

APPENDIX A



**Harlow
Council
Housing Services
Business Plan**

2016 – 2046

HRA Business Plan 2016 – 2046 Contents

	Page
Foreword by Housing Portfolio Holder	3
Executive Summary	4
1. Introduction	9
2. Strategic Context	11
3. The Housing Service	14
4. Asset Management	23
5. Governance	30
6. Financial Forecast	32
7. Equalities and Diversity	41
Appendix 3.1. Housing Service Plan & Performance Management Information	42
Appendix 4.1. Asset Management Plan	54
Appendix 6.1. HRA Estimates 2016-46. Baseline Scenario	59
Appendix 6.2. HRA Business Plan 2016-46. Assumptions	61
Appendix 6.3. HRA Business Plan 2016-46. Sensitivity Analysis	65
Glossary	68
Further Reading	68

Foreword by Portfolio Holder – Housing

Housing remains a top priority for me and the Administration.

The controversial Housing and Planning Act 2016 has brought in additional significant changes to the provision and management of affordable housing in England that will change social housing in England un-recognisably.

In particular the centrally setting rent levels, the potential sale of high value council owned valuable properties or financial equivalent to pay for housing associations right to buy, and the re-definition of secure tenancies will impose significant and additional pressures together with uncertainty around current housing management and allocation policy priorities.

There are expected to be less resources for priorities, and I have begun to anticipate the impact, implications and opportunities that arise from this new legislation by assessing the financial impact on the HRA Business Plan, consult with Tenant Representatives on priorities, and have raised the awareness of the expected changes.

Despite these challenges the Council has:

- Implemented the immediate changes from the new Housing and Planning Act 2016, making the 30 year HRA Business sustainable.
- Commenced the redevelopment of The Briars, Copshall Close and Ayletts Field estates and implementing the Housing Investment Programme (HIP), investing in the priorities for maintaining its housing stock.
- Continued to make best use of its stock, tackling local priorities, prioritizing energy efficiency schemes that can make a difference in tackling fuel poverty.
- Continued to raise awareness and offer support in response to the Welfare Reform changes, working with local agencies providing support and budget advice to residents to carefully understand their choices.

The Council even more so needs to ensure that it is able to plan effectively and with confidence the housing revenue and capital programmes over the next few years.

It is a difficult and challenging financial environment, and it is necessary to both reflect the lower overall investment that can be afforded, and ensure that appropriate resource levels are directed towards the Council's priorities.

This updated plan outlines the Council's on-going landlord priorities and approach for the short, medium, and long term. Like every year, the Council wants these priorities to directly address what is important locally.

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

Major changes to local authority housing finance were heralded by the passing of two Acts of Parliament during the first half of 2016.

The 'Welfare Reform and Work Act 2016' removed freedom Councils had to set rents locally by reducing rents by a fixed 1% per year over four financial years (2016/17 to 2019/20).

The 'Housing & Planning Act 2016' proposed changes to Government housing/welfare policies including the sale of high value void properties and paving the way for higher rent charges to households earning over £31,000. The proposals were intended to support the financing (discounts) given by housing associations for their tenants exercising the Right to Buy. It is anticipated, however, that there will be a direct financial impact upon the Council currently estimated to be in the region of £1.6m-£10m per annum, depending on the formula used for high value void properties. The policy of Higher Income Social Tenants (or "Pay to Stay") has recently been made non-compulsory by Government.

No financial planning can ignore the decision of the EU Referendum for Britain to leave the European Union. As we see in the news, Brexit is uncharted territory bringing uncertainties regarding the nation's economy. Interest rates have reduced to an historic and perhaps long term low, and inflation is predicted to rise due in large part to the fall in the exchange rate of sterling against other currencies. These uncertainties need to be factored into the HRA Business Plan. The prospect of increasing inflation against a backdrop of fixed reductions in rent income adds pressure to the sustainability of the Plan.

Locally the transfer of work from Kier Harlow Ltd to the new wholly owned subsidiary, HTS (Property and Environment) Ltd. (HTS), has presented a new budget and contractual amount to include in the Council's accounts, including the Housing Revenue Account (HRA) and Housing Capital Programme. The HRA Business Plan picks up the lion's share of the work and budget.

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 continues to link the management and ownership of the Council's housing stock clearly to the Council's Corporate Plan, and 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.
- Ongoing delivery of the Council's Modern Homes Programmes.

- Improving housing standards with energy efficient, modern home facilities, tackling local priorities and statutory requirements.
- Building council houses, as well as the development of a long term asset management plan to keep the current stock in good order.
- Transfer of housing repairs and environment maintenance to HTS.

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 after the Second World War to provide public sector housing for those who needed homes. It celebrates its 70th anniversary in 2017. 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. The 2011 Census results reveal changes in population, ethnicity, and patterns of work. See **Chapter 2**.

In 2012 a major Stock Condition Survey was completed to identify work required to every home. This has resulted in the creation of a Modern Homes Programme and the achievement of decent homes for all tenants by 31 March 2015. The Council remains committed to maintain its properties at decent homes standard within the severely constrained cash income available. The Council will be looking to update the Stock Condition Survey 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 financial constraints upon Councils as a result of the changed Government policy casts doubt over future council house building plans.

The revised Corporate Plan will prioritise the commencement of a feasibility study for the development of a longer-term programme of new house building and council house building, making use of the new Local Authority Trading Company (i.e. HTS (Property and Environment) Ltd.) and any funding opportunities.

Customer Perceptions

Housing Services conducts its Biennial Landlord Survey once every two years.

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 Tenant Engagement as the results can be used to measure and assist in shaping and developing future services.

The survey covers questions around the overall tenant satisfaction with Housing Services as a whole but also how satisfied tenants are when receiving housing and communal repairs, cleaning and ground maintenance, modern homes or major works and tenant engagement and empowerment. The Survey also asks tenants for their 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.

With collecting customer profiling / insight information included as a priority of the action plan for the Tenant and Leaseholder Engagement Strategy, the landlord survey is also used as a tool to assist in collecting this information.

An updated Landlord's Survey will be published in 2017 as part of the Annual Report to tenants and leaseholders. The survey assists the Council in the planning and resource allocation of its landlord services by measuring tenants' 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

In Harlow, demand for services remains high and services are focused on preventing homelessness wherever possible. However the Council is seeing a rise in homelessness acceptances of approximately 20%, the main reason being due to loss of a private sector tenancy. 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. In addition, the trends for homelessness generally and for those for whom the Council has a statutory duty has increased by over 30%.

The government is pressing ahead with a new "Homelessness Reduction" Bill which it is expected to be on the statute books in April 2017. The main element of this Bill seeks to amend Part 7 (Homelessness) of the Housing Act 1996 and will place duties on councils to take steps to prevent families from becoming homeless. The key element is to intervene to prevent homelessness happening in the first place rather than focussing on accommodating people who are already homeless.

The proposals will place a statutory duty on councils to support people at risk of homelessness much earlier. It is also expected that the government will provide more resources in addition to the current homelessness grant of £166,000.

New government planning rules will affect Local Planning Authorities Strategic Housing Market Assessments (SHMA) and the local housing plans. The emphasis remains to continue to work with neighbouring authorities, where housing market areas cross administrative boundaries, and identify tangible solutions. Harlow's housing market covers the area of Harlow, Epping Forest, East Herts and Uttlesford.

Harlow's strategic housing need indicates that the total housing requirement for Harlow is 8,000 dwellings of which 3,600 should be Social Rented / Affordable Rented Sector. It is estimated there is a need for mixed sized dwellings for all areas. In Harlow there is a lower need for three or more bedrooms. The need for

intermediate dwellings is more heavily concentrated on smaller dwellings. Smaller properties may also encourage those in larger and family sized dwellings who are under occupying to downsize to a smaller property. With an increasingly ageing population and those who find themselves in poverty there will always be an increasing need for housing support services.

The Housing Needs Register shows that 1078 (30%) of all households registered are categorised having an urgent or high need to be allocated a social housing property. The main reasons households want to move is due to both overcrowding and affordability. The Housing Needs Register currently has approximately 3,500 applicants for 598 vacancies per year.

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

Welfare Reform

Universal Credit (UC): In the Autumn Statement 2016, the Chancellor announced a cut in the taper rate for UC, from 65% to 63%. This means that working households on UC will be able to keep an additional 2p in every £1 they earn. However they will still be worse off overall because of the cuts to the Work Allowance.

Resolution Foundation analysis shows that a worker on the Government's National Living Wage will gain £250 a year from the 2p reduction in the UC taper, but lose up to £2,800 a year from the cut to the Work Allowance.

Credit Unions: From 2018, the government will expand an existing scheme which "incentivizes" credit union membership in communities at risk of being targeted by loan sharks. These will be funded from funds recovered under the 'Proceeds of Crime Act' from convicted loan sharks.

Welfare Cap: The Welfare Cap is the government target cap on overall welfare expenditure. It is retained as a target, but has changed its terms and its level. It will now:

- apply in only one year: 2021/22, with a 'pathway' set for the intervening period;
- be set at £126.0 billion, in line with the latest forecast. Spending will be permitted to rise up to 3% above the cap, for any reason, so in effect the true cap could be £129.7 billion.

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

Housing Related Support (HRS): It is expected that the funding for Housing Related Support (formerly known as Supporting People) care element will be removed completely from service users leaving the council to either find a way to fund those care elements (charging), or ceasing the service. Initial indications show that this amounts to a further £160,000 income reduction from Essex County Council

(ECC) affecting the 16 sheltered housing blocks (i.e. weekly visits and intensive management). The Business Plan proposes an increased charge to service users phased over three years.

This reduction is in addition to previous year's 50% reduction for funding in relation to Care-line services, Summers Farm Close and community support activities. The HRS charging mechanism will continue recommending that charges for Sheltered Housing, Supported Housing, and Extra Care services whilst having measures to ensure that the Council works with affected individuals to identify how any additional financial burdens can be mitigated.

A review of the Supported Housing Service is to be undertaken in 2017 and will make recommendations on how the Council's objectives for HRS should be pursued within the resources available to the Council from ECC.

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.

Andrew Murray	Head of Housing	01279 446676
Simon Freeman	Head of Finance	01279 446228
Andrew Smith	Finance Manager	01279 446212

1. Introduction

1.1 Background

Twelve months ago, the HRA Business Plan 2015-2045 was substantially revised to reflect proposed changes in Government housing policy. These policy changes at that time included:

- a reduction in tenants' rents by 1% per annum over four years (2016/17 to 2019/20);
- From April 2017, families earning over £30,000 outside London will be required to pay a higher, perhaps market rent, not social rent, in a policy described as 'Higher Income Social Tenants' (or 'pay to stay') – the extra cash collected would be paid by Councils **direct** to the Treasury. Details would follow in regulations after legislation had been passed;
- The cap on benefits to out of work families will be reduced from £26,000 to £20,000;
- A contribution by local authorities to the Treasury in support of giving tenants of housing associations the right to buy. Discounts given to tenants by housing associations would be funded from the sale of high value void properties in the Council's housing stock. Details would, again, follow after legislation had been passed. It was proposed that the policy would be implemented from April 2016.

More recently some of the Government's plans have been revised. The policy of 'High income Social Tenants' will not now be compulsory. Also the policy around the sale of high value voids has been deferred while a pilot scheme is undertaken, so will not take effect until 2018/19 at the earliest. Further commentary is given in **Chapter 6.1**.

At first sight the required rent reduction appears to be good news for council tenants. However it meant a significant change to the HRA Business Plan's key principles as well as the need to save £5.1m by 2020. Plans were put in place twelve months ago to achieve this.

Reducing the budget deficit by £5.1m would however mean achievement of a minimum working balance without any resources set aside for debt repayment or ambition to build further council homes.

1.2 A new set of Business Plan principles

Due to the centrally setting of rents by the Government, and faced with the need to make efficiencies, the Council approved a new set of business plan principles in October 2015 to be employed in the HRA Business Plan 2015-2045:

- Implement Government legislation to reduce dwelling rents annually by 1% in each of the four years commencing 2016/17;
- Renew the Public Works Loan Board (PWLB) debt of £208.837m upon maturity of each loan, keeping repayment under review;
- Maintain a minimum HRA working balance at 31 March 2016 at £2.727m., but from 1 April 2016 to add £1.6m to provide for the loss resulting from the sale of high value voids;

- 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 2016-2046

The HRA Business Plan 2016-2046 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 in forecast income and expenditure over the next 30 years.

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

2. Strategic Context

2.1 Introduction to Harlow

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

Harlow today: An urban and green new town mixing high-quality varied housing types for all incomes, owners and tenants.

Harlow is an enterprising and compact new town in West Essex at the centre of the London Stansted Cambridge Corridor. It is made up of suburban communities as well as shopping hatches and industrial and distribution centres. It is home to a University Technical College and a 51 hectare Enterprise Zone (EZ). It is one of the 48 sites in the country selected by Government to provide a platform for economic growth and deliver benefits for business. The EZ investment will be used to develop a new Life Sciences Med-tech Innovation Centre; building on the town's pioneering traditions and bringing jobs to the area. The Science Centre will be a centre of excellence for research, health improvement and protection and bring together world-renowned scientists working to protect and improve the health of the nation. It will be fully operational by 2024 with the first facilities opening in 2019. Up to 2,500 jobs will be on the site with many more involved in construction and the supply chain. Harlow retains many of the features, art, cultural and leisure facilities which made it so popular in the post-war years. It has also retained a large proportion of social housing and has the highest proportion of Council housing in the county. The Council has prioritised investment in this area to ensure decent homes for all.

