

# **BUSINESS SUPPORT OVERVIEW & SCRUTINY COMMITTEE**

**9 JUNE 2011**

## **INTERIM HOUSING REVENUE ACCOUNT BUSINESS PLAN 2011 - 2012**

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### **Summary**

The Interim Housing Revenue Account (HRA) Business Plan is a strategic update of the 2005-35 HRA Business Plan, giving up to date information on the nature and condition of the housing stock and targets for improving the service in the future.

### **1. Budget and Policy Framework**

1.1 The Interim HRA Business Plan supports the Council's Housing Strategy and is consistent with the Council's Plan in respect of housing, and is in-line with the Council's budgetary framework.

### **2. Background**

2.1 The Housing Revenue Account (HRA) is a separate account that all local authorities with housing stock are required to maintain. It contains details of the costs arising from the provision and management of the council's housing stock, offset by tenant's rents and service charges, housing subsidiary, leaseholder service charges and other income.

2.2.1 In 2005, Medway Council produced a 30-year Business Plan for the HRA covering the period 2005-34.

2.2.2 The Interim Business Plan 2011-12 is a strategic update of the Business Plan, giving up-to-date information on the nature and condition of the housing stock, recent management performance and targets for improving the service in the future. The Interim Business Plan sets out the latest position regarding stock investment needs and details of our updated 30-year HRA business plan model.

2.2.3 Officers have reduced the planning horizon for the 2011-12 Interim Plan, to reflect the uncertainty and changes in the current national and local policy environment. The national regulatory and financial framework for social housing is undergoing so much change that it was appropriate whilst the

council awaits firm outcomes from the Localism Bill and changes to the funding of social housing. Once this becomes clear the planning horizon will become clearer and officers will review the Business Plan and set long-term plans future for residents and housing stock.

- 2.1 The Business plan sets out the council's priorities, agreed with tenants and leaseholders for modernising the housing stock and providing a continuously improving service to customers.
- 2.2 This business plan is also a statement of the viability of the Medway Council's Housing Revenue Account (HRA). It does not set the budget for the HRA but reports on the plans already agreed including those to the reported to Members on the HRA Capital and Revenue Budgets 2011/12 and the Housing Asset management Strategy.

### 3. Options

#### **Option 1 – Do not adopt the Interim HAR Business Plan**

Local Authorities are required to produce and maintain an up to date HRA Business Plan that meets the Governments 'fit for purpose' criteria. Not adopting the Interim Business Plan would mean that the Council would not be meeting this requirement.

#### **Option 2 – Adopt the Interim HRA Business Plan**

Local Authorities are required to produce and maintain a HRA Business Plan that meets the Governments 'fit for purpose' criteria. The adoption of this Interim Business Plan would allow the Council to continue to meet this requirement.

### 4. Advice and analysis

- 4.1 In light of the requirement to maintain an up to date HRA Business Plan it is recommended that Option 2 is adopted.

### 5. Risk management

- 5.1 The primary risk and influencing factors are set out within the Plan and due to the proposed changes to the financing of Council the length of time covered by this Plan has been reduced to help mitigate and manage risks. The Plan will be subject to quarterly review and monitoring, with key identified risks including:-

Risk	Description	Action to avoid or mitigate risk
No up to date Business Plan in place.	Local Authorities are required to produce and maintain a HRA Business Plan that meets the Governments 'fit for purpose' criteria.	The adoption of this Interim Business Plan would allow the Council to continue to meet this requirement

## **6. Consultation**

- 6.1 The Interim Plan has been developed building on the work and consultation that lead to the development of the HRA Asset Management Strategy Plan, the Annual Report to Tenants along with resident surveys consultation with Resident Forums and Focus Groups.
- 6.2 The Plan has also been considered by the HRA's Housing Improvement Board. This scrutiny panel comprised (or made up) of tenants and residents are able to debate and discuss matters affecting the management of their homes, enabling them to make recommendations in terms of relevant reports about the HRA service including the proposed Interim Plan. The Plan was considered and approved by the Board.

## **7. Financial and legal implications**

- 7.1 The proposed Interim HRA Business Plan brings together information on various aspects on the management of the HRA, and whilst the Government requires Local Authorities to produce and maintain a HRA Business Plan that meets the Governments 'fit for purpose' criteria, its not a specific legal duty and duties in respect of the financial management of the HRA have been covered in previous reports.

## **8. Recommendations**

- 8.1 The committee is asked to endorse the Interim HRA Business Plan 2011/12, and recommend that Cabinet adopts the plan, taking into account any comments or recommendations referred by the committee.

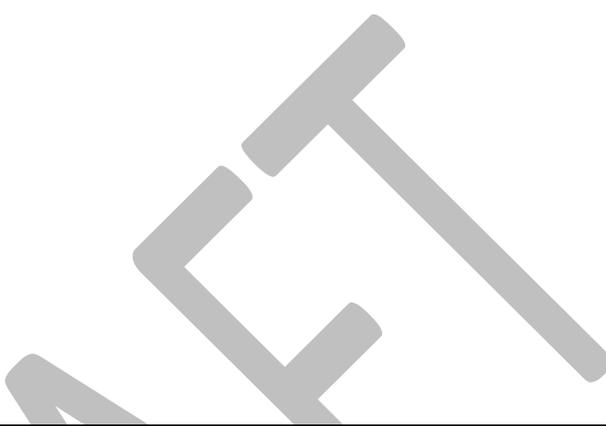
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### **Background papers**

Draft Interim Housing Revenue Account Business Plan 2011/12





Interim Business Plan 2011/12

Housing Revenue Account

Draft for Consultation Only

Version **3** 26 May 2011

## Introduction

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The Housing Revenue Account (HRA) is a separate account that all local authorities with housing stock are required to maintain by law. It contains the costs arising from the provision and management of the council's housing stock, offset by tenant's rents and service charges, housing subsidiary, leaseholder service charges and other income. The Council is obliged by statute to agree a balanced HRA budget, where income and expenditure levels for the forthcoming year match.

As well as a requirement for Government, the HRA Business Plan is a vital tool for financial planning and asset management. In 2005, Medway Council produced a 30-year Business Plan for the HRA covering the period 2005-34. The Interim Business Plan 2011-12 is a strategic update of the Business Plan, giving up-to-date information on the nature and condition of the housing stock, recent management performance and targets for improving the service in the future. The Interim Business Plan sets out the latest position regarding stock investment needs and details of our updated 30-year HRA business plan model.

We have reduced the planning horizon for the 2011-12 Interim Plan, to reflect the uncertainty changes in the current national and local policy environment. The national regulatory and financial framework for social housing is undergoing so much change that it was appropriate whilst we await firm outcomes from the Localism Bill and changes to the funding of social housing. Once this becomes clear our planning horizon will become clearer and we will review the Business Plan and set long-term plans future for our residents and housing stock.

## Strategic and Local Context

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This section highlights the national, regional and local driving forces that have shaped the Interim Business Plan. This includes outlining how the plan supports the Government's objectives for council housing and the contribution it makes towards achieving the Council's priorities.

