, Harlow's five year Homelessness and Rough Sleeper Strategy, which defines the Council's strategic approach, was approved by Cabinet on the 17 October 2019. The Strategy identifies current challenges and key priorities in trying to reduce homelessness and rough sleeping across Harlow.

Harlow's Homelessness Partnership Group, which was established in 2010, as part of the five year publication of the Council's Homelessness and Rough Sleeper Strategy is in the process of being reviewed with a new approach to partnership working with the Probation Service, Streets2homes, Registered Providers, The Department for Work and Pensions (DWP) and the Citizens Advice Bureau (CAB).

The aim of the Homelessness Partnership Group is to work both strategically and operationally in partnership to tackle homelessness and target scarce resources to meet local priorities.

In terms of Harlow's strategic housing need, 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 Housing Needs Register shows that 1,145 (as at November 2019) of all households registered are categorised as 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 4,402 applicants (as at November 2019).

Harlow Council prioritises housing and tackling homelessness as its top priority within its Corporate Plan. It is also developing a Council house building programme, as well as looking at innovative ways which may assist to support pressures on local residents and those on the Council's housing need register, which currently has 4,402 applicants and is likely to increase.

Welfare Reform

Major changes to the benefits system have come into force in the last few years, including the Benefit cap, the Bedroom Tax and the roll out of Universal Credit.

The Government reduced the cap to £23,000 per year in London and £20,000 per year in the rest of the country. This reduced benefit cap was introduced in stages from 7 November 2016.

Universal Credit has been the biggest change in the welfare system. Universal Credit aims to simplify the benefits system by replacing six existing benefits into a single monthly payment and to increase work incentives for those who are unemployed or working part-time.

The implementation of Universal Credit in Harlow commenced in 2016, which was restricted to new claims and single jobseekers. In July 2017 Universal Credit Full Service was launched in parts of Harlow, with the remainder of the town completing in September 2017. The DWP is planning to transfer all remaining legacy benefit claims including Housing Benefit, Jobseeker's Allowance (JSA) and Income Support onto Universal Credit, however the timetable for this has yet to be confirmed. The Department of Work and Pensions are still aiming to complete a full migration to Universal Credit by 2023.

Housing Related Support (HRS)

The Council realises the importance of delivering HRS services as part of the older people's health and wellbeing agenda, particularly in promoting independence and avoiding inappropriate hospital admissions. A review of Supported Housing undertaken in 2017 developed an effective framework moving forward, dealing with reducing resources both within the Council's General Fund and HRA in addition to being able to balance priorities against the wider priorities of the Council's landlord services.

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 Background

1.1.1. Introduction

The HRA Business Plan process began in 2012 when self-financing was introduced.

The Council took on a one off debt as part of self-financing regime in 2012. Harlow Council minimised this debt through its planned Asset Management Strategy/disposals whilst maintaining a prudent borrowing cap. However each Council borrows not just against its income and expenditure streams but also against the value of its assets matched against its short, medium and long term corporate priorities operating as a business in order to address and helping to solve the acute housing crisis.

Changes to the self-financing regime were made in 2015 when the then Government announced the central setting of rent levels, with mandatory reductions of (-)1% annually, between 2016/17 and 2019/20. With effect from April 2020 rents may increase by no more than CPI+1% annually. The rent increase is, of course, based on a lower baseline which means although resources cease to be reduced there remains less income to spend on the housing service.

This new HRA Business Plan covering the thirty years, 2019-2049, reflects this as well as a number of themes which have occurred over the past twelve months which will be explained in more detail below.

These include:

- Rent Standard 2020
- The Council's ambition to build new housing,
- Fire Safety and Regulation,
- Implementation of Universal Credit and benefit rules,
- Cessation of funding for Housing Related Support,
- Implementation of the 'Homelessness Reduction Act 2017'.

1.1.2 'Rent Standard 2020'

In February 2019 the Government set out its 'Policy statement on rent setting for social housing'¹ which the Regulator for Social Housing subsequently confirmed in the 'Rent Standard 2020'².

This is a summary of the Policy.

Social rents apply to all of Harlow Council's tenants at the present time. This is calculated by means of a Formula Rent, first introduced in 2002/03 with rent restructuring, based on a weighting of average earnings of a tenant and bedroom size, and property value. Figures for rents are based as at April 2000 and property values as at January 1999 are updated by an inflation plus factor, but adjusted by minus 1% annually from 2016/17 to 2019/20 inclusive. To arrive at the Formula Rent for 2020/21, CPI+1% (i.e. +2.7%) is applied to the Formula Rent for 2019/20.

¹ MHCLG., Policy statement on rents for social housing. February 2019.

² Regulator of Social Housing., Consultation on the new Rent Standard. Decision statement. November 2019.

Where however individual tenants' rents are lower than the Formula Rent then the increase applicable is to be no more than CPI+1% on the existing rent.

Average Weekly Rents are set out below:

Harlow Council: Average weekly rents		
	2019/20	2020/21
Formula Rent	£91.04	£93.50
Actual Rent	£89.85	£92.28

The policy allows new properties to have rents set at Formula Rent + 5%. This would be a consideration for building new homes where social rents are set.

The 'Rent Standard 2020' permits rents to increase by a maximum of CPI+1% annually until 2024/25. This HRA Business Plan assumes that rents will be allowed to increase by CPI+1% through to 2048/49.

The policy states that Affordable Rent is a rent for affordable housing (including service charges) which must not exceed 80% of the gross market rent. Harlow Council does not currently have any homes let as Affordable Rents, although this could be a consideration for new property.

The policy adds that once a property has been determined for Social Rent it cannot be changed to an Affordable Rent.

1.1.3 The Council's ambition to build new homes

The Council has plans to build new social and affordable housing. Further detail is given below (*Chapter 6.1.3*).

1.1.4 Fire Safety and Regulation

The safety of residents will remain the top priority of the Council and, as such, the Council is committed to ensuring homes are safe from the risk of fire.

Fire Safety continues to be the subject of national attention, with the release in October of Phase 1 of the report into the 'Grenfell Tower Public Inquiry'. Key factors for Harlow to consider within the report both for its Asset Management Strategy and business planning process is the focus on management of the blocks, evacuation procedures, fire doors, sprinkler systems, and the use of combustible materials within the buildings and products used, within both public and private dwellings.

Although all the Council's tower blocks are deemed to be inherently safe, with a wide range of fire safety measures having already been put in place and with regular inspections and sign off by Essex Fire and Rescue Service of the blocks compliance, various works were identified through the structural surveys and ongoing Fire Risk Assessments process. The works identified are aligned to the ongoing review, advice published by Ministry of Housing, Communities and Local Government (MHCLG) and procedures in response to feedback / outcomes from the ongoing Public Inquiry. Works already identified which will require additional capital funding are ongoing and include works to communal areas within flat blocks, compartmentation, and following advice published by MHCLG in June 2018 for the requirement to replace the previously installed Glass Reinforced Plastic (GRP)

composite fire doors for individual flats. Following the testing regime undertaken by Central Government a list of approved products was finally made available in the summer and the door replacement programme has once again commenced.

The Council is now working through the remaining flat blocks in order of the highest number of storeys first. The Council continues to review all Fire Safety Plans for corporate Health and Safety with plans being published on the website.

The Business Plan has been prepared acknowledging a sum of money will be required for further fire safety works but, at present, the cost is difficult to quantify. The Council regularly updates its Fire Risk Assessments (FRA) taking regard of advice from central Government. Phase 2 of the outcomes of the 'Grenfell Tower Public Inquiry' is yet to be published and Officers have explored possible scenarios in an attempt to quantify additional expenditure for fire safety works and have taken a cautious approach to budget provision for any further works with £3.2m allocated to Fire Safety works over the financial years 2020/21 and 2021/22.

In addition to this sum, £3m has been allocated to the replacement of 'Warm Air' heating systems including the decommissioning of warm air ducts' within the remaining four high-rise tower blocks. Officers are prepared for scenarios where the capital programme may need revision, require additional expenditure, and / or require the Council to externally borrow against the HRA to finance emergency schemes. The Council would need to ensure that it has the resources within the HRA Business Plan to repay principal and interest sums (see Appendix 6.3).

1.1.5 Universal Credit

Universal Credit was a new benefit introduced in 2013 and initially regulated by the 'Welfare Reform Act 2012' and the 'Universal Credit Regulations 2013'. The intention of the new benefit was to replace six means-tested benefits and tax credits.

The implementation of Universal Credit in Harlow commenced in 2016 and was finally rolled out to all eligible claimants in September 2017. The introduction of Universal Credit has impacted on the functions of Housing Services in different ways.

The conversion to monthly payments of housing costs, paid directly to claimants, fundamentally changed the previous Housing Benefit system, where housing costs were paid directly to tenants rent accounts on a weekly basis. This has impacted significantly on the Council's income stream of rental payments, and on the day-to-day management of claimants' rent accounts.

The implementation of Universal Credit has also seen a significant change in information sharing arrangements between agencies. Officers were previously able to liaise with Revenue and Benefits regarding the status of tenants' Housing Benefit claim, and therefore be able to assist tenants with actions required. Under Universal Credit the responsibility for sharing information rests with the claimant.

The Council has had to adapt its approaches to recovery of rent, with a focus on early intervention and communication with claimants, assisting with budgeting support and looking to identify any potential vulnerabilities / difficulties. Additionally claimants are also advised of the availability of independent personal budgeting support, and other support agencies. As one of the key difficulties experienced by landlords is encouraging tenants in arrears to engage with them regarding their situation, this in itself presents significant challenges.

Universal Credit does make provision, in certain specified circumstances, for landlords to request payment of claimants housing costs to be paid directly, for example where the claimant may have a vulnerability or specific difficulty in managing finances, or where there is a history of rent arrears. While this does enable Rent Officers to take steps to seek to ensure payment of housing costs, and/or arrears, such payments are made in bulk on a schedule system and this has led, in some cases, to delays of up to seven weeks from the date payment is deducted from a claimant's Universal Credit payment, to the time it is applied to their rent account, resulting in increases in arrears of over £600.00 per case.

The Council continues to be a Trusted Partner of the Universal Credit Full Service Landlord Portal, which enables Officers to verify claims for housing costs, and request managed payments more easily. While this does not address the fundamental issues with delays, which is due to payments being made on a 4 weekly basis, it does streamline the initial application process.

In line with Schedule 4 of the 'Universal Credit Regulations 2013', which sets out the calculations of the Housing cost element for claimants, housing costs are paid to claimants on a calendar month basis, with the regulations providing that this is calculated by multiplying the weekly rent by 52 weeks and then dividing by 12 equal months.

A consequence of this calculation is that a 53 week financial year arises roughly every 5 to 6 years and therefore claimants who have weekly rent liability will not receive enough rent to cover the whole year's charges.

2019/20 is a 53 week rent year, counting the number of Mondays rent becomes due between 1 April and the following 31 March.

As social landlords generally charge rent on a weekly basis, this potentially means that every Council tenant that claims Universal Credit will accrue an extra 1 week of arrear, even if their housing costs are paid fully to the Council.

The Council continues to implement its "can't pay, won't pay" approach, offering support for those in need and enforcing those who refuse to pay.

1.1.6 Cessation of funding for Housing Related Support.

The Government ceased funding for Housing Related Support in 2017/18. The Council implemented a phased introduction of charges over a three-year period to enable recovery of costs. Thereafter costs will be aligned to similar service providers within Essex.

1.1.7 Implementation of the Homelessness Reduction Act 2017.

In 2017/18, the Government introduced a new Homelessness Reduction Act which made all Council homeless activities a statutory function. The growing incidence of homelessness at Harlow is well detailed in this Plan together with a forecast of resources required to tackle homelessness in the medium term.

1.2 Business Plan principles

The HRA Business Plan 2019-2049 is built upon these foundations or principles:

- To increase dwelling rents annually by CPI+1% commencing 2020/21. Uplifts are based on the Consumer Price Index as at September annually. In this Business Plan rents will increase by 2.7% with effect from April 2020, and an estimated 3% annually thereafter;
- Renew the Public Works Loan Board (PWLB) debt of £208.837m upon maturity of each loan, keeping repayment under review – the first loan would ordinarily become repayable in March 2026;
- Set a minimum HRA working balance at 31 March 2020 at £4m., being £2.5m for ordinary unforeseen events plus £1.5m for any unbudgeted outcome from the Grenfell Tower Inquiry. Following completion of this work, from 1 April 2023, to revert the minimum HRA working balance to £2.5m;
- Revise the housing asset management plans and its priorities;
- Revise the garage management strategy, investment, and its priorities, and assume annual increases of at least 5% per year for garages and increases / decreases in service charges related to changes in expenditure.

1.3 HRA Business Plan 2019-2049

The HRA Business Plan 2019-2049 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, including new Government legislation and directives; and,
- changes to 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. **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’.

The Act created a number of new satellite towns around London, which had suffered bomb damage during the Second World War and housed many in sub-standard dwellings. The town had the good fortune to be designed through the vision of Sir Frederick Gibberd (1908-1984), who was not only an architect and planner but also a landscape architect. Working with pretty much a blank canvas of small sparsely populated villages with houses, church and farms Gibberd was able to design new communities among green wedges. Harlow is a relatively small town but one of the most densely populated areas in the East of England. In Harlow there is a larger proportion of terrace houses than is the norm, and 14 high rise flats – The Lawns being the first to be built in England in 1951. 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.

The town is made up of suburban communities as well as shopping hatches and industrial and distribution centres. Harlow is at the centre of the London Stansted Cambridge Corridor. Harlow has many things going for it: an internationally important public sculpture collection including works by Auguste Rodin (1840-1917), Henry Moore (1898-1986), Barbara Hepworth (1903-1975), Gerda Rubenstein (b.1931); artistic communities such as Parndon Mill and Gatehouse Arts; green spaces including Parndon Wood - winner of a Green Flag Award - the Town Park, and the Gibberd Garden; as well as the fact that nowhere in Harlow is far from some wonderful and tranquil wood, pond or stream.

Harlow is an urban and green new town mixing high-quality varied housing types for all incomes, owners and tenants. The Council is strongly committed to maintaining its “landlord role”. The financial challenges that it and all other Councils face mean that priorities and difficult choices have to be made about the roles it undertakes.

2.2. Achievements over the last decade

The Harlow Gateway Scheme – Renewal of sport and leisure facilities, including Harlow Leisurezone and Football Club, delivering new homes at Fifth Avenue and First Avenue sites.

Harlow Enterprise Hub – Networking and training provision for small businesses and start-ups.