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

A summary of the key headlines for Harlow reveal:

- 82,700 people
 - Harlow's population has grown slightly over the past five years and is projected to grow further, and on current trends would reach 90,000 by 2021.
 - Harlow has a young population, with those under ten accounting for 13% of the population. Excluding London Boroughs this represents the 19th highest rate in England and Wales.
 - Harlow has a more diverse population than ten years ago. Around 16% of Harlow's population are from black or minority ethnic groups. This is slightly lower than the national average.
- 36,070 homes
 - Around a third of Harlow's homes are social rented from the Council 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. In 2013 the average house cost £199,320 compared to £242,415 in England as a whole. But this was still around seven times the average annual wage for residents who are working full time.
- 40,000 jobs
 - Unemployment has fallen slightly in recent months to 3.8% (JSA Claimant rate November 2013) but is still much higher than the pre-recession level of around 2.5% - 2.8%.
 - Despite having among the third highest workplace earnings in Essex (£548.10 per week), Harlow also has the lowest resident earnings in the County (£486.30 per week, ASHE 2013).

As at 1 April 2016, Harlow Council managed 9,583 Council dwellings (as shown in the table below), a further 2,418 leasehold flats purchased under the 'Right To Buy' scheme plus 16 homes managed under the shared ownership scheme.

Analysis of Housing Stock	Number
Analysis by Type of Dwelling	
Houses & Bungalows	5,922
Flats and Maisonettes	3,650
Other	11
Total	9,583

Analysis by Number of Bedrooms	
Bedsitters	410
1 bedroom	2,079
2 bedrooms	3,645
3 bedrooms	3,073
4 bedrooms	339
5 bedrooms	26
Hostels	11
Total	9,583

2.2 The Council's Vision and Objectives

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

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

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

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

2.3 Links and Contributions to the Regeneration Strategies

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

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

3. The Housing Service

3.1 Responsibilities

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

The housing service delivers Council landlord and associated housing related services formally regulated by the Homes and Communities Agency (HCA) including:

- Tenancy and Property management.
- Income management and tenancy support.
- Housing estates management.
- Empty Property Management.
- Right to Buy applications.
- Tenants and leaseholder engagement.
- Leasehold Management.
- Garage and Hardstand Management.
- Rent and service charge collection.
- Tenancy Enforcement.
- Tackling Anti-social Behaviour.
- Tackling Poor Health and Wellbeing.

3.2 Key objectives

As the landlord for 9,583 homes the Council has a responsibility to ensure that:

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

The changes to the Housing Benefit rules and other welfare reforms have placed many Harlow residents, including many Council tenants, under increased financial pressure.

Many young adults find it hard to move into their own home, and there are over 3,500 households on the Housing Needs Register. Average house prices are around seven times' average earnings. This context increases the acute housing shortage in Harlow and too many successful Harlow residents end up leaving the town, in part because they cannot find suitable housing. The Housing Needs Register is made up as follows:

- | | |
|---------------------------------------|-----|
| • Homeseeker applicants | 69% |
| • Transfer applicants | 29% |
| • Homeless applicants (accepted duty) | 2% |

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 the health and wellbeing by improving housing conditions.

The ongoing challenges are:

Tackling housing need is a key priority, in all its forms:

- More housing available in Harlow, with a wider choice of housing types which are genuinely affordable.
- The growing need for supported housing.
- Helping to improve the choices for those in housing need.
- Improving health and wellbeing by improving housing conditions.

The housing service goals for the next three years:

1. More housing for Harlow:

- Work with our partners, to provide evidence to support the need to develop high quality housing in the Local Plan and associated infrastructure requirements in Harlow.
- Making more housing available in Harlow, with a wider choice of housing types which are affordable.
- Continue to increase the range and type of supported housing.

2. Better housing for Harlow:

- Provide and maintain high quality housing stock, with all Council homes in the town meeting Modern Homes standards. Publish an annual Housing Investment Programme (HIP) and invest in improvements to housing conditions.
- Implement a programme of energy efficiency, tackling fuel poverty with initiatives, tackling high energy use dwellings with low thermal efficiency.
- Tackle fuel poverty by providing advice and support on energy use and the installation of energy efficiency initiatives such as smart meters, insulation, and external cladding.
- Target raising housing standards in private sector housing by reviewing additional licensing of Households in Multiple Occupation (HMO's).
- Work towards improving choices for those in housing need.
- Encourage and facilitate effective Tenant and Leaseholder Engagement.
- Provide effective tenancy enforcement, tenancy support, and tackling health and wellbeing.

3. Improve tenant and leaseholder engagement:

- Provide opportunities for tenant and leaseholder representatives to have their say on service improvement activities.
- Continuing to Implement the revised 'Tenant and Leaseholder Engagement Strategy' in response to national and local priorities and applying it to increase representation and widen engagement, ensuring that housing work programmes are communicated in advance and monitoring arrangements improved.
- Ensure tenants and leaseholders have opportunities to choose, be consulted and receive feedback from, their representatives when seeking to influence and be involved, in the management of their homes.

4. Reduce homelessness:

- Working towards improving choices for those in housing need, and increase the promotion of wider housing options including the private sector.
- Continue to review the Allocations Policy in response to national and local housing priorities.
- Publish a Tenancy Strategy making best use of housing stock and providing support and targeted assistance for tenants living in Council accommodation.
- Continue to provide additional help and support to those residents impacted by the Government's Welfare Reform programme.

Implement its Homelessness Strategy

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

Increase the availability of housing that is affordable

- Use Council owned land where appropriate (subject to planning consent) such as under-used garage sites to support the development of increased housing opportunities.

Improve involvement and communication with Tenants and Leaseholders

- Increase participation and representation.
- Ensure that housing works programmes are communicated in advance and monitoring arrangements improved.
- Ensure tenants and leaseholders have opportunities to choose, be consulted by and receive feedback from their representatives when seeking to influence and be involved in the management of their homes.
- Provide opportunities for tenant and leaseholder representatives to input into service improvement activities.

The following key targets are established:

- Deliver high performance on key landlord activities of rent collection, empty property turnaround, and repairs.
- Tackle housing need, prepare for the introduction of the government's new 'Homelessness Reduction Bill', and bid for any available funding.
- Continue to provide a "Tenancy Support" Service assisting the growing number of vulnerable tenants in maintaining their tenancies, but enforcing tenancy and leaseholder conditions where appropriate.
- Strive to assist local people in offering housing advice with a range of options to prevent homelessness, tackling housing need by prioritising the scarce resources.
- Reduced Anti-Social Behaviour by conducting fair and impartial investigations with the aim to resolve to a satisfactory conclusion.
- Safeguarding vulnerable and elderly residents and enhance provision of extra care housing at Sumners Farm Close.
- Ensuring repairs performance targets are met.

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.¹

¹ BV74a Satisfaction - with Council tenants overall (per cent)

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

3.3 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 1,200 private clients living across the town.

Essex County Council (ECC) formally acts as the responsible organisation, and commission Housing Related Support (HRS) services from the Council on a contractual basis. HRS commissioning services funded by ECC form part of the Government’s Health and Social Care agenda that promotes Older Persons wellbeing and independence. The Act does not stipulate specific services to fulfil this requirement. The Council’s role, as a landlord, is to maintain the fabric of the building, deliver the contractual HRS services, and manage its tenancies.

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

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

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 ECC to administer. Harlow Council has continued to provide that care element support with reducing resources, and year on year reductions in funding.

The funding for that care element, it is expected, will be removed completely for many service users leaving the Council to either find a way to fund those care elements or cease the service altogether.

A review of the Supported Housing Service is to be undertaken in 2017 and will make recommendations on how the Council’s objectives for HRS housing should be pursued within the reducing resources available to the Council from ECC.

3.4 Tenure policy

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

This was published in 2013 together with a new Allocations Policy determining the priorities used for allocating Council housing. The policy has given greater freedom to establish local approaches of those who can join the Housing Needs Register and what priority the Council can award. The Council no longer manages an open waiting list to which any person can apply. The strategy will be reviewed in 2017 following the expected introduction of Fixed Term Tenancies in consequence of the 'Housing and Planning Act 2016'.

3.5 Managing Performance

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

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

- Strong landlord performance in key landlord areas of rent collection, service charge collection, turning round empty properties, and repairing our homes.
- Completion of Phase 1 of a major estate regeneration programme at The Briars, Copshall Close, and Ayletts Field.
- Addressing the Housing Register which continues to grow, increasing in incidence of homelessness: continuing to work to let homes in a fair and transparent manner.
- Achieved accreditation for the Careline Scheme which offers security to the most vulnerable residents in the town.
- More resources put into "Tenancy Support" Service, recognising this is a growing area but enforcing tenancy conditions fairly where required.
- Celebrating for the third year running the partnership working with Essex County Council and Manorcourt Homecare in providing extra care housing at Sumners Farm Close for the most elderly and vulnerable.

A tenant satisfaction survey is carried out biennially by Housing Services. In the last survey in 2014 satisfaction with the overall service was at 74% (increased by 1% since 2012). 74% of respondents were satisfied with the quality of their home. The next Landlord Survey is due to take place at the end of 2016.

Tackle homelessness – Continue to implement the revised Homelessness Strategy in conjunction with partners targeting the limited resources to priorities.

- Implemented the government's social mobility scheme to encourage national mobility within social housing providers, increasing choice.

Tackling housing need - Housing register continues to grow, increase in incidences of homelessness and we continue to work to let our homes in a fair and transparent manner, meeting local priorities.

- Continue the implementation of the Modern Homes Programme investing in the Council's housing assets and directing resources in improving energy efficiency, reducing the energy bills to tenants and tackling fuel poverty.
- Continue to implement the priorities in the Homelessness Strategy and Tenancy Strategy and delivery their priorities.

- Working towards increased communication by providing more opportunities for tenants and leaseholders to be involved in their service.
- Consult on our preferred options for housing growth in the Local Development Plan.
- Commence the planning for the refurbishment of two tower blocks to include external cladding and environmental improvements.
- Commence the replacement of Council owned district heating schemes to increase energy efficiency and tackle fuel poverty.
- Commencing the feasibility and development of a longer-term programme of new Council House building, making use of the new Local Authority Trading Company (i.e. HTS) and any funding opportunities.

3.6 Modern Homes Programmes

The Modern Homes Programme has to date reached over 8,000 homes with 42,000 improvements illustrating the ambition and scale of delivery, and transforming Council housing in Harlow. There is a robust inspection and performance management framework established which ensures that predetermined standards are met, contractors meet performance standards, and value for money can be demonstrated. Overall, performance is meeting targets which include customer satisfaction levels and the quality of the finished product.

Tackling Fuel Poverty

Tackling fuel poverty is a main policy priority for the Council.

A proactive, targeted use has been made of the 2015/16 Harlow Home Energy Study by Rickaby Thompson Associates, with the identified 54 worst energy inefficient properties. Work continues to be focussed on reducing this list and work plans prioritised in order to improve their Energy Performance Certificate (EPC) rating and alleviate the risk of fuel poverty to those properties – an approach which will continue into 2017/18 and beyond.

A milestone was also reached in 2016/17 with the commencement of work to replace its District Heating schemes over a planned period following an extensive period of resident consultation. The replacement and modernisation of some of the Council's oldest (some more than 30 years old) systems began in 2016/17 at Tanys Dell, Risdens, Rosemary Close and Commonfields / Halling Hill.

Alongside the commencement of this long-awaited £1.9m modernisation programme, 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 the above schemes (in order to facilitate billing for energy use on a property-by-property basis based upon individual energy use / consumption).

Providing Housing Related Support

The Careline and Supported Housing Team achievements included installing 238 alarm units in the twelve months to November 2016, attaining the Tele-care Services Association (TSA) accreditation for the **sixth** year running, and being accredited for

the BS 50134-7:2003 Provision of Social Alarm Systems, which means that Careline is operating at a very high industry-recognised standard providing support to vulnerable residents of the town.

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

Tackling Housing Need

The town's shortage of housing generally and affordable housing specifically focusses even more attention on how Council housing is allocated.

The Council's Allocations Policy provides the framework for prioritising scarce resources to those in housing need. The scheme will be reviewed in 2017 following further details being provided by the Government on the introduction of fixed term tenancies as part of the implementation of the 'Housing and Planning Act 2016'.

Tenant Moves Incentive scheme and mutual exchanges

The main priorities remain:

- Make the most efficient and effective use of existing Council housing stock.
- Offer practical and financial support to encourage downsizing.
- Increase the availability of larger Council properties for re-allocation to help alleviate homelessness and address overcrowding in Council accommodation.
- Demonstrate value for money.
- Assist tenants negatively impacted by the bedroom subsidy who cannot afford to remain in existing accommodation.
- The number of financial incentive payments processed since the introduction of the new policy are: 2014/15 – 107, 2015/16 – 85, 2016/17 – 55.

Tackling Homelessness

Harlow has a number of issues relating to homelessness provision:

- The town faces huge problems caused by its accessibility to London and its cheaper housing market.
- It is in the top 10 areas where London Borough Councils place their homeless households for temporary accommodation and prevention.
- Harlow is a small authority with pressurised resources and cannot compete with London boroughs in accessing accommodation / accommodation initiatives – this includes temporary accommodation and homelessness prevention.
- There are no rough sleeping commissioned services since Supporting People regime ended.

There is a forecast increase of 35% in households placed in temporary accommodation: the Council's commitment is to have no families staying in bed and breakfast, other than only in an emergency.

The Council will continue to focus its resources on the prevention / relief of homelessness. The requirement to separate a “housing advice and assistance” service to those homeless or threatened with homelessness will save costs in the long run, and prevent the incidence of homelessness with early intervention.