This Interim Business Plan is not seen as an end in itself, but as a statement of actions we are taking to achieve our stated objectives and priorities for our housing. It describes our vision for the future of our properties, residents and how we intend to meet the investment requirements. As a whole, the Business Plan identifies our ability to provide effective stewardship for the stock through our partnerships with residents, service users and stakeholders.

Due to the current uncertainty of the national and local policy environment, this Business Plan has been developed as an Interim Plan to cover the period 2011-12. The Plan will be refreshed in 2012-13 once the outcomes from the Localism Bill and changes to the funding of social housing are known and the impacts are understood.

## National Context

In 2000, the Government committed to bringing all social sector housing up to a prescribed standard by 2010. For a decade, housing policy has been focused on four key priorities, initially framed in the Green Paper *Quality and Choice, A Decent Home for All*, published in April 2000.

These four priorities have been:

- Bringing existing stock up to the decent homes standard;
- Regeneration of those areas experiencing low demand and particularly challenging housing conditions;
- Construction of increased numbers of new affordable housing; and
- The improvement of housing services.

In February 2003 the *Sustainable Communities Plan* set out the policy and financial framework for the management of the decent homes programme. In 2006, *From Decent Homes to Sustainable Communities* signalled a shift of focus to new supply and recognised that only 95% of social stock might meet the decent homes standard by 2010. The 2007 Green Paper *Homes for the future: more sustainable, more affordable* increased the focus on the supply of new homes and set out the intention to reform the council housing finance system to enable delivery of the decent homes standard in the longer term.

The social housing landscape has clearly changed since the general election in May 2010. The coalition Government has laid plans to reform social housing through the Localism Bill, which was introduced to parliament on 13 December 2010.

The Government confirmed that the subsidy system will cease to operate and be replaced by self-financing. Self-financing will put all local authority landlords in the position where they can support their own stock from their own income.

The Government is introducing a range of reforms to the way social housing is delivered. These include giving greater flexibility to social landlords to determine the types of tenancies they grant to new tenants. Landlords will be able to offer lifetime tenancies where this is needed but also to set shorter tenancy periods where that makes more sense. The rights of existing secure and assured tenants will be protected. Council housing has become the housing provider for those who are most vulnerable and judged to be in greatest need. As a result of this changing profile of council tenants, landlords have to recognise and react to the implications this has on service provision.

In October 2010, the Government announced that the Tenants Services Authority (TSA) was to be abolished and its regulatory responsibility transferred to the Homes and Communities Agency (HCA). With the planned demise of the Audit Commission the

### Decent Homes

This is a minimum standard that requires that the home:-

- Meets the current statutory minimum standard for housing
- Is in a reasonable state of repair
- Has reasonably modern facilities and services and
- Provides a reasonable degree of thermal comfort

Medway met the Governments Decent Homes target

inspection regime will continue to evolve, however the regulatory framework and the spirit of co-regulation that the TSA has fostered is likely to remain.

## Local Context

In recent years, as part of the Thames Gateway regeneration area, Medway has undergone extensive regeneration particularly in the former derelict riverside areas of Rochester, Chatham and Gillingham, which have been transformed into thriving business, higher and further education and residential communities. Medway is now looking to continue its regeneration along the riverside, in the town centres and through the only new settlement in the Thames Gateway at Lodge Hill, Chattenden which will accommodate approximately 5000 homes.

The population of Medway is currently about 253,500 and is expected to grow to 280,000 by 2026. Its population is younger than the national average but is ageing faster. There are 16,249 affordable homes in Medway of which 3,056 are owned by the Council, and for those homes in the private sector despite a recent downward trend average prices are currently £140,695.

Overall, Medway is not a deprived area being ranked 150th most deprived local authority area out of 354 in England, but it has higher levels of deprivation than neighbouring local authorities in Kent and the South East. However, at ward level it has both some of the most affluent and some of the most deprived areas in the country. Within Medway are 25 neighbourhoods which fall in the 25% of most deprived areas in the country.

The HRA Business Plan should be read alongside other key documents including:

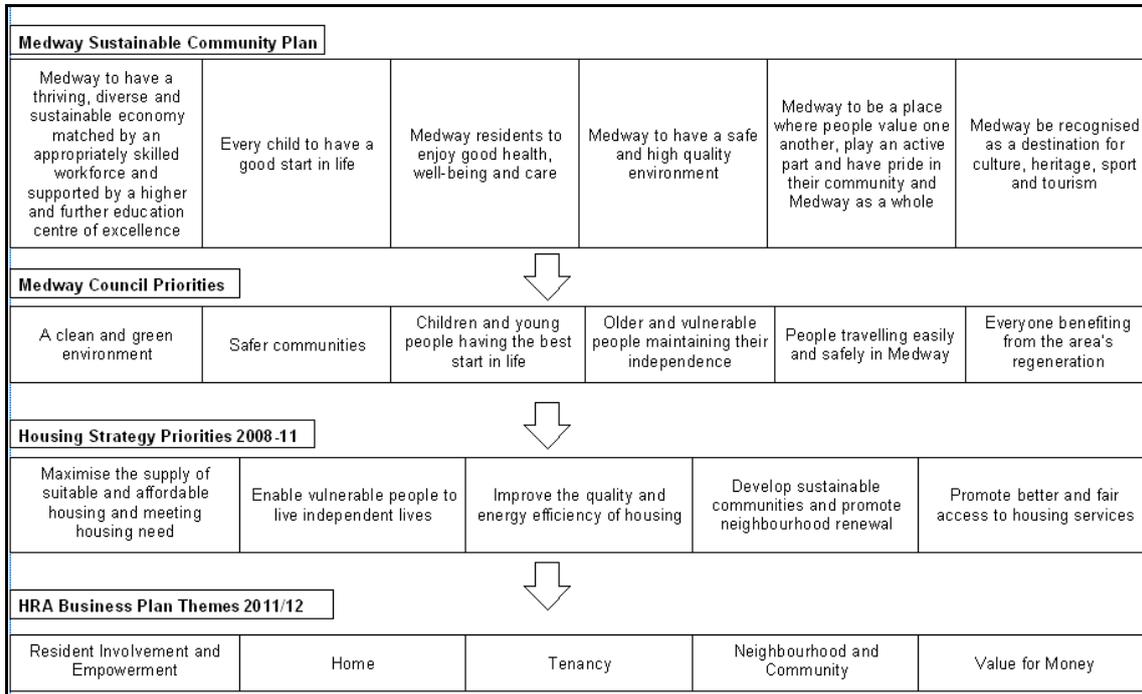
- The Medway Community Plan;
- The Council Plan;
- The Council's local area Housing Strategy;
- The Asset Management Strategy
- The Medway Regeneration Strategy; and
- The Corporate Asset Management Strategy

It is recognised that the Council's housing stock has a key role in the wider housing agenda and its makes a direct contribution to meeting the aims of the Council's current Housing Strategy, which are to:

- Maximise the supply of suitable and affordable housing and meeting housing need
- Enable vulnerable people to live independent lives
- Improve the quality and energy efficiency of housing
- Develop sustainable communities and promote neighbourhood renewal
- Promote better and fair access to housing services

The delivery of the HRA Business Plan will help to realise these wider housing strategic objectives and achieve the vision set out in Medway's Sustainable Community Plan. It will also assist the Council to achieve its corporate priorities.

