

Agenda for Housing Review Board

Thursday, 9 March 2017 - 2.30pm



[Members of the Committee](#)

Venue: Council Chamber, Knowle, Sidmouth, EX10 8HL
[View directions](#)

Contact: [Alethea Thompson](#) 01395 571653 (or group number 01395 517546): Issued 1 March 2017

East Devon District Council
Knowle
Sidmouth
Devon
EX10 8HL

DX 48705 Sidmouth

Tel: 01395 516551

Fax: 01395 517507

www.eastdevon.gov.uk

Part A matters

- 1 [Public speaking](#)
- 2 [Minutes for 12 January 2017](#) (pages 3 - 11)
- 3 Apologies
- 4 [Declarations of interest](#)
- 5 [Matters of urgency](#) – none identified
- 6 Confidential/exempt items – there are no items which officers recommend should be dealt with in this way.

Part A matters for decision

- 7 **Housing Review Board forward plan** (page 12)
Strategic Lead, Housing, Health and Environment
- 8 **Housing White Paper – Fixing our broken housing market** (pages 13 - 18)
Strategic Lead, Housing, Health and Environment
- 9 **Homelessness reduction bill** (pages 19 - 22)
Strategic Lead, Housing, Health and Environment
- 10 **Establishing a Local Housing Company for East Devon District Council** – to note the Cabinet report. (pages 23 - 45)
Strategic Lead, Housing, Health and Environment
- 11 **Alternative models for building repairs and maintenance service** (pages 46 - 82)
Strategic Lead, Housing, Health and Environment
- 12 **Charging private users of sewage treatment** (pages 83 - 84)
Housing Projects Officer
- 13 **Update on Openhousing implementation** (pages 85 - 88)
Housing Needs and Strategy Manager

- 14 **Quarterly performance indicator report – quarter 3 2016/17** (pages 89 - 106)
Strategic Lead, Housing, Health and Environment
- 15 **HRA financial monitoring report 2016/17 - month 9 December 2016 and HRA Business Plan update** (pages 107 - 116)
Interim accountant
- 16 **Housing Review Board annual report** (pages 117 – 121)
Democratic Services Officer
- 17 **Dates of forthcoming Housing Review Board meetings**
To note the provisional dates of the Housing Review Board meetings for the forthcoming civic year:
Thursday 8 June 2017 - 2:30pm, Council Chamber, Knowle, Sidmouth
Thursday 7 September 2017 - 2:30pm, Council Chamber, Knowle, Sidmouth
Thursday 2 November 2017 - 2:30pm, Council Chamber, Knowle, Sidmouth
Thursday 11 January 2018 - 2:30pm, Council Chamber, Knowle, Sidmouth
Thursday 8 March 2018 - 2:30pm, Council Chamber, Knowle, Sidmouth

(Please note these dates are subject to confirmation by Council)

[Decision making and equalities](#)

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EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Housing Review Board held at Knowle, Sidmouth on 12 January 2017

Attendance list at end of document

The meeting started at 2.30pm and ended at 4.50pm.

***37 Public Speaking**

There were no questions raised by members of the public.

The Chairman informed those present that the meeting of the Housing Revenue Account Business Plan Task and Finish Forum due to be held on 20 January 2017 had been postponed.

***38 Minutes**

The minutes of the Housing Review Board meeting held on 8 September 2016 were confirmed and signed as a true record.

***39 Declarations of Interest**

Mike Berridge: Personal interest - family member lives in a Council owned property and a housing tenant.

Joyce Ebborn: Personal interest - housing tenant

Victor Kemp: Personal interest – housing tenant and in dispute with the Council over an adaptation request to his property.

Cllr Jim Knight: Personal interest - family member lives in a Council owned property and another family member lies in a housing association property.

Pat Rous: Personal interest - housing tenant.

***40 Forward plan**

The Strategic Lead, Housing, Health and Environment presented the forward plan and advised Members that the forward plan acted as a reminder of agenda items to come forward to future meetings. Members were reminded that they could add further issues to the next forward plan by informing either himself or the Democratic Services Officer.

RESOLVED: that the forward plan be noted.

41 Draft Housing Revenue Account 2017/18

The Strategic Lead – Housing, Health and Environment's report provided the Board with details of the draft Housing Revenue Account (HRA) for 2017/18. The account showed the main areas of anticipated income and expenditure on landlord activities for the year ahead. Producing a HRA was a statutory requirement for Council's who managed and owned their stock, and was a key document for the Board to influence.

2012/13 saw the major reform to social housing finance and a move to self-financing, which involved the Council taking on debt rather than paying a subsidy to government from tenants' rents. As a result of this and careful budget management over many years a healthy HRA balance was showing going into the new financial year. The budget had been produced in accordance with HRA Business Plan assumptions.

The Council had a timetable for the production of its budgets for 2017/18, which involved the development of draft estimates and scrutiny by various member and officer groups. The report presented an opportunity for the Housing Review Board to input into this process.

The Strategic Lead – Housing, Health and Environment explained the format of the report and it was noted that the 2016/17 and 2017/18 budgets were very consistent. The biggest issue was the second year of the 1% rent reduction, and this had been factored into next year's budget. A generous allowance had been made for the loss of income due to voids and rent arrears. The Board acknowledged that rent collection performance was critical for the income of the HRA. A healthy HRA surplus was predicted and the purpose of the volatility fund was explained to the Board. Other features of the budget were included on the agenda and would be discussed later during the meeting.

The Strategic Lead – Housing, Health and Environment introduced the new housing accountant and thanked him for his help in compiling the budget.

RECOMMENDED: that the draft housing revenue account 2017/18 report be approved.

42 Draft housing service plan 2017/18

The Strategic Lead – Housing, Health and Environment's report presented the draft service plan for the Housing Service, covering the period 2017/18 for the Board's consideration. The Service Plan was a document that was produced annually and which set out the key achievements over the past year and the forthcoming issues to be faced by the service. A range of service improvements were identified, performance data reported, consultation proposals outlined and budget information provided.

The Strategic Lead – Housing, Health and Environment explained that this year's plan was a similar style and format, with no dramatic changes from the previous year. It was noted that there had been considerable staff changes, with existing staff being successfully promoted. The plan would be considered by the joint Overview and Scrutiny Committees, before being presented to Cabinet for consideration and then to Council for adoption.

RECOMMENDED: that the draft Housing Service Plan for 2017/18 be approved.

43 Support and alarm service charges to sheltered homes 2017/18

The Landlord Services Manager's report updated the Board on the current position regarding the support and Home Safeguard charges and services to customers, and suggested that the final year of the three year phased in support charges anticipated for 2017/18 was not applied. The benefit of this would be to tenants as their support charges would remain at the current level, instead of rising to the expected levels in April 2017. This would be an added burden on the Housing Revenue Account, although it had been included in the budget estimates for 2017/18. The burden would reduce as tenants, that the Council currently subsidised, decreased because the subsidy only applied to those that were tenants of sheltered housing and resident at 6 April 2015. New tenants moving in would pay the full amount.

RECOMMENDED: that the previously agreed final year of the three year phased introduction of support charges in sheltered housing is not applied.

***44 Insurance claim settlement**

The report of the Senior Technical Officer updated the Board on the final settlement of the storm damage insurance claim, with regard to inclement weather and damp/water penetration to tenants' homes as a direct result of the 2013/14 storms. It was noted that approval had been given by the Strategic Lead – Housing, Health and Environment for the outstanding insurance claim to be settled for the total of £1.5 million. Work had been

undertaken to properties before the insurance claim settled, including some improvement works.

The Strategic Lead – Housing, Health and Environment thanked the Senior Technical Officer for the massive amount of work involved with repairing the properties and settling the claim.

RESOLVED: that it be noted that the outstanding insurance claim be settled for the total of £1.5 million.

45 New models of housing delivery

The Board was presented with a report which explored the emerging options for development and stock holding being established by some councils in response to the complex operating environment. The report looked at the merits of a joint venture company and a local housing company for the delivery of affordable housing funded by the Council. It also considered the key drivers and considerations when establishing a new housing delivery vehicle and the benefits that might be derived by operating a development programme and providing housing management arrangements outside of the constraints of the housing revenue account.

The Strategic Lead – Housing, Health and Environment also gave a presentation on the new models of housing delivery. This included:

- The context of the housing revenue account and its constraints.
- Motivations for establishing a new housing delivery model.
- The drivers and ambition to be more effective in meeting the wider housing needs of the area.
- Permissive, enabling powers.
- Flexible range of tenancy options and rent setting.
- What and where next.

In summary the Board supported this exciting opportunity. There was a need to be clear about benefits, implications and risks surrounding a new business model and culture change required.

The Board welcomed the idea and were supportive of this approach. They felt that the local housing company option should be progressed, rather than a joint venture company.

RECOMMENDED:

1. that the Housing Review Board support the outline proposal to establish a Local Housing Company in preference to joining a Joint Venture arrangement,
2. that the Housing Review Board invites the Strategic Lead – Housing, Health and Environment to work up the Local Housing Company proposal, including an initial risk assessment and due diligence considerations;
3. that a further report is brought back to the Housing Review Board and to Cabinet on the findings and suggested way forward.

46 Tenancy strategy and policy review

The Board's approval was sought for the revised tenancy strategy and tenancy policy, which had been updated to reflect current good practice and procedures.

The tenancy strategy set out what the Council would do as a landlord and what it expected Registered Providers working in East Devon to do. It explained expectations with regard to affordability, length and type of tenancies, reviews and assistance at the end of a tenancy,

disposal and conversion of stock, mobility, transfers, downsizing and under occupation, choice based lettings, vulnerable groups, and properties with adaptations.

The tenancy policy focused more on what the Council would do as a landlord. It set out how it would ensure the right type of tenancy was allocated to each tenant, how it would address issues of under occupation of properties and how it would provide family or adapted properties where these were required. It also set out the circumstances in which affordable rents would be charged. The policy included sections on:

- tenancy agreements
- tenancy types and conditions
- sustaining tenancies
- tackling tenancy fraud
- ending the tenancy
- succeeding to a tenancy
- tackling under occupation
- adapted properties
- transfers
- mutual exchanges.

RECOMMENDED: that the revised tenancy policy and tenancy strategy be approved.

47 Alternative models to deliver housing repairs and maintenance

Consideration was given to the report of the Strategic Lead – Housing, Health and Environment which started to explore alternative models for future delivery of the housing repairs service to achieve higher levels of performance and improved value for money. New service delivery models could be widened to include improvement programmes, servicing and other works to tenants' homes. The drivers for exploring alternative models for providing this service included the need for budget efficiencies and building on the high levels of performance currently achieved. There was also an opportunity to have greater control over the repairs and maintenance of tenants' homes whilst drawing on contractors' expertise and sharing the risks with them.

The Strategic Lead – Housing, Health and Environment explained wholly owned subsidiaries and joint venture companies and the principles and advantages of these. The drivers for a more sophisticated procurement of repairs and maintenance to Council homes were:

- greater control over the service
- cost savings and efficiencies
- incentives for service improvement

The report suggested that external consultants be commissioned to undertake a focused piece of work looking at the current trends in the sector, the options for alternative service delivery models and the opportunities for providing tenants a more cost efficient, high performing service.

RECOMMENDED: that the Strategic Lead – Housing, Health and Environment be authorised to appoint consultants to scope, appraise and advise on alternative service delivery options for the repairs and maintenance of tenants' homes.

48 Extension of responsive repairs and voids contract

The Property and Asset Manager's report recommended that a one year extension be awarded to allow a full options appraisal with regard to future contract options to take place, followed by a tender process to secure future contracting arrangements for responsive repairs and void work to properties. It was noted that current contractor performance was good and continuing to improve and that officers had a good working relationship with the contractors.

RECOMMENDED: that the current responsive day to day repairs and void work to Council housing stock contract is extend for one year, from July 2017 to July 2018.

49 Asbestos management policy update

The Property and Asset Manager's report informed the Board that the asbestos policy and associated procedures agreed in January 2016 was now due for further review in order to reflect changes in current legislation and to incorporate good practice across the sector.

RECOMMENDED:

1. that the revised asbestos management plan and procedures for the Council's housing stock be approved (subject to approval from a specialist asbestos consultant).
2. that an additional £100,000 be approved for the management of asbestos in the housing stock.

50 Legionella management plan and procedures

The Property and Asset Manager's report advised members of the Council's responsibilities in relation to legionella management within its housing stock and to ensure that appropriate testing and management of risks was undertaken. It was noted that a 'legionella awareness leaflet' was being created specifically for tenants to raise awareness of the topic and to ensure that good practice was promoted in terms of how tenants managed their homes.

RECOMMENDED: that the legionella management plan be approved.

51 Review of landlord disabled adaptation policy

In 2014 the Housing Review Board agreed a revised landlord adaptation policy. The Property and Asset Manager's report set out a further review to the policy and recommended that the policy be reviewed every two years or sooner if there was a significant legislative need to review.

RECOMMENDED:

1. that the revised landlord disabled adaptation policy for Council homes be approved.
2. that the 2017/18 revenue budget for adaptations be increased to £100,000.

52 Installation of air source heat pumps at Rodney Close, Exmouth

The Property and Asset Manager's report set out a proposal to install an alternative form of heating at Council owned properties in Rodney Close, Exmouth. In line with the objectives to improve the energy efficiency of the Council's housing stock, this was an ideal opportunity to explore the benefits that renewable energy could bring. Rodney Close was a 25 unit sheltered housing scheme which was 'off gas' and currently had night storage heaters. This form of heating system was not particularly efficient and was expensive to run.

Air source heat pumps were an alternative form of heating. They worked by absorbing heat from outside and directing this within the building as hot air. Evidence suggested that a high efficiency heat pump could provide up to 4 times as much heat as a standard electric

heater. The units would be installed on the outside of individual properties and were designed to withstand the toughest of winter climates. The units were deemed extremely reliable with impressive low running costs. The units came with an easy to use controller that was installed on the inside of the property with two functions, one for heating and one for hot water temperature

RECOMMENDED: that the heating upgrade scheme proposed at Rodney Close, Exmouth be approved and rolled out during 2017.

***53 Shared house update**

The Property and Asset Manager's report brought members up to date with the outcome of the retrofit work for the shared house at 102 St Andrews Road, Exmouth. The report included learning from the project, final costs and letting arrangements. The finished property provided six furnished bedrooms with en-suite shower rooms, an office with en-suite facilities, shared dining, kitchen and utility areas.

Rooms were being allocated through Devon Home Choice and would be let to single people between 21 and 55 years of age. Day to day management of the shared house would be the responsibility of the Landlord Services team.

There had been tenant involvement in the project from the very beginning. The initial idea for a shared house came from the Virtual Housing Team, which includes a tenant member. Tenants were involved in selecting kitchen fittings, paint colours, colour and types of flooring and carpets. There was also tenant produced artwork in the communal areas.

It was noted that the project lapsed in time, which had cost implications, and the budget overran. The major additional costs were outlined in the report. The building was retrofitted to enerPhit standards, which would produce energy efficiency and running cost savings.