The Council continues to manage the increases in expenditure between the Housing Revenue Account (HRA) and General Fund (GF). In addition it uses empty properties from the Priority Estates Areas aligned to the current Phasing Plan. As well as using more of its own stock of available small flats, the Council is reviewing procurement opportunities for securing properties, making use of derelict council land reducing its reliance on private sector accommodation, and associated costs.

The Council is also considering the potential impact and opportunities arising from the new ‘Homelessness Reduction Bill’ which will increase the statutory role of the council to prevent homelessness.

The Government is reviewing its policies in response to the growing homelessness problem due to the shortage of housing which is genuinely affordable.

The Council has bid for additional funding to develop interventions to help new rough sleepers, or people at imminent risk of sleeping rough, to get the rapid support they need to recover and move-on from a rough sleeping crisis.

A proposal is being put forward by a number of organisations drawn from the Harlow Homelessness Partnership. This partnership was reinvigorated in 2010 and has been responsible for the development of the Council’s Homelessness Strategy and Housing Allocations policy. The partners with a particular focus on tackling rough sleeping have drafted this proposal together. This comprises:

Harlow Council
Streets2Homes Harlow
NACRO
CAB Harlow
Harlowsave Credit Union

The Council believes that it offers a unique coalition of partners dedicated to tackling early intervention to keep people from sleeping on the streets.

Collecting Rent and Service Charges

Welfare Reform changes have meant a difficult time for many residents.

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

- 99.33% of rent collected in 2015/16.
- 99.17% of leasehold service charges were collected in 2014/15.

Repairs

Performance is being reported by Kier Harlow Ltd on their 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.

The transition to HTS is expected to be a seamless transfer ensuring the customer sees no change to their service level from 1 February 2017. The Council also continues to work effectively with its contractors supporting the Council in the delivery of the repairs service and improving the customer experience.

Welfare Reform

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

Anti-Social Behaviour

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.

Tenant and Leaseholder Engagement

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

Right to Buy

Applications for Right to Buy have stayed at a level of three a week with a total number of completions for 2015/16 at 73.

Major works to flat blocks

The Council has embarked on a programme for external works that will be carried out to flat blocks. The Council will continue to ensure that leaseholders are consulted in line with their statutory obligations and involved in the decisions that are made in respect of this. The Council recognises that this will have a financial impact on leaseholders and have put in place a range of repayment options available to them to spread costs. An incentive has also been introduced for leaseholders who can afford to pay promptly.

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

In 2016/17, the Council continued to use data gathered through the 2012 Stock Condition Survey to establish a clear Programme of Works to its housing stock in order to maintain compliance with the Government's Decent Homes Standard.

Savills UK Ltd administers the Council's Housing Investment Programme (HIP) which has established an ambitious five year £100m Modern Homes Programme, establishing a set of internal / external works packages to Council homes. These work packages target resources to ensure homes meet the Government's Decent Homes Standard, 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 constant high customer experience.

The Modern Homes Programme has reached to date over 8,000 homes with 42,000 improvements illustrating the ambition and scale of delivery, transforming Council housing in Harlow. There is a robust inspection and performance management framework established which ensures that predetermined standards are met, contractors meet performance standards, and value for money can be demonstrated.

In addition to maintaining decency in 2016/17, additional asset management priorities shape investment within the housing stock over the next five year period, as follows:

- Continuation of the Council's External Works Programme in 2016/17 against a revised specification and standards resulting from the impact of a reduced budget resource due to enforced reductions in rent levels to 2020;
- Significantly increased focus and planning upon the Council's compliance (health and safety) obligations;
- 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;
- Works identified in the Garage Strategy approved in December 2015;
- Review of the existing 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;
- Re-profiling the programme of cyclical painting in 2016/17 addressing immediate priorities of worst condition and undertook a surveying exercise to shape subsequent schemes from 2017/18;

- Continuing the Council's aspiration to develop new, affordable housing for rent in Harlow and reviewing this on an annual basis and as individual opportunities arise; and,
- Supporting the transition of the Council to HTS with effect from 1 February 2017.

A full list of short, medium and long-term priorities are 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. Since then the external / internal works programmes have maintained this position – as reflected within the component delivery set out in the table below:

Element	Total Completed 1 st April 2013 to 31 st March 2014	Total Completed 1 st April 2014 to 31 st March 2015	Total Completed 1 st April 2015 to 31 st March 2016	Total Completions
Kitchens	1,144	1,516	481	3,141
Bathrooms	734	1,413	534	2,681
Additional WC	127	466	54	647
EICR Inspections	3,247	2,812	772	6,831
CCU	846	820	617	2,283
Smoke Alarms	1,415	965	549	2,929
Boilers	544	775	305	1,624
Heating Distribution	802	846	264	1,912
Doors	2,733	1,845	1,594	6,172
Windows	7,242	4,396	2,748	14,386
Totals	18,834	15,854	7,918	42,606

By continuing to hold contractors delivering this work properly to account, in addition to delivering the required volume of works, very high standards of customer experience and satisfaction have been maintained throughout 2015/16 and into 2016/17. This is reflected within excellent customer satisfaction scores and complaint rates as per the table below:

Year 3 (2015-16) Customer Satisfaction		Poor	Acceptable	Average	Good	Excellent	% rated Good or Excellent	Return Total
United Living	Year 3	4	10	21	116	320		471
	Year 3 %	1%	2%	4%	25%	68%	93.0%	
Kier Harlow	Year 3	4	3	8	43	27		85
	Year 3%	5%	4%	9%	51%	32%	83.0%	
Kier Harlow W&D	Year 3	0	0	9	59	222		290
	Year 3 %	0%	0%	3%	20%	77%	97.0%	
Mulalley	Year 3	0	0	1	11	2		14
	Year 3%	0%	0%	7%	79%	14%	93.0%	
Totals	TOTAL	8	13	38	218	569		846
	TOTAL %	1%	2%	4%	26%	67%	93.0%	

Year 4 (2016-17 Customer Satisfaction Year to Date (October 2016)		Very Dissatisfied	Dissatisfied	Satisfied	Very Satisfied	% rated Good or Excellent	Return Total
United Living	2016/17	2	2	36	244		284
	%	1%	1%	12%	86%	98.0%	100%
Kier Harlow Internals	2016/17	0	2	5	53		60
	%	0%	3%	8%	88%	96.0%	100%
Kier Harlow W & D	2016/17	0	1	31	215		247
	%	0%	0%	13%	87%	100.0%	100%
Mulalley	2016/17	0	0	0	0		0
	%	0%	0%	0%	0%		0%
Energy Works (Lorne Stewart)	2016/17	0	0	0	13		13
	%	0%	0%	0%	100%	100.0%	100%

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

As a result of government legislation, 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.

Nonetheless, component / element delivery volumes remain high and – with a total budget of £24.7m in 2016/17 – the Council's capital investment into its Modern Homes Programme remains genuinely transformational for the town of Harlow and, in particular, the tenants within the Council's own housing stock.

Robust and 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 contractors to account. This, combined with a strong commercial focus – which saw, for example the main external contractor completing Internal Property Works (kitchens, bathrooms, heating systems) in 2016/17 hold its main component prices at the previous year's level – will continue to be of huge importance over the next 2017/18 Programme Year and beyond.

4.4 Continuation of the Council's External Works Programme in 2016/17, against a revised specification and standards resulting from the impact of Government legislation

The delivery of the Council's External Works Programme in 2016/17 has proved to be a significant challenge with budget resources being carried forward into 2017/18.

The position is reflective of the Council's robust approach to contractor performance and delivery. Despite the challenges faced, nine scheme locations have benefitted from the completion of a range of external works – ranging from replacement fascias / soffits to new paving and communal area redecoration – with (as of end of October 2016) a further five with works on site and 23 more scheme locations with projected start-on-site dates before the end of the financial year 2016/17.

4.5 Significantly increased 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.

During 2016/17, the Council's commitment to this area of work was reflected in activities and dedicated budget resourcing which included:

- £1.5m dedicated to completion of all priority recommendations from the Fire Risk Assessments completed across the Council's Housing Stock;
- £356,000 allocated to the upgrade and renewal of the communal electrics supply to 75 flat block schemes (covering 856 individual dwellings); and,
- In-Year procurement activity to secure additional contractor resource in order to accelerate the rate of completion of electrical safety inspections and certification within the Council's Housing Stock by some 1,300 properties in 2016/17.

The Council's continued focus upon its compliance (health and safety) obligations is reflected within the substantial (£1.3m) funding allocation to this area of work during 2017/18.

4.6 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)

A milestone was reached in 2016/17 in regard to the Council's asset management approach, with the commencement of works – following an extensive period of resident consultation – for the replacement and modernisation of some of our oldest District Heating Systems at Tanys Dell, Risdens, Rosemary Close and Commonfields / Halling Hill.

Work commenced at Tanys Dell in July 2016 and, with a total of ten District and 15 Communal Heating Systems scheduled for modernisation works over a five year period, valuable lessons have been learnt from the challenges which have been encountered during 2016/17 by virtue of the age of these installations and the previous absence of an effective programme of planned maintenance.

Alongside the commencement of this long-awaited £1.9m modernisation programme, 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 the above schemes (in order to facilitate billing for energy use on a property-by-property basis based upon individual energy use / consumption).

The Council will commence its transition to such individual billing based upon actual energy consumption from April 2017 (at Netteswellbury Farm, Tilegate House and St. Michaels Close), with the above four schemes (Tanys Dell, Risdens, Rosemary Close and Commonfields / Halling Hill) representing the next phase of the roll-out from April 2018.

In addition, proactive, targeted use has continued to be made of the 2015/16 Harlow Home Energy Study by Rickaby Thompson Associates, with the identified 54 worst energy inefficient properties focussed upon in order to improve their Energy Performance Certificate (EPC) rating and alleviate the risk of fuel poverty to those properties – an approach which will continue into 2017/18 and beyond.

4.7 Works identified in the Garage Strategy approved in December 2015

The Council's Housing Garage and Hardstanding Strategy was first introduced 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.

As noted within the HRA Business Plan 2015-2045, the budgetary resources available to this area of work were significantly reduced in 2016/17 in preference to works within domestic tenanted properties. In addition an appropriation was completed adding to the approach of either maintaining or disposing of garage sites. Works completed were prioritised according to, and consistent with, the strategy priorities. Sites for refurbishment included Jerounds, Five Acres and Linford Close.

Derelict garage sites form part of the Council's wider regeneration approach which seeks to maximise scarce council land resources, taking advantage of appropriate funding opportunities, where available.

4.8 Review of the existing 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, as a result of demand considerable exceeding affordable housing supply.

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

To assist with addressing these pressures, during 2016/17 a comprehensive assessment of the Council's existing portfolio of temporary accommodation within its own housing stock, in order to seek to improve both its quality and capacity. This identified a programme of prioritised remedial repairs, and conversion works to produce additional capacity in terms of available units.

4.9 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, 2016/17 saw more resources were allocated to budgets to support this area of work's original budget (of £812,000). A fundamental Service Review, covering all aspects of service and delivery structure and process, will take place in 2017/18 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.

4.10 Implementing a programme of cyclical painting in 2016/17 which addressed immediate priorities of worst condition and undertook a surveying exercise to shape subsequent schemes from 2017/18

During 2016/17, a re-profiling of painting activity focussing upon immediate priorities of worst condition, with works programmes commissioned for Milwards and tower block schemes at The Lawn, Stort Tower and Netteswell Tower. In 2017/18 a pilot scheme will commence on one of the Council's tower blocks upgrading internal communal areas, structural and roof upgrades as well as the external appearance and energy efficiency of the property.

For 2017/18, this area of work will benefit from a considerably enhanced pre-works survey and prioritisation exercise carried out in 2016/17, which has identified a targeted programme of works focussed on worst condition schemes outside of the

Council's wider External Works Programme – encompassing 25 flat block schemes and 365 individual properties.

4.11 Continuing the Council's aspiration to develop new, affordable housing for rent in Harlow and reviewing this on an annual basis and as individual opportunities arise

The Housing White Paper is currently delayed, and it is expected to be published shortly. It is expected to outline a comprehensive package of reform to increase housing supply and halt the decline in housing affordability.

The following detail was announced by government in November 2016:

- New Housing Infrastructure Fund of £2.3 billion by 2020/21, funded by the NPIF (Northern Powerhouse Investment Fund) and allocated to local government on a competitive basis, will provide infrastructure targeted at unlocking new private house building in the areas where housing need is greatest. This will help to deliver up to 100,000 new homes.
- The government will relax restrictions on grant funding to allow housing associations only (not Councils) to deliver a mix of homes for affordable rent and low cost ownership, to meet the housing needs of people in different circumstances and at different stages of their lives. The NPIF will provide an additional £1.4billion to deliver an additional 40,000 housing starts by 2020/21
- In early October, the government announced that it would pilot accelerated construction on public sector land, backed by up to £2billion of funding. To meet this commitment, the government will invest £1.7billion by 2020/21 through the NPIF to speed up house building on public sector land in England through partnerships with private sector developers. The devolved administrations will receive funding through the Barnett formula in the usual way.

4.12 Supporting the transition of the Council to HTS (Property and Environment) Ltd. effect from 1 February 2017.

From the perspective of the Council's Modern Homes Programme, and its asset management and investment priorities, it is vital that HTS is in a fit-for-purpose position from February 2017 to deliver its allocation of the Council's Capital / Major Works for 2017/18.

With some £5.8m of direct Planned Major Works to be delivered by HTS from February 2017 – covering vital areas of work and key asset management priorities such as disabled adaptations, energy efficiency and compliance (Health and Safety) – all sections of the Council's Housing Service have in 2016/17 actively and positively supported the process of transitioning services from Kier Harlow Limited from this date, ensuring a seamless transition and processes are enhanced where appropriate.