The diagram below illustrates the connection between these documents and this Plan.



### Key Medway Facts and Figures

- The Population of Medway is expected to grow to 280,000 over the next 16 years
- Medway is ranked as the 150<sup>th</sup> most deprived Local Authority area out of 354 in England
- It is a relatively low wage area with high levels of people commuting out of the area to work
- Crime is falling fast and is lower than in similar places. However, perception of crime lags behind the reality
- In February 2011, the average house price in Medway was £140,695
- There are 16,249 affordable homes in Medway
- Medway Council own 3,046 council houses and 951 garages

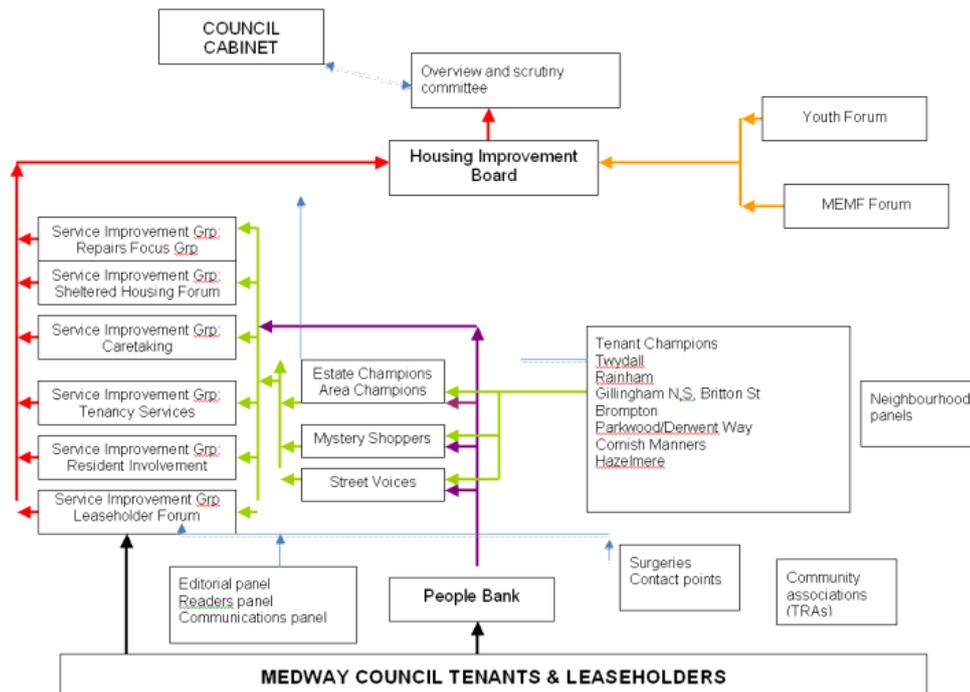
## Consultation and Partnership Working

This section will outline the involvement of residents in the business planning process and how they have assisted in the setting the objectives for management of the Council's housing stock.

Medway Council is committed to involving the residents of its housing in service development and improvement, as well as consultation in terms of current service delivery and future service planning. We have dedicated resources to community development in order to support and increase our community development and resident involvement work. We have worked with our residents to develop a Resident Involvement Strategy which recognises the need to ensure that the housing service is responsive to both National and Local requirements for involvement and consultation, and that it reflects these priorities in our strategies and policies.

For many years the Council has worked with MeRGe the group that represented many Council residents, to act as its main forum for resident consultation. However, having considered the new TSA requirements it was realised that the current arrangements for resident engagement would not sufficiently bring about the desired outcomes. It was agreed, in conjunction with MeRGe, that a review of the current resident involvement service needed to be undertaken. This took place during the summer of 2010 lead by an independent external organisation. As well as undertaking consultation, the review included a comparison of the service with other housing organisations that were deemed as having "good practice" for resident involvement and a cost analysis of the budget.

The review proposed a new resident involvement structure as shown in the table below.



Since the autumn of 2010 we have launched a series of forums covering all the main areas of the landlord service, including a repairs forum, leaseholder forum and tenancy management forum. In addition to which a new editorial panel is now in place where residents work with officers to develop publications, including their own newsletter "Housing Matters". Each forum has terms of reference with the overall objective of each allowing customer involvement in the development of policy work; obtain a greater understanding of the services and how these compare to other similar housing organisations. Forum members also review and monitor service specific performance and act as a primary focus for consultation in relation to the provision and management of the Council's landlord housing service.

Our new strategic Housing Scrutiny panel, (Housing Improvement Board) holds officers to account on aspects of performance, assists with influencing policy development and budget setting. The main purpose of the scrutiny panel is for members to represent residents at the highest level in terms of strategic planning and scrutiny of the service. This gives residents access to full debate and discussion on matters affecting the management of their homes, enabling them to make recommendations in terms of relevant reports about the HRA service that are to be considered by Members of the Business Support Overview and Scrutiny committee. This includes influencing budgetary setting, performance target setting and monitoring.

The involvement of residents in the Business Planning process is recognised as being of primary importance and we have worked with residents throughout 2010 and 2011 in developing our local offers (see Local Offers text box). As part of this process, residents have assisted in the establishment of the strategic objectives for the council's housing stock.

#### **Local Offers**

These represent a way of tailoring the services of social housing providers based on what tenants want. All providers must ask tenants if they want local offers against the Tenants Services Authority's (TSA) national standards. Throughout 2010, Medway worked with residents in developing local offers in the following ways:

- Resident surveys
- Consultation with Resident Forums and Focus Groups
- Analysis of housing complaints
- Worked with Young Inspectors to prioritise issues for young customers
- Feedback from focus groups and residents meetings
- Consultation through the Asset Management Group

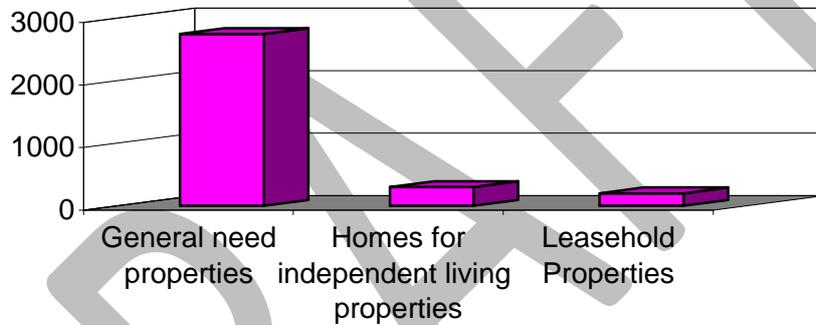
## Housing Stock

This section highlights the key issues Medway Council faces in developing and supporting social housing in Medway. There will also be an explanation of demand across Medway and details the condition of the housing stock