Harlow College Campus – Renewed campus and facilities, including University Centre, HAMEC (Harlow Advanced Manufacturing and Engineering Centre) and Sir Charles Kao University Technical College.

The Briars, Copshall Close and Ayleys Field Estate Regeneration – 1960s housing transformed into 340 modern homes.

Harlow Enterprise Zone – 1,000 staff, refurbished offices, and a new data centre and science park.

Council Homes – Delivery of new council homes for rent and temporary accommodation.

Public Health England – New science hub and headquarters: a £480m investment creating 3,245 jobs.

Lister House Medical Centre – State-of-the-art primary care medical facility built.

M11 Junction 7a – Planning approval secured for critical infrastructure, underpinning economic and housing growth.

2.3. A summary of the key characteristics for Harlow reveal:

- Harlow has excellent rail links – 20 minutes to London Stansted Airport, 35 minutes to London Liverpool Street and 40 minutes to Oxford Circus.
- Harlow's population is projected to grow to 90,000 by 2021 and 103,000 by 2039.
- The number of homes in Harlow is projected to increase by a further 16,100 by 2033.
- Wage levels are lower for residents than workers.
- The rate of NVQ Level 3+ qualification is lower than the national average.

2.4. Current Opportunities:

- Located at the heart of the London Stansted Cambridge Corridor, with the space and the potential to unlock growth in key sectors across the corridor.
- Benefiting from strategic transport connections, with London, Cambridge and Stansted less than 40 minutes away.
- Housing potential growth. It is expected from the new Local Plan for 9,200 homes to be included within Harlow itself. It is also expected for a further 6,100, integrating a new coherent expanded urban area which constitutes the Harlow and Gilston Garden Town.
- Public Health England's new £480m science hub and headquarters, bringing 3,245 new jobs to the town and signalling its growing importance as a location for life sciences.
- £250m investment in Harlow Enterprise Zone, building on Harlow's ICT (Information and Communications Technology) and manufacturing legacy, and creating 1,000 new jobs.

2.5. Current Challenges:

- Low skills levels, with poor higher education engagement, low confidence levels, and a rate of NVQ 3+ qualification below the national average.

- Significant funding for infrastructure required, including new crossings of the River Stort, West Anglia Mainline upgrades and road improvements.
- Some large housing estates in poor condition, requiring significant regeneration to maintain an inclusive and cohesive community.
- Significant funding required in the town centre with recent residential conversions limiting the potential to create a mixed-use asset at the heart of the town.
- The town's largest employer, Princess Alexandra Hospital, is on a constrained site near the town centre that is not fit for purpose.
- 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 the black and minority ethnic groups. This is slightly lower than the national average.
- Around a third of Harlow's homes are social rented from the Council built around the same time: the third highest in England and Wales. This remains a huge contextual issue for Harlow as it shapes its regeneration plans.
- 51% of Harlow's homes are terraced houses: the fourth highest rate in England and Wales; and 24% are flats.
- House prices and average incomes are lower than in many neighbouring areas, but still unaffordable for many.

2.6. Analysis of Housing Stock

As at 1 April 2019, Harlow Council managed 9,180 Council dwellings (as shown in the table below), a further 2,514 leasehold flats purchased under the 'Right To Buy' scheme plus 22 homes managed under the shared ownership scheme.

Analysis of Housing Stock	Number
Analysis by Type of Dwelling	
Houses & Bungalows	5,613
Flats and Maisonettes	3,557
Other	10
Total	9,180

Analysis by Number of Bedrooms

Bedsitters	398
1 bedroom	2,043
2 bedrooms	3,550
3 bedrooms	2,831
4 bedrooms	323
5 bedrooms	25
Housing Multiple Occupancies	11
Total	9,180

2.7. The Council's Vision and Objectives

2.7.1. Council Values

The Council strives to be an organisation where people make things happen and promote excellence, good customer service and continuous improvement. We want to ensure that all staff are consistently aware of how their role contributes to the achievement of corporate priorities, are clear about what is expected, and share the Council's values. The Council is committed to promoting equality, challenging discrimination and developing community cohesion.

2.7.2 Corporate Plan

The Corporate Plan sets out the 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, will face mean that difficult choices have to be made about the three

roles that it undertakes. To achieve these values we have identified five priorities for the next five years:

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.

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

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 and associated housing related services formally regulated:

- Tenancy and Property.
- Asset management.
- Income maximisation and tenancy support.
- Managing the housing estates.
- Managing empty properties.
- Processing Right to Buy applications.
- Tenants and leaseholder engagement.
- Leasehold management.
- Garage and hardstand Management.
- Enforcing tenancy conditions.
- Tackling Anti-social Behaviour.
- Providing Housing Related Support (HRS) services.

As landlord for 9,180 homes the Council has a responsibility to ensure that it:

- meets statutory regulatory requirements;
- performs well in its landlord duties (e.g. rent collection, empty property management, and repairs);
- has housing that is well maintained and managed;
- listens to the tenants and leaseholders.
- provides housing support where appropriate.

The ongoing changes to the Housing Benefit rules and other welfare reforms have continued to place challenges for many Harlow residents, including many Council tenants, under increased financial pressure. In addition many young adults find it hard to move into their own home, and there are over 4,447 households on the Housing Needs Register as at December 2019. Average house prices are around seven times average earnings. This context demonstrates the ongoing lack of genuinely affordable housing in Harlow with too many successful Harlow residents leaving the town, in part because they cannot find suitable housing.

There are currently 4,447 applicants on the Council’s Housing Needs Register who comprise:

• Homeseeker applicants	3,134
• Homeseeker Applicants (Accepted Homeless)	105
• Transfer applicants	1,208

During the year ending 31 March 2019 the Council housed 434 households who comprised:

• Homeseeker applicants	46%
• Homeseeker applicants	18%
• Transfer applicants	36%

There continues to be less resource to meet local priorities. The Council will continue to work towards making more housing available in Harlow, with a wider choice of housing types which are genuinely affordable, by helping to improve the choices for those in housing need as well as improving health and wellbeing by improving housing conditions.

3.2 Our goals for the next three years

- Invest in Housing stock and keep in good order.
- Implement a developed house building programme with a wider choice of housing types of all tenures which include affordable, social rented and council housing.
- Work towards improving choices for those in housing need.
- Increase the range and type of Housing Related Support Services.
- Tackle homelessness and rough sleeping by implementing the Homelessness Strategy.
- Encourage and facilitate effective tenant and leaseholder engagement.

This is achieved by:

- Continue to provide resources to the Housing Investment Programme (HIP) and other Asset Management priorities.
- Maintaining the housing stock, and raising housing standards.
- Prioritising energy efficiency schemes, and fire safety programmes.
- Implementing a house building programme.
- Delivering the Supported Housing plan.
- Working in partnership with local agencies to implement the Homelessness and Rough Sleeping Strategy and Action Plan.
- Working with Tenant and Leaseholder representatives as part of the Housing Regulatory requirements to continue to improve performance.

The Council aims to further develop the way it consults and communicates with tenants and leaseholders. By doing this the Council expects to see an improvement in the proportion of Council tenants who are satisfied with Harlow Council as a landlord.³

A performance management framework is in place. 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 BV74a Satisfaction - with Council tenants overall (per cent)

3.3 Supported Housing

Harlow Council's Supported Housing Service consists of sixteen sheltered housing schemes, one extra care scheme for the frail elderly, and a community support function for 1,000 private clients living across the town.

The Sheltered Housing Service plays an important role in this 'Wellbeing' Strategy.

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.

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.

HRS was originally Supporting People funding which was the care element of Housing Benefit. The care element of Housing Benefit was removed because it was identified by the government as not being part of bricks and mortar housing support and was given to Essex County Council to administer. Harlow Council has continued to provide housing related support with reducing resources, and year on year reductions in funding.

Implementation of the five year Supported Housing Plan has the following themes:

- Increase the number of telecare alarm units installed by 1% per annum
- Introduce pre-tenancy assessments ensuring appropriate allocation to meet tenant need
- A recommendation that all properties specifically identified to house older people over the age of 55, should have emergency alarms installed as an integral part of the tenancy
- Conversion of the farmhouse at Sumners Farm Close into four one bed disabled access flats, linked to the main independent living scheme
- Continue to procure and provide an out of hours mobile response service for tenants living in sheltered housing and in receipt of telecare services

3.4 Tenancy Strategy

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

This was approved in 2019, and together with a new Allocations Policy helps to determine 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 what priority the Council can award. The Council no longer manages an open waiting list to which any person can apply.

3.5 Managing Performance

Harlow Housing Services continues to be recognised externally as a top housing performer operationally.

Real achievements have been made over the last year leading to:

- Continued strong performance collecting rent and service charges, continue year on year and ongoing improvements to the turnaround time for empty properties
- Helped residents manage their financial circumstances by raising awareness of the support on offer, working with agencies in understanding and managing the impact of Universal Credit.
- Celebrated for the sixth year, the partnership with Essex County Council to provide extra care housing at Sumners Farm Close for the frail elderly and vulnerable. A new care provider 'Agincare' has recently been procured by ECC, and we are looking forward to working in partnership with them to provide high quality services to the tenants at Sumners Farm Close.
- Achieved a national accreditation award for our Careline scheme which offers security to our most vulnerable residents.
- Working in partnership with local housing agencies, we have received additional grant funding for tackling homelessness and rough sleeping. The Supported Housing service continues to be nationally recognised, being accredited by Telecare Services Association (TSA). This, together with strong performance for repairs, income management, and empty properties management means your Housing Service continues to be well regarded nationally, regionally and locally.

Harlow Council's biennial landlord survey results showed that overall tenant satisfaction for 2018/19 was 88% (BMG Independent Survey). The annual Leaseholder Survey questionnaire results showed overall satisfaction for 2018/19 was 71.43%. Both surveys are used to identify ways for enhancing customer access and contact which will be achieved through action plans and priorities.

3.6 Tackling homelessness

The Housing Register continues to grow, with further increasing incidences of homelessness. The Council continues to work to let its homes in a fair and transparent manner, meeting local priorities and by:

- Implementing the new Homelessness Strategy and Action Plan in conjunction with the Harlow Homelessness Partnership developing shared objectives as well as targeting the limited resources to priorities.
- Prevention – support to prevent homelessness happening
- Intervention – helping those in crisis with swift targeted support
- Recovery – rebuilding lives

- Partnerships – collective force
- Continuing to implement the government's social mobility scheme to encourage national mobility within social housing providers, increasing choice.

3.7 Housing Investment Programme

The Housing Investment Programme continues to establish a set of internal, external and compliance related works packages to Council homes. These work packages target resources to ensure homes meet the Government's Decent Homes Standard, the Council fulfils its statutory and regulatory duties and that local priorities are tackled illustrating the ambition and scale of delivery, and transforming Council housing in Harlow. (See 4.1 below)

3.8 District Heating

There are a number of flat blocks owned by the Council where all residents (both tenants and leaseholders) benefit from a District Heating system. A District Heating system (or Heat Network) supplies heating and hot water to residents via a central boiler system that works for the whole block, rather than each property having its own individual boiler. These systems are considered to be both cost-effective and more efficient than individual domestic boilers. The Council supplies the gas used to run the communal boilers and re-charges residents for the energy they use within their homes.

The Council remains committed to tackling fuel poverty for residents. The cost of energy that is passed on to both tenants and leaseholders of the Council is assessed each financial year to ensure the Council is not putting its residents at risk of fuel poverty.

Alongside the programme of district heating modernisation, work has also been undertaken to ensure the Council's compliance with new legal requirements under the 'Heat Network (Metering and Billing) Regulations 2014' through the installation of individual property Heat Meters at all schemes that benefit from district heating (in order to facilitate billing for energy use on a property-by-property basis based upon individual energy use / consumption). Heat meters measure individual heat and hot water usage and ensure that residents are charged fairly for the heating and hot water they use. Residents receive a quarterly statement showing their energy consumption and their tariff information, ensuring that the Council is providing transparency over the way in which it charges residents for heating and hot water within District Heating schemes.

3.9 Tackling Fuel Poverty

Tackling fuel poverty is a main policy priority for the Council. Fuel poverty affects the most vulnerable residents within our communities and can have adverse effects on their wellbeing.

Fuel poverty in England is measured statistically using the Low Income High Costs definition, under which a household is considered to be in fuel poverty, if they:

- Have required fuel costs that are above average (the national median spend on fuel)
- Were to spend that amount they would be left with a residual income below the official poverty line

Whether or not a household is affected by fuel poverty is largely determined by the following four factors:

- The energy efficiency of the property
- The cost of energy
- The household income
- The usage of heating and hot water by the individual resident

A proactive, targeted use has been made of the Harlow Home Energy Study by Rickaby Thompson Associates which identified the Council's lowest performing properties in relation to energy efficiency. A number of these properties were identified as putting residents at risk of being in fuel poverty due to their low energy performance rating. The Energy Performance Certificate was used to identify the required measures to increase the energy performance of each of these properties and alleviate the risk of fuel poverty within the Council's housing stock. These works included:

- Replacement of individual domestic boilers and heating systems within properties.
- Replacement of doors and windows to individual properties and flat blocks.
- Replacement of District Heating Boilers and associated heating systems, including the installation of controllable heating at all schemes.
- Installation of cavity wall, loft and external wall insulation to targeted properties.

Work continues to be focussed on improving the energy efficiency of the properties with the lowest energy efficiency rating. Works are prioritised in order to improve the Energy Performance Certificate (EPC) rating to ensure that none of the Council's properties are putting residents at risk of fuel poverty due to their low energy performance rating.

3.10 Tenant Moves Incentive scheme and mutual exchanges

The main priorities remain:

- Make efficient and effective use of existing Council housing stock.
- Increased priority given to Council tenants wishing to move to smaller properties.
- Demonstrating value for money.
- Increasing housing options to meet housing need.

3.11 Collecting Rent and Service Charges

Welfare Reform changes have placed increased pressure and financial burdens on many residents.

The Council's "can't pay / won't pay" approach actively helps residents with dedicated money advice, early intervention, a range of support not just financial but including wellbeing through the Welfare Panel, and targeted income management,

along with the promotion to take up of direct debit payments. The Council has increased rent and service collection rates with performance still in the “top quartile” of high performing landlords, which is one of the highest collection rates in the region.

- 99.13% of rent collected in 2018/19,
- 99.28% of leasehold service charges were collected in 2018/19.

3.12 Repairs and Maintenance

The Council works in partnership with its local authority trading company HTS (Property and Environment) Ltd in managing the repairs service and maintaining its landlord stock in good order and improving the customer experience.