This positive approach and spirit of partnership will continue during 2017/18.

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 participation, working together, placing them at the “heart” of what the Council does, shape and improve services to ensure the Council’s housing regulatory role is delivered effectively.

The Tenant and Leaseholder Participation Agreement was reviewed and amended in January 2016 taking into account the regulatory arrangements and its implications for the Council, tenants and leaseholders. The updated Agreement forms part of the Council’s approach to the social housing regulation built around the concept of “co-regulation”.

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

It is recognised, 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 new model of tenant and leaseholder engagement is developing a new structure linked to a clear strategy for service development, which should link to the outcomes of the review of Community Engagement. Key objectives are:

- Restructure 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 participation activity.
- Increase staff capacity within the tenant and leaseholder involvement team.

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, aligning closely to any outcomes from the scheduled review of community engagement which is anticipated in 2017.

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 Landlord Survey once every two years. 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 Tenant Engagement as the results can be used to measure and assist in shaping and developing future services.

The survey covers questions around the overall tenant satisfaction with Housing Services as a whole but also how satisfied tenants are when having housing and communal repairs, cleaning and ground maintenance, modern homes or major works and tenant engagement and empowerment. The Survey also asks tenants for their 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.

Collecting customer profiling / insight information has now been included as one of the priorities of the action plan for the Tenant and Leaseholder Engagement Strategy, the landlord survey is also used as a tool to assist in collecting this information.

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 (to 31 March 2020) means that debt cannot now be repaid within the timescale originally envisaged so priorities were changed twelve months ago.

The Council's HRA Business Plan 2016–2046 is summarised below, *and detailed in Appendix 6.1.*

6.1.1 The Government's commitment to 'Right to Buy' for housing association tenants.

The Government is determined to give tenants of housing association properties the right to buy. In summer 2015 it was announced that funding of housing associations, by way of compensation for the loss of income through discounts granted, would be supported by Treasury from two interventions into local government finance: firstly, the sale of high value void properties; and secondly, the requirement for households with higher incomes to pay an additional rent rather than social rent.

Both of these measures were included in the 'Housing and Planning Act 2016' but are subject to further regulation.

6.1.1.1. Sale of high value void properties

As a means of providing financial compensation to housing associations for the loss of properties and to support a one for one replacement programme, the Government indicated that consideration should be given by Councils to the sale of high value void Council properties and make Higher Value Asset payments to the Treasury. It gave illustrative high values of properties by region. Locally it was estimated that 64 council properties in Harlow may fall into this category.

The Act included an expectation that Councils will be required to pay the Treasury equivalent to the market value of high value housing likely to come vacant in the financial year, and consider selling high value homes.

In the Autumn Statement 2016 the Government announced that it would be undertaking a regional pilot of the sale of housing association properties under 'Right to Buy' and would be providing funding for the purpose. Consequently it would not be requiring Higher Value Asset payments from Councils in 2017/18.

The policy is therefore in abeyance.

At the time of writing, the Department for Communities and Local Government (CLG) continues to gather detailed local data to inform development of the policy.

It is reasonable to assume that Harlow would need to sell high value dwellings and to administer this will create a time lag between decision and receipt from sale. Based on 64 properties, it was estimated twelve months ago that, there may be a temporary cash flow effect of approximately £1.6m. This amount was added to the Minimum HRA Working Balance on 1 April 2016. Should consultation and the determination create a situation in which an HRA deficit is at risk, officers will take action to amend the budget and bring an emergency set of estimates before a future Council meeting.

6.1.1.2. Higher rents to be charged to households on higher incomes

The Government's 'Pay To Stay' policy precedes the passing of the 'Housing and Planning Act 2016'. Councils were permitted to voluntarily charge tenants the market rent of the property if their household income was above £60,000. The Act would require Councils to set higher rents if the income in tenants' households exceeded £31,000.

Having completed consultation the Government announced in the Autumn Statement 2016 that it would not proceed with the policy. Charging higher rents would not be compulsory but discretionary based on the guidelines issued in 2014.

The Plan does not assume additional rents will be charged to higher earning households.

6.2 Key principles

The key principles which underpin this HRA Business Plan were approved by Cabinet in October 2015.

- Implement Government legislation to reduce dwelling rents annually by 1% in each of the four years commencing 2016/17;
- Renew the Public Works Loan Board (PWLB) debt of £208.837m upon maturity of each loan, keeping repayment under review;
- Set the minimum HRA working balance at 31 March 2017 at £4.327m, increasing the amount by CPI annually;
- Revise housing asset management plans (see **Chapter 4**);
- 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.

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.

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 2017/18 will be presented to Cabinet on 26 January 2017.

In addition, it is the Section 151 Officer’s responsibility to review annually the minimum working balance the HRA should hold. The working balance will increase annually by the general rate of inflation (i.e. £4.327m as at 31 March 2017 and £4.436m as at 31 March 2018).

A detailed assessment of the HRA Minimum Working Balance is given in the HRA Budget 2017/18 report.

6.2.3 Major Repairs Reserve

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

Harlow Council has no 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 2016-2046 does not make additional transfers from the HRA to MRR towards the future repayment of debt.

6.2.4 Investment Planning

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

Initial results 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 categorized within the assumptions for the business plan and ranked, rated and managed according to their category. This previously led to the current identification of garage sites for demolition and redevelopment and the priority estates at The Briars, Copshall Close

and Ayletts Field.

The Council's priorities moving forward continue to be a 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 will be 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 Government's approach to "rent restructuring" has, in effect, been abandoned.

Under the 'Welfare Reform and Work Act 2016', the Government requires Councils to reduce individual dwelling rents by 1% annually from 2016/17 to 2019/20. 2017/18 will be the second year of four. No formal announcement has been made by Government in respect of rent changes from 2020/21 onwards. This Business Plan assumes that rents will increase by CPI+1% annually. The implications of different rent increases are considered in Appendix 6.4. There is a requirement for the Council to review its long term approach to the setting of rents, affordability, incomes, and fairness. A review will be scheduled in 2019/29 when more is likely to be known with regards government intentions.

6.2.6 Priority Estates

Harlow Council has three estates classified as "priority".

The vision for The Briars, Copshall Close and Ayletts Field (BCA) to be met by the redevelopment of the estates on a phased basis which will require the demolition of the 218 bungalows in three phases.

Phase 1 of the scheme has been completed, with Phase 2 has commenced with residents being decanted, and targeted to be completed by 31 March 2017. The overall scheme is scheduled to be completed by 2021.

Funding for the project will be provided by the contractor, with provision for financial support being made within the HRA Business Plan. The Priority Estates programme brings a number of challenges to the Council – not least the demand for suitable housing during this period.

Immediate pressures are being realised on the Council's Housing Needs register as the estate residents are prioritised for re-relocation whilst the estates are being demolished, impacting on the increased use of emergency temporary accommodation.

6.2.7 Reinvigorating "Right To Buy"

The Government substantially increased the discounts available to tenants from in 2012 to encourage an increase in "Right To Buy" sales to support the replacement of homes. The HRA Business Plan assumes 99 sales in 2016/17 and 60 in 2017/18.

The Council is required to pool the capital receipts to Government but the formula used to calculate the amount payable now includes an allowance for the additional sales which would have otherwise generated a rental income to repay debt, and an amount offered to Councils for the purpose of house building, subject to terms and conditions. These are:

- the ability to find and build on a site within three years;
- penalties for not delivering - repayment of the sum with an addition of interest at 4% above the base rate;
- receipts must not fund over 30% of the cost of the project.

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

There are no new projects proposed in this Business Plan and therefore no reinvigoration receipts claimed.

6.2.8 Garage Strategy

Whilst, as set out earlier within this Business Plan, the Council continues to retain a large portfolio of garages and hardstandings the demands and challenge presented by the required capital budget savings for the period 2016/17 to 2019/20 mean that the spending priority and approach to these must change.

The Garage Strategy was updated in 2015 and determines sites for retaining and disposal. From 2016/17, a greater emphasis upon lower level remedial repairs and maintenance – rather than substantial refurbishment and/or remodelling – will be followed, 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				
Inflation indices				
	CPI	Pay	Repairs & HTS annual uplift	
Year 2 (2017/18)	2.5%	1%	2.9%	
Year 3 (2018/19)	2%	1%	2.5%	
Year 4 (2019/20)	2%	1%	2.5%	
Thereafter	2%	2%	2.5%	
	Dwelling Rents	Garage Rents	Interest Rate paid on Borrowing	Interest Rate received on Working Balances
Year 2 (2017/18)	(-1)%	5%	3.61%	0.51%
Year 3 (2018/19)	(-1)%	5%	3.60%	0.55%
Year 4 (2019/20)	(-1)%	5%	3.60%	0.58%
Year 5 (2020/21)	3% (CPI+1%)	5%	3.57%	0.80%
Thereafter	3% (CPI+1%)	5%		
Rents				
	Average weekly rent per tenant (£)	Average weekly service charge per tenant (£)		
2016/17	92.66			
2017/18	91.73	1.97		
2018/19	90.81	1.99		
2019/20	89.90	2.04		
2020/21	92.60	2.09		
Stock				
Number of tenanted properties as at 1 April 2016				9583
Number of leasehold properties as at 1 April 2016				2447
Annual changes	Right To Buy sales	New leasehold properties	"New Build"	Demolitions
2016/17	(-)99	36	0	(-)78
2017/18	(-)60	26	0	(-)75
2018/19	(-)30	11	0	(-)56
2019/20	(-)30	11	0	0
2020/21	(-)30	11	0	0
Thereafter	(-)30	11	0	0
Other assumptions (figures at 31 March 2017)				
Settlement payment (on 28 March 2012)				£208,837,000
Limit of Indebtedness / Borrowing cap				£208,837,000
Housing Capital Financing Requirement				£187,370,000
Borrowing headroom				£21,467,000.
Minimum working balance on Housing Revenue Account				£4,327,000

6.4 Risks and opportunities

6.4.1 Development of Government policy

This has been considered in the introduction to this Chapter. Government policy is currently a work in progress so this Business Plan needs to be flexible and to make reasonable assumptions. Uncertainty however brings risk.

6.4.2 Welfare Reform

The legislation represents a wholesale change to the welfare state set up in the late 1940s following the Beveridge report. The affect on individuals, and their payment behaviour, is unknown but it is estimated that there will, in the coming year, be a reduction of £2m in the welfare bill to the residents of Harlow.

The following is a summary of welfare reform changes to date:

- Permanent reduction in Local Housing Allowance (LHA) rates for private sector rents
- Increase in the age limit for LHA single room rate from under 25 years, to under 35 years
- Increases in benefits and allowances to be limited to 1% for next three years (pensions and some disability benefits are excluded from this limit)
- Incapacity benefit replaced by Employment Support Allowance
- Abolition of Council Tax Benefit, and localisation of support
- Under occupancy surcharge for those of working age in the social rented sector
- Financial cap on the total welfare benefits for those of working age.

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

Housing rent collection has been affected by a number of the recent initiatives introduced as part of the ongoing Welfare Reform legislation, in particular through the 1% reduction in rent introduced by the 'Welfare Reform and Work Act 2016', the introduction of Universal Credit (UC) in Harlow for single non-home owners, and the further Benefit Cap introduced on 7 November 2016. Work continues to be undertaken to provide tenants affected with support and assistance in relation to debt management, income maximisation and budgeting advice with the aim of finding resolutions to their financial difficulties before enforcement action is considered.

Tenancy Support Officers continue to work proactively with the households most vulnerable and affected by the changes, by identifying appropriate interventions and solutions in ensuring they are able to maximise their income, minimise their debts and sustain their tenancies. Assisting and supporting tenants on UC has commenced with vulnerable tenants being identified and providing budgeting advice, income maximisation and assistance with managing their financial affairs by ensuring they have bank accounts in preparation for direct payments.

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

- The implementation of UC which brings together the majority of welfare benefits, including housing benefit, under one claim process and one monthly payment has commenced for single non home owners in Harlow. A National Expansion for all other benefit users is due to be rolled out in full in the Summer of 2017.
- Payment of housing benefit direct to tenants of registered social landlords. In preparation for UC, local authorities may be required to implement "Payment Direct" of housing benefit, which is already operational for tenants in the private sector.

It is difficult to assess whether sufficient resources have been allowed given the radical change in culture which Welfare Reform will bring.

Discretionary Housing Payments (DHPs) are effectively additional payments of housing benefit that can be made in certain circumstances. DHP's provide customers with further financial assistance in addition to any other welfare benefits, when a local authority considers that help with housing costs is required. The Department of Work & Pensions provide a ring fenced annual grant of DHP to each local authority, which can then be topped up by the local authority, subject to certain financial limits. The Discretionary Financial Assistance Regulations 2001 provide the legal framework that allows local authorities to pay Discretionary Housing Payments (DHPs). For an award of DHP to be made, Housing Benefit must be in payment to the applicant. A copy of the guidance for awards can be found at <http://www.harlow.gov.uk/content/discretionary-housing-payments-policy.pdf>

6.4.3 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 baseline Business Plan proposes the renewal of debt on maturity at an estimated annual interest rate of 3.5% per annum.

6.4.4 Limit of Indebtedness

The 'limit of indebtedness' is the borrowing cap set by the Secretary of State under the Localism Act. This is the maximum amount that housing authorities may borrow. For Harlow Council this is identical to the settlement payment, £208.837m, however finances at 31 March 2012 showed the 'HRA Capital Financing Requirement' at minus £10.53m, and a further transfer sum to the General Fund, as at 31 March 2015, of minus £10.937m in respect of garages. This reduces the HRA Capital Financing Requirement to £187.370m. The difference is an additional, or "headroom", amount which may be borrowed.