The project had received positive local and national publicity and had been shortlisted for a Housing Innovation Retrofit Scheme award.

RESOLVED: that it be noted that the work to the shared house in St Andrews Road, Exmouth is now complete and the property is let.

54 Right to Buy update

The Housing Enabling and Allocation Manager's report provided the Board with an update on property acquired using Right to Buy (RTB) receipts and commuted sums. It also set out proposals for future spending. Properties that had exchanged and completed since September 2016 were detailed in the report. It was noted that the allocated amount of commuted sums for affordable housing from the Fortfield Hotel had now been spent. There were limited commuted sums from elsewhere in the district that were available to use. The deadline to spend Right to Buy receipts by the end of December 2016 had been met. The next deadline was to spend approximately £130,000 of RTB receipts by the end of April 2017 – representing two or three additional property purchases.

The report proposed to purchase two or three properties in Exmouth. There were limited commuted sum monies for Exmouth so the remaining 70% would need to be funded either from the Housing Revenue Account or by borrowing from the Public Works Loan Board (PWLb).

The report also put forward options for working with Registered Providers to spend the RTB receipts and to borrow money from the PWLB to match fund receipts.

RECOMMENDED:

1. that the update report on the use of Right to Buy receipts and commuted sums to secure suitable property to add to the Council's housing stock be noted.
2. that delegated authority be given to the Strategic Lead – Housing, Health and Environment, Portfolio Holder for Sustainable Homes and Communities and Chair of the Housing Review Board to approve further purchases to meet Right to Buy spending deadlines using either Housing Revenue Account funding or a loan from the Public Works Loan Board as match funding.
3. that the options put forward be noted and supported, including working with Registered Providers to spend the Right to Buy receipts.
4. that delegated authority be given to the Strategic Lead – Housing, Health and Environment, Portfolio Holder for Sustainable Homes and Communities and Chair of the Housing Review Board to approve bids from Registered Providers for grant.
5. that delegated authority be extended to the Strategic Lead – Governance and Licensing so that the implementation of a Registered Provider agreement and Registered Provider bidding criteria can be approved.

***55 Annual report to tenants 2015/16**

The annual report to tenants 2015/16 was included on the agenda for the Board's information.

RESOLVED: that the annual report to tenants 2015/16 be noted.

***56 HouseMark annual benchmarking report**

The Information and Analysis Officer's report presented the results of HouseMark's cost and performance benchmarking exercise using 2015/16's financial and performance data, it also used some costs and performance from 2014/15 as a comparison. The report compared EDDC with its peers in a number of key areas across the housing service. It was noted that the services scored were doing well, although some costs were high compared to peers.

RESOLVED: that the HouseMark 2015/16 benchmarking report be noted.

57 Housing Review Board recruitment

Consideration was given to the Democratic Services Officer's report which reviewed the recruitment and selection procedures for tenant and leaseholder members of the Housing Review Board and for independent community representative Board members. The revised process ensured that the recruitment and selection process for all co-opted members of the HRB was consistent. Arrangements would also be put in place to avoid the necessity for holding an election, which would be a costly exercise.

The report proposed that in order to involve existing members of the Board in the selection of new co-opted members, three Board members put their names forward to work with officers on the selection process when a vacancy on the Board occurred. Alternatively all existing Board members could be involved in the process, in which case a 'meet the Board' event could be organised for applicants and an opportunity for the Board to choose the new member(s). The Board agreed that three members (one tenant, one councillor and one independent representative) should be selected and members were asked to put their names forward.

RECOMMENDED:

1. that the revised recruitment and selection process of co-opted members of the Housing Review Board be adopted.
2. that three current Board members be selected to assist in the selection of co-opted members; these were Councillor Jim Knight, tenant Mike Berridge and independent community representative Christine Drew.
3. that the terms of reference of the Housing Review Board be updated accordingly.

***58 Date of the next Housing Review Board meetings**

The Board noted the date of the next HRB meeting.

Thursday 9 March 2017 – 2:30pm, Council Chamber, Knowle, Sidmouth

Attendance list

Present:

Cllr Pauline Stott (Chairman)
Cllr Megan Armstrong
Cllr Jim Knight
Cllr Brenda Taylor

Co-opted tenant members:

Pat Rous (Vice Chairman)
Mike Berridge
Joyce Ebborn
Victor Kemp

Independent community representatives:

Christine Drew

Officers:

Isaac Aisu, HRA Accountant
Sue Bewes, Landlord Services Manager
Natalie Brown, Information and Analysis Officer
Emma Charlton, Housing Projects Officer
Mark Dale, Senior Technical Officer
Simon Davey, Strategic Lead - Finance
Michelle Davidson, Housing Adviser
Amy Gilbert-Jeans, Property and Asset Manager
John Golding, Strategic Lead - Housing, Health and Environment
Marian Hitchcock, PA to Strategic Lead Housing, Health & Environment and Housing
Paul Lowe, Housing Enabling & Allocations Manager
Andrew Mitchell, Housing Needs & Strategy Manager
Jane Reading, Tenant & Communities Section Leader
Giles Salter, Solicitor
Alethea Thompson, Democratic Services Officer
Melissa Wall, Housing Projects Officer
Mark Williams, Chief Executive

Also present:

Cllr Jill Elson, Portfolio Holder – Sustainable Homes and Communities
Cllr Ian Thomas, Portfolio Holder - Finance
Cllr David Barrett
Cllr Peter Faithful

Cllr Tom Wright
Jose Ireland, Tenant Scrutiny Panel
Jim Kelleher, Tenant Scrutiny Panel
Sylvia Martin, Tenant Scrutiny Panel

Apologies:

Cllr Ian Hall
Angela Bea, tenant
Julie Bingham, independent community representative
Cllr Steve Gazzard

Chairman Date.....

HOUSING REVIEW BOARD – FORWARD PLAN

This forward plan identifies reports and other agenda items for future meetings of the Housing Review Board. It is also intended to assist agenda management and act as a reminder of items to come forward to future meetings.

Report title	Meeting date	Author
The Housing White paper 2017	March 2017	Strategic Lead – Housing, Health and Environment
Homelessness Reduction Bill	March 2017	Strategic Lead – Housing, Health and Environment
Local Housing Company update on progress	March 2017	Strategic Lead – Housing, Health and Environment
Alternative models for delivering a repairs and maintenance service project update	March 2017	Strategic Lead – Housing, Health and Environment
Charging private users of sewerage treatment plants	March 2017	Housing Projects Officer
OpenHousing project update	March 2017	Housing Needs and Strategy Manager
Performance digest Q3	March 2017	Information & Analysis Officer
Housing Review Board annual report	March 2017	Democratic Services Officer
Quarterly performance reports and regular reports		
Responsive repairs	Quarterly report	Asset and Property Manager
Letting of Council homes/voids	Quarterly report	Housing Needs and Strategy Manager
Devon Home Choice	Quarterly report	Housing Needs and Strategy Manager
Rent management	Quarterly report	Landlord Services Manager
Systems Thinking leading & lagging measures New Tenants Survey	Quarterly report	Strategic Lead – Housing, Health and Environment
Forward Plan	Every meeting	Strategic Lead – Housing, Health and Environment
Formal Complaints	Annual report	Landlord Services Manager
Benchmarking survey	Annual report	Strategic Lead – Housing, Health and Environment
Evaluating the achievements of the Board	Annual report	

Board Members can propose agenda items during meetings/debates that can be included on the Forward Plan for future meetings, or outside the meetings with the agreement of the Chairman and Vice chairman.

Report to: **Housing Review Board**

Date of Meeting: 9 March 2017

Public Document: Yes

Exemption: None

Review date for release None



Agenda item: 8

Subject: **Housing White Paper – Fixing our broken housing market**

Purpose of report: The report sets out the main elements of the Housing White Paper published in February and setting out the governments thinking in respect of national housing policy for the future. The four principle themes of the White Paper are outlined. There has been insufficient time since publication for a detailed analysis, but you officers will be undertaking this in order to produce a response by the deadline in May.

Recommendation: **To note the contents of the Housing White Paper.**

Reason for recommendation: To ensure that the Housing Review Board are aware of the contents of the Housing White Paper and emerging government housing policy.

Officer: John Golding Strategic Lead – Housing, Health & Environment.

Financial implications: None

Legal implications: There are no legal implications on which to comment at this stage.

Equalities impact: Low Impact
It is for government to undertake an equality impact assessment on their policy proposals.

Risk: Low Risk
A risk assessment should be performed by government as part of their policy considerations.

Links to background information: • .

Link to Council Plan: Encouraging communities to be outstanding.

1. Introduction - Fixing our broken housing market

1.1 Published on 7th February 2017 the 104 pages sets out the Governments vision and policy for housing and planning.

1.2 The Housing White Paper consists of four main chapters – Planning for the right homes in the right places; Building homes faster; Diversifying the market; and Helping people now.

1.3 The proposals in the White Paper are articulating how the government intends to boost housing supply and over the long term create a more efficient housing market whose outcomes more closely match the needs and aspirations of all households, and which support wider economic prosperity.

1.4 The list of proposals in the Housing White Paper come under four step headings:

Step 1 Planning for the right homes in the right places

- Making sure every part of the country has an up-to-date, sufficiently ambitious plan so that local communities decide where development should go;
- Simplifying plan-making and making it more transparent, so it's easier for communities to produce plans and easier for developers to follow them;
- Ensuring that plans start from an honest assessment of the need for new homes, and that local authorities work with their neighbours, so that difficult decisions are not ducked;
- Clarifying what land is available for new housing, through greater transparency over who owns land and the options held on it;
- Making more land available for homes in the right places, by maximising the contribution from brownfield and surplus public land, regenerating estates, releasing more small and medium-sized sites, allowing rural communities to grow and making it easier to build new settlements;
- Maintaining existing strong protections for the Green Belt, and clarifying that Green Belt boundaries should be amended only in exceptional circumstances when local authorities can demonstrate that they have fully examined all other reasonable options for meeting their identified housing requirements;
- Giving communities a stronger voice in the design of new housing to drive up the quality and character of new development, building on the success of neighbourhood planning; and
- Making better use of land for housing by encouraging higher densities, where appropriate, such as in urban locations where there is high housing demand; and by reviewing space standards.

Step 2 Building homes faster

- Providing greater certainty for authorities that have planned for new homes and reducing the scope for local and neighbourhood plans to be undermined by changing the way that land supply for housing is assessed;
- Boosting local authority capacity and capability to deliver, improving the speed and quality with which planning cases are handled, while deterring unnecessary appeals;
- Ensuring infrastructure is provided in the right place at the right time by coordinating Government investment and through the targeting of the £2.3bn Housing Infrastructure Fund;
- Securing timely connections to utilities so that this does not hold up getting homes built;
- Supporting developers to build out more quickly by tackling unnecessary delays caused by planning conditions, facilitating the strategic licensing of protected species and exploring a new approach to how developers contribute to infrastructure;
- Taking steps to address skills shortages by growing the construction workforce;
- Holding developers to account for the delivery of new homes through better and more transparent data and sharper tools to drive up delivery; and
- Holding local authorities to account through a new housing delivery test.

Step 3 Diversifying the market

- Backing small and medium-sized builders to grow, including through the Home Building Fund;
- Supporting custom-build homes with greater access to land and finance, giving more people more choice over the design of their home;

- Bringing in new contractors through our Accelerated Construction programme that can build homes more quickly than traditional builders;
- Encouraging more institutional investors into housing, including for building more homes for private rent, and encouraging family-friendly tenancies;
- Supporting housing associations and local authorities to build more homes; and
- Boosting productivity and innovation by encouraging modern methods of construction in house building.

Step 4 Helping people now

- Continuing to support people to buy their own home – through Help to Buy and Starter Homes;
- Helping households who are priced out of the market to afford a decent home that is right for them through our investment in the Affordable Homes Programme;
- Making renting fairer for tenants;
- Taking action to promote transparency and fairness for the growing number of leaseholders;
- Improving neighbourhoods by continuing to crack down on empty homes, and supporting areas most affected by second homes;
- Encouraging the development of housing that meets the needs of our future population;
- Helping the most vulnerable who need support with their housing, developing a sustainable and workable approach to funding supported housing in the future; and
- Doing more to prevent homelessness by supporting households at risk before they reach crisis point as well as reducing rough sleeping.

1.5 The Housing White Paper has received mixed reactions from the sector with some commentators suggesting that it has failed to address some aspects of market failure and is seeking to blame others for the lack of delivery of the fragmented national policy in the past. It presents little by way of new ideas and to some extent just consolidates government thinking.

1.6 Some of the headline features of the Housing White Paper include:

- Housing targets – The government will introduce a standardised assessment of housing need, which will apply from April next year if a Local Plan is not in place. Over time if councils are not delivering a high enough percentage of their targets in their Local Plan presumptions in favour of sustainable development will apply.
- CPO powers – The government will prepare guidance for local authorities encouraging use of their compulsory purchase powers to support the building of stalled sites. This has been seen as a threat to force builders to develop.
- Affordable housing in build to rent – Build to rent developers will be allowed to offer discounted rental apartments instead of more traditional affordable housing. A condition will be that 20% of the development is affordable and three year tenancies are offered throughout.
- Starter Homes – Plans to impose 20% of Starter Homes on all new developments were changed in favour of an expectation that 10% of new sites be affordable home ownership. The manifesto pledge to build 200,000 Starter Homes by 2020 has been scrapped.
- Registered Provider rents – The rent cut will continue as planned until 2020, with a new rent standard introduced by the regulator from that point, the contents are unknown at this time.

- 1.6 The government plans to punish councils who miss their own housing targets in Local Plans by making easier for developers to gain planning permission. Savills have reported that half of all planning authorities have lower housing targets in their Local Plan than the objectively assessed housing need. The White Paper says that councils will have to update their Local Plans if the housing target “can no longer be justified against their objectively assessed requirement”.
- 1.7 I have appended a useful Chartered Institute of Housing briefing on the Housing White Paper in **annex 1**.
- 1.8 The consultation process will run for twelve weeks and responses have been sought by 2nd May. A series of 38 questions are posed that respondents are invited to answer in their responses.



What you need to know about the housing White Paper 2017

Introduction

The government has published a White Paper – fixing our broken housing market – setting out their proposals for future housing legislation. It is divided into four chapters and we have summarised the key points in each. There are a number of measures in the White Paper which have been announced previously, for example, more flexibility in the affordable homes programme and tackling rogue landlords. The White Paper is available [on the DCLG website](#).

Planning for the right homes in the right places

- Ensuring that all parts of the country have an up-to-date plan which the whole community has been able to contribute to.
- Ensuring the plans are based on an accurate assessment of housing need which should include local authorities working with their neighbours to make difficult decisions.
- Local authorities should identify all land available for housing and who owns it.
- Maximising use of brownfield and publicly owned land while continuing to protect the green belt.
- Making better use of land by building to higher densities and reviewing space standards.
- Government will consult on housing need assessment methods to ensure a consistent approach that takes account of the needs of different groups.