Performance is being reported on Contractors’ response to tenants’ requests. This needs to be even better, dealing consistently well with the 33,000 repair requests on an annual basis. Prioritising vulnerable tenants, and responding effectively to feedback regarding experiences.

3.13 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).

3.14 Anti-Social Behaviour

Tackling 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. Taking a multi-agency approach (involving the Police, Social Care, schools and other support agencies) is attributed to the continued success in reducing the number of complaints and need for enforcement action.

3.15 Tenant and Leaseholder Engagement

The Council continues to work in “co-regulation” with tenants and leaseholders using different methods in order to scrutinise and challenge, putting them at the “heart of the housing service”.

The Council is in the process of reviewing its wider community engagement strategy. Any revisions will need to be aligned to the Housing Services’ Tenant and Leaseholder Engagement Strategy and Action Plan.

3.16 Right to Buy

Applications for Right to Buy have stayed at a level of two a week.

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 Council continues to use data gathered through a number of sources to establish Programmes of work to its housing stock in order to maintain compliance with the Government's Decent Homes Standard and fulfil its wider regulatory and statutory duties as a responsible landlord.

The Council's Housing Investment Programme (HIP), centres upon establishing a set of internal, external and compliance related works packages. These work packages target resources to ensure homes meet the Government's Decent Homes Standard, the Council fulfils its statutory and regulatory duties and that local priorities are tackled. High standards of workmanship in all the programmes are expected to ensure that they are delivered on time, within the budget envelope allocated and to a consistently high customer experience – as reflected within contractual Key Performance Indicators (KPIs) for all Service Providers.

The Modern Homes Programme has reached to date over 8,000 homes, illustrating the continued ambition / scale of delivery, transforming Council housing in Harlow. There is a robust inspection and performance management framework established which ensures that standards are met, contractors meet performance standards, and value for money can be demonstrated.

In addition to maintaining decency, additional asset management priorities shape investment within the housing stock over the next five year period, as follows:

- A review of the External Works Programme has been undertaken in order to refocus on key priorities, this is as a direct result of the ongoing impact of a reduced budget due to the enforced reduction in rent levels to 2020. These works will include an extensive programme of works including roofing, window and door replacements and works to the external fabric of the building on both houses and flat blocks.
- Continued focus and planning on the Council's compliance (health and safety) obligations and fire risk assessment priorities across all the assets. Attention continues to be concentrated on fire safety in the 14 High Rise Tower Blocks, Houses in Multiple Occupation (HMO) and Sheltered Accommodation: with annual Fire Risk Assessments being undertaken.
- The Council's Asset Management Strategy recognises that housing assets can also become liabilities which ultimately impact on both the tenant and landlord. An area of significant risk to the Council is the increased number of properties being identified with structural subsidence. The reason for this increase is primarily due to adverse weather conditions over recent years and the effect of maturing trees on properties which have historically been planted in close proximity to the dwellings.
- Prioritising the Energy Efficiency of the Council's housing stock in regard to replacement and renewal of the Council's Communal and District Heating Systems, including the charging of heat and hot water on an individual household basis via the installation of heat meters within properties and improving the energy efficiency of the poorest performing properties which pose a risk of fuel poverty to our tenants.

- Target works identified in the Garage Strategy approved in December 2015.
- Enhancing the portfolio of the Council's own Temporary Accommodation with a view to increasing its quantity and quality and reducing the reliance upon Bed and Breakfast and other more expensive external options.
- Maintaining the Council's significant investment in adaptations to the homes of some of our most vulnerable customers (disabled, long term illness etc.) to ensure that tenancies remain sustainable.
- Continuing the Council's aspiration to develop new Council housing and developing a longer term programme which includes housing of all tenures, social rented as well as Council housing, reviewing this on an annual basis and as individual opportunities arise.

A full list of short, medium and long-term priorities is identified in Appendix 4.1.

4.2 Asset Management Programme Performance and Delivery

The Council achieved full compliance with the Decent Homes Standard in March 2015 and subsequently this position has been maintained through further investment in the Council's housing stock.

4.3 Maintaining compliance of the Council's Housing Stock to the Government's Decent Homes Standard

As a result of government legislation in regard to the requirement to reduce rents by (-)1% each year from 2016-2020, the Council has planned its housing stock investment and programme delivery (HIP) to meet, rather than as had originally been the intention to exceed, the Decent Homes Standard due to reduced resources being available.

Effective contractor management continues to be vital to ensuring optimum value for money is obtained for the Council's capital investment, with tight cost, quality and payment control secured through a continuous rolling monthly process of works handover, sign-off and valuation, holding Service Providers to account.

4.4 Continued focus and planning upon the Council's compliance with health and safety obligations

As a responsible social landlord, Harlow Council has no greater asset management priority than ensuring the health, safety and welfare of its tenants via full compliance with its statutory, regulatory and legal obligations across the full range of issues related to fire, gas, electrical and water safety as well as asbestos management.

The Council continues to focus on validating and seeking comprehensive assurance that its approach to fire safety is robust. This has been the case in regard to positive feedback, as regular joint inspections to the Council's 14 High Rise Tower Blocks and other multi-storey Flat Blocks continue to be undertaken by Essex Fire and Rescue Service and Council Officers.

The Council, though, has continued to further prioritise and increase its asset management focus upon both further fire safety-related activities and other compliance (health and safety) areas, including:

A pilot on Willowfield Tower has been completed to decommission the warm air ducts and central heating systems which are being replaced with modern wet gas central heating systems. The decommissioning of the warm air ducts and replacement of the central heating systems is planned for a further four high rise tower blocks during 2020/21, incorporating the lessons learnt from the pilot project at Willowfield Tower.

- A specialist structural safety and condition survey of the Council's 14 Tower Blocks was undertaken during 2019 in order to provide assurance of their continued longevity / suitability as sustainable accommodation and to develop a plan for any future required investment and the resolution of any immediate issues.
- Following a detailed condition assessment, the compilation of a four year programme, £1.5m prioritised refurbishment (11) and replacement (4), for the Council's portfolio of housing scheme lifts to ensure their continued safe operation and compliance with legislative and regulatory standards which will complete in 2019/20.
- Continued operation of a comprehensive programme of electrical safety inspections and upgrading of communal electrical installations via ring-fenced, dedicated compliance capital funding.

4.5 Addressing the Energy Efficiency of the Council's housing stock in regard to replacement and renewal of the Council's Communal and District Heating Systems (and the poorest performing properties which pose a risk of fuel poverty to our tenants)

The Council is committed to this programme of work with schemes identified for replacement in the 2019/20 Capital Programme.

Alongside this work, the Council has also continued to ensure its progress towards full compliance with its obligations under the 'Heat Network (Metering and Billing) Regulations 2014' – with the levying of heating charges to individual households.

The Council fully recognises the scale and significance of this change for its residents, and has closely monitored the impact of this upon households and has provided additional advice and support when necessary in regard to issues of vulnerability and/or affordability. This approach will continue into 2020 as the next phase of transition to individual heating charging takes place.

In addition, continued asset management value continues to be derived from the 2015/16 Harlow Home Energy Study by Rickaby Thompson Associates, with a programme of targeted improvement works derived from this insight ensuring that the Council will have – as required from April 2018 via the Energy Act 2011 and Fuel Poverty Regulations 2014 – no properties subject to re-letting restrictions via an Energy Performance Certificate (EPC) rating below band E.

4.6 Works identified in the Garage Strategy approved in December 2015

The Council's Housing Garage and Hardstanding Strategy was first updated in 2007.

The strategy recognised the large portfolio and prioritised it according to retention, disposal, and redevelopment of further affordable housing. An investment appraisal was completed in 2014 which identified and strengthened sites for retention and / or disposal.

The budgetary resources available to this area of work were significantly reduced in 2016/17 in preference to works within domestic tenanted properties, and this position continues with an annual budget of £500,000 set for 2019/20 and 2020/21.

This budget has been deployed upon a programme of works – both refurbishment of existing garages as well as demolition and their replacement with hardstanding areas – derived from the original Garage Strategy across the town.

Derelict garage sites also form part of the Council's wider regeneration approach which seeks to maximise scarce council land resources, identifying sites for the Council House Building Programme.

4.7 Enhancing the portfolio of the Council's own Temporary Accommodation with a view to increasing its quantity and quality and reducing the reliance upon Bed and Breakfast and other more expensive external options

The Council continues to face very considerable challenges and pressures in relation to its statutory obligations for meeting local housing need, including homelessness, and the 'Homelessness Reduction Act' will inevitably add further to these demands. The Council has committed to rationalise the use of external private temporary accommodation in the form of office conversions or permitted developments to ensure the suitability of the accommodation it provides.

This has resulted in progressively increased pressure upon the Council's provision of temporary accommodation, and the budget related to this.

In order to assist with these pressures, a programme of works to deliver additional (9 units and a 2 bedroom self-contained flat), high standard temporary accommodation – via property conversion works at Collins Meadow, Northbrooks and Partridge Court was completed during 2018/19. A project to provide additional units to existing temporary accommodation at Hare Street Springs is currently still in planning with a view to commence works in 2020.

In addition to the schemes above, the Council completed a programme of works to convert two secluded properties previously identified for disposal into a homeless hostel that has been leased to a local charity, providing accommodation for rough sleepers.

The Council continues to assess further opportunities to enhance its portfolio of Temporary Accommodation as they are identified.

4.8 Maintaining the Council's significant investment in adaptations to the homes of some of our most vulnerable customers (disabled, long term illness etc.) to ensure that tenancies remain sustainable

In common with the above duties of the Council in regard to housing need and homelessness, work to disabled adaptations continues to be marked by levels of demand which substantially exceed the budgetary resources available.

As a result, a continued substantial capital works budget of £900,000 was allocated to these works for 2019/20 – and this level of resource is to be maintained within the Council's medium term financial planning for its Housing Investment Programme for each year through to (and including) 2022/23.

A continuous process of Service Review, covering all aspects of service and delivery structure and process, has continued in 2019/20 in order to seek to ensure that the Council – and the vulnerable tenants and their families for whom adaptations work is so vital - is obtaining maximum Value for Money and efficiency for the monies it continues to allocate to this investment priority, making best use of the stock. This will in particular focus moving forward upon an expanded role for and involvement from, the Council's Housing Management function within decision-making and customer communication in individual disabled adaptation cases.

4.9 Continuing the Council's aspiration to develop housing of all tenures including social rented

The Council has an ambition to build new homes and has a programme to do so. Further information is given below (see 6.1.3.).

4.10 Supporting the development of HTS (Property and Environment) Ltd.

The strong spirit of partnership and positive approach to the transition of the Council to HTS (Property and Environment) Ltd ensured a smooth, successful transition to the new internal Service Provider from 1 February 2017.

HTS will be allocated work packages on an annual basis to the value of £5.8m encompassing areas including, internal works to ensure homes remain decent and compliant, electrical testing and upgrades, Disabled Adaptations, and Garage Refurbishment / Demolitions. The allocation of these works has used a new Business Case process.

This Business Case process has been further refined and enhanced for 2019/20 in order to ensure that the Council can evidence a continuous improvement in the quality of service delivery and Value for Money provided by HTS (Property and Environment) Ltd. in accordance with the Council's original objectives in implementing the Local Authority Trading Company structure.

The Council and HTS (P&E) Ltd continue to move towards a set of shared objectives to provide enhancements to the service provided to residents. Throughout 2019/20 a number of enhancements to customer service will be jointly implemented by both organisations, allowing customers to report repairs online, providing enhanced information about the status of a repair and improvements to the way repairs are scheduled and the time taken to complete them.

In addition to this, the Council has awarded two year programmes of work for electrical testing and upgrade, disabled aids and adaptations and garage refurbishments, allowing annual programmes of work to continue uninterrupted from one financial year into the next until the end of 2022/23.

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 Council recognises the genuine shared commitment to embrace tenant and leaseholder participation, working together, placing them at the “heart” of what the Council does and shaping and improving services to ensure the Council’s housing regulatory role is delivered effectively.

The Tenant and Leaseholder Engagement Strategy takes into account the regulatory arrangements and its implications for the Council, tenants and leaseholders. The strategy forms part of the Council’s approach to the social housing regulation built around the concept of “co-regulation”.

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

It is recognised, that there is a requirement to “widen representation”, to focus on the issues most important, and importantly to embrace modern engagement / information sharing techniques to further encourage participation.

The tenant and leaseholder engagement strategies key objectives are to:

- Continuously review tenant and leaseholder involvement, service delivery and customer involvement routes.
- Improve strategic partnership working through the development of an integrated approach to the strategic direction with clearer priorities for the service.
- Establish more effective and robust performance management across tenant and leaseholder participation activity.

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 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).

5.3 Landlord Survey

Housing Services conducts its Tenant Landlord Survey every two years and a Leaseholder Survey once a year. The statutory requirement to produce a customer satisfaction survey (known as the Status Survey) ended in 2010/11, however the completion of alternative surveys is important to both the Housing Service and Tenant and Leaseholder Engagement as the results can be used to measure and assist in shaping and developing future services.

The surveys cover questions around the overall tenant and leaseholder satisfaction with Housing Services as a whole. These also ask how satisfied tenants and leaseholder are when receiving housing and communal repairs, cleaning and ground maintenance, modern homes or major works, service charges, leaseholder management fee and tenant and leaseholder engagement and empowerment. The Surveys also gauge tenants' and leaseholders' perception on different aspects of the Housing Service which includes moving home, reporting anti-social behaviour, garages, contact and communication with Housing Services, complaints and value for money.

The Housing Service continues to review and make changes to the way it engages with its Tenants and Leaseholders. Surveys of this nature allows the Council to develop a set of priorities based on consultation evidence which helps assist in future planning.

The biennial survey showed that the overall tenant satisfaction was 74% in 2014, increasing to 88% in 2017 (BMG Independent Survey). The annual Leaseholder Survey questionnaire showed overall satisfaction for 2018/19 was 71.43%.

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 referred to by Officers, and is subject to regular review.

HRA self-financing gave Councils greater control over service delivery, but also brought 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. Government legislation to reduce rents annually by 1% over four years between 2016/17 and 2019/20 meant that debt cannot now be repaid within the timescale originally envisaged.

This year the HRA faces three major challenges:

- Inflationary pressure
- Fire Safety and Regulation
- Building Council homes.