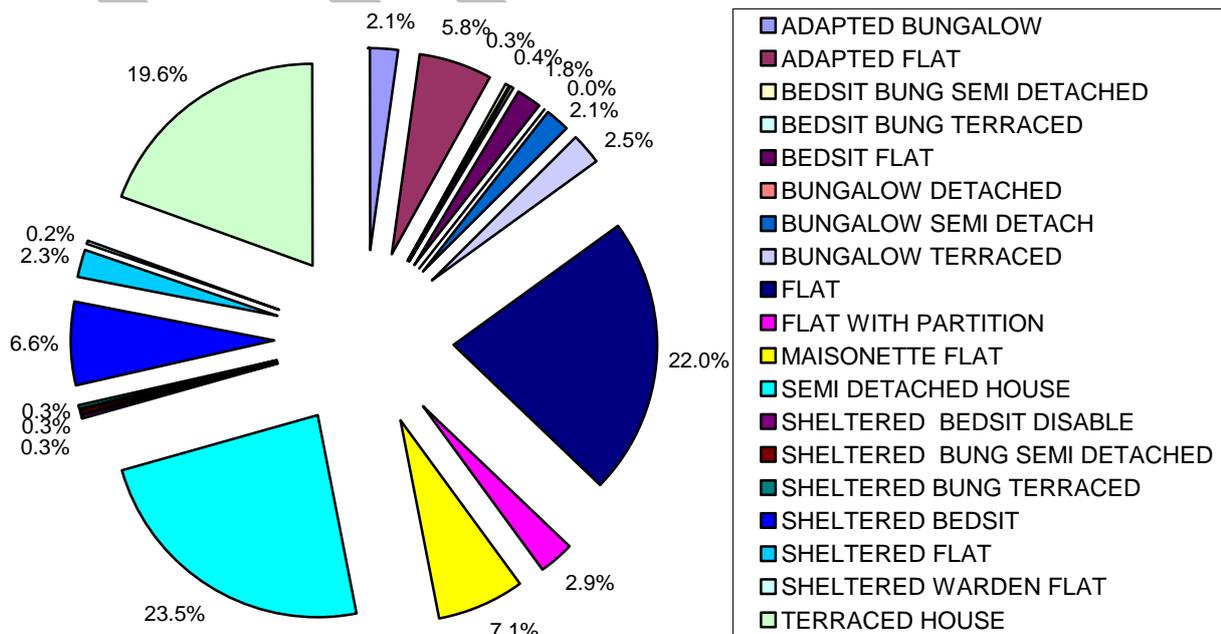
### Stock Make Up

Medway Council's HRA stock comprises of 3,046 rented properties (of which 300 are sheltered housing) and 198 leasehold properties.

### Tenure Type of Properties



### Percentage Composition of Housing Stock

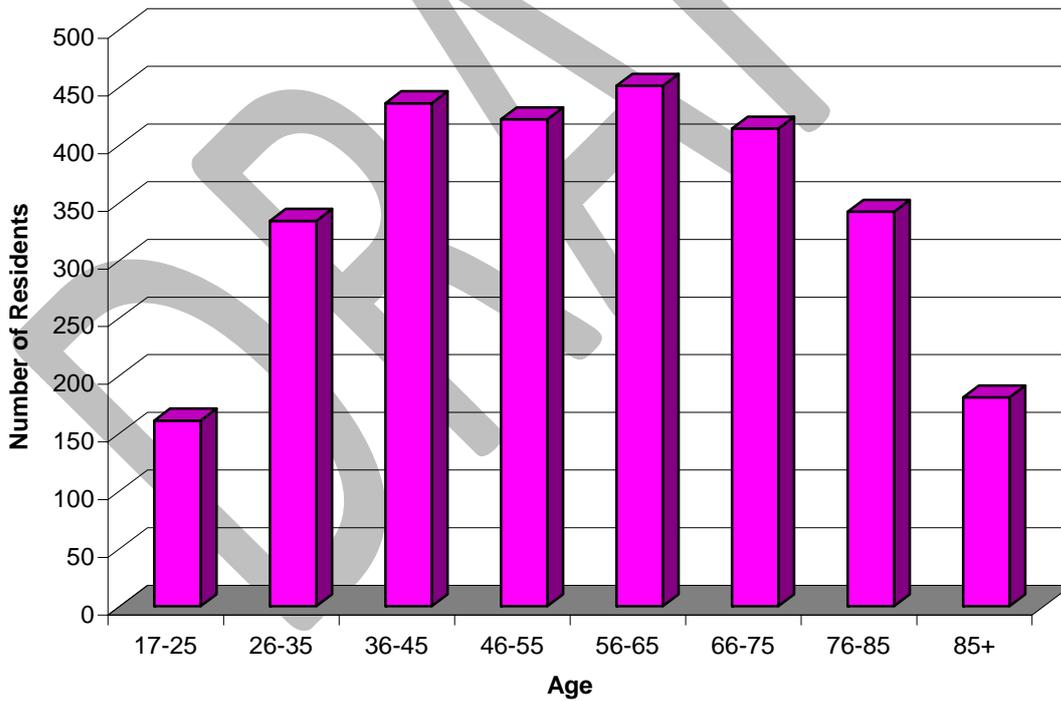


Nearly half of the housing stock comprises of flats (49%) with the remainder made up of houses (43%) and bungalows (8%). The majority of the stock is 1 and 2 bedroom properties (70%). Only 29% of the properties have 3 bedrooms and 1% has 4 bedrooms. Over the last five years the number of properties sold under Right to Buy each year has reduced. In 2010/11 a total of 4 properties were sold and 3 were sold in 2009/10.

Tenant Profile	
61%	of our residents are Female
39%	of our residents are Male
78%	of our lead residents are White British
21%	of our lead residents consider that they have a disability

In 2010 a "Getting to Know You" survey was sent out to all our tenants to gain a better understanding of the customer profile. We had a 60% response rate and the tables show the demographic profile of our tenants.

### Age of Our Residents



## Stock Condition

We have gathered stock condition surveys on 88% of our properties and we undertake a programme of rolling stock surveys. Our asset management database is regularly validated and updated with historic works records. From this information we have calculated that an investment requirement of £175.1 million is needed over the next 30 years, of which £36.4 million is required within the first five years of the plan.

Within the constraints of the finances available a programme of works has been developed in consultation with our residents. The Asset Management Group will frequently assess the sustainability of our stock and review our re-investment priorities.