Building homes faster

- Introducing a housing delivery test for local authorities to ensure they are delivering the housing needed with monitoring starting from the period April 2014-March 2015 to April 2016-March 2017.
- Addressing the lack of capacity in planning departments by ensuring councils have sufficient funding to recruit properly trained planners.
- Ensuring the right infrastructure is in place and secure timely connections to utilities to allow building to start promptly.
- Addressing skills shortages in the construction workforce.

Diversifying the market

- Encouraging more small and medium builders, custom builders and non-traditional construction methods e.g. offsite construction.
- Encouraging more institutional investors into build to rent schemes, including affordable private rent where homes will be available for rent at a minimum of 20 per cent below market rents. Eligibility will be based on local incomes and house prices.
- Making more 'family friendly' tenancies of three or more years available to those who want them – this appears to apply to new build homes for market rent.



- Government will set out a rent policy for all social landlords to use from 2020 which will allow them certainty to borrow against future income, there will be further discussions about this with the sector.
- Government will expect all housing associations to make the most efficient use of their resources to deliver the maximum number of new homes.
- Providing more support for local authorities to help them start building by addressing issues that hold them back. All those placed in new affordable homes built by local authorities using models such as local housing companies should have the same rights as existing tenants including the right to buy.
- Working with lenders and surveyors to ensure that mortgages are available for properties built using non-traditional construction methods.

Helping people now

- The government has announced some changes to the starter homes scheme. It will be restricted to households earning less than £80,000 (£90,000 in London), there will be a 15 year repayment period for the discount meaning that, if the property is sold during this period, some or all of the discount must be repaid and all homes must be purchased with a mortgage.
- The number of starter homes required on site is to be reduced from 20 per cent to 10 per cent and for rural exception sites it is acceptable to require a local connection.
- All new developments must have a minimum of 10 per cent of homes available for affordable homeownership.
- Government has recognised that helping older people downsize keeps the housing cycle moving by freeing up homes for the many families across the UK who need them and they are exploring ways to resolve this.

What does CIH think?

The package of measures announced today represents an important shift in housing policy which demonstrates a commitment to tackle our housing crisis.

It's particularly pleasing to see the government recognise the need for a broader range of organisations to build new homes, especially the crucial role of local authorities in delivering the housing we need – something we've consistently called for.

However our concern is that much housing remains out of reach for a significant number of people and we would like to see the government back up the package of measures announced today with additional funding and resource in the budget.

We also think the government should revisit welfare policies we think undermine its commitment to make housing more accessible.

Find out more

- [CIH responses](#) to consultations on [starter homes](#) and [rogue landlords](#)
- Why not join our member opinion panel? [Sign up here](#)
- [Join our webinar](#) at 11am on 14 February 2017 when Gavin Smart, CIH deputy chief executive will talk about the White Paper's main headlines

Report to: **Housing Review Board**

Date of Meeting: 9 March 2017

Public Document: Yes

Exemption: None

Review date for release None.

Agenda item: 9

Subject: **Homelessness Reduction Bill**

Purpose of report: This report sets out the contents of the Homelessness Reduction Bill and some of the implications for our homeless duties and approach to early intervention and prevention. Whilst the contents of the Bill have not been passed into law we can prepare for the changes in anticipation of more onerous homeless duties being enacted.

Recommendation: **To be aware of the contents of the Homelessness Reduction Bill.**

Reason for recommendation: To create an awareness of future legislation in relation to homelessness and assist in our preparations for changes in service to comply with new laws.

Officer: John Golding Strategic - Lead Housing, Health & Environment.

Financial implications: None

Legal implications: The legal framework is set out within the report and requires no further comment.

Equalities impact: Low Impact
The legislation is designed to protect vulnerable people.

Risk: Low Risk

Links to background information: • .

Link to Council Plan: Encouraging communities to be outstanding.



1. Introduction

1.1 The Homelessness Reduction Bill is a Private Member's Bill introduced to Parliament on 29 June 2016 by Bob Blackman, backbench Conservative MP for Harrow East. The Bill draws on the work of an independent panel of experts, established by Crisis (the national charity for single homeless people) in 2015 which favoured a framework similar to the one introduced by the Housing (Wales) Act 2014. The expert panel's aim was to assess the strengths and weaknesses of the current legislation affecting single homeless people in England, and to propose improvements to the legal framework to prevent and tackle single homelessness more effectively in England, without undermining the rights people currently have under the existing system.

1.2 The Bill was published following a homelessness inquiry conducted by the cross-party Communities and Local Government (CLG) Select Committee and takes into account the recommendations of the Committee's pre-legislative inquiry. The Bill has also received government support.

This report outlines the main measures being proposed by the Bill and how they would amend current homelessness law. The latest version of the Bill is due to be debated in the House of Lords on the 24th February 2017. There could be several amended versions of the Bill as it makes its way through the rest of the legislative process.

2. Definition of homelessness/ threatened homelessness

2.1 Part VII of the Housing Act 1996, as amended by the Homelessness Act 2002, sets out the duties owed by English local housing authorities (LAs) to someone who is homeless or threatened with homelessness.

Section 175 of the 1996 Act defines that a person is threatened with homelessness if it is likely that they will become homeless within 28 days.

Under the Bill, the number of days has been extended from 28 to 56. In addition, people who have received a valid notice under section 21 of the Housing Act 1988 and the expiry date is within 56 days, they will be treated as being threatened with homelessness.

3. Duty to provide advisory services

3.1 Currently, section 179 of the 1996 Act places a general duty on English LAs to ensure that advice and information about homelessness, and preventing homelessness, is available free of charge to everyone in their district.

3.2 Under the Bill, LAs would be required to provide or secure the provision of free services to give people in their area information and advice on:

- preventing homelessness
- securing accommodation if homeless
- the rights of people who are homeless or threatened with homelessness, and
- any help that is available for people who are homeless or likely to become homeless as well as how to access that help

3.3 LAs would be required to ensure services are designed to meet the needs of particular groups that are at increased risk of becoming homeless including (but not limited to); care leavers, people leaving prison, people who have left the regular armed forces, victims of domestic abuse, people leaving hospital and people suffering from a mental illness or impairment.

4. New duties

4.1 LAs in England are required to make inquiries to establish what duty, if any, is owed to someone seeking homelessness assistance. As part of a LA's investigations, they must determine if an applicant has a 'priority need' for homelessness assistance. Categories of priority need are set out in section 189 of the 1996 Act, and are extended by the Homelessness (Priority Need for Accommodation) (England Order) 2002.

4.2 Those who are found to be in priority need and unintentionally homeless are owed what is referred to as the 'full housing duty' meaning LAs are obliged to secure suitable accommodation is made available for them. However, non-priority need households, which are most likely to be single people without children, or childless couples, are owed the 'advice and assistance' duty only. The Bill would legally oblige LAs to assess and provide more meaningful assistance to all people who are eligible and homeless or threatened with homelessness, irrespective of their priority need status.

5. Duty to assess all eligible applicants' cases and agree a plan

5.1 The first step in the proposed new process is for LAs, once they are satisfied someone is homeless or threatened with homelessness and also eligible for assistance, to carry out an assessment of the applicant's case. These assessments should include the circumstances that have caused homelessness and the housing and support needs of the applicant and their household.

5.2 LAs must aim to reach an agreement with applicants on a personalised plan which must be recorded and should set out the steps the applicant and the authority are required to take to ensure accommodation is secured and/or retained. Applicants' assessments and agreements must be kept under constant review until the LA has determined that no other duty is owed to the applicant under part VII of the 1996 Act.

6. The prevention duty: in cases of threatened homelessness

6.1 If an LA is satisfied that an applicant is threatened with homelessness and is eligible for assistance, they must take 'reasonable steps' – with reference to the applicant's assessment – to help them avoid becoming homeless. Once triggered, the prevention duty would continue for 56 days unless it is brought to an end via one of the prescribed conditions. Applicants will have a right to request a review of a decision to end this duty.

7. The relief duty: in cases where the applicant is homeless

7.1 Under this clause, LAs must take 'reasonable steps' – with reference to the applicant's assessment – to help all homeless eligible applicants to secure accommodation for at least six months unless the applicant is referred to another local authority due to having no local connection to the authority they have applied to. Once triggered, the relief duty would continue for 56 days unless it is brought to an end via one of the prescribed conditions. Applicants will have a right to request a review of a decision to end this duty.

7.2 Interim accommodation duties owed to people under the existing provisions (section 188) continue to apply during this stage – the duty to provide accommodation to people who the LA have reason to believe may be homeless, eligible for assistance and in priority need, pending a decision on whether the council is obliged to provide some form of longer term settled accommodation.

8. Failure to co-operate by an applicant for assistance

8.1 This provision would place a requirement on all applicants to co-operate with Local Authority's attempts to comply with their prevention and/or relief duties. If an LA considers that an applicant has 'deliberately and unreasonably refused' to co-operate or take any of the steps set out in the personalised plan, they can serve a notice on the applicant to notify them of their decision as long as the notice explains, what the consequences of the decision are and that they have a right to request a review of the decision.

8.2 Notice can only be served if LAs have provided a 'relevant warning' to the applicant and a 'reasonable period' has elapsed since the warning was given. Consequences of deliberately and unreasonably refusing to co-operate include the ending of the prevention and/or relief duties and in cases where the applicant would normally be owed the full housing duty (section 193), this duty would be limited to securing that accommodation is made available for their occupation for a temporary period until the applicant either:

- ceases to be eligible for assistance
- becomes homeless intentionally from accommodation made available for the applicant's occupation
- accepts an offer of an assured tenancy from a private landlord, or
- decides to cease occupation of the accommodation made available to them
- accepts or refuses a 'final' offer of accommodation

8.3 In deciding whether an applicant has deliberately or unreasonably refused to co-operate, LAs must take into account the applicant's particular circumstances and needs. In addition, the Secretary of State may set out regulations to stipulate the procedures for LAs to follow when serving notices under this section.

9. Care leavers

9.1 All care leavers under the age of 21 will be considered as having a local connection with an area if they were looked after, accommodated or fostered there for a continuous period of at least two years.

10. Mandatory code of practice

10.1 Currently LAs are required to have regard to the Homelessness Code of Guidance for Local Authorities when carrying out their part VII functions. The Bill includes a provision that would allow the Secretary of State to provide LAs with 'one or more' codes of practice, that LAs must have regard to, on how they exercise and monitor their functions under Part VII and staff training.

11. Other changes

11.1 Several other sections of the 1996 Act are amended to take into account the new measures, including where a case is referred to another authority and the right to request a review. In addition, the twelve month tenancy condition private sector discharge offer is amended to a six month tenancy and the section on suitability is amended to incorporate the requirements introduced in the Suitability of Accommodation Order 2012 in relation to private sector discharge offers.

Report to: Cabinet
Date of Meeting: 8 March 2017
Public Document: Yes
Exemption: None
Review date for release: None



Agenda item: 10

Subject: **Establishing a Local Housing Company for East Devon District Council.**

Purpose of report: This report sets out the business case for setting up a Local Housing Company to be wholly owned by the Council with the purpose of providing housing in the general market (so outside of the Housing Revenue Account) and to generate a profit to provide income to the Council's general fund.

The report covers the purpose, benefits, legal position, risks, and considerations of operating a Local Housing Company, and specifically what this housing delivery vehicle could do that we currently are unable to.

An outline business case considers how the Local Company could operate, its objectives and sets out due diligence considerations.

Recommendation:

That Cabinet;

- (1) Approve the establishment of 'East Devon Homes', a (a wholly owned) Local Authority Housing Company to be incorporated and registered at Companies House as a private company limited by shares;**
- (2) Agree the shareholder function of the Council be delegated to a sub-committee of the Cabinet, to be called the 'Housing Company Sub-Committee' and comprising the Leader, Deputy Leader and Portfolio Holders for Finance, Sustainable Homes and Communities and Corporate Business;**
- (3) Agree the remit and Terms of Reference of the Housing Company Sub-Committee attached at Annex 2;**
- (4) Agree the Housing Company Sub-Committee in consultation with the Strategic Leads for Finance, Governance and Licensing and Housing, Health and Environment be authorised to finalise and document the following arrangements between the Council and the Company;**
 - (a) The Memorandum and Articles of Association for the Company;**
 - (b) Shareholder Agreement between the Company and the Council;**
 - (c) Appointment of Directors, Auditor and (if required) a Company Secretary;**
 - (d) Receive and approve the Business Plan prior to the Company commencing trading (noting that Council approval will be required for any borrowing the Council may do on behalf of the Company);**

- (e) Resourcing Agreement for the Company to use Council staff and facilities in furtherance of its business;**
- (f) Agree appropriate loan and draw down facilities to the Company with associated agreements.**

Reason for recommendation:

To establish a vehicle to accelerate housing delivery and the flexibility to undertake a more diverse range of housing development, including market rented properties.

Officer:

John Golding Strategic Lead – Housing, Health & Environment.

jgolding@eastdevon.gov.uk

Financial implications:

Finance have been involved in the preparation of this report, with the report and annexes highlighting the main financial issues. This report sets out the principles and procedures for establishing a wholly owned Local Authority Housing Company which will be a subsidiary of the Council and will be fully consolidated into the Council's financial statements. Once the documentation outlined in this report relating to the formation of the Company have been produced and presented for approval it is not until that stage the Council will be asked to consider any investment and/or borrowing requests.

It is likely that the Council's Chief Finance Officer (S151) will be part of the Company Board, this will be with a clear understanding of the separation of functions being a board member and the role of advising the shareholder/Council. It is not expected that conflicts will emerge but as stated in the report his will be kept under review and arrangements reviewed and modified if necessary should such a conflict arise.

Legal implications:

Legal have had input in to the preparation of the report and it is considered that the report and Outline Business Case identify the main legal issues. The principle of establishing the Company on the basis of the general power of competency and for the purposes specified seems perfectly permissible. The documentation that governs the relationship between the Council and Company and the running of the Company is crucial to ensure appropriate safeguards for the Council are in place (primarily these are the Shareholders Agreement, Articles of Association and the Business Plan). In addition there are a number of legal issues (identified in headline terms in the report) that will require further consideration as part of the establishment of the Company and as the Business Plan and activity of the Company develops. Advice will be given at the relevant stages to ensure that the relevant legal obligations are appropriately considered and addressed.

Equalities impact:

Low Impact

Risk:

Medium Risk

The report contains a risk assessment and considers the Council's appetite for risk as a consequence of working in new markets and adopting a more commercial approach.

Links to background information:

- .

Link to Council Plan: Continuously improving to be an outstanding council.