The Council's HRA Business Plan 2019–2049 is summarised below, *and detailed in Appendix 6.1.*

6.1.1. The Challenge of Inflationary Pressure

The Consumer Price Index (CPI) for September 2019 was 1.7%. This means tenant rent increases from April 2020 cannot exceed 2.7%. The baseline Plan assumes increases in excess of CPI annually in its contractual obligation to HTS (Property and Environment) Ltd.: -2.5% in 2020/21, and 3.4% thereafter. Staff salaries are expected to increase by 2% in 2020/21. The Bank of England Monetary Policy Report for November 2019 suggests inflation (CPI) will decline to around 1.2% early in 2020/21 before increasing to 2% during 2021 and 2.2% in 2022.

6.1.2 Grenfell Tower Public Inquiry

The Grenfell Tower Public Inquiry is a thorough review of the events and lessons learned surrounding the devastating fire and loss of life in June 2017 at the high-rise tower block in London. The first phase, which heard eye-witness accounts of the tragic night, was published in October 2019. The second phase of the Public Inquiry will commence in 2020⁴ examining the wider causes of the fire under eight headings:

- The Primary refurbishment (overview and cladding);
- Cladding products – testing / certification, product marketing / promotion;
- Complaints and communication with residents; management of building, compliance 'Regulatory Reform (Fire Safety) Order 2005', fire risk assessment; active and passive fire safety measures internal to building;
- Aftermath;
- Firefighting;
- Government;

⁴ For further information see

<https://assets.grenfelltowerinquiry.org.uk>List%20of%20Issues%204%20JUNE%205bFINAL%5d.pdf>

- Experts;
- Evidence relating to the deceased.

The Council will need to respond appropriately to these findings when published. A narrative of action the Council is taking is given above (see *Chapter 1.1.4*).

6.1.3. Building Council Homes

The following information has been taken from the Council's 'Capital Programme Strategy' (Appendix B of the 'Capital and Treasury Report'). The Council's 'Corporate Plan 2017-2020' places emphasis on 'More and Better Housing', tackling the housing need of Harlow residents, both in quantity, affordability, range and quality.

In addition to projects included in the 'HRA Business Plan 2018-2048', a cross-departmental Officer Task Group has updated and extended the programme of house building. This includes a number of projects: The Readings, Bushey Croft and Lister House / Perry Road have had planning permission already granted.

Projects will be held in both the Non Housing Capital Programme and Housing Capital Programme. Some costs will be met from revenue.

The programme will be financed from retained pooling receipts and external borrowing, both within the Council's Housing Revenue Account. The Government allows Councils to keep receipts from a proportion of 'Right To Buy' sales on condition that these are spent within three years on building replacement council homes. Failure to deliver would result in retained receipts being repaid to Government at a penalty of base rate plus 4%. It is therefore essential that the programme is delivered in a timely manner, and that further retained receipts are drawn down prior to need.

The outline intention is to build homes and let at either social rent or an affordable level of rent.

A programme for house building is set out below:

Table: House Building Programme met by the Housing Capital Programme

	Number of Units	2019/20 forecast (£m)	2020/21 budget (£m)	2021/22 budget (£m)	2022/23 budget (£m)	2023/24 budget (£m)	2024/25 budget (£m)
Programme							
Temporary Accommodation	6	0.072	-	-	-	-	-
Sumners Farm Close	4	0.459	-	-	-	-	-
The Readings	3	0.382	0.996	-	-	-	-
Bushey Croft	16	0.101	-	2.808	1.202	-	-
Perry Road	46	1.444	5.267	7.289	-	-	-
The Yorkes	13	-	2.513	0.502	-	-	-
Land at Brenthall Towers	8	-	2.155	0.430	-	-	-
Stackfield	2	-	0.400	0.150	-	-	-
The Hill	2	-	0.500	-	-	-	-
TOTAL	115	2.458	11.831	11.179	1.202	-	-
Financed by							
Pooling Receipts (see Table 3)		0.737	3.549	3.354	0.361	-	-
HRA balances, including External Borrowing		1.721	8.282	7.825	0.841	-	-
TOTAL		2.458	11.831	11.179	1.202	-	-

It is the intention that external borrowing will finance the balance of the house building programme. The HRA Business Plan has set out an indicative draw down of finance to support this goal: £10.2m in 2020/21, £7.9m in 2021/22 and a further £0.8m in 2021/22 with repayment after 25 years. Borrowing will be utilised as the need arises.

6.2 Key principles

The HRA Business Plan 2019-2049 is built upon these foundations or principles:

- To increase dwelling rents annually by CPI+1% commencing 2020/21. Uplifts are based on the Consumer Price Index as at September annually. In this Business Plan rents will increase by 2.7% with effect from April 2020, and an estimated 3% annually thereafter;
- Renew the Public Works Loan Board (PWLB) debt of £208.837m upon maturity of each loan, keeping repayment under review – the first loan would ordinarily become repayable in March 2026;

- Set a minimum HRA working balance at 31 March 2020 at £4m., being £2.5m for ordinary unforeseen events plus £1.5m for any unbudgeted outcome from the Grenfell Tower Inquiry. Following completion of this work, from 1 April 2023, to revert the minimum HRA working balance to £2.5m;
- Revise the housing asset management plans and its priorities;
- Revise the garage management strategy, investment, and its priorities, and assume annual increases of at least 5% per year for garages and increases / decreases in service charges related to changes in expenditure.

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. The average interest rate on these loans is 3.29%, which at the time was reasonable.

Changing circumstances meant that, with effect from the HRA Business Plan 2015-2045, the reduction in income means that debt cannot initially be repaid but will have to be renewed on maturity.

Separately, there is now the intention to borrow to finance a house building programme (see 6.1.3. above).

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 2020/21 will be presented to Cabinet on 23 January 2020.

In addition, it is the Section 151 Officer’s responsibility to review annually the minimum working balance the HRA should hold. The working balance is proposed to be £4m as at 31 March 2020, falling to £2.5m with effect from 1 April 2023 as the potential effect of the Grenfell Tower Public Inquiry subsides.

A detailed assessment of the HRA Minimum Working Balance is given in the HRA Budget 2020/21 report.

6.2.3 Major Repairs Reserve

Councils are required to debit to the HRA the full cost of depreciation, as determined by a professional valuer, and transfer the amount to a Major Repairs Reserve which can only be used to finance capital expenditure and / or repay debt.

The intention is that depreciation – being a reduction in the value of an asset over time, due in particular to wear and tear – is arrested by capital expenditure. Where capital expenditure in any year is less than depreciation the Major Repairs Reserve will hold the excess balance. Where, as is the case with Harlow Council, capital expenditure exceeds depreciation, then the Major Repairs Reserve will be entirely utilised with any balance funded by Direct Revenue Financing (otherwise termed Revenue Contribution to Capital Expenditure) from the HRA.

Harlow Council has no plan 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 2019-2049 does not make additional transfers from the HRA to MRR towards the future repayment of debt.

Where the Council borrows for the purpose of house building, the intention would be to repay this debt but not set aside money in the MRR for future repayment.

6.2.4 Investment Planning

The Council has in place 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 indicated 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 categorised within the assumptions for the business plan and ranked, rated and managed according to their category. This led to the identification of garage sites for demolition and redevelopment.

In addition to garage sites, properties are identified through the void property process for disposal. On becoming void the Council undertakes an exercise to review both the condition and financial performance of the dwelling aligned with the Asset Performance Evaluation model. Where it is identified that a property is poor performing it will be considered for disposal.

The Council's priorities moving forward continue to focus on high rise (in particular involving investment decisions in regard to heating systems and thermal efficiency); 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. In addition, the Council has been actively assessing its portfolio of Temporary Accommodation, in terms of whether this remains fit-for-purpose, financially sustainable and able to meet ongoing demand.

6.2.5 Rent policy

The 'Rent Standard 2020' permits rents to increase by a maximum of CPI+1% annually until 2024/25. This HRA Business Plan assumes that rents will be allowed to increase by CPI+1% through to 2048/49 (see 1.2.2).

The implications of different rent increases after 2024/25 are considered in Appendix 6.4.

6.2.6 Garage Strategy

The Council continues to retain a large portfolio of garages and hardstandings. Following the comprehensive review of the entire Garage and Hardstanding stock in 2015 the Garage Strategy was updated. Although reviewed on an annual basis there have not been any changes made since 2015 as the key principles of the strategy remain unchanged.

The principles focus on having a robust performance management framework in place aligned with regular reviews of the stock. This enables the Council to develop an annual programme of Capital works schemes. Annual investment through the Capital Programmes assist with stock rationalising and overall improves car parking across the town. The Garage Strategy determines sites for retention or disposal. A greater emphasis upon lower level remedial repairs and maintenance continues rather than substantial refurbishment and/or remodelling, although selective demolition to free development land and/or garage rebuild will continue to a smaller scale.

6.3 General assumptions.

The table below sets out the assumptions applied in the HRA Business Plan. A full commentary is given in Appendix 6.3.

Business Plan Assumptions				
<u>Inflation indices</u>				
	CPI	Pay	Repairs uplift	HTS Annual Uplift
Year 2 (2020/21)	2%	2%	2%	2.5%
Year 3 (2021/22)	2%	2%	2%	3.4%
Year 4 (2022/23)	2%	2%	2%	3.4%
Thereafter	2%	2%	2%	3.4%
	Dwelling Rents	Garage Rents	Interest Rate paid on Borrowing	Interest Rate received on Working Balances
Year 2 (2020/21)	2.7% (CPI+1%)	5%	3.55%	1.20%
Year 3 (2021/22)	3% (CPI+1%)	5%	3.43%	1.26%
Year 4 (2022/23)	3% (CPI+1%)	5%	3.42%	1.27%
Year 5 (2023/24)	3% (CPI+1%)	5%	3.47%	1.25%
Thereafter	3% (CPI+1%)	5%	3.45%	1.25%
<u>Rents</u>				
	Average weekly rent per tenant (£)	Average weekly service charge per tenant (£)		
2019/20	89.83	2.24		
2020/21	92.25	2.28		
2021/22	95.02	2.33		
2022/23	97.87	2.37		
2023/24	100.80	2.42		
<u>Stock</u>				
Number of tenanted properties as at 1 April 2019				9180
Number of leasehold properties as at 1 April 2019				2514
Annual changes	Right To Buy sales	New leasehold properties	"New Build"	Demolitions & transfers
2019/20	(-)62	34	3	0
2020/21	(-)60	33	15	0
2021/22	(-)55	30	28	0
2022/23	(-)50	27	46	0
2023/24	(-)45	25	33	0
Thereafter	(-)40	22	0	0
<u>Other assumptions (figures at 31 March 2020)</u>				
Settlement payment (on 28 March 2012)				£208,837,000
Limit of Indebtedness / Borrowing cap				Removed 30 October 2018
Housing Capital Financing Requirement				£187,370,000
Minimum working balance on Housing Revenue Account				£4,000,000

6.4 Risks and opportunities

6.4.1 Universal Credit

The Council continues to monitor the full impact of Universal Credit (UC), due to the lengthy timescales that claimants are waiting to receive their first monthly payment, although it is anticipated that this will have a negative impact on arrears recovery. The Council will monitor the impact of UC in terms of numbers to identify any specific trends or measures that could impact or improve arrears recovery.

The Council will however continue to implement its “can’t pay, won’t pay” approach, offering support for those in need and adopting a robust approach to those who refuse to pay.

The HRA Business Plan 2019-2049 includes a provision for bad and doubtful debts, which it is hoped, is more than ample for any negative impact of UC.

6.4.2 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. Under self-financing the Council’s plan was always to repay debt but, as demonstrated elsewhere, enforced lower rent levels and consequential efficiencies to the service make this impractical. This HRA Business Plan 2019-2049 proposes the renewal of debt on maturity at an estimated annual interest rate of 3% per annum.

The Council plans to borrow in order to fund a programme of house building (see 6.1.3).

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 the principles of equality of opportunity, fairness and equality for all as detailed within the Equality Act 2010. The Council strives to ensure that the services it provides to the community are readily accessible for all those who make up Harlow's diverse communities and fully complies with Section 149 – Public sector equality duty. The Council believes that its role as an employer can be better achieved by a workforce that values and reflects diversity and the Council is 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.
- A workforce empowered 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.

APPENDIX 3.1
HOUSING SERVICE PLAN 2019-20

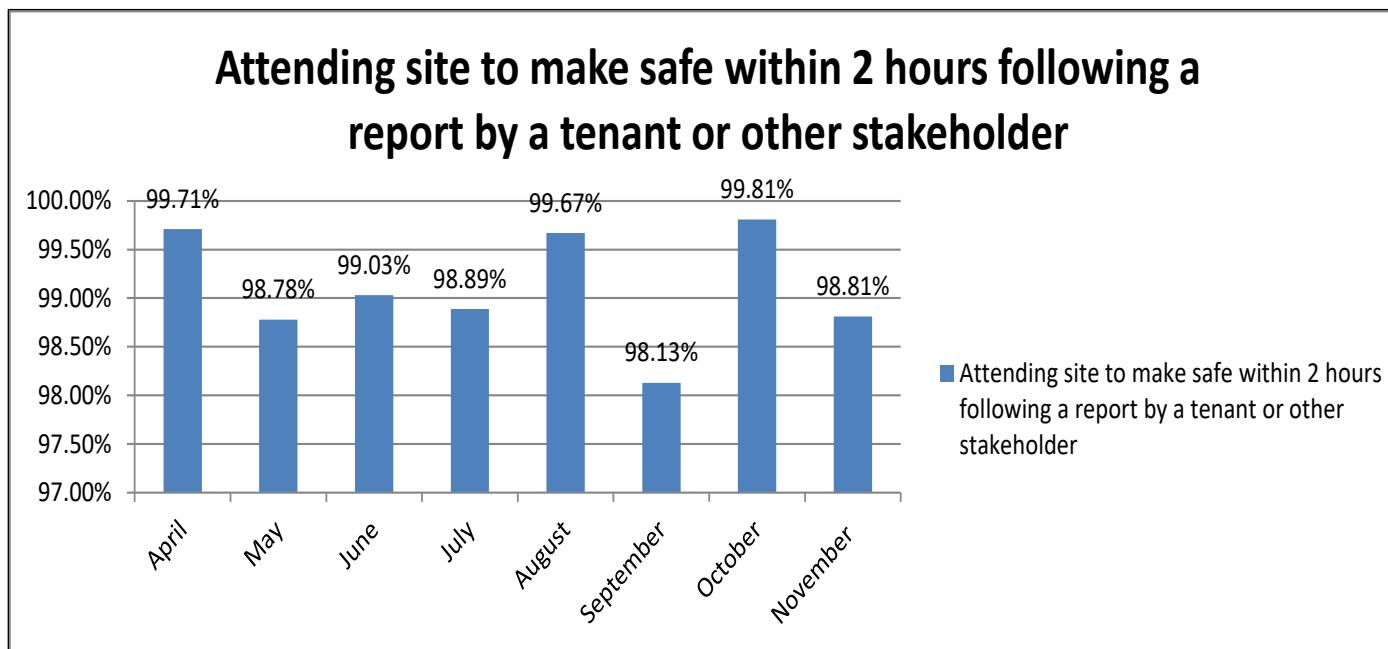
Objectives	Actions	Milestones	Date Due	By Whom
HSG 1 Invest in the Housing Stock	HA01.1 Provide and maintain high quality housing stock, with all Council homes meeting the Modern Homes Standards. Publish an annual Housing Investment Programme (HIP) and invest in improvements to housing conditions.	HM01.1.1 Produce an Annual Housing Investment Programme (HIP) for improvements to housing stock	Complete	Head of Housing Services
		HM01.1.2 Contracts awarded for the Housing Capital Programme	Complete	
		HM01.1.3 Programme and Project Management Processes established and reviewed at monthly PPMG meetings	Complete	
		HM01.1.4 Annual Workplans published to Tenants and Leaseholders	Completed	
		HM01.1.5 The Housing Revenue Account Business Plan is updated and approved by Cabinet	Jan 2020	
		HM01.1.6 Performance Management Framework established	March 2020	