## Housing Supply and Demand

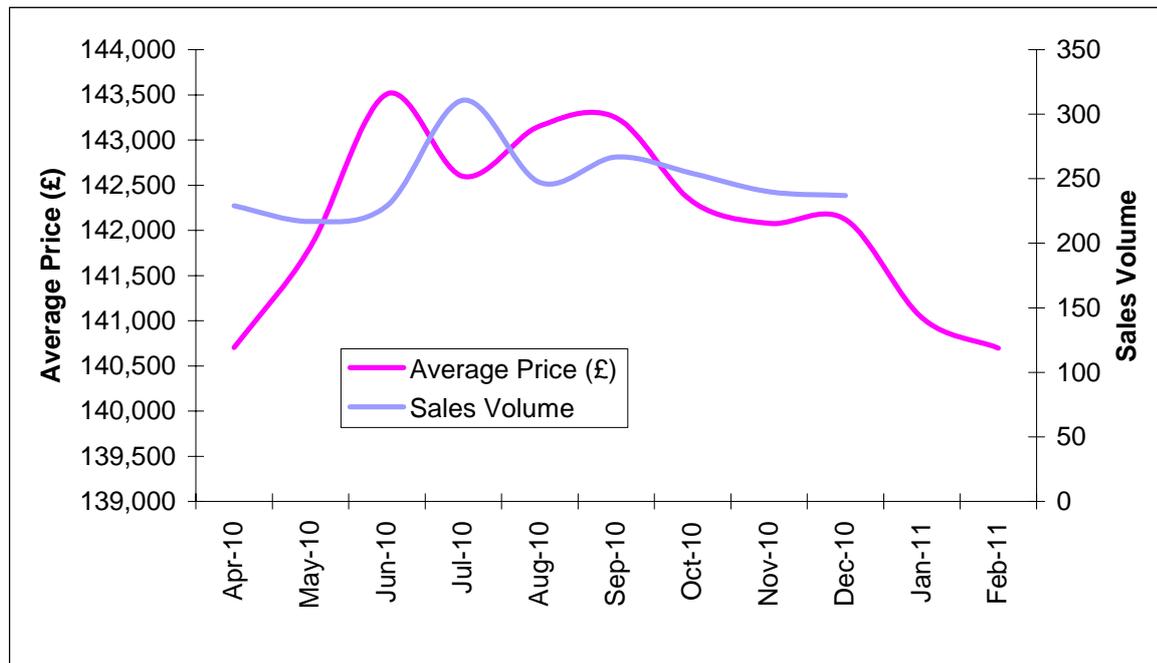
It is important that the HRA Business Plan reflects the known housing need in Medway and the predictions of how this might change in the future. In 2009, Medway carried out a Strategic Housing Market Assessment (SHMA) with our North Kent partners. SHMA's help local authorities develop a shared evidence base to inform the development of strategies and policies. The table below shows Medway's housing requirement broken down by housing type.

Housing Type	Total Housing Requirement 2008-26	Annual Housing Requirement
Market Housing	9,522	529
Intermediate Housing	2,979	166
Social Housing	3,158	183

There are currently 16,252 properties in the social housing sector in Medway. In 2009/10 we developed 422 units of affordable housing and we delivered more than 300 units in 2010/11.

Overall the level of housing need outstrips the supply of social housing and the SHMA estimates despite the reduction in house prices between April 2010 and February as illustrated in the table below, housing affordability still remains an issue.

## Average House Prices and Number of House Sales April 2010 to Feb 2011



N.B. Data for January and February 2011 are not shown due to a lag in the registration of sold properties.

The number of households approaching the Council reflects this increase in demand. Over the 12 months to March 2011, the number of applications for people wishing to join our Housing Register increased by 9%. At the end of March 2011, there were 10,381 people on our Housing Register. Over half of these were in the lowest priority band, Band D. Of the 415 people assessed to have the most urgent housing need (those in Band A), 160 of these were placed in this band as they are under occupying their property. They are placed in Band A to reflect the importance of matching housing need with the most suitable properties.

Between April 2010 and March 2011, a total of 1,023 properties were let via the HomeChoice system, 269 of these properties were Medway Council owned. Where properties become empty we have set ourselves a target of 25 days from the date we get the key to the date the next tenant gets the key to their new home. However, as the table below shows in 2010/11, in 64% of all cases we did not meet this target. We need to ensure that with an increase in demand for social housing, our own stock is used in the most effective way. In some cases this period may be because possible tenants did either not bid or did not wish to take up the offer of that property. This is particularly an issue for some of our sheltered housing schemes where average relet time are 53 days compared to 28 days for our general needs properties.

Number of Days Taken to Relet a Property	Number of Properties
26-30 days	64
31-40 days	58
41-50 days	31
51-60 days	10
61+ days	29

Consequently, we will need to carry out an options appraisal as part of a detailed sustainability assessment of these properties. If units are not deemed sustainable in its current form then alternative uses will be considered including for example, redevelopment, change of lettings type, disposal or conversation.

## Building New Homes

Changes to legislation have provided new opportunities for councils to develop new affordable housing. This means that councils can compete with Housing Associations Registered Providers (RPs) to receive grant to build new homes, allowing councils to:

- Use HRA assets to build new homes rather than selling assets to RPs
- Undertake regeneration schemes to make better use of unpopular or inappropriate housing stock
- Generate income from the management of new homes to bolster the income on the HRA

Opportunities for this will be explored and highlighted through the Asset Management Group.

## Energy Efficiency and Affordable Warmth

Medway believes that all residents have a right to affordable warmth and that adverse environmental impact should be reduced by the utilisation of energy efficient materials. Work is already underway to help improve the energy efficiency of our homes in the following ways:

- The installation of full gas central heating, or electric where no gas is available;
- The use of efficient condensing boilers ;
- The installation of double-glazing;
- The installation of cavity wall insulation;
- The improvement of loft insulation to at least 250mm thickness; and
- Proper insulation of hot water cylinders and pipework.

In addition we encourage the use of low energy light fittings and provide residents with energy saving ideas in newsletters, on our website and through other information sources. We also seek grants to supplement programmes of work and energy efficiency initiatives whenever possible.

## Resources

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This section outlines our resources for delivering the housing management service including both revenue funding for the day-to-day running of the service and capital funds for longer-term investment in major repairs and improvements to the stock.

Resources for delivering the housing management service include both revenue funding for the day-to-day running of the service and capital funds for longer-term investment in major repairs and improvements to the stock.

The Government's contribution to revenue funding is provided through a system known as Exchequer subsidy. This can be either positive (where we receive income) or negative (where we give back money). Currently under this scheme Medway contributes £1.762m to the Government, which is then redistributed amongst other Authorities as required.

The national review of the Housing finance regime including the cessation of the Housing Subsidy system and the introduction of self-financing will have wide reaching consequences for all stock-owning authorities, completely changing the financial landscape. It is anticipated that self-financing will be introduced from April 2012 and whilst the specific settlement figures will not be made available until January 2012, the opportunity has been taken to develop an alternative HRA Business Plan model, based on a settlement figure alluded to in the recent Communities and Local Government publication "Implementing self-financing for Council Housing" published in February 2011. The remainder of this section firstly looks at the resourcing picture over the next financial year based upon the current housing subsidy regime being in place, while the alternative modelling, based on the review going ahead as proposed, is discussed in the final part.