1. Introduction

- 1.1 For some time I have been researching changes and trends in the social housing sector relating to new models for delivering housing to meet the seemingly insatiable demand for good quality housing. Despite promises of freedoms and flexibilities our ability to deliver a significant development programme through the Housing Revenue Account is compromised by borrowing restrictions, rent and tenancy controls.
- 1.2 In January 2017 I reported and presented to the **Housing Review Board** a report that considered options for arrangements that could operate alongside the Housing Revenue Account (HRA) and our social housing activities, but that would enable us to operate in a more commercial way. Done well this would complement our social landlord activities and benefit from the experience and infrastructure we have to manage and maintain Council homes.
- 1.3 At the Housing Review Board we explored two main options - a Joint Venture partnership and a Local Housing Company. The desire for control and full ownership favoured the Local Housing Company option and the Board invited me to work up an outline business case and perform some initial risk assessment and due diligence work.
- 1.4 I am reporting my findings to the Cabinet because the model I am proposing would sit alongside the landlord activities, but falls outside of the remit of the Housing Review Board.

2. Outline business case for a Local Housing Company

- 2.1 I have explored the reasons and benefits of setting up a new housing delivery vehicle and why other councils have gone down this route. The key drivers are typically to play a more active role in the local housing market and providing a more diverse housing offer, including market renting and sales. For many there is a view that councils can do a better job than private landlords and developers and provide a housing product that is right for their area rather than what the market seeks to provide. Some see this as a valuable investment model with good returns for the council, whilst fulfilling a useful intervention in the housing market.
- 2.2 I have looked at the drivers and benefits of establishing a Local Housing Company and concluded that if we wish to play a more significant role in the local housing market and diversify our housing offer, then we need a suitable vehicle with which to deliver this ambition. I have taken the view that with the limitations placed on the Housing Revenue Account we need something different and flexible to make a step change in housing delivery.
- 2.3 In 2012 following the self-financing of council housing (with taking on of debt to buy our housing stock) we devised and undertook a soft launch of **East Devon Homes**, which was largely put in place to signal the change to a regime where we were anticipating freedoms and flexibilities. However, this has not materialised and government are continually interfering with our rent setting, tenancy conditions, Right to Buy, sale of high value stock etc. The Local Housing Company presents the opportunity to operate outside these constraints and we could use the East Devon Homes label (as not currently registered at Companies House).
- 2.4 Following the Housing Review Board meeting and support from Strategic Management Team I have explored the case for establishing a Local Housing Company in more detail, including a careful consideration of the drivers, benefits, a SWOT analysis, risks, legal position and due diligence issues. I have produced an outline business case which is reproduced in **annex 1**.
- 2.5 I am suggesting that the high level objectives of a Local Housing Company would be:

- To increase housing supply in the area to address existing demand and meet the needs of a growing population, and help boost growth in the local economy;
- To act as a stimulus for change to improve the quality of rented sector accommodation across the district;
- To set standards for good housing design and management in the local housing market;
- To generate General Fund income for the Council through returns from Private Rented Sector housing and sales receipts from market housing sales and affordable homes;
- To act as a development vehicle for the Housing Revenue Account and deliver affordable housing.

2.6 Complimenting these objectives the benefits of a new form of housing delivery vehicle would be:

- The ability to offer a wider variety of tenure types (including private rented sector);
- Profits from the company can be returned to the Council's General Fund via dividend payments;
- No restriction caused by the HRA borrowing cap (headroom);
- Freedom from the HRA rent regime and the implications of the 'limit rent subsidy' (if properties with higher rents are introduced to the HRA then not all housing benefit costs can be reclaimed);
- Avoids potential stock losses through the Right to Buy.

2.7 The Company can start small and build over time. Being entirely under the control of the Council we can operate at a pace that we are comfortable with, managing risk and exploring opportunities for development that are viable and provide a return on our investment. This might include acquisitions of existing homes, purchasing from developers, and/or development of land in our ownership or purchased through the market. I envisage the Local Housing Company undertaking work for the Housing Revenue Account and providing affordable homes as well as a more commercial activities being housing for sale and market rent.

2.8 It is essential that we establish the company so that it is flexible and agile, and free of much of the local authority bureaucracy. Whilst remaining accountable and owned by the Council to be effective the company needs to be able to react quickly to opportunities, take calculated risks, and operate in the commercial environment.

2.9 I have considered the contents of the recently published **Housing White Paper** in relation to the proposal and concluded that with the government seeking ways to accelerate house building, and promoting home ownership models, this would only serve to increase the need for a new delivery vehicle that can operate outside of the constraints imposed by Housing Revenue Account rules. The drivers for establishing a Local Housing Company are consistent with the growth agenda being promoted and can benefit from the reshaping of national housing policy being advanced through the initiatives outlined in the Housing White paper.

2.10 The Housing White Paper also states "the government asks local authorities to be as ambitious and innovative as possible to get homes built in their area" and under the section listing proposals and concerned with diversifying the market it says government will be "supporting housing associations and local authorities to build more homes".

2.11 Under a section titled backing local authorities to build the Housing White paper states "Increasingly and across the country local authorities are using innovative new models to get homes built in their area. There are a number of good examples of Local Development Corporations local housing companies and/or joint venture models building mixed sites, which include new market housing for sale or private rent, as well as affordable housing. We welcome innovations like these, and want more local authorities to get building. To that

end we will seek to address the issues that hold them back. However, we want to see tenants that local authorities place in new affordable properties offered equivalent terms to those in council housing, including a right to buy their home”.

3. Specific Considerations

- 3.1 The Outline Business Case details the legal framework and identifies that the general power of competence (S.1 Localism Act 2011) should be relied upon. In carrying out a ‘commercial purpose’ under the general power of competence, it is a legal requirement that this is carried out through a company.
- 3.2 The proposal is to establish a wholly owned private company limited by shares. This will mean that the Council is the sole shareholder and as such the company would be a controlled company for the purpose of the Local Government Act 1989 and the related Local Authorities (Companies) Order 1995. This places obligations on the company to ensure that those it deals with are aware that it is local authority owned but also it is restricted in terms of political and certain other activity. These requirements will be taken into account and appropriately addressed during formation and operation of the Company.
- 3.3 Governance arrangements are clearly an important aspect to the setting up of the Company. While acknowledging the desire of the Company to be flexible and agile, there does need to be sound and robust management of the Company, and equally there does need to be adequate protection of the Council’s financial and reputational investment in the Company. This will be achieved through the documentation and arrangements that set up the Company as detailed in the Recommendations and in more detail below.

Shareholder Agreement

- 3.4 The ultimate control of the Company rests with the shareholder, while operationally the Company is run by the Board of Directors with potentially a senior manager / managing director. Generally speaking the Board of Directors of a company is its main decision making body and is free to act as it thinks are in the best interests of the Company. The shareholder can reserve certain activities to ensure that the Company cannot take certain decisions or carry out certain activities. Accordingly it is recommended that there is a shareholder agreement which would seek to ensure that only the shareholder (so the Council) can undertake certain activities. It is suggested that this reserves the following, as a minimum, to mitigate risk to the Council:
 - 3.4.1 Issuing new shareholder capital (to ensure Council retains control of the Company)
 - 3.4.2 Borrowing of money (as the Company’s borrowing forms part of the Council’s debt profile)
 - 3.4.3 Access to information about the Company (as shareholders are not automatically entitled to detailed financial and operational information)
 - 3.4.4 Agreement of the Business Plan (to set out the performance levels expected of the Company and the tolerances – both financial and decision making)
 - 3.4.5 Enshrining ‘controlled company’ requirements to ensure Board of Directors comply
 - 3.4.6 Changing Directors and the Company Secretary (if appointed)
- 3.5 The Shareholder Agreement will provide a framework for governance but otherwise the Board can operate the Company as it sees fit. In terms of how the Shareholder function is carried out, the intent is for a sub-committee of Cabinet to exercise this role on behalf of the Council. The terms of reference for this sub-committee are attached (**Annex 2**) and details how the function will be exercised. There will be at least two meetings annually, one of which will be the annual meeting where an annual report and the annual accounts are

presented. Other meetings will be on an 'as required' basis. The sub-committee, as the Shareholder, will effectively hold the Directors to account.

Directors

- 3.6 The Board of Directors will be responsible for delivery of the expected outcomes of the Business Plan. They have oversight of the performance, financial and operational management of the Company within the parameters agreed with the Shareholder.
- 3.7 The Board of Directors will be appointed by the Housing Company Sub-Committee and on the basis of the Director Appointment documentation. It is expected that the Board will comprise most of the Council's Senior Management Team (Deputy Chief Executive and Strategic Leads for Housing, Health and Environment; Finance; Governance and Licensing and Organisational Development and Transformation) but not the Chief Executive. As noted in the Outline Business Case, the Shareholder may wish to appoint further directors to add further commercial experience to the Board, which is entirely permissible and will be covered by the Shareholder Agreement.
- 3.8 Whilst the Council's Chief Finance Officer (S.151) and Strategic Lead for Governance and Licensing (also the Monitoring Officer) will be part of the Board, this is with a clear understanding of the separation of functions between all officers on the Board of Directors and officers providing advice to the Shareholder (and also Council when acting in its funding capacity) on behalf of the Council. It is not expected that conflicts will emerge but this will be kept under review and arrangements (or directorships) kept under review and modified if necessary to accommodate changes in circumstances.
- 3.9 Directors are subject to their own statutory duties (for which see the Companies Act 2006) along with other legal duties. The Directors will be advised of their collective and personal responsibilities and liabilities. It is expected that the Council will indemnify and / or insure the Directors in accordance with provisions of the Local Authorities (Indemnities for Members and Officers) Order 2004.
- 3.10 Any Director who is an employed officer will not be remunerated in their position as Director.

Memorandum and Articles of Association

- 3.11 These are effectively the Company's Constitution setting out the rules governing the running of the Company by the Directors. There are standard template articles that can be used and adapted as necessary. In general terms, the articles will ensure a company limited by shares; there will be one shareholder (East Devon District Council), the liability of the Council will be limited to the nominal value of its share; if a Director ceases to be employed as an officer of the Council then they will, ordinarily, cease to be a Director; it will cover procedures for meetings and voting; requirements as to signing documentation; rules surrounding being a wholly owned local authority company and the requirements for auditing of accounts, amongst others.

Business Plan

- 3.12 This document will determine the operational parameters of the Company and, while it will evolve over time, it is likely to cover some or all of the following:
 - 3.12.1 Operational plans
 - 3.12.2 Financial model and assumptions
 - 3.12.3 Investment Strategy
 - 3.12.4 Rents, sales and development assumptions

3.12.5 Distribution Policy – is all profit returned to the Shareholder or is some retained for future investment and / or running capital

3.12.6 Fees, on-costs and tax

3.12.7 Funding profile and sensitivity analysis

- 3.13 The Shareholder retains input in to the Business Plan to ensure that the Company is delivering to the Shareholder's aims and the Company Directors can be held accountable in respect of it. There will need to be a business plan approved prior to the Company beginning to trade.

Resource Agreements

- 3.14 It is anticipated that many of the support services (both advisory and service provision) are likely to be contracted out by the Council (e.g. legal and finance advice and maintenance services). There may be other related costs too, such as accommodation and goods. All of these will be the subject of appropriate legal documentation and services will be charged at normal commercial rates to the Company.

Loan agreements

- 3.15 These will depend on the nature of what the Company is doing. Most likely the Company will ask the Council to borrow from the Public Works Loan Board (as detailed in the Outline Business Case). It is possible though that the Council could loan from capital reserves. All borrowing / loans will need proper documentation. Consideration will be given to imposing legal charges in respect of property to protect the Council's investment where appropriate.

4. Other matters (including Tax, State Aid, EU Procurement)

- 4.1 As a company, the Company will be liable to pay corporation tax in the normal manner on profits. It will also have a different position in respect of VAT and also stamp duty land tax in terms of property transactions.
- 4.3 The Outline Business Case also identifies that there are potentially issues surrounding State Aid (so ensuring that the Company is not subsidised by public money) in terms of loans, use of staff / resources and provision of services and EU Procurement (ensuring public bodies trade fairly, openly and get best value). The issues are explained in the Business Case as is the potential ways of overcoming / addressing them. The Company may not be subject to EU procurement, but even if it is there are rules that mean the letting of contracts by the Council to the Company would not be subject to EU procurement rules.
- 4.3 There are also a number of other legal issues that the Council will need to consider, depending on what assistance the Council is to give the Company and what the Company intends doing. These primarily revolve around the funding of or providing lending to the Company (in the context of the purpose of the funding / lending) and the transferring of land (different considerations apply to general fund land compared to housing revenue account land) or other assets for the Company to use including the duty to secure best value for land, although noting the ability to sell for an under-value in certain circumstances. There are a number of other considerations, including the intention to help deliver affordable housing and the responsibilities on the Council as Housing Authority.
- 4.4 Ultimately all of the above will be considered on a case by case basis. Advice on the issues and consideration of the implications and the best way forward for both the Company and the Council will be given as appropriate. Essentially each party will receive specialist advice on the relevant issues as it affects their decision making to ensure that informed and lawful decisions are taken.

5. Risks

- 5.1 While the Company is likely to consider a variety of different opportunities to deliver its purpose, options under consideration will be subject to appraisal and due diligence to ensure sound decision making. Ultimately the Business Plan, once approved, will dictate that the Company will operate within clearly defined parameters which will be overseen by the Shareholder.
- 5.2 The Outline Business Case identifies and analyses specific risks in Section 6. However, and in addition, it is worth highlighting the following to demonstrate that there are appropriate controls in place:
- 5.2.1 The Shareholder Agreement will set out controls around the way the Company can be run and its dealings;
 - 5.2.2 The Articles of Association will further set out the powers available to Directors;
 - 5.2.3 The Business Plan sets clearly defined parameters and the Housing Company Sub Committee are able to hold the Directors to account for the delivery of the Business Plan;
 - 5.2.4 Funding provided by the Council will be subject to approvals by the Housing Company Sub Committee and (depending on the circumstances) Council;
 - 5.2.5 Asset transfers will be subject to the requirement to obtain best value for land (although subject to the ability to dispose of at an undervalue in appropriate circumstances);
 - 5.2.6 Possible use of legal charges to protect the Council's interests;
 - 5.2.7 The Company will be subject to its own auditors and will be subject to the requirements of company law and filing at Companies House.

6. Housing Revenue Account

- 6.1 It is important to note that the Outline Business Case explains that the Housing Revenue Account and HRA Business Plan will continue to operate as it does currently to ensure compliance with our legal obligations in respect of social housing. There is likely to be opportunity for the Council (acting through the HRA) to work alongside the Local Housing Company but their functions are distinct and the HRA responsibilities will continue to be delivered by the Council.

7. Next steps

- 7.1 Assuming the principle of establishing a Local Housing Company is accepted the next steps involve producing articles of association and a shareholder agreement, establishing a Board, detailing the scope of the company business and setting up the company as a legal entity.
- 6.2 A Business Plan is required setting out the ambitions and operating principles of the new company. I envisage this developing over time as we realise the full potential for business expansion and if we like what is being delivered.
- 6.3 If the recommendation is supported I will work with Legal and Finance colleagues to establish the company and report back on progress, and provide an indication of the first projects to be delivered together with the Business Plan.