Objectives	Actions	Milestones	Date Due	By Whom
	HA01.2 Continue £1.9m Energy Efficiency Programme to replace District Heating Schemes over a planned period addressing the energy efficiency of the Council's housing stock	HM01.2.1 District Heating Schemes phase 3 complete	March 2020	
		HM01.2.2 Revised energy billing processes in place	March 2020	
	HA01.3 Continue to maintain the Fire Safety programme within the Council's Tower blocks and undertake any works (from 2019/20) that may be required as a result of the Grenfell Tower Public Inquiry	HM01.3.1 Fire safety works identified	March 2020	
HSG02 Work towards improving choices for those in housing need	HA02.1 Implement revised Action Plan from Homelessness strategy	HM02.1.1 Updated Action Plan	Complete	Head of Housing Services
		HM02.1.2 Revised Homelessness Strategy published	Nov 2019	
		HM02.1.3 Government grant allocated	Complete	

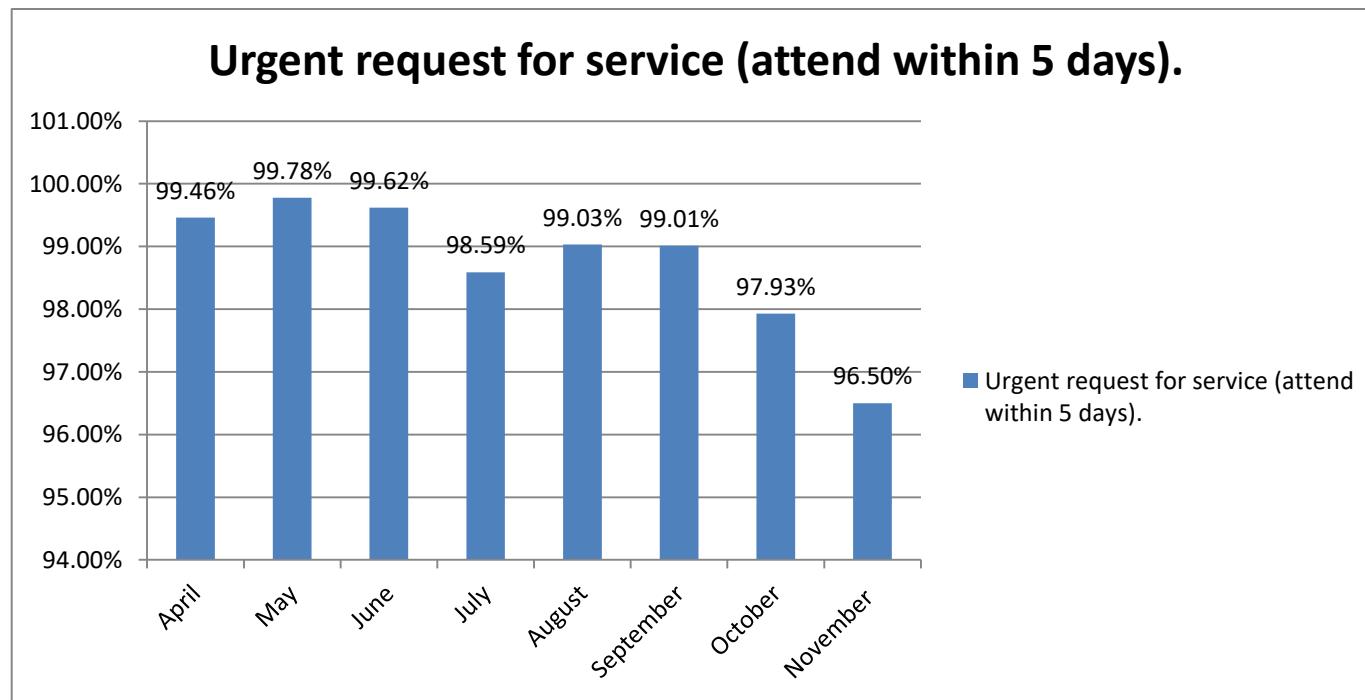
Objectives	Actions	Milestones	Date Due	By Whom
	HA02.2 Increase promotion of wider housing options and use of private sector	HM02.2.1 Business process reviewed	Nov 2019	
	HA02.3 Continue to develop Harlow Homelessness Partnership Targeting resources and joint working	HM02.3.1 Partnership Framework reported quarterly in line with the Homelessness Strategy	Nov 2019	
		HM02.3.2 Review current market options and availability	March 2020	
	HA02.4 Implement a new five year Plan for Housing Related Support (HRS) to provide an effective framework for reducing resources both within the Council's General Fund (GF) and Housing Revenue Account (HRA) to balance priorities against reduced resources and the wider priorities of the Local Council Landlord Service	HM02.4.1 Supported Housing Action Plan reviewed quarterly	March 2020	
HSG03 Encourage and facilitate effective Tenant and Leaseholder Engagement	HA03.1 Continue to Implement the Tenant and Leaseholder Engagement Strategy	HM03.1.1 Tenant and Leaseholder Strategy reviewed	Feb 2020	Head of Housing Services
		HM03.1.2 Biennial Tenant Satisfaction survey results published	March 2020	

	HA03.2 Housing works programmes communicated in advance of commencement and monitored	HM03.2.1 HIP programmes 19/20 published and reviewed quarterly at Property Services Panel	March 2020	
	HA03.3 Ensure Tenants and Leaseholders have opportunities to choose, be consulted, and receive feedback	HM03.3.1 Report to Housing Standards Board quarterly	March 2020	
HSG04 Safeguarding adults whose circumstances make them vulnerable, protecting them from avoidable harm and acting in their best interest where they lack capacity	HA04.1 Ensure Housing staff are aware of their safeguarding responsibilities undertaking their work activities together with reporting processes where required	HM04.1.1 Corporate training and awareness undertaken by staff	March 2020	Head of Housing Services
HSG05 Increase transparency through Joint Finance Performance Reports (JFPR), Procurement Strategy, Freedom of Information (FOI) and Environmental Info Regulations (EIR)	HA05.1 Ensure the Council's webpage for Transparency is up to date in accordance with the Transparency Code 2015	HM05.1.1 Ensure the 'Social Housing Asset Value' data is current and up to date for 2019/20	March 2020	Head of Housing Services

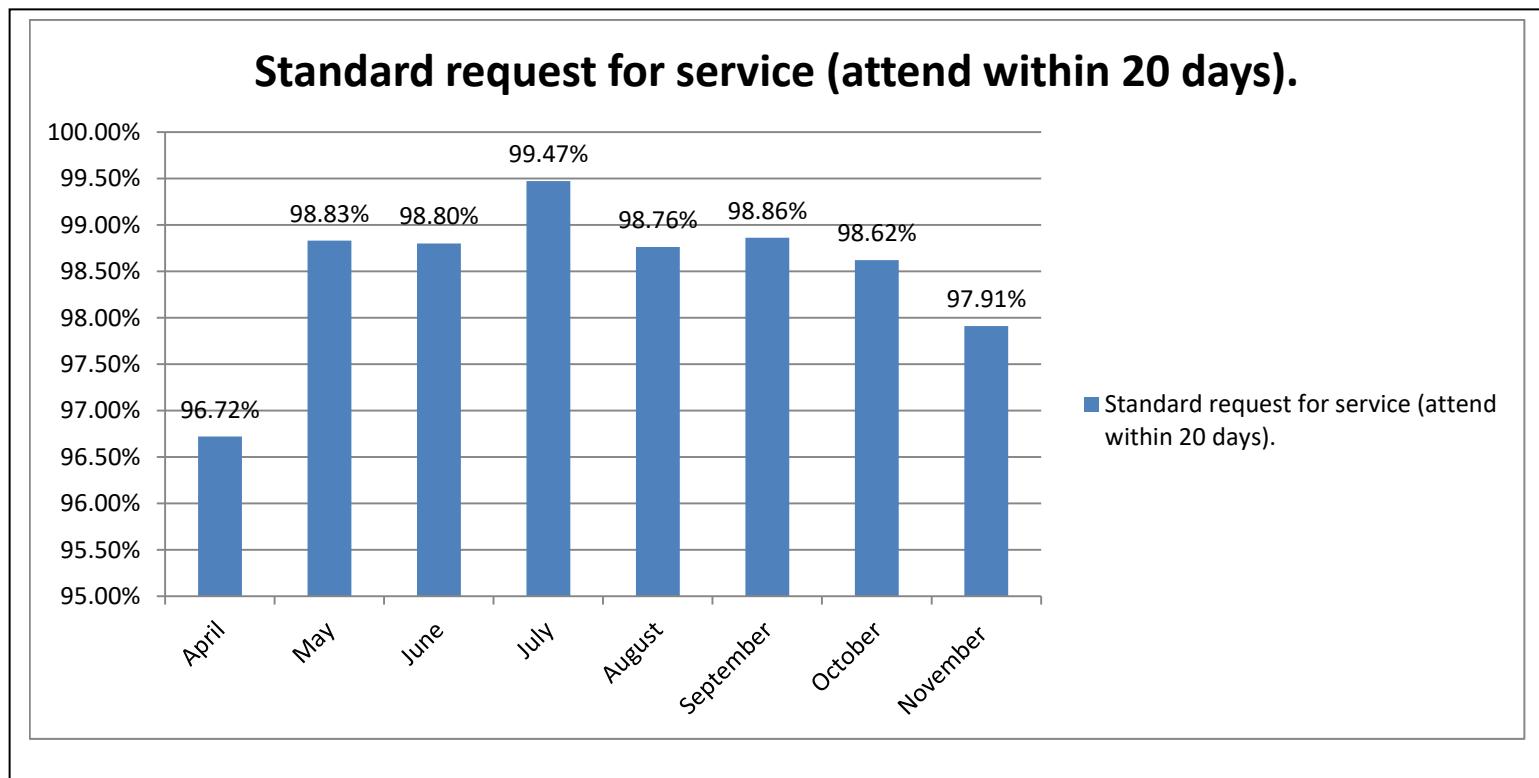
2019	4.11	Attending site to make safe within 2 hours following a report by a tenant or other stakeholder	April	May	June	July	August	September	October	November
			99.71%	98.78%	99.03%	98.89%	99.67%	98.13%	99.81%	98.81%



2019	4.12	Urgent request for service (attend within 5 days).	April	May	June	July	August	September	October	November
			99.46%	99.78%	99.62%	98.59%	99.03%	99.01%	97.93%	96.50%



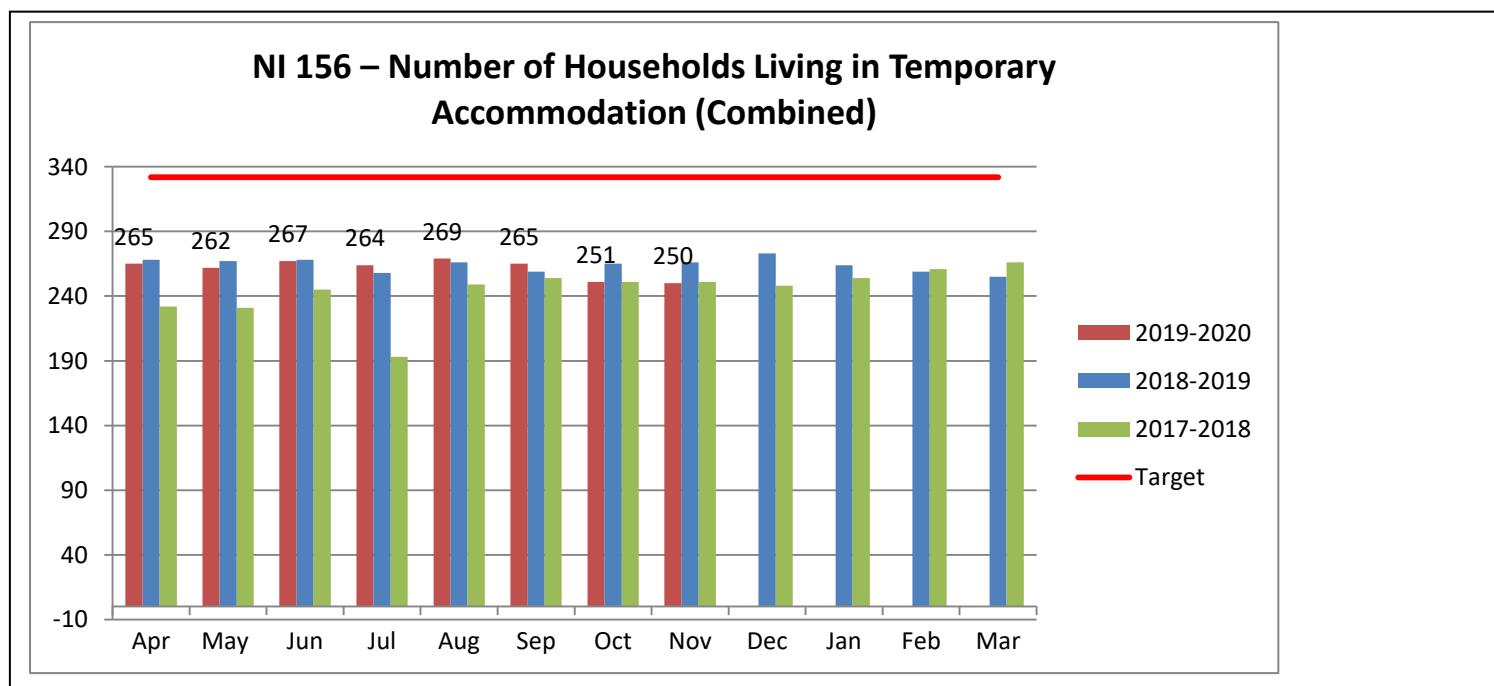
2019	4.13	Standard request for service (attend within 20 days).	April	May	June	July	August	September	October	November
			96.72%	98.83%	98.80%	99.47%	98.76%	98.86%	98.62%	97.91%