### Current Subsidy System

#### Capital Resources

In recent years, up to and including 2011/12, capital works to our housing stock have been funded from two principal sources - the Major Repairs Allowance (MRA) and supported borrowing from the Regional Housing Pot to help fund decent homes related works.

The MRA is paid to the Council as part of its HRA subsidy settlement and is used to fund major repairs in order to maintain its asset value. The MRA awarded to Medway for 2010/11 was £2.239m while for 2011/12 this has been set at £2.933m (although £0.637m of this was brought forward from 2010/11).

Over the years the Council has sold off properties under the Right to Buy initiative, in a number of cases mainly where the properties are flats it is the leasehold that will have been purchased, whilst the Council retains the freehold to the building. In these cases where works are carried out to, for example, the communal parts of blocks of flats, leaseholders are required to pay an appropriate contribution in accordance with their lease.

Within the model the assumed resources include leaseholder contributions, as these are also included from the expenditure requirement. The table below summarises the anticipated capital resources available over the coming year, reflecting the Council's latest capital programme.

#### Assumed HRA Capital Expenditure and Resources 2011/12

<b>HRA Projected Capital Expenditure</b>	<b>2011/12 (£000s)</b>
Decent Homes Related	274
Health and Safety	436
DDA* improvement	275
Disabled Adaptations	287
Capital Works to Voids	100
Planned Maintenance	2,968
Improvements	171
Surveys	55
Fees	544
Contingencies	454
<b>Total</b>	<b>5,822</b>
<b>HRA Capital Sources of funding</b>	
Major Repairs Allowance	2,296
Use of Major Repairs Reserve	637
Housing Revenue Account Reserves	2,889
<b>Total</b>	<b>5,822</b>

In addition to the 'external' sources of funding, the Council has included in its capital programme for HRA activity resources for specific schemes including adaptation works to individual dwellings and improvement works to the communal parts of estates.

Improvements are considered to be non-essential works i.e. those not essential to maintain the Decent Homes standard or required under health and safety legislation. Within Asset Management Strategy, these improvement works have been included within the proposals and are over and above the basic Decent Homes standard, which is known as the Medway Standard (see Beyond Decent Homes text box).

**Beyond Decent Homes**

Medway Council met the Government's Decent Homes target on 31 December 2011. From April 2011 onwards, Decent Homes works will be delivered as a by-product of effective works planning, founded from an ethos of pre-planned and programmed 'just in time renewals' as promoted by the Department for Communities and Local Government (CLG) in their Decent Homes and stock condition survey guidance.

For 2011/12 the financial requirement to maintain base Decent Homes standard, health and safety works, capital related works to void properties and associated fees will be met.

**Revenue Resources**

The Housing Revenue Account estimates for 2011/12, together with the projected outturn for 2010/11, are set out in Appendix 1.

Total income, including dwelling, other rents and service charges etc, are estimated to increase from £12.27m to £12.55m in 2011/12. At the same time, total expenditure is projected to increase from £11.02m to £11.56m (this includes the accounting cost of depreciation at £2.30m and the negative subsidy payable to Government of £1.77m). After the capital adjustment and interest to the account are applied, the estimates for 2011/12 show a 'net operating surplus' of £0.99m. After projected revenue contributions to capital expenditure of £2.89m, this will have the effect of leaving an end of year balance of £4.12m as at 31 March 2012.

In accordance with the Government's rent restructuring arrangements the estimates are based on the rent increase of 5.16%, which was applied in April 2011. This has resulted in an average 2011/12 Medway rent of £74.43 (based on 50 weekly payments).

**Resources in the Longer Term**

The intention is that under self-financing every council would be able to sustain their housing landlord function, with sufficient resources being available to manage and maintain their existing stock in the long term. Once self-financing goes ahead, Medway would be expected to take on an additional £15.62m of debt as its share of the National HRA debt. Although, it would have to service this additional debt, it would no longer be paying negative subsidy to the Exchequer.

For self-financing purposes the Government has assumed Medway's existing HRA debt to match the current Subsidy Capital Financing Requirement at £26.7m, giving a total of £42.3m once the additional debt has been applied. One of the stipulations of the self-financing 'offer' to local authorities is that their total borrowing into the future should be limited to their opening debt settlement - thus in Medway's case its borrowing would be limited to a ceiling of £42.3m.

The changes will take effect from the 1 April 2012, and will require preparation of a robust 30-year Business Plan. The emerging funding streams will be aligned to a works programme (based upon agreed priorities) and monitored by the Asset Management Group.

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## Priorities

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This section explains how our priorities in the Interim Business Plan were chosen and introduce the 2011/12 Action Plan.

With so much change in the social housing sector, we felt that it was right to review whether our existing priorities were the ones to take us forward in this new environment.

We believe our new priorities should be ones that have a clear focus on the efficient delivery of key housing management services, adding value wherever possible to the individual experience of each of our residents.

At the same time we wanted to acknowledge both local and national changes. The HRA Business Plan aims to complement the national and local policy environment in which we operate therefore our Business Plan themes mirror those of the TSA:

- Resident Involvement and Empowerment
- Home
- Tenancy
- Neighbourhood and Community
- Value for Money

These themes provide our 'scrutineers' with a consistent framework to judge our performance. They focus on the delivery of core housing services whilst acknowledging the contribution that we make to communities as a whole. The detailed actions behind these themes are shown our Action Plan, which is attached at Appendix 2. The Action Plan is a one-year action plan which sets out what we intend to achieve in a year and assists us to:

- Set realistic short-term goals
- Gauge and report on existing performance levels
- Project future performance
- Demonstrate commitment to continuous improvement

This ensures that we remain responsive to the needs of our residents.

## Performance Management

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This section outlines the measures we have put in place in order to effectively monitor the Business Plan and how the performance management framework will ensure we continuously improve our performance and deliver the priorities we have agreed with our tenants.

Our aim is to continuously develop and improve services to meet the needs of our residents. A structured approach to performance management, centred on the Action Plan, will allow us to do this effectively and efficiently in partnership with customers, partners and staff.

Our Performance Management Framework combines a detailed performance measurement framework with objective-based monitoring of Projects and Programme targets. This allows us to monitor performance improvements within individual services, for example, reducing the level of outstanding rent arrears, as well as monitoring the delivery of specific projects. Performance Indicators are collected on a monthly basis and we produce a monitoring report called Performance Matters to identify the level of service that we are providing to its customers. A summary report is published on the website each month and discussed at the respective Focus Groups.