Annex 1

The Outline Business Case for establishing a Local Housing Company

(1) Introduction

The role of councils in meeting the housing and commercial needs of their districts is changing. Local authorities are increasingly looking at the role they can play in stimulating the local economy through increased employment and delivering new local housing investment. The drivers for taking a leading role in housing and commercial investment are to directly address local housing supply shortfalls, and to generate additional revenue to support other identified priorities.

This Outline Business Case sets out how the Council, utilising a Local Housing Company vehicle, will seek to establish a key role in delivering new housing that will meet the needs of the district going forward whilst making sound financial investments, which will help support the provision of council services. The high level objectives in setting up a Local Housing Company are as follows:

- To increase housing supply in the area to address existing demand and meet the needs of a growing population, and help boost growth in the local economy;
- To act as a stimulus for change to improve the quality of rented sector accommodation across the district;
- To set standards for good housing design and management in the local housing market;
- To generate General Fund income for the Council through returns from Private Rented Sector housing and sales receipts from market housing sales and affordable homes;
- To act as a development vehicle for the Housing Revenue Account and deliver affordable housing.

The use of a Local Housing Company model has the advantage over developing property in-house in that:

- Housing held for market rent sits outside of the HRA, so returns flow to the General Fund.
- Housing is not subject to the constraints of the Housing Act and secure tenancy regime.

The Local Housing Company will operate as a business and as such will have a separate Business Plan in place which outlines how it will operate and the resources required to meet its ambitions.

Establishing a Local Housing Company will permit the Council to provide general needs housing at social and intermediate rent levels as well as housing for market sale housing, which differs from the Council's HRA general need housing.

Local Housing Company aims and rationale

East Devon District Council is looking to set up a new housing vehicle to meet a number of social and economic objectives. These are:

- To increase housing supply in the area to meet existing and future needs of a growing population, and help boost growth in the local economy;
- To develop homes for sale;
- To act as a stimulus for change to improve the quality of rented sector accommodation across the district;
- To set standards for good housing design and management in the local housing market;
- To generate General Fund income for the Council through returns from private rented sector housing and sales receipts from market housing sales and affordable homes;
- To support the HRA in realizing its development ambitions.

Current position

There is a demand within the District for additional good quality rental accommodation and provision of properties for a variety of demographics. The Council has a modest land supply, however, developers are not coming forward to deliver the type of new housing at the rate required by the market.

Therefore, the Council believes it requires a new solution, by setting up a new housing vehicle to deliver high quality housing, making use of its unique position in respect of the following:

- The land the Council currently holds and the related opportunities associated with this land.
- The Council has access to low cost borrowing and the HRA surplus.
- The Council has a willingness to take a longer term return than the private sector.
- The Council has an existing in-house Housing Service, combining property lettings, management, repairs and improvements.

Benefits of a wholly owned Local Housing Company

The Council considered various options for a council led housing investment strategy having observed and researched activity in the social housing sector.

The Council has decided to go forward with the option of setting up a Local Housing Company. This structure provides a number of benefits which include:

- The ability to offer a wider variety of tenure types (including private rented sector);
- Profits from the Company can be returned to the Council's General Fund via dividend payments;
- No restriction caused by the HRA borrowing cap (headroom);
- Freedom from the HRA rent regime and the implications of the 'limit rent subsidy' (if properties with higher rents are introduced to the HRA then not all housing benefit costs can be reclaimed);
- Avoids potential stock losses through the Right to Buy.

SWOT analysis for establishing a Local Housing Company

<p>Strengths</p> <ul style="list-style-type: none"> ➤ Addresses need to increase housing supply in the district. ➤ Increase revenue flow to General Fund. ➤ Flexibility in product offering between market sale and market rent. ➤ Full Council control will ensure it is acting in the Council’s best interests. ➤ The Council’s liability is limited to the funds invested. ➤ Freedom and flexibilities to act commercially. ➤ Can use the expertise and experience of Directors and Non-Executive Directors from the private sector. ➤ Ability to access HCA and other external funding. 	<p>Opportunities</p> <ul style="list-style-type: none"> ➤ Potential to expand: <ul style="list-style-type: none"> o Within East Devon o Within the County o Outside the County. ➤ Potential to develop a partnership: <ul style="list-style-type: none"> o With other Councils o With private providers. ➤ Wider options for raising new capital. The Company can issue new share capital. ➤ The Company will better use existing Council assets (both land and buildings). ➤ The Company could potentially operate other commercial services.
<p>Weaknesses</p> <ul style="list-style-type: none"> ➤ Would be liable to Corporation Tax payments. ➤ VAT implications in a Company model which differ to the Council (the Council is able to recover VAT). ➤ Opportunity cost of not building purely affordable homes on HRA land – i.e. if a site can accommodate 30 new homes which would all be affordable if delivered through the HRA, there would likely be less provided as affordable homes under this route. ➤ Development and operational expertise is not in place for market rent and sale properties. ➤ Council branding may not be appealing to the private sector. ➤ Lack of necessary skills and experience at a Director/Board level. ➤ Additional overhead costs such as external audit fees, registrations with HMRC, and with Companies House. ➤ Having the commercial ‘mind set’ and culture to operate a Local Housing Company. 	<p>Threats</p> <ul style="list-style-type: none"> ➤ Displaced residents may give the new housing Company a bad reputation. ➤ Demographic changes. ➤ Residents becoming more affluent and wishing to buy rather than rent. ➤ Potential increases in interest rates and/or rate of returns for the Council. ➤ Reduced demand caused by increased cost of mortgages from higher base rates. ➤ There may be competitors planning to access the demand for housing in the EDDC area. ➤ Potential lack of access to land for future expansion. ➤ Increasing market construction costs. ➤ Struggling ownership affordability undermining ability to sell if there is a further economic downturn. ➤ State Aid and procurement rules may affect intended operations. ➤ There may be legislation changes which could be unfavorable to the current arrangement (e.g. HRA, Council land disposals/transfers). ➤ Reputation damage for the Council from any tenants removed from properties,

	<p>even if under the terms of the tenancy.</p> <ul style="list-style-type: none"> ➤ Competition from private sector who may be able to achieve greater economies of scale. ➤ Change in government policy on Right to Buy which may be extended to the affordable elements of all developments. ➤ Ability to operate flexibly and quickly with less bureaucracy than normal with Council activities.
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Setting up the Company

It is envisaged that the initial set up of the Company will be managed by the Council and will involve the following key tasks:

- Gaining relevant approvals from Council for set up;
- Obtaining legal and tax advice where required;
- Preparing relevant documentation – articles of association, shareholder agreement and other related documentation;
- Set up of the Company, including incorporation with Companies House;
- Registering the Company for tax purposes, upon commencement of operations;
- Setting up bank accounts for the Company;
- Providing an indemnity for and / or acquiring insurance for directors.

Summary of the operating arrangements

The Council can sell (or in some cases gift) land at market value (determined by an independent valuer) to the Company and advance to it financing in the form of equity and loans. The Company may also acquire/assemble land for development.

The Council will borrow, either from the Public Works Loans Board (PWLB) or through the Local Government Association (LGA) consortium to provide the financing. In some cases the HRA surplus and borrowing ‘headroom’ can be used to finance projects.

The Company will use the funds to develop homes on the transferred or acquired land, and to make acquisitions of existing homes for rent and market sale. The exact mix of rented and sale will be considered on a site by site basis. The cash inflows of the Company will therefore comprise market rents and the proceeds of property sales. These cash flows will be used to service the financing provided by the Council, providing one of the financial returns to the Council.

The properties will be designed and developed by external service providers, procured by the Company. In developing and maintaining these homes, the Company will seek to provide opportunities for local suppliers and contractors wherever possible.

In all cases maintenance and management as well as professional services (e.g. legal and finance) will be provided by the Council. Where the Council delivers services for the Company, these will be charged at market rates in line with a Service Level Agreement (SLA). The loans from the Council to the Company will be on commercial terms, therefore addressing State Aid concerns.

Since the Council can source finance from the PWLB below commercial rates, the Council is likely to make a ‘spread’ on the interest payments received from the Company and those it makes itself to PWLB. The nature of the loan arrangements and categorisation of debt

repayments from the Company as capital receipts in the Council's finances means Minimum Revenue Provision requirements in relation to the PWLB loans can be met.

In addition, the Council it is expected will benefit from dividend payments from the Company when the availability of funds allows.

The cCompany will procure housing management and maintenance services from the council (HRA).

Financial returns to the Council

The Council will earn a return to the General Fund from the Company from three sources:

- A margin earned on services performed for the Company (set at say between 10-15% of the cost of those services);
- A margin on debt interest charged to the Company in excess of the Council's cost of those funds;
- A return on equity invested (through dividends), which reflects profits back to the Council from the Company's operation of the following activities - market sales from housing development, market rental from housing development and market rental from housing acquired.

We will forecast benefits to the General Fund and Housing Revenue Account over the first three years, including a spike of return due to profits from sales of units made in the Company. Beyond three years, the Council will receive a steady inflation linked income plus further spikes of income from sale of units.

(2) Legal implications

The Council has the power to establish a wholly owned Company through the general power of competence under s. 1 Localism Act 2011, which allows the Council to do anything that a private individual can do (subject to restrictions in any pre-existing legislation). This would therefore permit the carrying out of commercial activities and permit the development of a mix of housing provision predominantly market rent and market sale units with the ability for delivery of affordable housing units through a company.

Given that the rationale is a 'commercial purpose' (i.e. making a profit), then legally the only way this can be achieved is through a company. Thus creating the Local Housing Company delivery vehicle would achieve this ambition.

(3) Structuring Options

It is essential that we establish the Company so that it is flexible and agile, and free of much of the local authority bureaucracy. Whilst remaining accountable and owned by the Council to be effective the Company needs to be able to react quickly to opportunities, take calculated risks, and operate in the commercial environment.

Given the aim is for a profit making vehicle, this can be achieved in three ways:

- a) Company limited by shares
- b) Company limited by guarantee
- c) Limited liability partnership

Consideration has been given to a Community Benefit Society/Community Interest Company model, but this would be inappropriate given the Council's obvious focus on profit

distribution. A Limited Liability Partnership was also considered, however, the requirement for 'commercial purposes' to be carried out by a company under the general power of competence (explained above), simply does not apply to such a partnership.

Therefore, the Council is left with two choices: Company limited by shares or Company limited by guarantee. The preferred option is the former, a company limited by shares. The reason for this is the advantageous stamp duty land tax position. Such land tax can be avoided on the land value of any transfer. This is because a wholly owned company (where 75% or more of the paid up shares are owned by the transferor) has the potential to benefit from group relief Stamp Duty Land Tax.

Furthermore, the commercial flexibility means the Company can be sold through its shares and without property transfer complications.

If established as a company limited by shares then it will need to be incorporated and registered at Companies House. There are legal requirements and procedures to follow in setting up the Company – generally speaking set out within the Companies Act 2006 – which will need to be followed.

(4) Governance arrangements

As a wholly owned Company, the sole shareholder will be the Council. The Company will operate through a Board of Directors, who will be making the strategic decisions.

Members will be able to hold the Company, through the Board of Directors, to account through a sub-committee of the Cabinet (called the Housing Company Sub-Committee). This will be an important role for the Members who will be overseeing the Business Plan(s), checking on performance and deliverables via reports of the Board to the Sub-Committee either in accordance with agreed reporting deadlines or upon request.

It is envisaged that the Board will consist of 5 Directors, comprising the Deputy Chief Executive and Strategic Leads for Housing, Health & Environment; Finance; Governance and Licensing; and Organisational Development and Transformation.

Collectively, the Company's Memorandum and Articles of Association, Shareholder Agreement, Business Plan(s) and other related documentation will regulate the relationship between the Council and the Company and determine the operational framework for the Company / Board to follow when running the Company's affairs.

In general terms the following principles will be followed when finalising the documentation for the setting up of the Company:

Purpose

The purpose of the Local Housing Company is ;

- To increase housing supply in the area to address existing demand and meet the needs of a growing population, and help boost growth in the local economy;
- To act as a stimulus for change to improve the quality of rented sector accommodation across the district;

- To set standards for good housing design and management in the local housing market;
- To generate General Fund income for the Council through returns from Private Rented Sector housing and sales receipts from market housing sales and affordable homes;
- To act as a development vehicle for the Housing Revenue Account and deliver affordable housing.

Vision

The vision for the Board is to deliver housing in order to meet the following objectives:

- To meet local housing need in East Devon;
- To allow the Council to act as a key player in housing provision in the District and potentially further afield;
- To facilitate wider stimulation of the economy through delivery of more housing;
- To provide a more commercial dimension to the Council's delivery model;
- To maximise the benefits of the Council's borrowing power and access to affordable finance.

Role and Objectives

The role and objectives of the Local Housing Company Board are:

- To provide support in the set up and subsequent delivery of a Local Housing Company;
- To oversee the sourcing of specialist assistance (e.g. tax and legal advice) to support set up and delivery of the Company;
- To support the procurement and appointment of any private sector development partner;
- To identify and optimise financial resources (e.g. internal reserves and borrowing opportunities) to invest into the delivery mechanism;
- To prepare an initial Business Plan and budget estimates for the Company;
- To provide guidance to the Company on the wider housing market in order to ensure the most effective product;
- To identify further opportunities for expansion of the company;
- To be responsible for the effective management of the Company
- Report on progress quarterly to Housing Company Sub-Committee and other committees as required.

Role of the Board Members

The role of the individual members of the Board includes:

- Understand the strategic objectives, implications and outcomes of initiatives being pursued;
- Understand the risk appetite of the Board and what level of risk is not acceptable;
- Appreciate the significance of the objectives for all major stakeholders;
- Be an advocate for and committed to the agreed outcomes;
- Bring specialist knowledge to the Board, whilst at the same time taking collective responsibility for the outcomes;
- Provide effective and appropriate challenge to delivery to ensure assurance is gained;

- Alert the Board to initiatives and opportunities coming forward to assist in the delivery of the programme such as new government initiatives.

Frequency of Meetings

The Board shall meet quarterly and in line with an agreed meeting schedule.

The frequency of meetings may need to increase during key periods of activity or when issues arise.

Agenda Items

All agenda items must be forwarded to the Strategic Lead (Housing, Health and Environment) by close of business ten (10) working days prior to the next scheduled meeting.

The agenda, with attached meeting papers will be distributed at least five (5) working days prior to the next scheduled meeting.

The minutes of each meeting will be recorded and distributed by the Strategic Lead (Housing, Health and Environment) within five (5) working days of the meeting.

Board Members

All Directors are personally liable for certain functions of the Company; and to this end each Director will be advised of their collective and personal responsibilities and liabilities. It is expected that the Council will indemnify and / or insure the Directors in accordance with provisions of the Local Authorities (Indemnities for Members and Officers) Order 2004.

(5) State Aid and EU Procurement

During the establishment of the Company and preparation of the relevant documentation and the Business Plan, careful consideration will be given to the question of State Aid and EU Procurement and specific legal advice on these points will be sought.