Housing Options and Advice
NI 156 – Number of Households Living in Temporary Accommodation (Combined*)

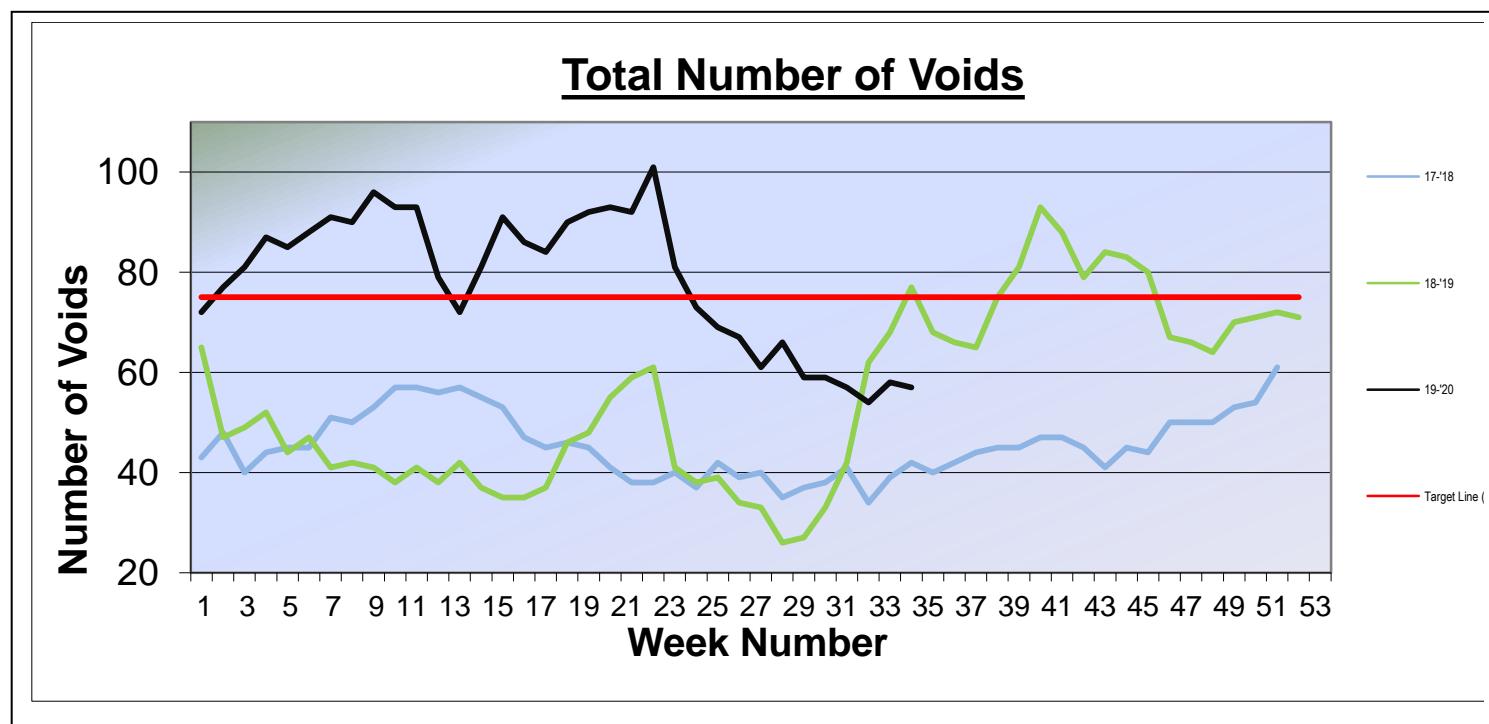
PI CODE	2018/19 Outturn	2019/20 Target	June Week 13	July Week 17	August Week 21	September Week 26	October Week 30	November Week 34	Status	Trend Arrow
NI 156	255	332	267	264	269	265	251	250	GREEN	↑

(* including non-secure tenancies in permanent stock)



Empty Homes Team
HMS8 - Number of empty Council homes

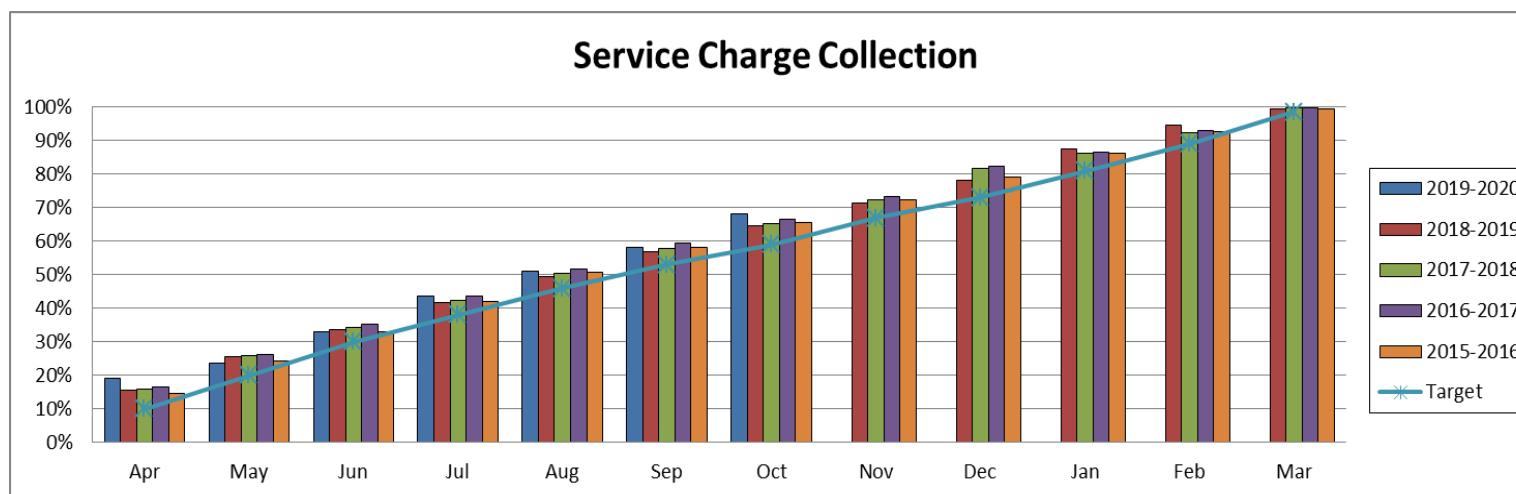
PI CODE	2018/19 Outturn	2019/20 Target	June Week 13	July Week 17	August Week 21	September Week 26	October Week 30	November Week 34	Status	Trend Arrow
HMS 8	71	75	72	84	92	67	59	57	GREEN	↑



Home Ownership Annual Service Charges

LHI-HO 26 – Service Charges Collected as a Percentage of the Annual Target

Outturn 2018-19	Target 2019-20	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	Status	Trend Arrow
Target Indicator %	98.5%	10%	20%	30%	38%	46%	53%	59%	67%		
99.28%		19.21%	23.66%	32.87%	43.56%	50.99%	58.03%	67.99%		GREEN	↑



APPENDIX 4.1: ASSET MANAGEMENT PLAN

Asset Management Priority	Programme	Year	1	2	3	4	5	Years 6-10	Years 11-15	Years 16-20	Years 21-25	Years 26-29
		2019/20	2020/21	2021/22	2022/23	2023/24	2023/24					
Maintain Decent Homes Standard	ASC Fixed Prices	£ 1,014,193	£ 1,044,000	£ 1,076,000	£ 1,108,000	£ 1,141,000	£5,876,000	£5,876,000	£5,876,000	£5,876,000	£5,876,000	£5,876,000
Maintain Decent Homes Standard	Internal Works	£ 930,000	£ 3,000,000	£ 4,558,000	£ 3,912,000	£ 3,078,700	£15,521,800	£22,104,600	£24,165,700	£20,234,000	£20,708,100	£20,708,100
External Works	External Works	£ 1,320,000	£ 2,350,000	£ 4,413,000	£ 4,429,000	£ 7,378,000	£27,679,200	£19,607,400	£27,493,300	£36,056,000	£32,465,900	£32,465,900
Energy Efficiency	Energy Efficiency / Fuel Poverty	£ -	£ 100,000	£ 100,000	£ 100,000	£ 100,000	£500,000	£500,000	£500,000	£500,000	£500,000	£500,000
External Works	Environmental Works	£ 100,000					£500,000	£500,000	£500,000	£500,000	£500,000	£500,000
Health and Safety	Lift Replacement	£ 600,000	£ -	£ -	£ -	£ -	£0	£0	£3,750,000	£0	£0	£0
Health and Safety	Fire Safety	£ 2,750,000	£ 2,700,000	£ 500,000	£ 500,000	£ 500,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000
Health and Safety	SE Duct Decommissioning	£ 3,000,000	£ -	£ -	£ -	£ -	£0	£0	£0	£0	£0	£0
Energy Efficiency	Communal Boiler Renewal	£ 1,400,000	£ 1,000,000	£ -	£ -	£ -	£0	£8,750,000	£0	£0	£0	£0
Disabled Adaptations	Disabled Adaptations	£ 900,000	£ 900,000	£ 900,000	£ 900,000	£ 900,000	£4,500,000	£4,500,000	£4,500,000	£4,500,000	£4,500,000	£4,500,000
Health and Safety	Compliance	£ 1,800,000	£ 1,800,000	£ 500,000	£ 500,000	£ 500,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000
Environmental	Garage Refurbishment	£ 350,000	£ 350,000	£ 350,000	£ 350,000	£ 350,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000
Environmental	Garage GF Contribution	-£ 156,000	-£ 156,000	-£ 156,000	-£ 156,000	-£ 156,000	-£750,000	-£750,000	-£750,000	-£750,000	-£750,000	-£750,000
Other	Contingency	£ 250,000	£ 250,000	£ 250,000	£ 250,000	£ 250,000	£1,250,000	£1,250,000	£1,250,000	£1,250,000	£1,250,000	£1,250,000
Other	Asbestos Removal	£ 100,000	£ 400,000	£ 100,000	£ 100,000	£ 100,000	£500,000	£500,000	£500,000	£500,000	£500,000	£500,000
Other	CDM	£ 50,000	£ 50,000	£ 50,000	£ 50,000	£ 50,000	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000
Other	Damp	£ 100,000	£ 100,000	£ 100,000	£ 100,000	£ 100,000	£500,000	£500,000	£500,000	£500,000	£500,000	£500,000
Other	Structural	£ 500,000	£ 500,000	£ 500,000	£ 500,000	£ 500,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000
Other	IT	£ 77,000	£ 100,000	£ 100,000	£ 100,000	£ 100,000	£500,000	£500,000	£500,000	£500,000	£500,000	£500,000
	TOTAL Spend	£15,085,193	£ 14,488,000	£ 13,341,000	£ 12,743,000	£ 14,891,700	£66,827,000	£74,088,000	£79,035,000	£79,916,000	£61,440,000	
	TOTAL Budget	£15,085,000	£ 14,486,000	£ 13,441,000	£ 12,843,000	£ 14,992,000	£66,827,000	£74,088,000	£79,035,000	£79,916,000	£61,440,000	
	Difference	-£193	-£2,000	£100,000	£100,000	£100,300	£0	£0	£0	£0	£0	£0

The following priorities form the basis of the Housing Asset Management Plan:

Short Term: up to 5 years

- Maintaining compliance of the Council's Housing Stock to the Government's Decent Homes Standard.
- Continuation of the Council's External Works Programme against a revised specification and standards resulting from the impact of Government legislation, to include:
 - Full completion of the large-scale works schemes at a number of flat blocks and houses by the end of March 2020, to be followed by an Asset Management Review of the scope, operation and impact of the External Works Programme to date since 2015 prior to the instruction of any further schemes.

- **Ensure the Council, as a responsible landlord, continues to meet its duties in complying with all statutory, legislative and regulatory requirements in regard to Health and Safety.** This will include:
 - Completion of all recommended and required works resulting from the current Fire Risk Assessments and the commissioning of new Fire Risk Assessments for all flat blocks, prioritised by the number of storeys within the block;
 - Enhancing the provision of information and advice to tenant customers in regard to the risks associated with and best practice approach to the management of asbestos containing materials within their home;
 - Continuing the operation of an annual programme of installing and servicing/testing of Smoke Detector and Carbon Monoxide installations in relevant properties across the Council's Housing Stock;
 - Targeting Modern Homes Works Programme to secure removal (subject to tenant consent) of all remaining Gas Back Boiler and Solid Fuel Heating Systems;
 - Full upgrading of all communal and domestic electricity supply installations to modern, required standards backed by an up to date Electrical Installation Condition Report;
 - The completion in 2018-19 of a full, specialist Structural Safety of all 14 of the Council's High Rise Tower Blocks in order to provide assurance as to their longevity, continued fit-for-purpose status as accommodation and to provide (if required) a bespoke programme of remedial works.
- **Contribute to tackling fuel poverty within the Council's tenant base through improvements in the Energy Efficiency of the housing stock,** to include:
 - Targeted Improvement Works to the worst performing, most energy inefficient housing units (Energy Performance Certificate rated E, F and G) in order to bring these to rating D/C or above ensuring the Council is compliant with the requirements of the Energy Act 2011 (which states that no properties can be re-let which have an energy rating below Band E after April 2018);
 - Completion of the programme of replacement and improvement works for the Council's portfolio of ageing (+30 years) District (10) and Communal (15) Heating Systems;

- Continuing to explore – whilst acknowledging the significantly reduced opportunities available since May 2015 – potential sources of external funding and support for Energy Efficiency;
 - Ensure full removal of the remaining inefficient, obsolete Warm Air Unit (WAU) Heating Systems from the Council's estate of High Rise Tower Blocks (Moor, Stort, Willowfield, Edmunds and Nicholls) and their replacement with modern, efficient and controllable gas 'wet' systems – and associated decommissioning of the related SE Ducts (targeted for completion by end March 2021).
 - The implementation of heat meters in all properties where heating and hot water is provided by a communal heating system to allow residents to be individually charged for their own consumption, rather than an equal proportion of the entire block.
- **Continue to meet the Council's statutory obligations to provide Disabled Adaptations to tenant customers in need**, whilst also seeking to improve our practice and approach, through:
 - Continuing to explore opportunities for the enhanced involvement of the Council's Housing (Management) Service within the process and decision-making associated with disabled adaptations;
 - Regular updating of the Council's Disabled Adaptations Policy in order to ensure continued compliance with the latest legislative requirements, clarity for tenant customers and effective integration/linkage with the Council's Allocations and Lettings Process (in regard to optimum use of the housing stock which has already been adapted).
- **Improve both the quality of the Council's existing portfolio of Temporary Accommodation and the quantity available** via implementation of the works recommended within the Temporary Accommodation Survey and Review 2015, to include:
 - Full completion of conversion works at Collins Meadow, Northbrooks, Partridge Court and Bromley Cottages to provide 9 additional units and a 2 bed self-contained flat for the sole use of temporary accommodation.
- **Continue to invest within the Council's stock of Garages and Hard Standings within Harlow**, though with a revised approach and increased premium upon repairs and maintenance – as opposed to large-scale refurbishment/replacement – due to the impact of the funding constraints in the period 2016-2020 as set out within the revised Garage Strategy (2015) and annual HRA Business Plan.