Service Plans are one-year action plans that set out how we will improve every service we deliver to residents. Managers have responsibility for producing Service Plans that show, at team level, what tasks are undertaken to further the HRA Business Plan priorities. Service Plans are required to highlight:

- Outcomes that will be attained and what impact this will have on customer experience and how these are to be measured.
- Risks associated with the objective and how these can be managed.
- How the plan delivers value for money

## Appendices

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## Appendix 1

Appendix 1									
<b>HOUSING REVENUE ACCOUNT BUDGET SUMMARY</b>									
	Budget 2010/11			Forecast 2010/11			Approved Budget 2011/12		
	Exp	Income	Net	Exp	Income	Net	Exp	Income	Net
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Housing Revenue Account</b>									
<b>H.R.A. Working Balance B/f</b>			<b>(£5,127)</b>			<b>(£5,127)</b>			<b>(£6,011)</b>
Housing Management	£1,013	£0	£1,013	£1,108	£0	£1,108	£1,112	£0	£1,112
Service Improvement	£361	£0	£361	£272		£272	£350	£0	£350
Community Development	£74	£0	£74	£70		£70	£73	£0	£73
Tenancy Services	£864	£0	£864	£860	£0	£860	£731	£0	£731
Housing Maintenance	£2,715	£0	£2,715	£2,614	£0	£2,614	£2,712	£0	£2,712
Homes for Independent Living	£707	£0	£707	£672	£0	£672	£707	£0	£707
Estate Services	£370	<b>(£15)</b>	£355	£361	<b>(£4)</b>	£357	£505	<b>(£4)</b>	£500
Housing Finance	£157	<b>(£22)</b>	£134	£165	<b>(£22)</b>	£143	£175	<b>(£22)</b>	£153
Rent Rebate Subsidy Limitation	£267	£0	£267	£201	£0	£201	£154	£0	£154
Capital Financing Costs	£3,137	£0	£3,137	£3,172	£0	£3,172	£3,270	<b>(£12)</b>	£3,258
Housing Subsidy	£1,357	£0	£1,357	£1,357	£0	£1,357	£1,771	£0	£1,771
Rent Income	£0	<b>(£12,028)</b>	<b>(£12,028)</b>	£0	<b>(£11,782)</b>	<b>(£11,782)</b>	£0	<b>(£12,376)</b>	<b>(£12,376)</b>
Other Income	£0	<b>(£199)</b>	<b>(£199)</b>	£0	<b>(£142)</b>	<b>(£142)</b>	£0	<b>(£137)</b>	<b>(£137)</b>
<b>Total Housing Revenue Account</b>	<b>£11,022</b>	<b>(£12,265)</b>	<b>(£1,243)</b>	<b>£10,852</b>	<b>(£11,950)</b>	<b>(£1,098)</b>	<b>£11,559</b>	<b>(£12,552)</b>	<b>(£993)</b>
Further Revenue Contribution to Capital Expenditure			<b>£1,761</b>			<b>£0</b>			<b>£2,889</b>
Costs of Reorganisation						<b>£214</b>			
<b>H.R.A. Working Balance B/f</b>			<b>(£4,609)</b>			<b>(£6,011)</b>			<b>(£4,115)</b>

## Appendix 2

### Our Delivery Action Plan for 2011/12

#### Theme **1 Tenant Involvement and Empowerment**

- Customer service, choice and complaints
- Involvement and Empowerment
- Understanding and responding to the diverse needs of tenants

#### Customer Satisfaction

No	Satisfaction Measure	Target 2011/12
1	Average satisfaction with service in respect of Estate Management	95%
2	Overall satisfaction with the Repairs Service	95%
3	Average satisfaction with rent service	95%
4	Average satisfaction with complaints handling	95%
5	% of respondents satisfied that their views are being taken into account	65%

#### Business Trends and Performance

No	Business Measure	Target 2011/12
6	% telephone calls answered	90%
7	% telephone calls answered within 30 seconds	85%
8	Average time taken to respond to complaints (days)	10 days
9	Average number of attendees per tenants forum	Monitoring

#### Continuous Improvement Projects

Project or Action being undertaken	Target Date
Achieve Customer Service Excellence Award for Housing	Mar 2012
Develop a Community Involvement Strategy and deliver projects and actions for 2011/12	Mar 2012
Develop a feedback loop on how customers participation has influenced services	Dec 2011
Deliver the projects and actions for 2011/12 identified within the Annual Tenants Report 2010	Mar 2012
Review, update and deliver projects for 2011/12 from the Equalities and Diversity Action Plan	Mar 2012

## Theme 2 Home

- Quality of accommodation

### Customer Satisfaction

No	Satisfaction Measure	Target 2011/12
1	Average satisfaction with service in respect of Decent Homes work	95%
2	Average satisfaction with repairs service	95%
3	Average satisfaction with condition of new home	95%

### Business Trends and Performance

No	Business Measure	Target 2011/12
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#### Decent Homes

4	% non-decent council homes	100%
5	Amount spent (£m) improving homes within the programme (+/-5%)	£5.8m
6	Properties improved as part of Decent Homes Programme	Monitoring

#### Void Management

7	Average calendar days to re-let empty properties (All types)	25
8	% rent loss through properties being empty	1.32%

#### Repairs

9	% Emergency repairs completed in time	99%
10	% Urgent repairs completed in time	99%
11	% routine repairs completed in time	96%
12	% of gas servicing compliant	100%

### Continuous Improvement Projects

Project or main Actions being undertaken	Target Date
Develop the Medway Standard for major works and deliver actions for 2011/12	June 2011
Carry out a review of Responsive Repairs in association with tenants	May 2011
Undertake a review of supported housing to ensure it is fit for purpose and offers value for money	Sept 2011

## Theme 3 Tenancy

- Allocations
- Rents
- Tenure

### Customer Satisfaction

No	Satisfaction Measure	Target 2011/12
1	Average satisfaction with Income Management and Rent Service	95%
2	Average satisfaction with re-housing service (new or moving tenants)	95%

### Business Trends and Performance

No	Business Measure	Target 2011/12
3	% of rent collected to date including arrears	99.62%
4	% tenants evicted due to rent arrears	0.2%
5	Current tenant rent arrears as a percentage of annual gross debit	2.86%
6	% of new tenants visited within first 6 weeks	100%
7	Total arrears owed by current tenants	£295,000
8	% statutory homeless households rehoused (as % of all lettings)	Monitoring
9	% transfers or HomeChoice applications registered within 10days	95%

### Continuous Improvement Projects

Project or main Actions being undertaken	Target Date
Implement Direct Debits for customer payments	Sept 2011
Improve the range and accessibility of information on Choice Based Lettings	Sept 2011
Review how we re-let our empty properties	Sept 2011
Pilot fixed fee approach to delivering of repairs void service	Mar 2012

## Theme 4 Neighbourhood and Community

- Neighbourhood management
- Local area co-operation
- Anti-social behaviour

### Customer Satisfaction

No	Satisfaction Measure	Target 2011/12
1	Average satisfaction with Estate Services	95%
2	% satisfaction with outcome of ASB cases	80%
3	% satisfaction with the way ASB was dealt with	80%
4	% of Estates passing inspection	90%

### Business Trends and Performance

No	Business Measure	Target 2011/12
5	% of successful tenancy exists	75%
6	% tenants moving on within the first 2 years	TBC
7	% reported of high priority graffiti removed within 24 hours	98%