State Aid is where a public body provides financial or tax-payer funded resource support or assistance to one or more organisations thereby conferring an advantage or has the potential to distort competition.

The factors to be considered:

- What assistance is being given to the Company by the Council?
- Does the assistance confer an advantage to one or more organisations?
- Does the assistance distort or have the potential to distort competition?
- Does the assistance affect trade between EU member states?

To ensure State Aid is avoided careful consideration to the above factors will be given. The assistance afforded to the Company by the Council is the transfer of land from the Council to the Company. In order to avoid a State Aid issue, the transfer will be at market value.

In relation to the competition point, the Company will be acting as a private company, a separate legal entity from the Council and will be treated as such. The Company will not benefit from a preferential borrowing rate from the Council, but rather at the appropriate

fiscal market rate. Any Council resources used by the Company (particularly staff) will be covered by properly constructed contractual arrangements at the current market values.

EU Procurement relates to the letting of contracts for works or services over certain threshold values (set out in regulations). Where the threshold values are exceeded there are certain requirements regarding how the contracts are awarded by public bodies (usually requiring a competitive award process) . These rules may or may not apply to the activities of the Company either with respect to how it interacts with the private sector and also in utilising services which can be provided by the Council’s existing services. More detailed consideration will be given to this aspect as the Company is incorporated and when preparing the Business Plan(s).

(6) Risk Analysis

Summary

The Council has **considered the potential risks** associated with setting up the Local Housing Company, and identified ways to mitigate these risks, which span across both the development and operating phases, as well as other non-phase related risks such as financial and legislation risk.

The Company will **maintain a risk register** and discuss any risk issues in meetings with the Board of Directors.

The Company will **practice good governance**, ensuring the right reporting structures and monitoring regimes are in place, in the best interests for the Council, as the owner, funder, operator and service provider of the Company.

Risk area	Risk consideration	Risk mitigation measures
Development	The new development designs do not pass planning requirements.	Pre-application Planning advice to be sought prior to schemes being included in works programme. Some sites already hold planning brief for residential development.
	Risk of appointing Architects who produce poor design or overpaying architects for services.	The Council will procure a design and build contract and ensure as part of tender evaluation that appropriately qualified Architects are employed on any contracts.
	Risk of inappropriately designed houses for the current target market.	Properties built by the Company will be flexible depending on tenants needs. Advice will be taken from local agents etc to ensure that the specification submitted by developers is fit for purpose.
	There is a reputational risk of the Company not obtaining planning permission from the	Pre-application planning advice will be sought. The decision to grant planning permission will sit with the Development

	Council or planning permission not being obtained in a timely manner.	management Committee. All steps are taken to ensure a suitable planning permission is granted in advance of intended start date of construction.
	Risk of unforeseen ground/site conditions which may delay demolition or construction.	Ground investigation work will take place prior to the tender process. A site conditions report will be provided with ground report in tender documentation.
	Construction price risk may cause construction costs to be much higher than anticipated – impacting the profitability and cash flow requirements of the Company.	Ensure there is a buffer/contingency available in the business plan to cover any overall price increases and unforeseen costs.
	Services/utilities are unavailable or lack capacity.	Utilities enquires will be undertaken to ensure availability and capacity prior to development.
	Specifics regarding legal title may adversely affect development costs and timescales.	Council Legal team will be requested to perform an early title review for all sites proposed in the development.
	Risk in overpaying in the procurement process.	The Council will use expertise of in house Finance/procurement and legal officers, outsourcing where necessary to ensure contracts are robust.
	Defective design and/or construction causes delays and additional costs. Construction costs are higher than estimated.	Appropriate warranties/performance bonds will be written into contracts. Post letting of contracts effective contract management processes will be put in place.
	Insolvency of contractor.	Financial checks performed as part of the procurement process and guarantees taken out where required.
Operating	Estimated sale price may not be achieved – risk of housing prices falling in the future.	Undertake sensitivity analysis to assess impact of demand changes on the Company's accounts.
	Risk that the Council does not have the time or expertise to run a sales/rental process.	Use of an estates agent to market properties or others who will have relevant expertise.
	Inability to find tenants and/or sell properties leading to loss of income and delay in Company repaying debt – potential risks to Council in repaying debt.	Use of an estates agent to market properties. They will have relevant expertise. Any short term funding arrangements should be arranged over a longer time period then needed to allow for any time

		lags. The Council may wish to consider constraints on debt service ratios such that there is an equity buffer.
	Failure to comply with rental deposit scheme requirements.	Suitable procedures will be put in place to ensure that the necessary notification requirements are provided to tenants in a timely fashion. Legal advice will be sourced where required.
	Failure to collect rent.	The rent collection will be managed by the Council who have experience in collection of commercial and residential rents. Debt recovery policies will be reviewed to ensure effective methods of recovery. Rental/credit checks will be carried out prior to letting of property. A bad debt allowance is factored into the business plan and will be monitored regularly as part of budget monitoring.
	Risk of overpaying for housing units.	Using a real estate specialist/valuer can ensure the right properties are purchased at the right price.
	Risk of unexpected delays with completion of the purchase.	Assumed timescales for completing the purchase of unit/s will be based on past experience of the Council/Company.
	The Council is unable to support the overall management of the Company.	The Board will agree a governance and management arrangement which provides for strong governance and a good interface with Council governance A Managing Director may be employed to ensure effective support to day to day operations.
	The Council has inadequate financial and legal resource to support the day to day administration and management of the Company.	The Council considers it has sufficient resource and expertise to provide this support in finance. Legal requirements are more specialist and therefore external advice will be procured where required.
	The Council has inadequate housing development resource to support the Company.	The Council may recruit an external managing director to the Company to support procurement and management of developers. The Job Description for this post will require prior development experience. A design and build contract will be procured to transfer development risk to the contractor.

	The Council has inadequate housing management and maintenance resource to support the Company.	The Council already operates management and maintenance services to Council stock and therefore is deemed to have adequate resource and expertise. An SLA will be put in place to cover roles and responsibilities.
	Risk of insufficient maintenance/insurance spend.	Lifecycle costing will be built into the Business Plan and should be reviewed Regularly.
	The sites and buildings should be kept in good condition to attract future tenants and minimize maintenance spend.	The use of stock condition surveys of HRA properties will be rolled out to the Company properties to ensure adequate ongoing investment.
	Tenant damage leading to increased void turnaround.	Recharge policies and rental deposits will mitigate against the risk. A prudent void loss % will be included in the Business Plan.
	Failure to carry out undertake gas, electrical and fire safety checks.	The Company will institute an inspection regime similar to that used in current owned HRA properties.
	Failure to source appropriate Directors for the Board.	Governance structure will be considered and approved by the Council.
	Loss of staff to the Company creating an internal salary market issue.	Attempt to align the pay and grading structure at least initially between the Company and the council.
	Complex resourcing requirements with some council staff working for the Company part time.	Ensure that we have sufficient HR capacity to support the employment contract complexities.
	The Council's constitution may not permit set up of a Company.	Council approval to be obtained following due diligence work.
	Conflicts of interest may arise between the Council and the Company due to involvement of Officers.	Legal advice will be provided to all Directors on their roles and responsibilities with regards to conflicts of interest.
Financial	Treatment of Company financial details may be challenged.	External advice will be sought on financial/tax treatment of Company. Early sign off will be sought from both the Council and Auditors of treatment of financial issues.
	The Company may not meet forecasts and therefore may not be able to service debt or pay forecast dividends. There may be low or negative returns on investment. If the Company is	Regular budget monitoring will be carried out and reports taken to the Board and the Housing Company Sub Committee. The Council will ensure that adequate reserves are in place to plan for any unforeseen issues with loan repayments.

	unable to service it's debt it will result in greater exposure on the Councils balance sheet. The Council will still be liable to pay the PWLB interest rates.	
	Change in inflation rates which may not fully be passed on to tenants (risk of rental inflation lagging behind cost inflation).	The Company could raise rents in line with the market rate. Market research should be undertaken to establish the rate of increase in rental payments and if this differs between tenures. Undertake sensitivity analysis to assess the impact on the Company's accounts if rates cannot rise in line with inflation in cost base.
	Risk that the Company will not be able to secure financing.	The Council will loan to the Company and will have sufficient funds to loan even if funding requirement increases. The Council will provide a working capital facility to fund unforeseen short term deficits.
	Changes in base tax rates and capital allowances.	Undertake sensitivity assessment to assess the impact on the Council's accounts.
	The Company does not have the resource and expertise to understand tax implications.	External tax advisors will be sourced to support the Company.
	The Council is unable to provide finance for the project as planned.	The Council is generally able to borrow through PWLB if required. Early conversations will be held with members to ensure authorisation of relevant Prudential Indicators.
Legal	The Council is acting outside of its powers (ultra vires) in establishing the Company or delivering its operations.	Legal advice is being taken. Powers to invest and/or undertake commercial activity have been established.
	State Aid with regards to the structure of the loan and land transfer arrangements – A challenge could be made through the European Commission.	Legal advice has been taken. Land will be sold at market value to the Company and a loan provided at commercial rates to mitigate any risk of State Aid.
	Relevant consents cannot be gained for the transfer of land.	Legal advice has been sought and consents understood. Any requirement to apply to Secretary of State will be planned early.
	Changes in government policy.	Currently there is a commitment to housing development as part of the

		national Growth Strategy.
	Lack of support from the Council.	Early and ongoing conversations have been held to ensure support from the Council.

Summary

This analysis and outlining of the opportunities and risks of establishing a Local Housing Company suggest that the benefits outweigh the risks if managed well.

We can start small and grow the Company at a pace that we are comfortable with and as opportunities arise. Ideally a light touch governance arrangement will allow the Company to deliver effectively in the operating commercial environment

What is clear from the advice provided is that the rationale for setting up a Local Housing Company must be clearly defined and agreed. The rationale identified for this Council includes the following:

- To make a profit;
- To access a revenue stream which will supplement the General Fund;
- To 'commercialise' service delivery;
- To access General Fund borrowing and utilize the Housing Revenue Account 'headroom';
- To complement development of new affordable housing within the HRA which will continue regardless;
- To assist in meeting the housing need in the District by offering a different housing product to that offered by the Council traditionally;
- To establish a commercial model which may be able to be used for other service provision going into the future.

The Housing Revenue Account and the Housing Revenue Account Business Plan will continue to operate alongside any Local Housing Company to deliver investment into new and existing social housing in the district. The Local Housing Company can however be invited to deliver affordable housing, which could be sold to HRA at a point in the future through either planning consent or an agreement with the council in another capacity.

The structure and makeup of the Board is at the discretion of the Council, as the sole shareholder. It is however important that the Board members hold the necessary skills and expertise to discharge their responsibilities and run the Company.

Accepting that the outline principle and purpose of a Local Housing Company the next steps will be to register the Company, prepare an initial business plan, and identify the first few projects.

John Golding

Strategic Lead – Housing, Health & Environment.

February 2017

Housing Company Sub-Committee

Constitution: Membership will comprise the Leader, Deputy Leader and Portfolio Holders for Finance; Sustainable Homes and Communities and Corporate Business.

Meetings: There will be at least two meetings annually, one of which will receive an annual report and annual accounts from the Company. Otherwise meetings will be called on an “as and when required” basis to deal with company business

The Cabinet has established a Housing Company Sub-Committee established specifically to discharge the functions of the Council as regards its corporate shareholding in the Local Authority Housing Company (known as East Devon Homes).

Membership will be reviewed from time to time and any changes or further appointments required will be determined by the Leader of the Council.

Only members of the Cabinet may sit and vote on the Sub-Committee. A minimum number of three Members will be needed to undertake the shareholder function. Substitutes may be permitted at the discretion of the Leader.

Terms of Reference

To exercise all of the Council’s functions, as shareholder under the Company Act 2006 in relation to the Council’s property trading company, which may include without limitation:

1. To determine the Shareholder Agreement between the Council and the company including the Business Plan.
2. To agree the Articles of Association or any amendment thereof.
3. To appoint and dismiss directors of the company.
4. To agree any Directors Service Agreements (if required).
5. Appointment and removal of a Company Secretary and Auditor.
6. To agree any Resourcing Agreement between the Council and company for the use of Council staff and facilities and reimbursement for the same.
7. To agree any loan agreements or draw-down of Council financing (subject to funds being made available by Council).
8. To agree any reserved matter required by the Articles of Association or Shareholder Agreement.
9. To agree the transfer of Council assets into the company where Cabinet would have otherwise had authority to dispose of the asset.

Report to: **Housing Review Board**

Date of Meeting: 9 March 2017

Public Document: Yes

Exemption: None

Review date for release None



Agenda item: 11

Subject: **Alternative delivery models for building repairs and maintenance – project update.**

Purpose of report: At your January meeting you approved the appointment of consultants to scope, appraise and advise on a procurement approach which may lead to alternative service delivery options for the repairs and maintenance of tenant's homes. This report provides an early update on the project which has been initiated through a launch meeting and workshop event to appreciate the current service arrangements, key service drivers, performance indicators, and our appetite for change.

Recommendation: **To follow progress of the project and influence the way forward.**

Reason for recommendation: To explore and assess alternative ways of delivering a repairs and maintenance service taking into account the needs of tenants (service users) and the housing stock.

Officer: John Golding Strategic Lead – Housing, Health & Environment.

Financial implications: None

Legal implications: There are no legal implications.

Equalities impact: Medium Impact

Risk: Medium Risk

A risk register will be developed as part of the project.

Links to background information:

Link to Council Plan: Encouraging communities to be outstanding.

1. Background

1.1 At your last meeting you approved a project to review current arrangements for the delivery of our repairs and maintenance service, involving an option appraisal and a procurement strategy for recommissioning the service prior to our Responsive Repairs and Works to Void Properties Contract expiring in July 2017. You also agreed a contract extension of one year to provide time for the option appraisal to be completed and an adequate procurement timetable.

1.2 Following the January meeting of the Board in February we held a project launch meeting with consultants' echelon. Service managers and some of our project team were in attendance. One of the main reasons for the meeting was to brief echelon about the East

Devon way of providing repairs and maintenance services. The agenda for the 'kick off' meeting was as set out below.