- **Retain the Council's clear aspiration to develop its own New Build properties to provide affordable homes for rent in Harlow and meet housing need**, accepting the funding constraints from 2016-2020.
- **Ensure HTS (Property and Environment) Ltd., and associated Companies deliver effectively the priorities set by the Council within the budget envelopes. These priorities included cashable and non-cashable efficiencies and the following:**
 - Introduce enhanced processes (time allocation, right first time, customer satisfaction) for the completion of responsive repairs through constant review of Scope of Works;
 - Ensure that the Council meets all its statutory, legislative (including via the Right To Repair) and regulatory (in accordance with the Homes and Communities Agency's Homes Standard) obligations;
 - Realise efficiency savings and gains through the new Scope of Works for the services provided by HTS (Property and Environment) Ltd, optimum use of ICT systems and reformed delivery structures;
 - Operation of enhanced, robust new Business Case methodologies for the allocation of Capital Works Projects to HTS (Property and Environment) Ltd in accordance with Schedule 2 of the Service Agreement with the Council.
- Enhance the Council's methodology to assess the performance of its existing assets. 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 will provide a framework for investment decisions.
- Enhance and refine a programme of cyclical painting which addresses immediate priorities of worst condition.

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:
 - Vandalism and graffiti of public realm;
 - Limited street furniture and lighting;
 - Limited maintenance and management of public realm;
 - Paving;
 - Environmental Improvements;
 - 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 – continue to ensure 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 continue a programme of new build with annual review.

APPENDIX 6.1: ESTIMATES 2019-2049. BASELINE PLAN

HRA Operating Account 30 Year Business Plan

	2019.20 Estimates £'000	2020.21 Estimates £'000	2021.22 Estimates £'000	2022.23 Estimates £'000	2023.24 Estimates £'000	2024.25 Estimates £'000	2028.29 Estimates £'000	2033.34 Estimates £'000	2038.39 Estimates £'000	2043.44 Estimates £'000	2048.49 Estimates £'000
Expenditure											
General Management	11,287	13,958	10,203	10,407	13,368	13,636	14,760	16,296	17,992	19,865	21,932
Special Management	7,690	8,334	8,707	8,949	9,199	9,456	10,563	12,144	13,976	16,103	18,568
Repairs	10,815	11,023	11,348	11,683	12,027	12,382	13,909	16,085	18,602	21,512	24,878
Rents, Rates, Taxes & Other Charges	80	80	82	83	85	87	94	103	114	126	139
Supporting People Transitional Relief	5	5	5	4	4	4	3	1	0	0	0
Provision for Bad & Doubtful Debts	280	240	240	240	240	240	240	240	240	240	240
Major Repairs Reserve Contribution	10,092	10,229	10,383	10,560	10,767	10,968	11,667	12,598	13,596	14,666	15,812
Revenue Contribution to Capital Programme	10,586	2,198	2,633	1,097	3,165	1,211	2,978	4,918	6,284	6,140	7,152
Debt Management Expenses	16	16	17	17	17	17	17	17	17	17	16
Capital Charges: Principal	0	0	0	0	0	0	0	0	0	0	0
Capital Charges: Interest	6,658	6,770	7,029	7,157	7,174	7,174	7,416	7,541	7,608	7,608	7,041
	57,509	52,853	50,646	50,199	56,046	55,174	61,646	69,945	78,430	86,278	95,779
Income											
Dwelling Rents	42,886	42,838	43,959	45,182	46,478	48,660	52,643	59,499	67,210	75,875	85,601
Garage Rents	1,019	1,049	1,102	1,157	1,215	1,300	1,550	1,979	2,525	3,223	4,113
Other Rents	65	65	65	65	65	65	65	65	65	65	65
Service Charges: Tenants	1,324	1,319	1,364	1,411	1,459	1,508	1,724	2,038	2,408	2,847	3,365
Service Charges: Leaseholders	2,185	2,286	2,364	2,445	2,528	2,614	2,988	3,531	4,174	4,933	5,831
Other Charges for Services	2,026	2,369	1,894	1,845	2,075	1,898	2,198	2,562	2,883	3,070	3,389
Transfers from General Fund	598	626	639	651	664	678	733	810	894	987	1,090
Interest on Revenue Balances	101	63	58	80	86	87	148	226	341	561	771
	50,206	50,616	51,445	52,835	54,569	56,810	62,050	70,710	80,501	91,561	104,226
Balance at 1 April	13,731	6,428	4,191	4,990	7,626	6,149	11,694	17,777	26,285	42,326	57,585
Surplus / (Deficit) for year	-7,303	-2,237	799	2,636	-1,477	1,636	404	766	2,072	5,283	8,448
Balance in hand at 31 March	6,428	4,191	4,990	7,626	6,149	7,785	12,097	18,543	28,357	47,609	66,033

Major Repairs Reserve: 30 Year Business Plan

	2019.20 Estimates £'000	2020.21 Estimates £'000	2021.22 Estimates £'000	2022.23 Estimates £'000	2023.24 Estimates £'000	2024.25 Estimates £'000	2028.29 Estimates £'000	2033.34 Estimates £'000	2038.39 Estimates £'000	2043.44 Estimates £'000	2048.49 Estimates £'000
Expenditure											
Capital Programme Financing	10,092	10,229	10,383	10,560	10,767	10,968	11,667	12,598	13,596	14,666	15,812
Repayment of Debt	0	0	0	0	0	0	0	0	0	0	0
	10,092	10,229	10,383	10,560	10,767	10,968	11,667	12,598	13,596	14,666	15,812
Income											
Transfer from HRA	10,092	10,229	10,383	10,560	10,767	10,968	11,667	12,598	13,596	14,666	15,812
	10,092	10,229	10,383	10,560	10,767	10,968	11,667	12,598	13,596	14,666	15,812
Balance at 1 April	0	0	0	0	0	0	0	0	0	0	0
Surplus / (Deficit) for year	0	0	0	0	0	0	0	0	0	0	0
Balance in hand at 31 March	0										

Housing Capital Programme

	2019.20 Estimates £'000	2020.21 Estimates £'000	2021.22 Estimates £'000	2022.23 Estimates £'000	2023.24 Estimates £'000	2024.25 Estimates £'000	2028.29 Estimates £'000	2033.34 Estimates £'000	2038.39 Estimates £'000	2043.44 Estimates £'000	2048.49 Estimates £'000
<u>Expenditure</u>											
Core Programme	20,547	15,908	14,535	12,937	15,123	13,236	15,794	18,792	21,295	22,377	24,706
New Build	2,458	11,831	11,179	1,202	0	0	0	0	0	0	0
	23,005	27,739	25,714	14,139	15,123	13,236	15,794	18,792	21,295	22,377	24,706
<u>Financed by:</u>											
Major Repairs Reserve	10,092	10,229	10,383	10,560	10,767	10,968	11,667	12,598	13,596	14,666	15,812
Revenue Contribution to Capital Programme	10,586	2,198	2,633	1,097	3,165	1,211	2,978	4,918	6,284	6,140	7,152
Borrowing	0	10,200	7,900	800	0	0					
Right To Buy Receipts	1,590	1,563	1,444	1,321	1,192	1,057	1,149	1,275	1,415	1,570	1,742
Retained RTB receipts	737	3,549	3,354	361	0	0	0	0	0	0	0
	23,005	27,739	25,714	14,139	15,123	13,236	15,794	18,792	21,295	22,377	24,706

APPENDIX 6.2

HRA BUSINESS PLAN 2019-2049: ASSUMPTIONS

1. Overarching Assumptions

Harlow Council has used GL Hearn's HRA Business Planning excel workbook to compile the HRA Business Plan 2019-2049. 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.

Data input for 2019/20 (year 1) and 2020/21 (year 2) replicates the HRA Revised Estimates 2019/20 and Estimates 2020/21, which will be submitted to Cabinet on 23 January 2020. The report shows growth items for 2020/21 in paragraph 42).

The HRA Business Plan is based on the following key principles:

- To increase dwelling rents annually by CPI+1% commencing 2020/21. Uplifts are based on the Consumer Price Index as at September annually. In this Business Plan rents will increase by 2.7% with effect from April 2020, and an estimated 3% annually thereafter.
- Renew the Public Works Loan Board (PWLB) debt of £208.837m upon maturity of each loan, keeping repayment under review – the first loan would ordinarily become repayable in March 2026;
- Set a minimum HRA working balance at 31 March 2019 at £4m., being £2.5m for ordinary unforeseen events plus £1.5m for any unbudgeted outcome from the Grenfell Tower Inquiry;
- Revise the housing asset management plans and its priorities;
- Revise the garage management strategy, investment, and its priorities, and assume annual increases of at least 5% per year for garages and increases / decreases in service charges related to changes in expenditure.

2. Stock Categories

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

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% throughout the lifetime of this Plan.

4. Interest Rates / Capital Financing Charges

In 2018 the Government abolished the maximum amount of HRA borrowing Councils could have.

Prior to self-financing in 2012, the Council's HRA had a negative "Capital Financing Requirement" (CFR) of (-)£10.53m, meaning that the General Fund was deemed to have borrowed from the HRA, and must pay interest upon the sum borrowed. The General Fund continued to borrow from the HRA, but the HRA needed to fund the higher cost of new borrowing itself. The interest rate assumed for 2019/20 is 1.01%, and is based on the Council's investment interest achieved on surplus funds it holds.

In April 2016 a number of garages were transferred to the General Fund, valued at £10.937m, reducing further the HRA CFR to £187.370m. Additional borrowing is permitted subject to being able to service the debt.

The movement on the HRA CFR over recent years, against a now abolished 'debt cap' of £208.837m, has been as follows:

27 March 2012: (-)£10.53m

28 March 2012: £198.307m, following borrowing of £208.837m;

1 April 2016: £187.370m, following the transfer of garages to the GF.

The table below summarises the potential HRA borrowing position for 2019/20, 2020/21 and 2021/22.

Harlow Council: HRA Borrowing 2019/20					
Lender	Amount borrowed / (lent) (£'000)	Maturity Date	Rate of Interest: Fixed or Variable	Rate of Interest (%)	Interest payable / (receivable) (£)
PWLB	41,767.4	28.3.2026	Fixed	2.92%	1,219,608
PWLB	41,767.4	28.3.2030	Fixed	3.21%	1,340,734
PWLB	41,767.4	28.3.2034	Fixed	3.37%	1,407,561
PWLB	41,767.4	28.3.2038	Fixed	3.46%	1,445,152
PWLB	41,767.4	28.3.2042	Fixed	3.50%	1,461,859
External borrowing	208,837.0			3.29%	6,874,914
Internal	(-)21,467.0	Ongoing	Variable	1.01%	(-)216,817
Total					
HRA CFR	187,370.0			3.55%	6,658,097

Harlow Council: HRA Borrowing 2020/21					
Lender	Amount borrowed / (lent) (£'000)	Maturity Date	Rate of Interest: Fixed or Variable	Rate of Interest (%)	Interest payable / (receivable) (£)
External borrowing (as above)	208,837		Fixed	3.29%	6,874,914
Internal	(-)21,467	Ongoing	Variable	1.20%	(-)257,604
Total	187,370				6,617,310
New external borrowing – say 25 years from 1.10.20	10,200	1.10.2045	Fixed	3.00%	153,000
HRA CFR	197,370			3.43%	6,770,310

Harlow Council: HRA Borrowing 2021/22					
Lender	Amount borrowed / (lent) (£'000)	Maturity Date	Rate of Interest: Fixed or Variable	Rate of Interest (%)	Interest payable / (receivable) (£)
External borrowing (as above)	208,837			3.29%	6,874,914
Internal	(-)21,467	Ongoing	Variable	1.26%	(-)270,484
Total	187,370				6,604,430
Borrowing – from 1.10.20	10,200	1.10.2045	Fixed	3.00%	306,000
New external borrowing – say 25 years from 1.10.21	7,900	1.10.2046	Fixed	3.00%	118,500
HRA CFR	205,270			3.42%	7,028,930

Harlow Council: HRA Borrowing 2022/23					
Lender	Amount borrowed / (lent) (£'000)	Maturity Date	Rate of Interest: Fixed or Variable	Rate of Interest (%)	Interest payable / (receivable) (£)
External borrowing (as above)	208,837			3.29%	6,874,914
Internal	(-)21,467	Ongoing	Variable	1.27%	(-)272,631
Total	187,370				6,602,283
Borrowing – to 1.10.21	18,100	1.10.2045 & 1.10.2046	Fixed	3.00%	543,000
New external borrowing – say 25 years from 1.10.22	800	1.10.2047	Fixed	3.00%	12,000
HRA CFR	206,270			3.47%	7,157,283

Interest is also earned on the HRA working balances. The rate, or yield, is based on the anticipated return from the investment of surplus cash and calculated by reference to the Bank Base Rate. The Council usually achieves earnings slightly above the Base Rate. The model assumes earnings of 1.01% in 2019/20; 1.20% in 2020/21, 1.26% in 2021/22, 1.27% in 2022/23, and 1.25% thereafter.