This HRA Business Plan provides that the headroom will only be borrowed if absolutely necessary.

6.4.5 End of Joint Venture Company arrangements

Harlow Council's arrangement with Kier Services comes to an end on 31 January 2017 with the winding up of Kier Harlow Ltd. From 1 February 2017 services will be undertaken by HTS, within the same general affordability envelope and priorities.

6.4.6 Accounting for the Depreciation and Componentisation of assets

With the Housing Revenue Account required to operate on a more business-like footing and have a regularly updated Business Plan, there is a requirement to account properly for the depreciation of assets and, where it is important and significant, the various parts of an asset (referred to as componentisation). Councils are currently allowed to apply a figure for the depreciation of dwellings which is currently lower than that calculated by professional valuers. This dispensation will end on 31 March 2017, after which real charges have to be applied to the Operating Account with compulsory transfers to the Major Repairs Reserve. Work is under way to ensure the impact of componentisation and depreciation to the HRA has a benign position.

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

6.5 Sensitivity analysis

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

7. Equalities and Diversity

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

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

The Council recognises that equality of opportunity leads to:

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

**APPENDIX 3.1
HOUSING SERVICE PLAN 2016-17**

Objectives	Actions	Milestones	Date Due	By Whom
HSG 1 Improve the quality of Council Housing stock, maintain stock in good order beyond achieving Decent Homes Targets by April 2016	1.1 Procure Housing Investment Programme	1.1.1 Internal contracts awarded	Feb 2017	Head of Housing Services
		1.1.2 External contracts awarded	Feb 2017	
		1.1.3 Programme and project management processes established	Feb 2017	
		1.1.4 Asset Management Services Framework awarded.	Dec 2016	
	1.2 Updated Housing Revenue Account Business Plan approved	1.2.1.Cabinet approval	Jan 2017	
		1.2.2 Revised rent restructuring proposals approved	Jan 2017	
		1.2.3 Annual work plans published to Tenants and Leaseholders	Complete	

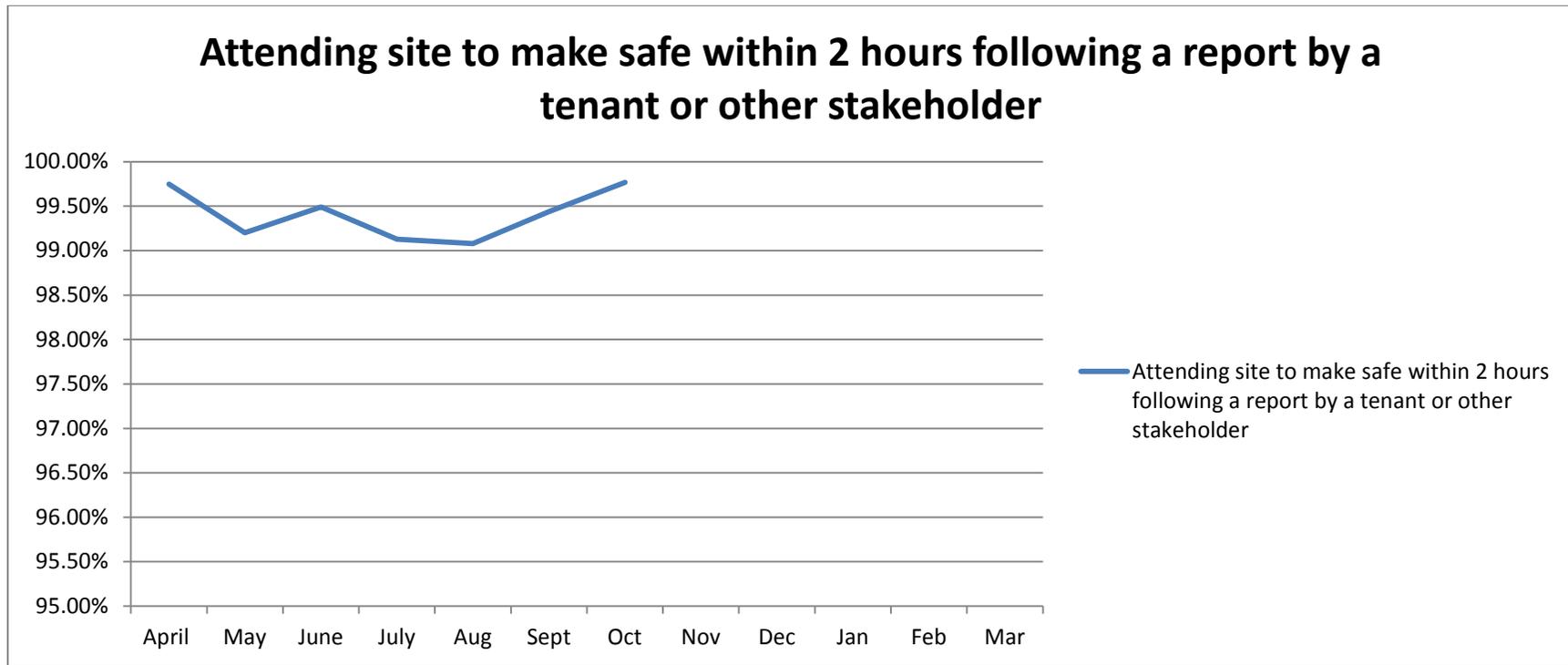
Objectives	Actions	Milestones	Date Due	By Whom
		1.2.4 Performance Management Framework established	Mar 2017	
		1.2.5 Establish new LATC (HTS) governance business planning arrangements allocating resource to the HRA/General Fund	Oct 2016	
HSG 2 Implement the new Housing and Planning Bill	2.1 Review impact of Policy changes	2.1.1 Impact assessment made	Oct 2016 Delayed due to awaiting Government guidance	Head of Housing Services
	2.2 Develop action Plan for service requirements aligned to budget levels	2.2.2 HRA Review completed	Dec 2016	
		2.2.3 Introduce revised processes and policies in line with updated rent restructuring arrangements	Jan 2017	
HSG 3 Review Homelessness Strategy	3.1 Implement Action Plan from Homelessness Strategy	3.1.1 Action Plan completed	Mar 2017	Housing Options and Advice Manager
	3.2 Increase promotion of wider housing options and use of the private sector	3.2.1 Options and Advice services reviewed	Mar 2017	

Objectives	Actions	Milestones	Date Due	By Whom
	3.3 Continue to develop Harlow Homelessness Partnership targeting resources and joint working with agencies to prevent and tackle Homelessness	3.3.1 Allocate Government grant for 2016/17	Complete	
		3.3.2 Partnership reporting framework reported	Mar 2017	
	3.4 Ensure all residents are provided with a range of Housing Options, choices and opportunities available for their situation	3.4.1 Options reviewed	Mar 2017	
HSG 4 Increase Engagement and participation of tenants and leaseholders	4.1 Ensure that Housing works programmes are communicated in advance of commencement and monitoring arrangements established	4.1.1. HIP Programmes 2016/17 published	Complete	Head of Housing Services
	4.2 Ensure tenants and leaseholders have opportunities to choose, be consulted on and receive feedback when seeking to influence and be involved in the management of their homes	4.2.1 Ongoing	Mar 2017	
HSG 5 Review Housing related support (HRS) provision	5.1 Establish a five year Supported Housing Plan	5.1.1 Revised Essex CC commissioning arrangements in place	Dec 2016	Supported Housing Manager
		5.2.1 Options appraisal complete	Nov 2016	
		5.3.1 Action Plan established	Mar 2017	

Objectives	Actions	Milestones	Date Due	By Whom
		5.4.1 HRA Business Plan updated	Jan 2017	
HSG 6 Improve tenant satisfaction with Housing Landlord Services	6.1 Implement revised organisational arrangements for Housing	6.1.1 Arrangements in place	Dec 2016	Head of Housing Services
	6.2 Update customer satisfaction measurements	6.2.1 Action Plan established	Jan 2017	
HSG 7 Ensure all residents are provided with the full range of Housing Options, choices and opportunities available for their situation	7.1 Implement Housing Strategy	7.1.1 Plans implemented	Mar 2017	Housing Options and Advice Manager
	7.2 Promote sustainable tenancies by providing timely advice and support	7.1.2 Ongoing.	Mar 2017	
HSG 8 Establish new LATC arrangements for Housing and Environment maintenance	8.1 Establish new governance arrangements	8.1.1 Shareholder Committee and HTS board in place	Complete	Head of Housing Services
		8.1.2. Revised performance management arrangements in place	Feb 2017	

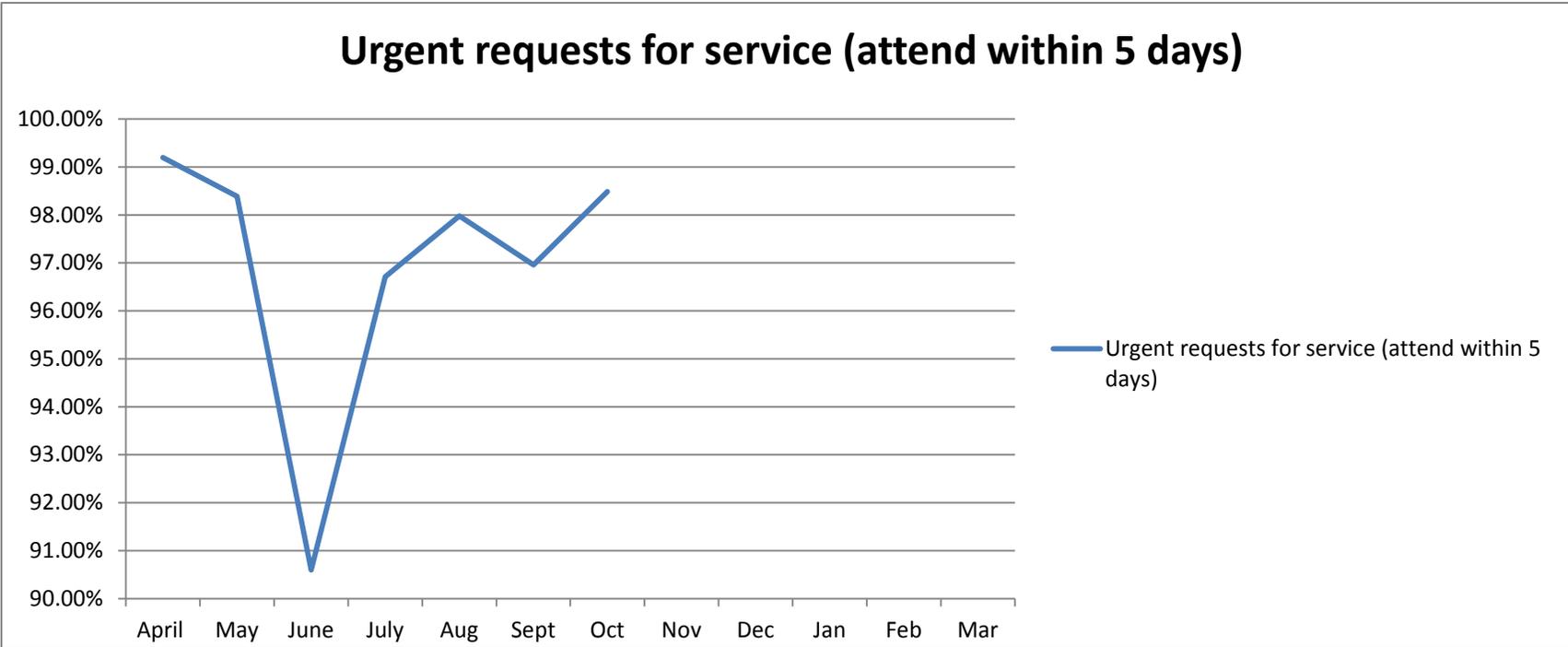
Objectives	Actions	Milestones	Date Due	By Whom
		8.1.3 Repairs and maintenance information (JVCO) archived and retrieval mechanisms established	Nov 2016	

H098 (4.7) Repairs - Attending site to make safe within 2 hours following a report by a tenant													
2016	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	Attending site to make safe within 2 hours following a report by a tenant or other stakeholder.	99.75%	99.20%	99.49%	99.13%	99.08%	99.44%	99.77%					