Review echelon proposal task by task
Introduction to PowerPoint site (Demo)
Lock down timetable/resource schedule & PRG Membership
EDDC to provide overview of Service objectives and key players
Workshop (21/2) <ul style="list-style-type: none"> - <i>Review agenda and run through outputs/objectives</i> - <i>Core Delivery Model/Options</i>
Resident Engagement <ul style="list-style-type: none"> - <i>Discuss and agree process (calls/workshop?)</i>
Data Capture <ul style="list-style-type: none"> - <i>Update and requirements (quantitative and qualitative)</i>
Report Structure <ul style="list-style-type: none"> - <i>Agree format – Mathew Baxter to present examples</i>

- 1.3 We provided echelon with a range of performance data and explained the purpose behind the service. We discussed some of our procedures and drivers for service delivery, What Matters to tenants and tenant satisfaction with the repairs service. We considered the work of the Service Review Group for Repairs and our Systems Thinking purpose, leading and lagging measures, the frequency of repair recalls and chasers.
- 1.4 One of the issues we considered is price per repair and the number of repairs performed on each property over a year to get a picture of the repairs profile. The fixed price per property approach was explained with a property warranty approach, and how a property inclusions/exclusions list is constructed. There was recognition of a trend towards longer contract periods now appearing in the sector, providing contractors greater certainty and sharing risk and reward.
- 1.5 We also considered a transformational model where some landlords have transitioned from a partnering arrangement through to a wholly owned subsidiary model over a period of time with key milestones at specific points of the journey.
- 1.6 Concerns were expressed over a predicted 8% cost inflation which has been predicted over the next five years due in the main to anticipated labour and material price increases. We need to model the impact this would have for the Housing Revenue Account Business Plan.
- 1.7 The entire exercise is concerned with asset management, how we ensure that our tenant's homes are fit for purpose, and our assets are properly maintained, thereby protecting the value of our properties.

2. Workshop event

- 2.1 On 21st February echelon held a workshop event for key stakeholders which included staff; tenants; Board members; and elected Members.
- 2.2 The agenda and briefing paper for the workshop event is reproduced in **annex 1**. The morning was spent reviewing the current service and the afternoon looking at what we want the service to be in the future.
- 2.3 A key principle for us going through this appraisal exercise is to ensure that we maintain a focus on our purpose – **Right Repair at the Right Time, Fix, and Stay Fixed**.
- 2.4 We are concentrating on a review of the current service, leading to an options appraisal, considering good practice in the housing sector, leading to a series of recommendations towards a procurement strategy.
- 2.5 At the workshop event we considered and tested our appetite for change, we considered what is good and not so good about the current service, and explored how we might convert a very good service into an outstanding service. We looked at options involving insourcing (Direct Labour Organisation DLO model) vs. Outsourcing (contractor provided service) concluding that we could/should adopt a rightsourcing approach (a middle ground).
- 2.6 It was interesting to hear that of the other organisations that have gone through a similar process no two organisations has exactly the same solution at the conclusion of the options appraisal. Bespoke solutions seem to be the outcome in all cases.
- 2.7 We looked at a Complete Property Service for repairs and how this converts into a fixed Price Per Property with a range of stated inclusions and exclusions. So under this model the contractor maintains the property portfolio for a unit price per annum regardless of the number of visits/repairs required during the year.
- 2.8 We saw merit in co-location with contractors and more integration between responsive repairs and planned maintenance activities. There was a desire for a reshaping of asset management requiring a better understanding of customer needs; stock condition; complete appreciation of costs; rising tenant expectations; and having some incentive scheme for contractors.
- 2.9 It became apparent that there were some elements of the current contract that we could be operating more effectively. There was a call for more visible performance data, including tenant satisfaction feedback on the repairs undertaken. There was a feeling of being in a contractor led environment and a desire to regain more control of the service. I also recognised a need for a better understanding amongst staff and tenants of the terms and conditions of the contract.
- 2.10 A report on the workshop has been produced by echelon **annex 2**, which will enable us to start shaping the future service specification and identify a preferred option going forward.



Asset Management Delivery

Internal Stakeholders Scoping Workshop

**10:30am to 3:30pm
Tuesday 21st February 2016**

at

**East Devon District Council
Knowle
Sidmouth
Devon EX10 8HL**

**Participants Pre-workshop
Briefing Pack**

Prepared by:

Mathew Baxter
echelon Consultancy Ltd
219a Hatfield Road
St Albans
Herts.
AL1 4TB

Phone: 01707 339800
Mobile: 07989 325887
Email mathew@echelonconsultancy.co.uk

Ech 794

PRE-WORKSHOP NOTES

1.0 Purpose

- 1.1 This workshop will act as the start-up event for the Future procurement of asset management works (primarily reactive repairs, voids and planned works) contract for East Devon District Council.
- 1.2 This workshop forms an integral part of a wider options appraisal to consider the various options open to East Devon District Council for the future delivery and the process is being supported by echelon Consultancy Limited.
- 1.3 As well as reviewing current service delivery this workshop will also help to identify what the stakeholders of East Devon District Council want to see included in the delivery of the service in the future.

2.0 Your Invitation to Participate

- 2.1 This workshop will allow everybody to have their say and all attendees are invited to contribute to the event. Your contribution will help to provide ownership of the process and you are asked to be positive and constructive in the sessions outlined in the agenda. The following stakeholders have been invited;
 - East Devon District Council staff involved in service delivery
 - Housing Management representatives
 - Finance representatives
 - ICT representatives
 - Board Members/Councillors
 - Residents.
- 2.2 We would be grateful if you could spend some time studying this pack and thinking about what is important to YOU in the delivery of the services being reviewed for East Devon District Council.
- 2.3 This 'Pre-workshop Briefing Pack' outlines the proposed aims, agenda and content of the workshop to enable you to prepare effectively for the event
- 2.4 **Dress code for the event is smart casual.**
- 2.5 The workshop is scheduled for **10.30am to 3.30pm** on the 21st February 2017 at:

East Devon District Council
Knowle
Sidmouth

Devon
EX10 8HL

2.6 Refreshments and Lunch will be provided.

3.0 Workshop Aims

3.1 The aims of the workshop are to encourage the stakeholders of East Devon District Council in:

- Review current service – what works/doesn't work;
- Review current good practice and look at what East Devon District Council want to achieve and external drivers, feedback on soft-marketing exercise;
- Overview of delivery models available to East Devon District Council, including alternative delivery models;
- Identification and consideration of ideas that people have to improve the various services being delivered;
- Consideration of things that will stop us achieving an excellent service;
- Overview of the process for selecting the contractor(s).

3.2 The workshop agenda is not rigid and we have allowed some flexibility for additional items to be included if necessary.

Workshop Agenda

Time	Description	Who
10:30	Assemble for Tea/Coffee	
10.35	Introduction to event by Amy Gilbert-Jeans and Mathew Baxter	AGJ/MB
10.40	Participant introductions	All
10.45	Outline of the Workshop	Mathew
10:50	Team exercise	All
11:15	Brainstorm 1: What works/doesn't work with present Service Delivery - <i>Tenants, East Devon District Council & Contractor's perspectives</i>	All (Groups)
12:00	Break	
12:15	Feedback from brainstorm	All
12:30	Best Practice in Service Delivery: - What does East Devon District Council have to achieve? - Examples of good practice – including levels of service - Delivery Options – what are the Options?	Mathew
13:00	Lunch	
13:30	Brainstorm 2: How do we improve our service delivery? - Introduction by Mathew - Ideas for service improvements	All
14:15	Feedback from brainstorm and identify and develop key ideas	All
14:30	What will stop us? - What are the issues that will prevent us achieving our objectives? - Identify and manage key concerns (group)	All
15:15	Process for Review selecting new contractors - Options Appraisal process - Procurement processes (restricted and CD) - Stakeholder engagement - Review key dates and other tasks	Mathew
15:25	Review workshop and required actions	All
15:30	Close	

Asset Management Delivery

Internal Stakeholders Scoping Workshop



EAST DEVON DISTRICT COUNCIL

held on

Tuesday 21st February 2017

at

**East Devon District Council
Knowle
Sidmouth
Devon EX10 8HL**

Workshop Report

Prepared by:

Mathew Baxter
echelon Consultancy Ltd
219a Hatfield Road
St Albans
Herts.AL1 4TB

Phone: 01707 339800
Mobile: 07989 325887
Email mathew@echelonconsultancy.co.uk
www.echelonconsultancy.co.uk

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1.0 Executive Summary

- 1.1 This workshop will act as the start-up event for the future procurement of asset management works (primarily reactive repairs, voids and planned works) contract for East Devon District Council (EDDC).
- 1.2 This workshop forms an integral part of the wider options appraisal to consider the various delivery options open to EDDC for the future service delivery. The process is being supported by echelon Consultancy Limited.
- 1.3 As well as reviewing current service delivery this workshop will also help to identify what the Stakeholders of EDDC want to see included in the delivery of the service in the future.
- 1.4 Through a structured process of reviewing the current service and considering how the service could develop, **54** potential value improvements were identified that will be developed further by the Project Review Group.
- 1.5 All the objectives of the workshop were met and it was felt by all that the workshop provided a sound starting point for the options appraisal process.

2.0 Introduction to the Day

- 2.1 Amy Gilbert-Jeans (Property and Assets Manager) gave an introduction to the event summarised as follows:
 - Welcome and thank you all for attending today
 - Special thank you to the Councillors and Customers for giving up their time
 - Keen to have lots of Customer input
 - Today is about us all having an opportunity to have our say
 - To consider how we go forward with our repairs and maintenance service
 - MD Building Services and Skinners are managing all repairs including commercials with one contract in the east and one in the west
 - This is a traditional cost plus contract
 - Performance was a bit rocky at the beginning but over the course of the last 5 years they have achieved a consistent performance and maintained high levels of customer satisfaction
 - Since 2012 we have continued to see improvements
 - EDDC are not starting from a bad place
 - We have a good open and honest relationship with our Contractors
 - What we have does work but there is always room for improvement
 - There are lots of different models in the sector
 - Today we will be learning about the different models available to us along with the pro and cons
 - It's important to note that all new models are very much focussed on value for money

- This is one area I am keen to push forward to provide more efficiencies
- Initial timescales for our contracts were 2012 – July 2017
- In January the Board approved a 1 year extension with the ability to call in another year if needed to 2018
- Introduced Mathew and Pamela and explained that echelon had been appointed to assist EDDC in the options appraisal for our asset management services
- Echelon have taken a number of their Clients on a similar journey, including Teign Housing
- The options available to us has really opened my eyes and I am very excited to be going on this journey
- Today we just need to be open and honest with each other
- There are no Contractors present and what is said in the room stays in the room
- It will be great to get the most out of everyone being here.

2.2 Mathew Baxter (MB) of echelon welcomed and thanked everyone for attending the workshop. MB explained echelon's role for the day and reviewed the agenda which was issued to all delegates as part of a pre-workshop briefing pack.

2.3 MB led the group through a brief presentation on the history & experience of echelon that included the following points:

- Dedicated specialist team
- Extensive client & contracting experience
- Development of bespoke solutions
- Full range of services offered to Housing Sector
- Innovative – developed new delivery models (1st WOS)
- Focus on full stake holder engagement & legacy building
- Working with 50+ organisations (LA's, ALMO's & RSL's)
- Authors of NHF 'Contract Management Guide'
- Authors of HACT 'Social value & Procurement Toolkit'
- Won multiple awards from the sector
- £4.0bn procured to date – all different!

2.4 MB showed a slide with the echelon Team members on who would be working with EDDC. These are:

- Mathew Baxter – Managing Director
- Kelly Kerr – Commercial Manager
- Tony Herbert – Systems Consultant
- Pamela Graham – Consultant.

3.0 Participant Introductions

3.1 MB encouraged everyone to fully participate in today's workshop, put forward their specific views and challenge anything they didn't agree with. The solutions we devise today will help us shape the service in the future and select the right model to deliver the service.

3.2 The delegates introduced themselves to the workshop as follows:

- *Who are you?*
- *What is your role?*
- *What do you want to achieve today?*

3.3 A list of workshop participants and their contact details is attached in **Appendix A**

3.4 Personal objectives for the day identified by the delegates included the following:

- It would be good to see what we can do moving forward to work with our Contractors
- Be interested to see how the Planned maintenance side fits into this
- Want some positive information
- We already have a good relationship with our Contractors so it will be good to see what their role in all this will be
- I am hoping to get some useful information from the session and be able to contribute
- Interested in the Social Value aspect
- I would like to see what sort of models are out there
- Good to see a workshop set up for all Stakeholders to have their say
- Would like to see if we can get a better service for our Customers
- Want to get some clarity and understanding of our offering and how we can provide a better service
- Interested to understand the communications we have with our Customers and how we can receive some feedback
- I am here to make a difference and think outside the box
- This is my arena and I am keen to see and understand all the possible options available, I would like to see everyone explore everything before a solution is put in place, we need a value for money service with some longevity for the future contract
- Want us to find systems that are easier to use, value for money, can drive costs down and quality up
- Interested to hear how the end user feels about the service, we need to challenge the existing service and review what value for money is
- Like to see the options available and see how they fit in with the service we provide

- We need to test the appetite to change, to find a way from turning a good service into an excellent service but not losing sight of our systems thinking principles
- Like to have a good service for Tenants and one that's fit for purpose
- I'm keen to hear what people think about our current service, there are some innovative models out there in the sector, we need to see what the appetite is and to see what some of these changes look like
- Interested in value for money and making sure it is affordable for all parties
- Over the years I have seen lots of changes but now I really need to get up to date with what's going on because in my role I get asked about what's happening
- This is a start of a journey, there are better ways of doing things and these better ways can bring value for money to enable us to manage our budgets better in these times of austerity
- We have got two very good Contractors, we should go and speak to them and ask them how they can improve. Change for change sake is not necessary a good thing
- It's good that we are looking at different models that impact upon the service on a day to day basis but we must not lose sight of out of hours when less staff are available and standards still need to be maintained.

3.5 These objectives were reviewed at the end of the event and these comments are captured in Section 13.0.

4.0 Workshop Objectives

4.1 The aims of the workshop were to engage the Stakeholders of EDDC in:

- Review current services – what works/doesn't work
- Review current good practice and look at what EDDC want to achieve and external drivers
- Overview of delivery models available to EDDC, including alternative delivery models
- Identification and consideration of ideas that people have to improve the various services being delivered
- Consideration of things that will stop us achieving an excellent service
- Overview of the process for selecting Contractor(s).

4.2 These objectives, and those identified by the delegates, were reviewed at the end of the workshop and it was agreed that they had been met.

5.0 Team Building Exercise

- 5.1 The delegates participated in a team building exercise 'Truth or Lie?'
- 5.2 Delegates undertook the exercise in four teams. Each person had to present to the rest of the group three things about themselves, two had to be true and one a fib. The rest of the group then had to decide which one was the fib. Each team had to choose their best three to present to the other groups to guess.
- 5.3 The exercise acted as an ice-breaker for the day.