### Continuous Improvement Projects

Project or main Actions being undertaken	Target Date
Review the provision of adaptations and the use of assistive technology to help vulnerable households maintain their independence	Sept 2011
Carry out a review of the way in which we deal with anti-social behaviour and the support provided to victims and witnesses	Dec 2011
Provide more feedback to tenants following Estate Inspections and how issues were dealt with	Dec 2011

## Theme 5 Value for Money

- Value for money

### Customer Satisfaction

No	Satisfaction Measure	Target 2011/12
1	Average satisfaction with value for money for rent	80%
2	Average satisfaction with value for money for leaseholder payments	80%

### Business Trends and Performance

No	Business Measure	Target 2011/12
3	% of leasehold service charge collected	95.76%
4	Average cost of a responsive repair	£108
5	Emergency Repairs as a % of all responsive repairs completed	15%
6	Urgent Repairs as a % of all responsive repairs completed	25%
7	Cost of capital works completed against budget	Monitoring
8	Average weekly management cost	£16.92

### Continuous Improvement Projects

Project or main Actions being undertaken	Target Date
Deliver the projects actions for 2011/12 within the Value for Money Strategy	Mar 2012
Undertake a Benchmarking exercise within the HRA to review efficiency and effectiveness	Mar 2012



## Diversity Impact Assessment: Screening Form

<b>Directorate</b> Business Support	<b>Name of Function or Policy or Major Service Change</b> Interim HRA Business Plan 2011-12		
Officer responsible for assessment Matthew Gough	Date of assessment 26 May 2011	New or existing? Existing	
<b>Defining what is being assessed</b>			
<b>1. Briefly describe the purpose and objectives</b>	The Interim HRA Business Plan 2011-12 is an update of the 2005-35 HRA Business Plan. It draws together into a single document details of how the Council will manage, maintain and invest in it's housing stock. Full details on all these aspects are already set out within detailed strategies and plans, which have already been approved by Cabinet.		
<b>2. Who is intended to benefit, and in what way?</b>	The services provided with funding from the Housing Revenue Account are designed to meet the needs of Council tenants and leaseholders.		
<b>3. What outcomes are wanted?</b>	<p>The outcomes of the Interim HRA Business Plan are spilt into five themes which mirror those of the TSA:</p> <ul style="list-style-type: none"> <li>• Resident Involvement and Empowerment</li> <li>• Home</li> <li>• Tenancy</li> <li>• Neighbourhood and Community</li> <li>• Value for Money</li> </ul> <p>The one-year action plan contains detailed actions behind each of these themes and will ensure that we remain responsive to the needs of our residents. These actions bring together those already set out in other strategies and plans in a concise document.</p>		
<b>4. What factors/forces could contribute/detract from the outcomes?</b>	<p>Contribute</p> <p>Regeneration of Medway Development opportunities Funding Good quality customer feedback/data analysis Quality of partnership</p>	<p>Detract</p> <p>Local, regional and national economic conditions Changing demographics Increasing housing need Need to prioritise may spread resources too thinly</p>	
<b>5. Who are the main stakeholders?</b>	The main stakeholders are the Council, it's tenants and leaseholders.		
<b>6. Who implements this and who is responsible?</b>	The Head of Performance and Service Improvement		

<b>Assessing impact</b>		
<b>7. Are there concerns that there <u>could</u> be a differential impact due to <i>racial/ethnic groups</i>?</b>	YES	
	NO	
<b>What evidence exists for this?</b>	<p>In line with the Council's translation and interpretation policy, alternative summary versions of the document could be provided.</p> <p>Individual policies and plans will be reviewed as developed to assess the impact.</p>	
<b>8. Are there concerns that there <u>could</u> be a differential impact due to <i>disability</i>?</b>	YES	
	NO	
<b>What evidence exists for this?</b>	<p>A summary of the document will be provided in Easy Read format.</p> <p>Individual policies and plans will be reviewed as developed to assess the impact.</p>	
<b>9. Are there concerns that there <u>could</u> be a differential impact due to <i>gender</i>?</b>	YES	
	NO	
<b>What evidence exists for this?</b>	<p>Individual policies and plans will be reviewed as developed to assess the impact.</p>	
<b>10. Are there concerns there <u>could</u> be a differential impact due to <i>sexual orientation</i>?</b>	YES	
	NO	
<b>What evidence exists for this?</b>	<p>Individual policies and plans will be reviewed as developed to assess the impact.</p>	
<b>11. Are there concerns there <u>could</u> be a have a differential impact due to <i>religion or belief</i>?</b>	YES	
	NO	
<b>What evidence exists for this?</b>	<p>Individual policies and plans will be reviewed as developed to assess the impact.</p>	
<b>12. Are there concerns there <u>could</u> be a differential impact due to people's <i>age</i>?</b>	YES	
	NO	
<b>What evidence exists for this?</b>	<p>Individual policies and plans will be reviewed as developed to assess the impact.</p>	
<b>13. Are there concerns that there <u>could</u> be a differential impact due to <i>being transgendered or transsexual</i>?</b>	YES	
	NO	

What evidence exists for this?	Individual policies and plans will be reviewed as developed to assess the impact.	
14. Are there any <i>other</i> groups that would find it difficult to access/make use of the function (e.g. speakers of other languages; people with caring responsibilities or dependants; those with an offending past; or people living in rural areas)?	YES	
	NO	
What evidence exists for this?		
15. Are there concerns there <u>could</u> be a have a differential impact due to <i>multiple discriminations</i> (e.g. disability <u>and</u> age)?	Y YES	
	NO	
What evidence exists for this?		

**Conclusions & recommendation**

16. Could the differential impacts identified in questions 7-15 amount to there being the potential for adverse impact?	YES	
	NO	
17. Can the adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or another reason?	YES	
	NO	
Recommendation to proceed to a full impact assessment?		
NO	This function/ policy/ service change complies with the requirements of the legislation and there is evidence to show this is the case.	
NO, BUT ...	What is required to ensure this complies with the requirements of the legislation? (see DIA Guidance Notes)?	Minor modifications necessary (e.g. change of 'he' to 'he or she', re-analysis of way routine statistics are reported)
YES	Give details of key person responsible and target date for carrying out full impact assessment (see DIA Guidance Notes)	

<b>Action plan to make Minor modifications</b>		
<b>Outcome</b>	<b>Actions (with date of completion)</b>	<b>Officer responsible</b>

<b>Planning ahead: Reminders for the next review</b>		
<b>Date of next review</b>	The Interim HRA Business Plan will be reviewed in 2012-13	
<b>Areas to check at next review (e.g. new census information, new legislation due)</b>	<p>The impact of the Localism Bill.</p> <p>The introduction of self-financing.</p> <p>The impact of welfare reforms.</p>	
<b>Is there <i>another</i> group (e.g. new communities) that is relevant and ought to be considered next time?</b>		
<b>Signed (completing officer/service manager)</b>	<b>Date</b>	
<b>Signed (service manager/Assistant Director)</b>	<b>Date</b>	