The forward forecast of capital financing charges is as follows:

	Amount borrowed (£)	2023/24 (£)	2024/25 (£)
External borrowing	£208.837m	£6,874,914	£6,874,914
Potential new External Borrowing	£18.950m	£567,000	£567,000
Internal borrowing	(-)£21.467m	(-)£268,338	(-)£268,338
Total (£)	£206.270m	£7,173,577	£7,173,577
Interest Rate (%)		3.48%	3.48%

5. Stock and Rents

The Council had 9,180 tenanted and 2,514 leasehold properties as at 1 April 2019. The tenanted dwellings include the equivalent of 7 shared ownership dwellings.

The average weekly rent was £89.85 in 2019/20, and will increase to £92.26 in 2020/21.

Void loss is set at 1.20% throughout the life of the Business Plan. This allows for 0.73% of empty properties unlet due to changing tenancies, and a further 0.47% in respect of long term void.

An annual provision for bad and doubtful debts is made, which offsets any approved write off of old debts. The annual calculation is £280,000 in 2019/20 to cover the risk arising from the potential impact of Universal Credit. From 2020/21 it is thought that £240,000 would be sufficient.

6. Service Charges

The Council “unpooled” service charges in April 2007. The average weekly service charge to all tenants in 2019/20 is £2.45 per week. This will rise (or fall) in line with expenditure levels. On average service charges will increase to £2.76 in 2020/21. This includes an adjustment of (-)3p in respect of 2018/19 service charges.

In addition to the standard service charges to tenants, leaseholders also pay a management charge, insurance and for repairs and maintenance. Once again, these costs will rise or fall in line with relevant expenditure.

The business plan also includes income in 2020/21 from properties where there is communal heating. The cost of heating will change depending on the Council’s fuel supply contract which enables fuel to be purchased when prices are advantageous.

7. Garage Income

HRA garages income, net of voids, is estimated at £1,049,000 in 2020/21. The plan assumes annual increases thereafter of 5%.

8. “Right to Buy” sales

The number of Right to Buy completions is estimated to be 62 in 2019/20, 60 in 2020/21, reducing by 5 sales annually until 2024/25, then 40 thereafter. Sales values are assumed at an average £223,000, increasing in line with CPI, with an average discount of £78,618 assumed.

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.

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

9. Management and Service Expenditure

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

- Employees: 2% per annum.
- Other costs are anticipated to increase in line with CPI.
- The Council's contract with HTS (Property and Environment) Ltd. is uplifted by a Buildings Maintenance Index. For planning purposes this was 4.6% in 2019/20. In 2020/21 the uplift is assumed to be 2.5% in 2020/21 and 3.4% annually thereafter.

10. Maintenance and Investment Expenditure

Maintenance work is predominantly undertaken by HTS (Property and Environment) Ltd. In 2020/21 of the total budget of £11.022m, £9.581m forms part of the contract. Annual uplifts are therefore as set out, under the heading management costs.

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.

11. Capital Programme

The Council's Housing Capital Programme will expand from 2020/21 to include significant expenditure on building council homes. The remainder, the core programme, is financed mainly from rent income received to the Housing Revenue Account. In 2020/21 core capital expenditure will total £15.908m and in respect of house building a further £11.831m. Of this, £2.198m will be financed directly from the HRA and £10.229m from the Major Repairs Reserve. Throughout the Plan the programme is reliant on these income streams. Borrowing to support the house building programme will be £10.2m. Capital receipts contribute £5.112m in 2020/21.

Any income from leaseholders in respect of tendered works to flats is taken to revenue rather than capital. Income from leaseholders represents a proportion of work carried out in the Asset Management Plan.

12. Balances

Balances brought forward as at 1 April 2019 were £13.731m on the HRA Operating Account and £nil 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 2020 this is £4m.

13. Borrowing Strategy

The five fixed term maturity loans taken out in 2012 will be not be repaid but renewed on maturity of each loan: i.e. £41,767,400 will be renewed on 28 March 2026, 28 March 2030, 28 March 2034, 28 March 2038 and 28 March 2042.

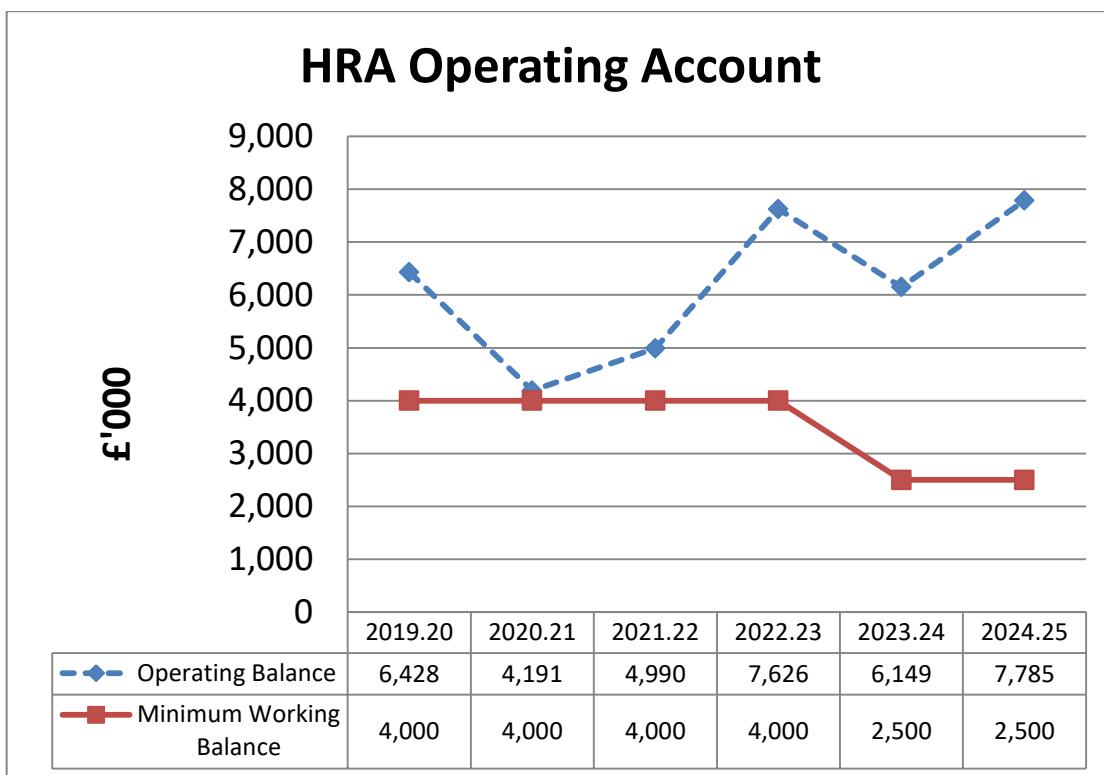
The Plan assumes additional borrowing of £10.2m is necessary in 2020/21, £7.9m in 2021/22, and a further £0.8m in 2022/23 to support building council homes.

APPENDIX 6.3

HRA BUSINESS PLAN: SENSITIVITY ANALYSIS

Baseline Plan

The baseline HRA Business Plan 2019-2049 (referred to below as the ‘baseline Plan’) has been described in 6.3 above and is considered to be the most likely forward forecast. The plan consists of two distinct elements. Firstly, the programme of building council homes is supported by retained receipts and borrowing but dependent on interest payments for the latter before a flow of additional income from rents starts to benefit the plan. Secondly, there are the ordinary activities of managing, maintaining and renting existing stock. The rule applied is that borrowing should not support the ordinary activities contained in the plan. It shows that throughout the life of the plan the HRA is sustainable, avoiding a capital deficit in all years. *The baseline plan is illustrated in Appendix 6.1.*



The estimated operating balance as at 31 March 2021 is £4.191m as a result of the need to front fund pensions’ contributions.

This Appendix considers the robustness of the baseline Plan by carrying out sensitivity analysis. During these times of uncertainty some commentators suggest that more than one Business Plan should be prepared. The officers view is that in submitting a baseline Plan additional analysis helps inform and perhaps highlights areas of potential weakness.

Sensitivity A. Building Council Homes

The Baseline Plan has set out a programme for building council homes based on aspirations set out in a report to Cabinet in December 2018. Total programme expenditure within the Housing Capital Programme, 2019/20 to 2022/23, is £26.670m, 30% of which is funded by retained capital receipts, i.e. £8.001m. The Council already holds £3.687m in retained capital receipts and must spend these by 31 March 2021. Additional receipts will be retained during 2019/20. Up until 30 September 2019 £2.453m has been retained, with a further £3.586m assuming a total of 62 'Right to Buy' sales.

Under present regulations if a programme of house building expenditure is not achieved within three years on obtaining retained receipts, these must be repaid to Government with the addition of a 4% interest charge above Bank Rate.

The programme indicates the need to judiciously draw down sufficient retained receipts to maintain house building without the need for excess borrowing, but also not too ahead of schedule to risk repayment of amounts back to government.

This programme needs to be successfully managed to ensure an optimum outcome.

By way of illustration, given a scenario that if the project on Perry Road is delayed for six months and the project at Brenthall Towers does not proceed there would be insufficient expenditure against the programme by 31 December 2020 necessitating the return of £0.496m at 31 December 2020 and a further £1.109m at 31 March 2021. To mitigate this situation officers would need to adapt the programme by, for example, purchasing property on the open market – i.e. outside of the budgeted proposal. Since retained capital receipts constitute no more than 30% of expenditure the total amount to be spent would need to be £5.350m.

Sensitivity B: Inflationary Risk

HTS carries out a wide range of housing related services including fixed price capital work adjusted by an annual uplift in prices. The contract is uplifted annually by a Buildings Maintenance Index (BMI), which in the HRA Business Plan 2018-2048 was assumed to be 5% per annum. The actual increase in 2019/20 was 4.6%, reducing the cost to the HRA by £60,000. For 2020/21 the uplift has been renegotiated to depart from BMI (estimated at 5.1%), instead applying 2.5%. This adds a further £361,000 annual cost to the HRA. If, however, the annual increase was +/-0.5% different this would cause the cost of repairs and special management in 2019/20 to change by +/-£72,000 with a potential +/-£1.080m cumulative across the medium term to 2024/25.

Sensitivity C: Erosion of Rent Income

The 'Rent Standard 2020' permits rents to increase by a maximum of CPI+1% annually until 2024/25. This HRA Business Plan assumes that rents will be allowed to increase by CPI+1% through to 2048/49.

The key objective in this Business Plan has been to set a sustainable view over the medium term, so any departure from the annual increase of CPI+1% (i.e. 3%) after 2024/25 will need to be accommodated in the future.

By way of illustration, if rents increased by CPI (2%) rather than CPI+1% (3%) after 2024/25, by 2048/49 the average weekly rent would be £167.00 rather than £211.06. This would create an unsustainable Business Plan after 2028/29.

Under the former rent restructuring mechanism a Formula Rent was calculated for each property with the aim for actual rents to eventually match the Formula Rent. This was abandoned in 2015/16 but Councils are allowed discretion to set rents at Formula Rent level whenever a property is relet. Harlow Council has not used this option to date. The average weekly Formula Rent for 2020/21 will be £93.50, compared to the current social rent of £92.28, so a difference of £1.22. Assuming that the turnover of property is 5% per year, there is the opportunity to increase rents in 2020/21 by an average of 3p per week, or £14,433 overall. Across the life of the HRA Business Plan there is a potential for an additional £10m of income.

Sensitivity D: Capital Receipts

Capital receipts in this Business Plan come from two sources: firstly, from asset sales; and, secondly, from Right To Buy sales.

Right To Buy receipts are predicated not only on the number of disposals forecast but also an assumption of increases in house prices, which in the baseline Plan is assumed to be CPI annually (+2%). If there was a downturn in the market this would inevitably affect receipts available to fund the Housing Capital Programme.

Sensitivity E: Investment Strategy

Cabinet in October 2015 agreed a revised principle to “renew the Public Works Loan Board (PWLB) debt of £208.837m upon maturity of each loan, keeping repayment under review”.

The baseline Plan assumes renewal of borrowing of £41,767,400 in 2026, 2030, 2034, 2038 and 2042 at a rate of 3.5% per year.

The Investment Strategy proposes new borrowing to support building council homes. (see 6.1.3.). The baseline Plan assumes that these will be repaid after a term of 25 years.

Sensitivity F: Procurement of Work (Housing Capital Programme)

The Council achieved the Decent Homes Standard for all properties in March 2015. It has had to reprioritise work in light of recent announcements (see *Chapter 4 and Appendix 6.2*). 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 to achieve the target which will mean reprofiling and disappointment to some tenants.

Borrowing could be an option in an emergency situation but, as noted above, it would mean reductions in expenditure elsewhere. The Council will respond in an appropriate manner to the outcome of the Grenfell Tower Inquiry undertaking borrowing where urgent work is necessary.

Sensitivity G: Empty Properties

The proportion of empty properties to the whole stock is estimated as 1.20% with effect from 2020/21. Therefore a 0.1% change in the level of voids is +/- £43,400 in 2020/21.

GLOSSARY

BMI	Building Maintenance Index
CAB	Citizen's Advice Bureau
DWP	Department for Work and Pensions
CPI	Consumer Price Index
ECC	Essex County Council
EPC	Energy Performance Certificate
FRA	Fire Risk Assessment
GF	General Fund
HIP	Housing Investment Programme
HRA	Housing Revenue Account
HRS	Housing Related Support
HTS	HTS (Property and Environment) Ltd
JSA	Jobseeker's Allowance
KPI	Key Performance Indicator
LATC	Local Authority Trading Company
MHCLG	Minstry of Housing, Communities and Local Government
MRR	Major Repairs Reserve
PWLB	Public Works Loan Board
RTB	Right To Buy
TA	Temporary Accommodation
UC	Universal Credit

FURTHER READING

Homelessness Reduction Act 2017.

MHCLG. Policy statement on rents for social housing. February 2019.

Regulator of Social Housing. Consultation on a new Rent Standard. Decision statement. November 2019.

'HRA Budget 2020/21'. Report to Cabinet, 23 January 2020.

'Capital Programmes 2019/20 – 2020/21'. Report to Cabinet, 23 January 2020.

Presentations to:

Property Standards Panel & Tenancy Standards Panel, 6 January 2020.

Tenants Forum, 8 January 2020.

Housing Standards Board, 14 January 2020.

Leaseholder Standards Panel, 16 January 2020.