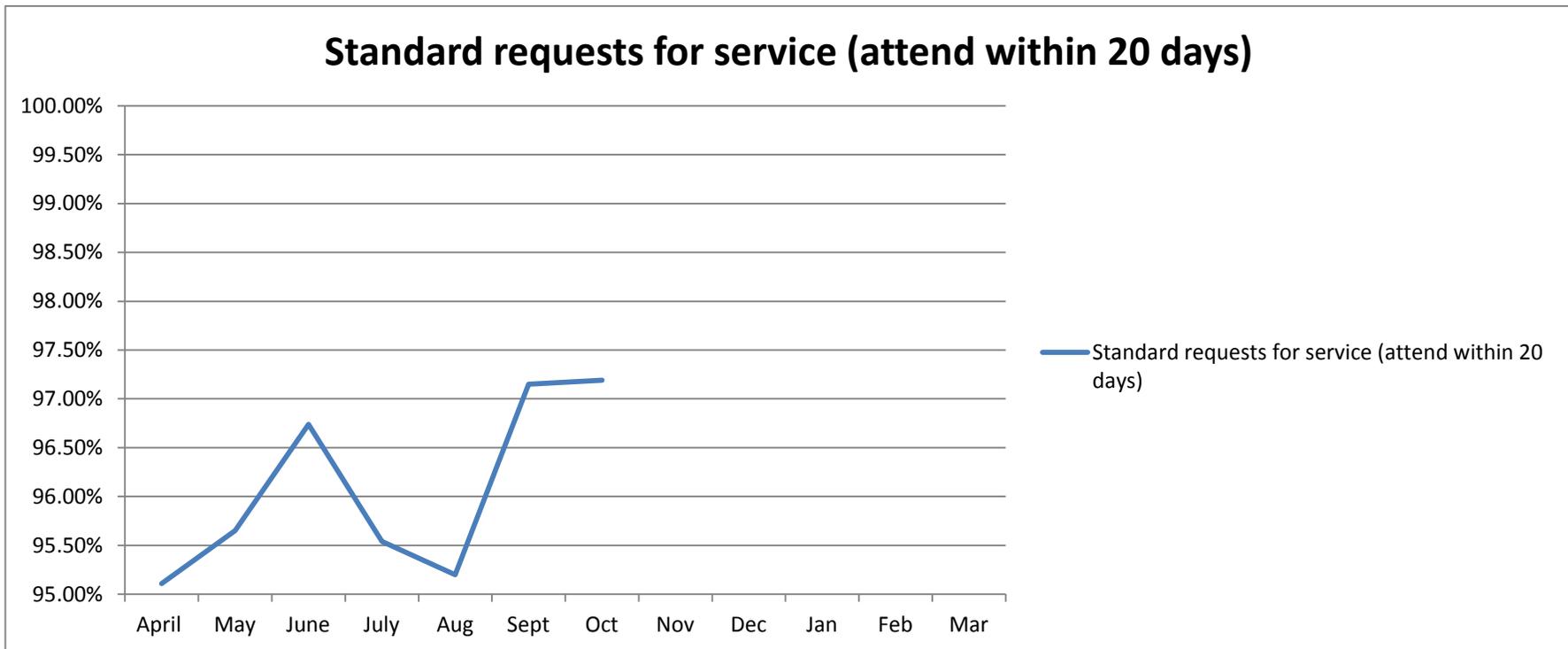
H101 (4.8) Repairs – Urgent requests for service (attend within 5 days)

2016	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	Urgent request for service (attend within 5 days).	99.20%	98.39%	90.60%	96.71%	97.98%	96.96%	98.49%					



H103 (4.9)– Standard requests for service (attend within 20 days)

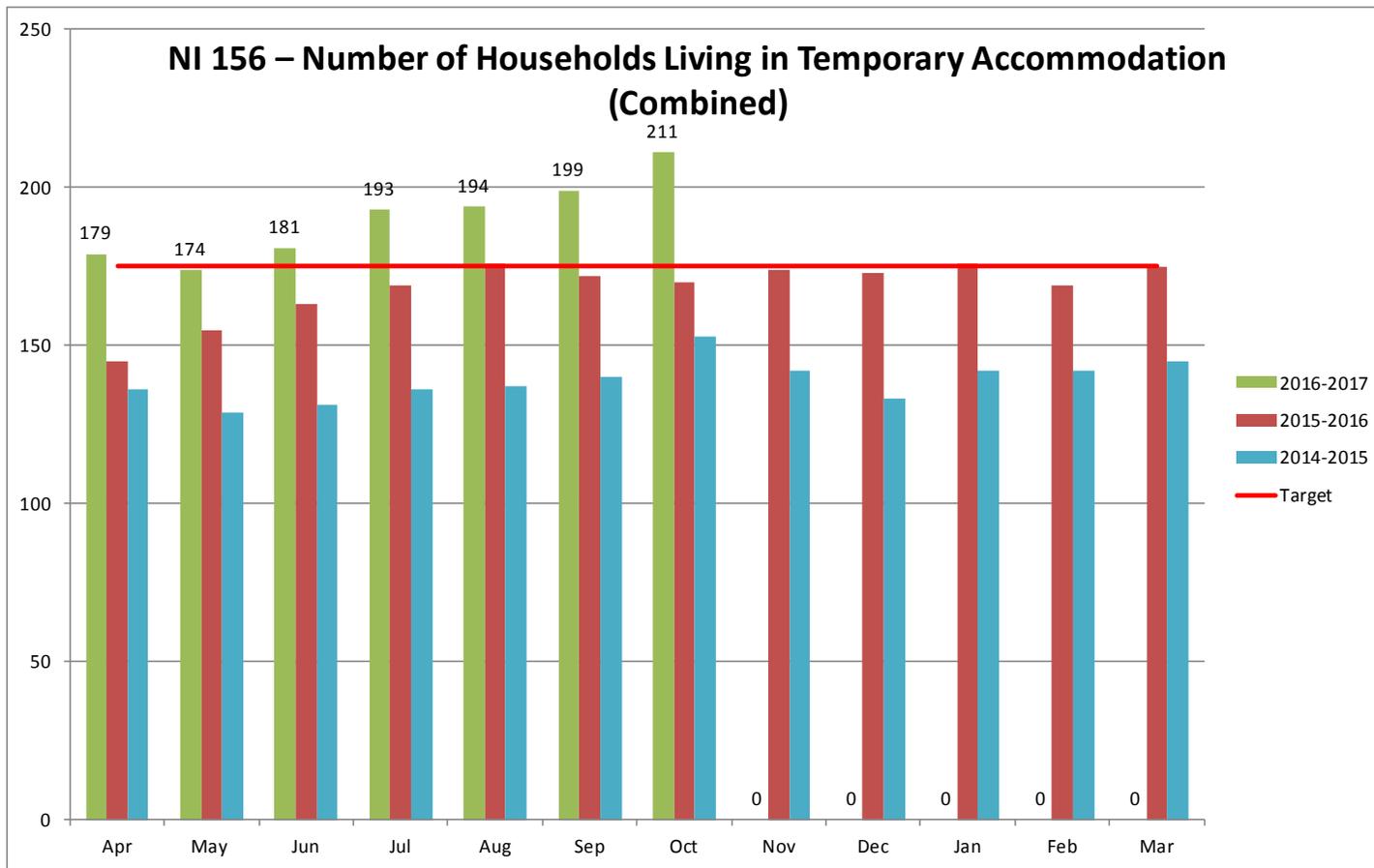
2016	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	Standard requests for service (attend within 20 days)	95.11%	95.65%	96.74%	95.54%	95.20%	97.15%	97.19%					



Housing Options and Advice

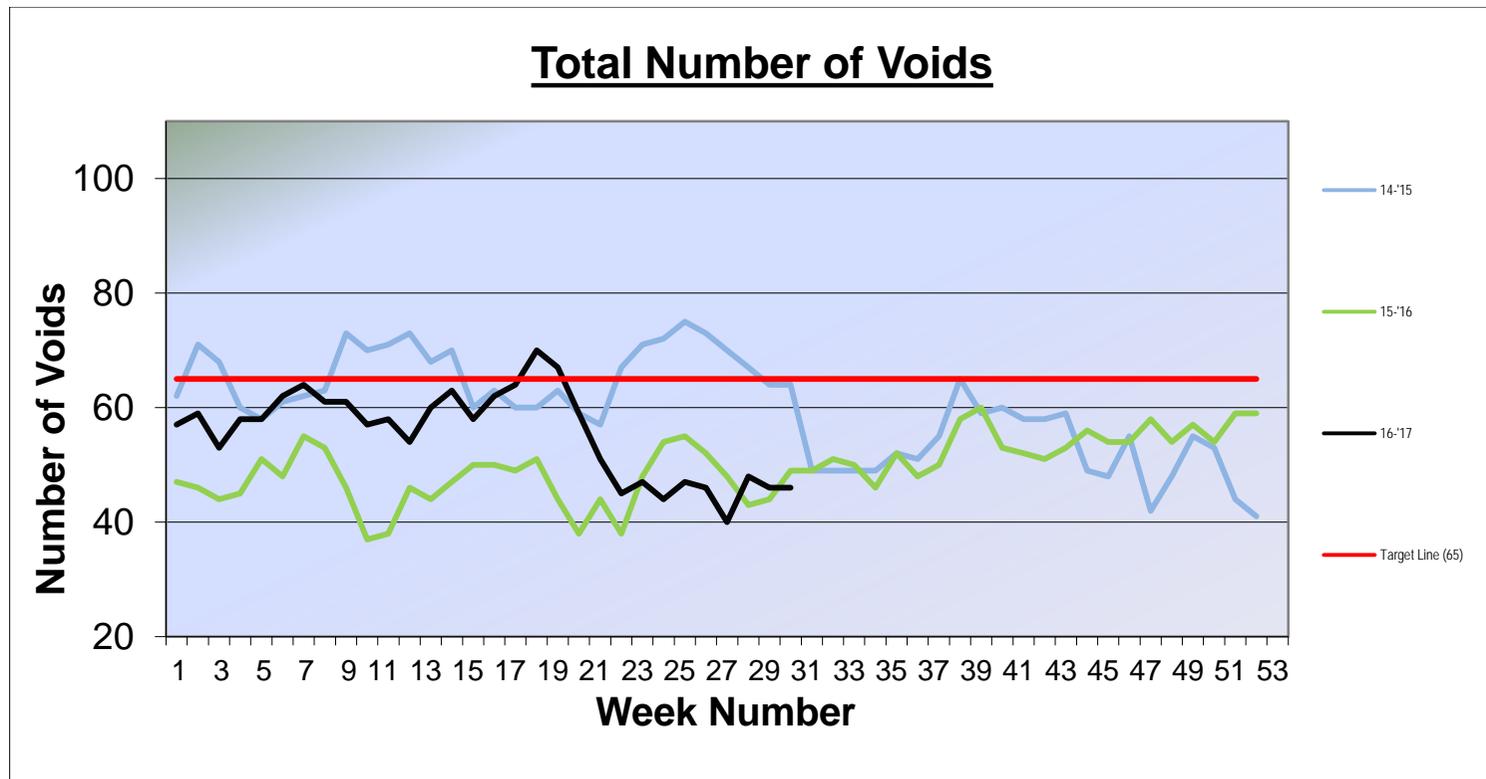
NI 156 – Number of Households Living in Temporary Accommodation (Combined)

PI CODE	2015/16 Outturn	2016/17 Target	May Week 8	June Week 13	July Week 17	August Week 21	September Week 26	October Week 30	Status	Trend Arrow
NI 156	175	175	174	181	193	194	199	211	RED	↓



Empty Homes Team
HMS8 - Number of empty Council homes

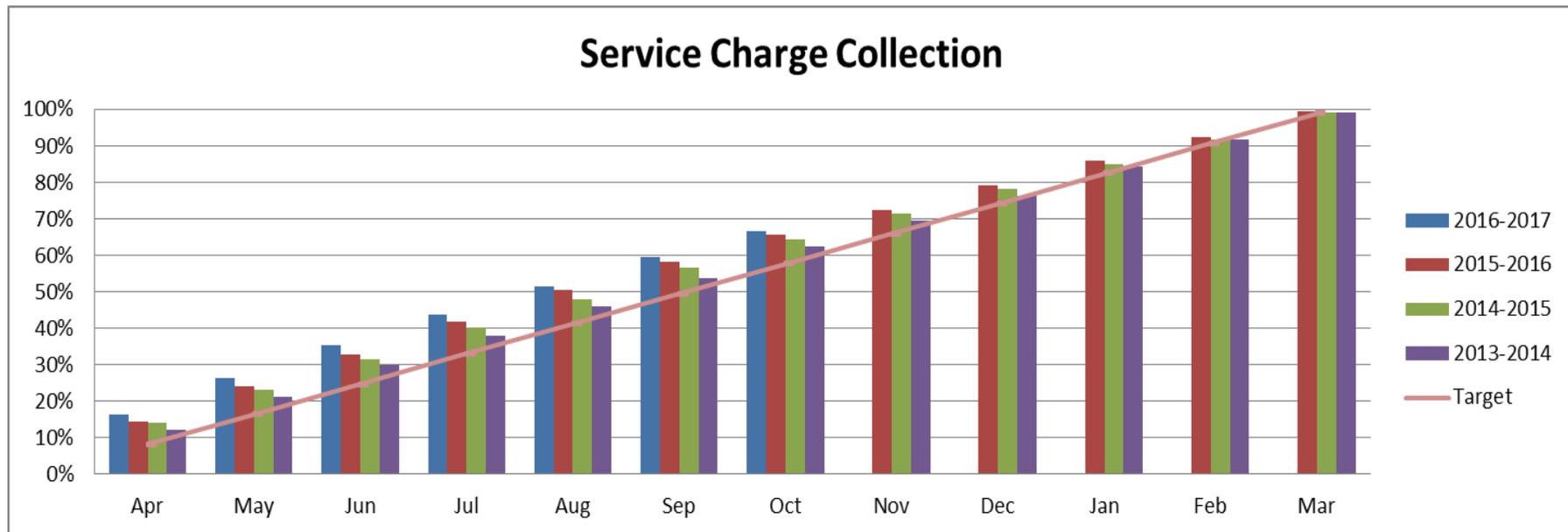
PI CODE	2015/16 Outturn	2016/17 Target	May Week 8	June Week 13	July Week 17	August Week 21	September Week 26	October Week 30	Status	Trend Arrow
HMS 8	63	60	61	60	64	51	46	46	GREEN	➔



Home Ownership Annual Service Charges

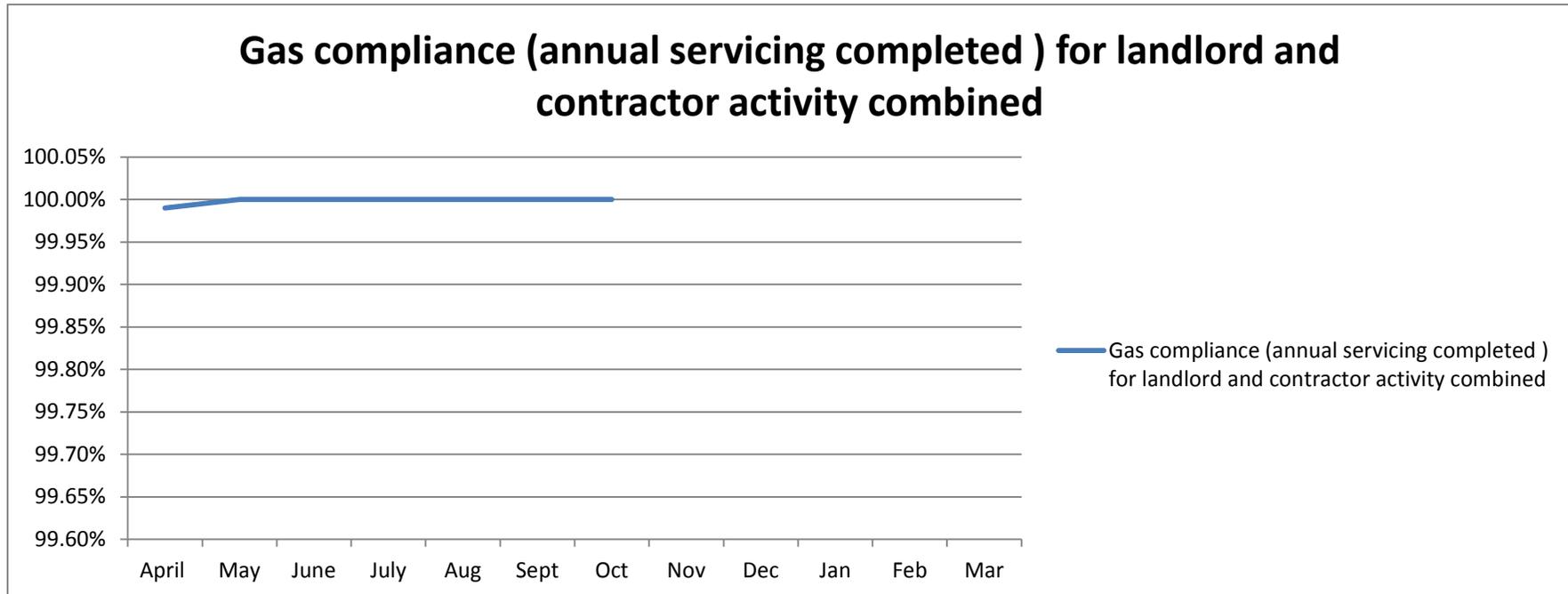
LHI-HO 26 – Service Charges Collected as a Percentage of the Annual Target - Month by Month

Outturn 2015-16	Target 2016-17	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	Status	Trend Arrow
TARGET INDICATOR %	99%	8.25%	16.50%	24.75%	33.00%	41.25%	49.50%	57.75%	66.00%		
99.56%		16.51%	26.22%	35.28%	43.76%	51.66%	59.55%	66.61%		GREEN	↑



(4.11) Gas compliance (annual servicing completed) for landlord and contractor activity combined

2016	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	Gas compliance (annual servicing completed) for landlord and contractor activity combined	99.99%	100%	100%	100%	100%	100%	100%					



APPENDIX 4.1: ASSET MANAGEMENT PLAN

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/27	2027 /2032	2032/37	2037/42	2042/47
	£,000s										
ASC Voids - internals (gas/electric/kitchens)	1,295	931	931	931	931	931	5,123	5,588	6,054	6,520	6,986
Internals	6,437	3,944	3,861	3,950	3,900	4,250	24,893	33,541	38,969	41,048	45,471
Windows and Doors	2,419	700	250	299	225	500	3,628	4,363	4,017	6,224	11,427
Property Conversions	80	100	0	0	0	0	0	0	0	0	0
External Major Works Package	3,501	6,850	6,369	6,900	6,800	7,803	31,747	23,736	19,448	18,928	29,504
Leaseholders costs - within Externals	-3	0	0	0	0	0	0	0	0	0	0
Asbestos removal - other	660	54	50	50	50	75	275	300	325	350	375
Related Assets - Garages	493	500	500	500	500	500	2,750	3,000	3,250	3,500	3,750
Garage transfer to GF	0	-215	-215	-215	-215	-215	-1,183	-1,290	-1,398	-1,505	-1,613
Lift Programme	0	430	393	200	60	0	77	1,200	312	0	0
Disabled Aids and Adaptations	1,106	900	750	799	730	800	4,400	4,800	5,200	5,600	6,000
Energy Efficiency and Fuel Poverty	2,138	0	0	0	0	251	550	600	650	700	750
Energy Efficiency Communal boilers	0	2,080	1,700	1,700	1,619	200	550	600	8,366	9,884	0
Compliance / Electrical Upgrade and Fire Safety	1,622	1,300	300	281	750	507	1,100	1,200	1,300	1,400	1,500
Fees/HTS from 17/18	1,219	436	436	436	436	436	2,398	2,616	2,834	3,052	3,270
CDM	0	20	20	20	20	30	165	180	195	210	225
Contingency	0	300	200	250	200	300	1,650	1,800	1,950	2,100	2,250
Work to Property	20,967	18,330	15,545	16,101	16,006	16,368	78,123	82,235	91,472	98,011	109,895
Housing IT	399	200	200	150	150	150	825	900	975	1,050	1,125
TOTAL HOUSING CAPITAL PROJECTS	21,366	18,530	15,745	16,251	16,156	16,518	78,948	83,135	92,447	99,061	111,020

The following priorities form the basis of the asset management plan:

Short Term: up to 5 years

Maintain the Decent Homes Standard as a minimum requirement in Harlow and incorporate this within a broader **'Harlow Standard'**

- Continuation of the Council's External Works Programme against a revised specification and standards resulting from the impact of a reduced budget resource due to enforced reductions in rent levels to 2020;
- Ensure that sufficient budget and other resource requirements are in place to **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 renewed Fire Risk Assessments carried out in late 2015
 - 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
 - Commencing 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
 - Including the pilot in 2017/18 of an upgrade to structure, internal communal areas the energy efficiency and aesthetics of one of the Council's Tower Blocks.
- Significantly **contribute to alleviating 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)

- Continuing 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
- 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:
 - A procurement review to examine Value for Money, and seek efficiencies, in regard to the completion of adaptations works
 - An update to the Council's Disabled Adaptations Policy in order to ensure 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;
- 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 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
- Successfully **complete the transition from the expiry (February 2017) of the Kier Harlow Ltd. to HTS (Property & Environment) Ltd.** as the new delivery model for responsive repairs, voids and other services, and in doing so:
 - 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, optimum use of ICT systems and reformed delivery structures

- 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 2016-2046. BASELINE SCENARIO

HRA Operating Account 30 Year Business Plan

	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2025.26	2030.31	2035.36	2040.41	2045.46
	£'000	Estimates £'000									
Expenditure											
General Management	11,616	11,379	10,720	10,721	10,863	11,007	11,605	12,400	13,250	14,161	15,137
Special Management	5,647	6,709	6,803	7,035	7,317	7,609	8,902	10,830	13,177	16,031	19,036
Repairs	9,302	9,937	10,330	10,737	10,952	11,171	12,092	13,050	14,697	16,551	18,639
Rents, Rates, Taxes & Other Charges	40	46	30	30	31	31	33	36	39	42	45
Supporting People Transitional Relief	6	5	5	3	2	0	0	0	0	0	0
Provision for Bad & Doubtful Debts	200	300	300	300	300	300	300	300	300	300	300
Major Repairs Reserve Contribution	10,859	10,928	10,989	11,106	11,292	11,481	12,266	13,321	14,462	15,697	17,032
Revenue Cont'n to Capital Prog.	8,010	6,136	4,116	4,495	4,204	4,368	3,779	4,270	7,251	10,081	14,996
Debt Management Expenses	16	16	16	16	16	16	16	16	16	16	16
Capital Charges: Principal	0	0	0	0	0	0	0	0	0	0	0
Capital Charges: Interest	6,738	6,765	6,757	6,750	6,703	6,650	6,452	6,809	6,863	6,880	6,880
	52,434	52,221	50,067	51,194	51,680	52,633	55,445	61,032	70,055	79,759	92,080
Income											
Dwelling Rents	44,974	44,211	43,350	43,481	43,775	44,936	49,892	57,967	66,032	73,752	83,969
Garage Rents	1,051	1,103	1,159	1,240	1,277	1,341	1,630	2,121	2,707	3,389	4,326
Other Rents	22	22	22	22	22	22	22	22	22	22	22
Service Charges: Tenants	880	947	966	985	1,005	1,025	1,109	1,225	1,352	1,493	1,649
Service Charges: Leaseholders	1,609	1,747	1,782	1,818	1,854	1,891	2,047	2,260	2,495	2,755	3,042
Other Charges for Services	1,248	1,497	1,769	1,882	2,008	2,263	1,974	2,405	2,904	4,180	5,436
Transfers from General Fund	521	539	552	566	580	595	657	743	841	951	1,076
Interest on Revenue Balances	72	47	43	41	48	54	204	585	1,078	1,718	2,500
	50,377	50,113	49,643	50,035	50,570	52,128	57,535	67,328	77,431	88,261	102,019
Balance at 1 April	12,298	10,240	8,132	7,709	6,550	5,440	9,255	26,407	50,759	82,504	121,258
Surplus / (Deficit) for year	-2,058	-2,108	-423	-1,159	-1,110	-505	2,090	6,296	7,376	8,502	9,938
Balance in hand at 31 March	10,240	8,132	7,709	6,550	5,440	4,935	11,345	32,702	58,135	91,006	131,196
<i>Minimum Working Balance</i>	<i>4,327</i>	<i>4,436</i>	<i>4,524</i>	<i>4,615</i>	<i>4,707</i>	<i>4,801</i>	<i>5,197</i>	<i>5,738</i>	<i>6,335</i>	<i>6,994</i>	<i>7,722</i>

Major Repairs Reserve: 30 Year Business Plan

	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2025.26	2030.31	2035.36	2040.41	2045.46
	£'000	Estimates £'000									
Expenditure											
Capital Programme Financing	10,859	10,928	10,989	11,106	11,292	11,481	12,266	13,321	14,462	15,697	17,032
Repayment of Debt	0	0	0	0	0	0	0	0	0	0	0
	<u>10,859</u>	<u>10,928</u>	<u>10,989</u>	<u>11,106</u>	<u>11,292</u>	<u>11,481</u>	<u>12,266</u>	<u>13,321</u>	<u>14,462</u>	<u>15,697</u>	<u>17,032</u>
Income											
Transfer from HRA	10,859	10,928	10,989	11,106	11,292	11,481	12,266	13,321	14,462	15,697	17,032
	<u>10,859</u>	<u>10,928</u>	<u>10,989</u>	<u>11,106</u>	<u>11,292</u>	<u>11,481</u>	<u>12,266</u>	<u>13,321</u>	<u>14,462</u>	<u>15,697</u>	<u>17,032</u>
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	0	0	0	0	0	0	0	0	0	0

Housing Capital Programme

	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2025.26	2030.31	2035.36	2040.41	2045.46
	£'000	Estimates £'000									
Expenditure											
Core Programme	21,366	18,530	15,745	16,251	16,156	16,518	16,756	18,358	22,538	26,665	32,994
	<u>21,366</u>	<u>18,530</u>	<u>15,745</u>	<u>16,251</u>	<u>16,156</u>	<u>16,518</u>	<u>16,756</u>	<u>18,358</u>	<u>22,538</u>	<u>26,665</u>	<u>32,994</u>
Financed by:											
Major Repairs Reserve	10,859	10,928	10,989	11,106	11,292	11,481	12,266	13,321	14,462	15,697	17,032
Revenue Contribution to Capital Programme	8,010	6,136	4,116	4,495	4,204	4,368	3,779	4,270	7,251	10,081	14,996
Right To Buy Receipts	2,497	1,466	640	649	659	670	711	767	825	887	966
	<u>21,366</u>	<u>18,530</u>	<u>15,745</u>	<u>16,251</u>	<u>16,156</u>	<u>16,518</u>	<u>16,756</u>	<u>18,358</u>	<u>22,538</u>	<u>26,665</u>	<u>32,994</u>

APPENDIX 6.2 HRA BUSINESS PLAN 2016-2046: ASSUMPTIONS

1. Over-Arching Assumptions

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

Harlow Council's HRA Business Plan covers a period of thirty years, from 2016/17 (year 1) to 2045/46. Data input for 2016/17 (year 1) and 2017/18 (year 2) replicates the HRA Revised Estimates 2016/17 and Estimates 2017/18, which will be submitted to Cabinet on 26 January 2017. The report shows growth and savings for 2017/18 (in paragraphs 40 and 41).

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

- Implement Government legislation to reduce dwelling rents annually by 1% in each of the four years commencing 2016/17;
- Renew the Public Works Loan Board (PWLB) debt of £208.837m upon maturity of each loan, keeping repayment under review;
- Set the minimum HRA working balance at 31 March 2017 at £4.327m, increasing the amount by CPI annually;
- Revise housing asset management plans (see **Chapter 4**);
- 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 2.5% in 2017/18, and 2% thereafter.

4. Interest Rates

Prior to self-financing, the Council had a negative "Capital Financing Requirement", meaning that the Council's General Fund is deemed to have borrowed from the HRA, and must pay interest upon the sum borrowed. The interest rate assumed for 2016/17 is 0.64%, and is based on the Council's investment interest achieved on surplus funds it holds.

Under self-financing, the "Capital Financing Requirement" moved from (-)£10.53m to (+)£198.307m.. In practice, the General Fund will continue to borrow from the HRA, but the HRA will need to fund the higher cost of new borrowing itself.

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

After 1 April 2016, with the transfer of garages to the General Fund, the borrowing headroom increased to £21.467m.

The table below summarises the HRA borrowing position for 2016/17.

Harlow Council: HRA Borrowing 2016/17					
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
Internal	(-)21,467.0	Ongoing	Variable	0.64%	(-)137,389
Total	187,370.0			3.60%	6,737,525

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 which is expected to increase over time. The Council usually achieves earnings slightly above the Base Rate. The model assumes earnings of 0.64% in 2016/17, 0.51% in 2017/18; 0.55% in 2018/19, 0.58% in 2019/20, 0.80% in 2020/21, 1.05% in 2021/22, and 1.5% thereafter.

5. Stock and Rents

The Council had 9,637 tenanted and 2,418 leasehold properties as at 1 April 2016. The tenanted dwellings include the equivalent of 7 shared ownership dwellings.

The average weekly rent was £92.66 in 2016/17, and will decrease to £91.73 in 2017/18.

Void loss is set at 0.70% throughout the life of the Business Plan.

An annual provision for bad and doubtful debts is made, which offsets any approved write off of old debts. The annual calculation is £200,000 in 2016/17, rises to £300,000 from 2017/18 to cover the risk arising from the potential impact of welfare reform.

6. Service Charges

The Council “unpooled” service charges in April 2007. The weekly service charges to all tenants average £2.05 per week in 2016/17. This will rise (or fall) in line with expenditure levels. On average service charges will decrease to £1.97 in 2017/18. This includes an adjustment of +3p in respect of 2015/16 service charges.

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

In addition to these charges, the plan also includes income in 2017/18 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. The figures for 2017/18 include any adjustment made to tenants in sheltered or ex-sheltered accommodation who have what are deemed to be excessive charges i.e. the cost of fuel exceeds 10% of their notional basic pension income.

7. Garage Income

HRA garages income, net of voids, is estimated at £1,051,000 in 2016/17. The plan assumes annual increases of 5%.

8. "Right to Buy" sales

The Government's policy to reinvigorate Right To Buy has caused an increased interest by tenants in the purchase of their properties. The number of completions is estimated to rise from 60 to 99 in 2016/17, 60 in 2017/18, and 30 thereafter. Sales values are assumed at an average £176,847, increasing in line with CPI, with an average discount of £72,595 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. Other Stock Changes

The Plan assumes that 209 properties in The Briars, Aylets Field, and Copshall Close will be demolished between 2016/17 and 2018/19.

The Council has a policy of selling empty properties with a high refurbishment cost. No adjustment has been made in the plan for this eventuality.

The plan has ignored any receipts which might arise from the sale of HRA land.

10. Management and Service Expenditure

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

- Employees: 1% from 2016/17 to 2019/20, and 2% thereafter.
- Other costs are anticipated to increase in line with CPI.
- HTSs budget is based on the former Kier Harlow contractual sum, uplifted by a Buildings Maintenance Index. For planning purposes this is assumed to be 2.5% annually from 2018/19.

11. Other Expenditure

The only other item of significant expenditure is the home loss payments which will be required to facilitate the re-housing of tenants: at The Briars, Aylets Field and Copshall Close.

12. Maintenance and Investment Expenditure

Maintenance work is predominantly undertaken by HTS. In 2017/18 of the total budget of £9.9m, £8.1m 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.

13. Capital Programme

The Council's Housing Capital Programme is financed mainly from rent income received to the Housing Revenue Account. In 2017/18 capital expenditure will total £18.5m. Of this, £6.1m will be financed directly from the HRA and £10.9m from the Major Repairs Reserve. Throughout the Plan the programme is reliant on these income streams.

RTB sales contribute £2.497m to the programme in 2016/17 and £1.466m in 2017/18.

The Business Plan has been simplified such that 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.

14. Balances

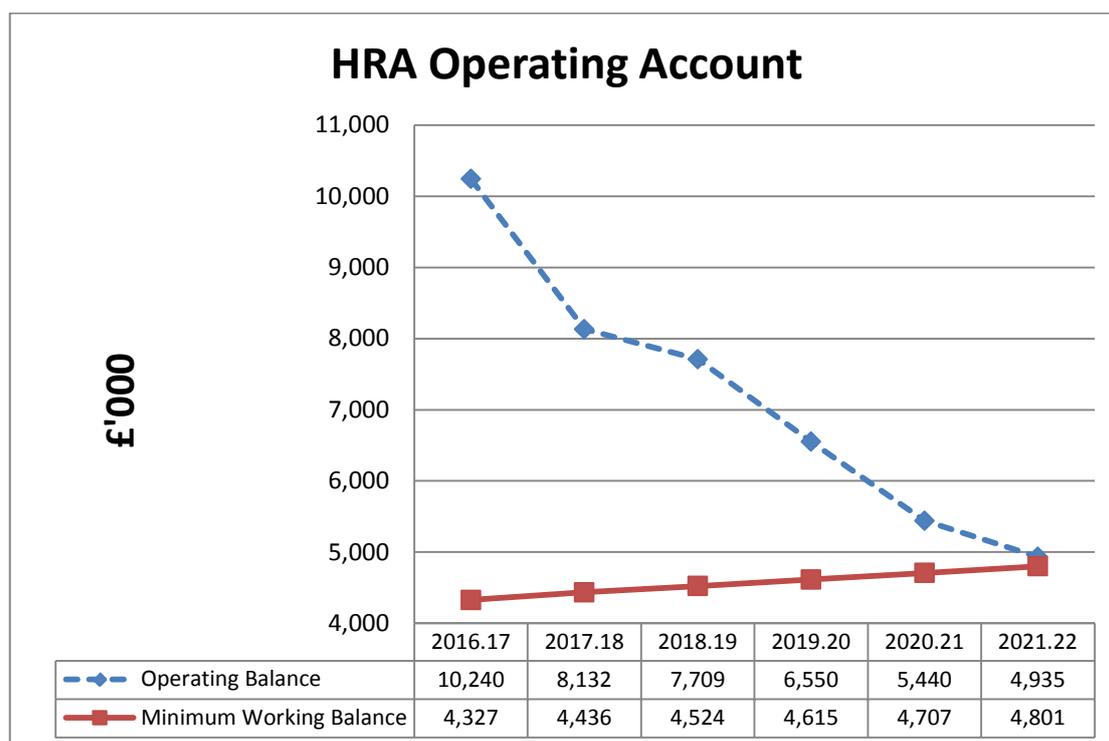
Balances brought forward as at 1 April 2016 were £12.298m on the HRA Operating Account and £nil in respect of the Major Repairs Reserve. It has been agreed that the HRA Operating Account must have a minimum working balance. At 31 March 2017 this is £4.327m. This will increase by CPI annually to keep pace with general inflation.

15. Borrowing Strategy

The significant change in the plan means that 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.

APPENDIX 6.3
HRA BUSINESS PLAN: SENSITIVITY ANALYSIS
Baseline Plan

The baseline HRA Business Plan has been described in 6.3 above. It shows that throughout the life of the plan the HRA is sustainable, avoiding a capital deficit in all years albeit that the headroom between the projected balance and minimum acceptable working balance at 31 March 2022 is small. *The baseline plan is illustrated in Appendix 6.1.*



Sensitivity A: Inflationary Risk

Income to the HRA from dwelling rents is approximately 90% of total income collectable. With this income stream fixed over the next four years this makes fluctuations in inflation on net expenditure more susceptible.

Following the EU Referendum, interest rates have reduced to an historic and perhaps long term low, and inflation is predicted to rise due in large part to the fall in the exchange rate of sterling against other currencies. The Bank of England expects that by mid-2017 inflation (CPI) levels will exceed 2%, with some commentators suggesting that the effect could be as bad as 4%. The Council's Business Plan includes a fixed amount for the services provided by HTS, and employees costs rising by the Government directive of 1% annually. The Plan is therefore at risk where other expenditure and income exceeds the target of 2.5%. Inflationary adjustments in early years have an ongoing impact on the sustainability of the Business Plan.

By way of illustration a +/-1% change in CPI in 2017/18, on what is a net expenditure of £8.4m, would be +/-£82,000.

Sensitivity B: Erosion of Rent Income

The Government has set a course for social rents over the four years to 2019/20 but given no firm indication of rent levels from 2020/21, although it is anticipated to be annual increases of CPI+1%. Rents for 2020/21 will need to be set before the end of this Parliament.

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%) from 2020/21 will need to be accommodated in the future.

The following scenarios are illustrative.

If rents increased by CPI only annually from 2020/21 there would be a budget shortfall commencing 2021/22 of £1.2m, and in every year thereafter until 2045/46 which would need to be addressed, principally, by a reduction in expenditure.

If rents reduced by a further 1% in 2020/21 before increasing by CPI+1% from 2021/22, there would be a total budget shortfall of £1.016m in 2020/21 and £2.352m in 2021/22. Action would be needed to reduce expenditure until 2024/25 when the Business Plan would otherwise be in balance.

Sensitivity C: High Value Voids policy

The baseline Business Plan has included a one-off increase in working balances of £1.6m for a government policy which will assess a payment to Treasury in support of Right To Buy for housing associations (see *Chapter 6.1.1.1.*). At the time of writing the Government has deferred consultation and commencement of this policy in 2017/18. Various annual amounts were suggested by professional bodies twelve months ago, one being £1,100 per property per year, or about £10m p.a. for Harlow.

This uncertainty places great risk to the Business Plan.

The impact of any regulatory changes will be considered and if necessary further reports will be presented through Housing Standards Board and Cabinet during 2017/18.

Sensitivity D: Transfer of contract from Kier Harlow Ltd to HTS (Property & Environment) Ltd., and payments under the arrangement

The present contract with Kier Harlow Ltd comes to an end on 31 January 2017. The Council has created a new wholly owned subsidiary, HTS, to take over all services provided.

These services include all repairs, grounds maintenance, caretaking and cleaning. Some, but not all, of these charges are collected as service charges from tenants and leaseholders. Repairs is specifically excluded as a service charge to tenants. Annual uplifts will continue to be based on the Buildings Maintenance Index (BMI), which for March 2016, under Kier Harlow Ltd., was forecast to be 0.1% but changed to (-)0.2%. This reduced the contract sum payable in 2016/17 by about £70,000 in total. HTS will inherit the contract sum with effect from 1 February 2017. The uplift for March 2017, to be applied from April 2017, is estimated at 2.9% and has been treated as the fixed baseline for HTS expenditure for 2017/18. There will be no

adjustment to the Business Plan during 2017/18 as a consequence of changes to the index.

Sensitivity E: Welfare Reform

Despite avoiding altogether Tax Credit reductions in the Autumn Statement 2015, the Government remains committed to make savings to housing welfare costs. The baseline Business Plan has assumed the effect of Universal Credit on tenants might have an adverse effect on payments. It has assumed £300,000 as a bad debt provision from 2017/18.

Universal Credit is new and brings uncertainties regarding rent income.

Sensitivity F: 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 Business Plan assumes renewal of borrowing of £41.7674m in 2026, 2030, 2034, 2038 and 2042 at a rate of 3.5% per year. Having now addressed the shortfall in the medium term to 31 March 2020, and assuming accuracy of the Business Plan to 2046 despite uncertainties, it is possible to model renewal of loans in 2026, 2030 and 2034 and repayment of loans in 2038 and 2042.

Given that the investment strategy plans for the longer term, decisions do not have to be made at this stage.

Sensitivity G: Procurement of Work (Housing Capital Programme)

The Council achieved the Decent Homes Standard for all properties by 31 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.

This indicates no scope for innovative council house building schemes in the short term.

Sensitivity H: Empty Properties

The proportion of empty properties to the whole stock is estimated as 0.70%. Therefore a 0.1% change in the level of voids is +/- £44,500 in 2017/18, reducing by 1% annually until 2019/20.

GLOSSARY

BCA	The Briars, Copshall Close & Aylets Field Priority Estate
BMI	Building Maintenance Index
CAB	Citizens' Advice Bureau
CLG	Department for Communities and Local Government
CPI	Consumer Price Index
DHP	Discretionary Housing Payment
ECC	Essex County Council
EPC	Energy Performance Certificate
EU	European Union
EZ	Enterprise Zone
GF	General Fund
HCA	Homes and Communities Agency
HHP	Harlow Homelessness Partnership
HMO	Household in Multiple Occupation
HIP	Housing Investment Programme
HRA	Housing Revenue Account
HRS	Housing Related Support
HTS	HTS (Property and Environment) Ltd
KPI	Key Performance Indicator
LATC	Local Authority Trading Company
LHA	Local Housing Allowance
MRR	Major Repairs Reserve
NACRO	National Association for the Care and Resettlement of Offenders
NPIF	Northern Powerhouse Infrastructure Fund
PWLB	Public Works Loan Board
RTB	Right To Buy
SHMA	Strategic Housing Market Assessment
TSA	Tele-care Services Association
UC	Universal Credit
W&D	Windows and Doors

FURTHER READING

Welfare Reform and Work Act 2016.

Housing and Planning Act 2016.

Harlow Council Corporate Plan 2013 – 2016.

'Housing Revenue Account (HRA) Business Plan 2016-2046'. Report to Housing Standards Board, 6 December 2016.

'HRA Budget 2017/18'. Report to Cabinet, 26 January 2017.

'Capital Programmes 2016/17 – 2021/22'. Report to Cabinet, 26 January 2017.

Presentations to:

Property Standards Panel, 4 January 2017.

Tenancy Standards Panel, 4 January 2017.

Tenants Forum, 10 January 2017.

Leaseholder Standards Panel, 19 January 2017.