6.0 Brainstorm 1 – Current 'Good' and 'Bad' practice of existing services?

- 6.1 The delegates split into four groups (Teams A, B, C & D) and considered what the 'good' and 'not so good' points are with the existing service.
- 6.2 Each group was asked to look at the service from a different perspective, namely:
- Client (EDDC)
 - Contractors (Service Provider)
 - Customers (Tenants/Residents)
- 6.3 The purpose of this exercise was to highlight areas of the service that are working well to ensure that we build on them as we develop procurement options.
- 6.4 In addition, it highlighted areas of concern that can be developed to improve service delivery in the future. Each group's findings were presented back to the workshop and the group discussed the issues raised.
- 6.5 The following tables summarise the outcome of the exercise:

TEAM A: CUSTOMERS PERSPECTIVE	
GOOD	NOT SO GOOD
<ul style="list-style-type: none">• Good quality of repair• Good housekeeping• Go the extra mile• Joint branding on vans• Handyman service very good	<ul style="list-style-type: none">• Lack of van stock• Poor understanding of first time repair• Lack of ID badges and overshoes• Poor communication to achieve continuity• Lack of flexibility with communication• Two different Contractors with different standards / levels of offer

	<ul style="list-style-type: none"> • Correct allocation of resources • Lack of Multi-skilled Operatives • No Tenant satisfaction feedback requested
--	--



Team A talking over the strengths and weaknesses



Pat sharing the thoughts of Team A

TEAM B: CUSTOMERS PERSPECTIVE	
GOOD	NOT SO GOOD
<ul style="list-style-type: none"> • Repairs service exists – Tenants can take it for granted • Efficient repairs clerks at EDDC • Friendly, helpful team at EDDC • Most Operatives are good at cleaning up afterwards • Handyman service • Feel looked after • Local company – local interest • Quality of materials has improved in the last few years 	<ul style="list-style-type: none"> • No system to provide feedback at the moment – customers do not know what’s happening • Too many stages (repairs – Contractor – Possibly survey – Specialist Contractor – Contractor) • Slow response from EDDC repairs – possibly due to phone system • Tenants not told how quickly repairs will happen • Appointment slots too wide – only AM/PM • Contractor to have software

showing where Operatives are

- Don't carry everything in the vans – delays to get parts
- Cost of change – re-branding etc.
- Health & Safety training issues
- Formal complaints system to far down the line
- Poor follow on procedure – not all repairs finalised
- Better communication as to what EDDC will or will not do – Tenants responsibilities to be put in newsletter regularly
- Do not give advance notice of programmed work
- No information on spares e.g. Kitchen cupboards
- Cutting costs not sensible e.g. using cheaper materials – invest in quality (e.g. recent fans good value)



Team B discussing the issues with service delivery



Emma providing feedback from the Team

TEAM C : CLIENT'S PERSPECTIVE	
GOOD	NOT SO GOOD
<ul style="list-style-type: none"> • Accessible • Responsive • Reliable • Consistent • Local SME's • Listen • Helpful • Ability to redeploy resources • Customer Care • Speed of service • Accountable • Skilled labour • Partnership • Quality of work • Local Knowledge • Awareness of EDDC standards and expectations 	<ul style="list-style-type: none"> • Invoicing process • Systems interface issues • Two Contractors means two systems / relationships • Pricing and managing costs • Performance monitoring difficult • Complex contract • Double handling of orders • Void process fragmented involving multiple tasks and Contractors • Invoicing not transparent • Attendance fee • Not open book • Revenue / Capital split



Team C considering the task

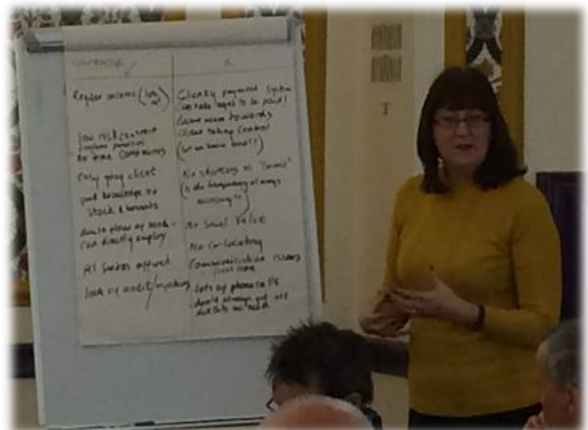


Mark communicating Team C's thoughts to the Group

TEAM D: CONTRACTOR'S PERSPECTIVE	
GOOD	NOT SO GOOD
<ul style="list-style-type: none"> • Regular income (lots of work) • Low risk contract • Few / none penalties • No time constraints • Easy going Client • Good knowledge of stock and Tenants • Due to flow of work – can directly employ • All services offered • Lack of audit / inspections 	<ul style="list-style-type: none"> • Clunky payment system – can take ages to be paid • Recent move towards more control taken by Client (but we know best!) • No shortcuts as 'Council' (is transparency always necessary?) • No social value • No co-locating • Communication issues – frontline • Lots of phone calls • Don't always get all the details we need



Team D deliberating the pros and cons of the current service



Sue explaining the outcomes from Team D

7.0 Best Practice in Asset Management and EDDC Context

7.1 Mathew gave a brief presentation on Best Practice in Asset Management Services. In summary the presentation covered the following topics:

- Scope of review process
- What does EDDC need to achieve?
- An 'exemplar' service
- Alternative delivery models and Price Per Property (PPP)
- Examples of good practice

7.2 A summary of the **key** points presented is given below:

7.3 **Scope of the review:**

- Task 1 - Initial Meeting
- Task 2 - Launch SharePoint
- Task 3 - Desktop Review of existing Data
- Task 4 - Gather and Interpret KPI Data
- Task 5 - Internal Stakeholder Workshop
- Task 6 - Resident Consultation
- Task 7 - Options Appraisal
- Task 8 - Procurement Strategy

7.4 **Internal Drivers:**

- Customers 'Right to Repair' – statutory obligations
- Tenancy Agreement – contractual obligations
- Customers aspirations
- Decent Homes
- Asset Management Strategy – *informed* by Stock Condition Survey
- SAP (Standard Assessment Procedure)/NHER (National Home Energy Rating)
- Choice – balancing '**choice**' against business process
- Spending budget wisely – protecting the asset
- Procurement Processes.....

7.5 **An 'exemplar' Service – in summary**

- Customer Involvement
- Communication
- Focus on front-end delivery
- Flexible / Robust – dichotomy
- Effective and efficient
- Benchmarking
- Evidence of performance

8.0 Alternative Delivery Models - What are the Options?

8.1 Mathew went through the different delivery options that are currently available and the key points for consideration. In summary these are as follows:

Considerations

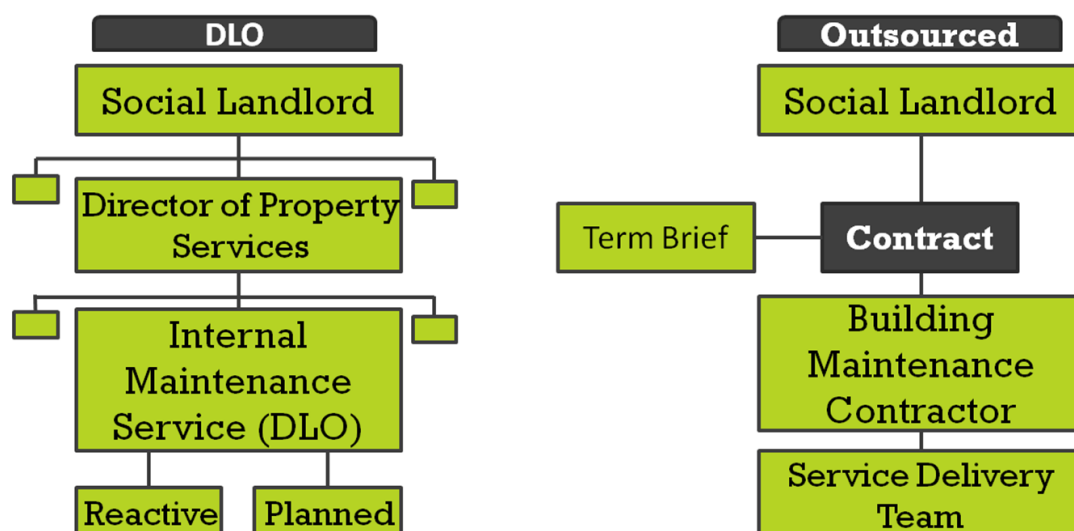
- *Delivery Model* – internal or external delivery?
- *Identify Drivers* – e.g. more control? Cost savings?
- *Control* – how much control do you have/want?
- *Scope* – what services are included?
- *Capacity* – what capacity is there to develop model?
- *Risk* – what is your appetite for risk?
- *Commercial* – do you aspire to deliver service to others?
- *Skills* – do you have the requisite skills in-house to manage the selected model?

The External Market

- Number of Contractors reducing
- Build Cost Inflation* projected at 8%+ pa for next 5 years (Driven by labour and material costs)
- Alternative Delivery Models coming to the fore
- Are there more options that traditional insource and outsource models?
- The birth of 'Right Sourcing'

1. External Service Provider(s)

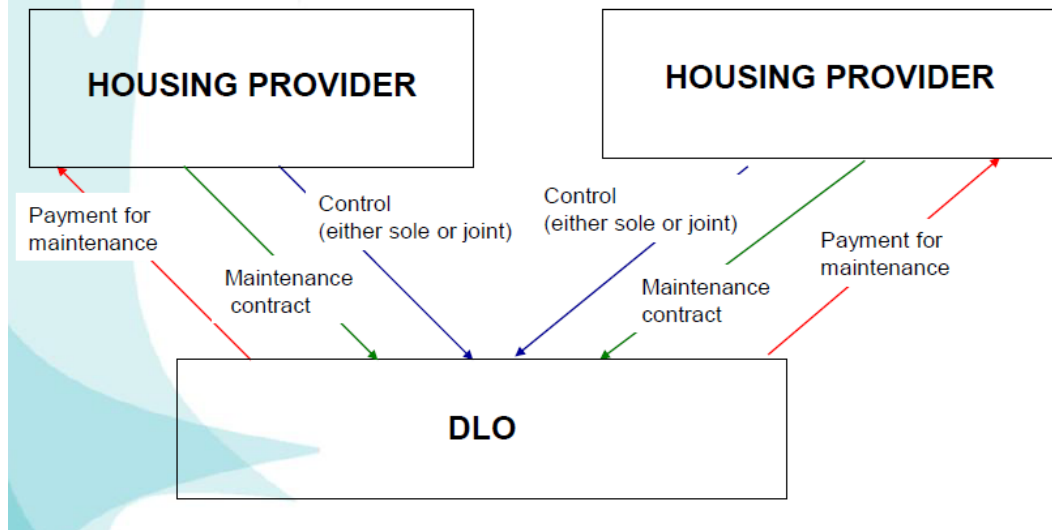
- still the most common route
- All responsibility and risk sits with the Service Provider
- No VAT saving potential
- Least control over delivery



2. Direct Labour Organisation (DLO) – Insource Shared Services

- build your own to deliver internally
- Has to be overall control
- VAT savings
- DLO's providing services to each other within a group
- Examples – LA combine DLOs, RP joins group, ALMO uses LA DLO – Fortis /Rooftop

“Shared services” DLO - structure

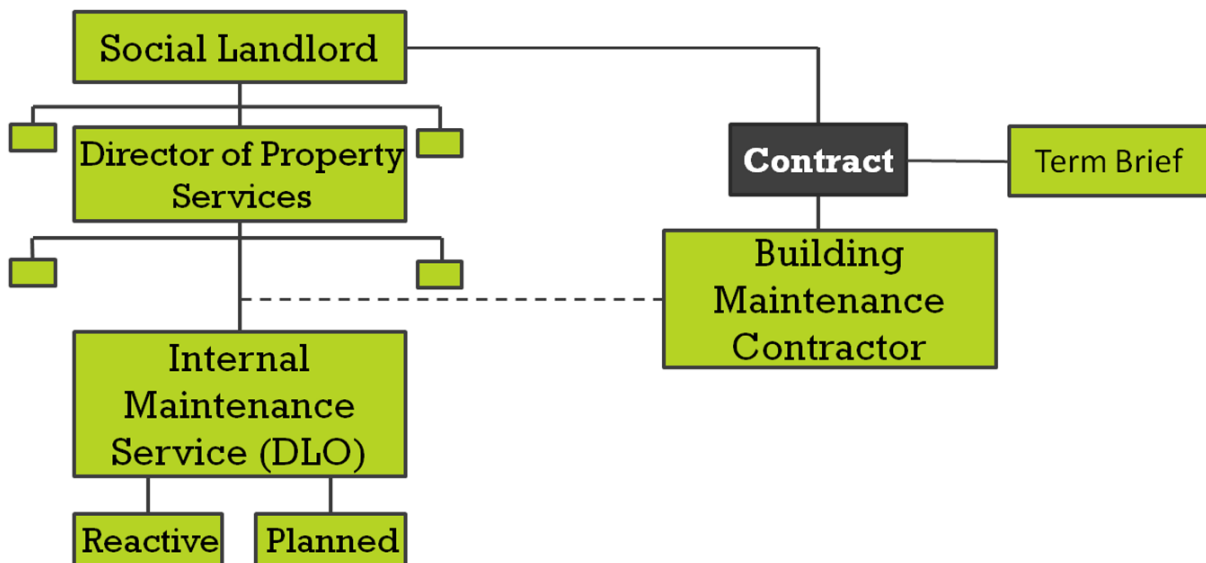


3. Cost Sharing Group (CSG)

- Develop a CSG
- Introduced by Finance Act 2012
- CSG created to share services between organisations
- Create a Cost Sharing Vehicle (CSV) to deliver the service
- Client becomes shareholder of the CSV
- Serviced Level Agreement for services provided by DLO to CSV
- Savings in procurement costs

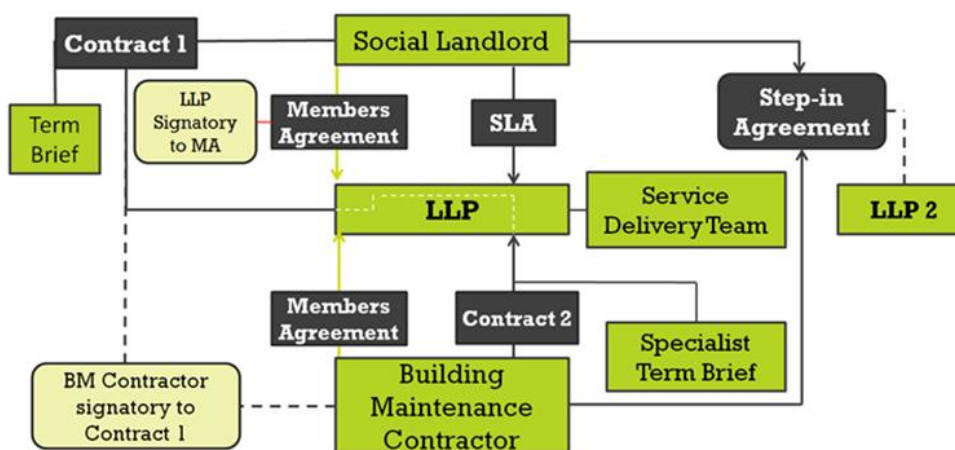
4. Managed Service

- Pre-existing DLO primary route
- Buying in skills of workforce to manage DLO
- VAT savings as per traditional DLO (workforce)
- No commercial risk to Service Provider
- Will fall under 'Services' on OJEU (i.e. £174k)
- Example – Mears at Epping Forest



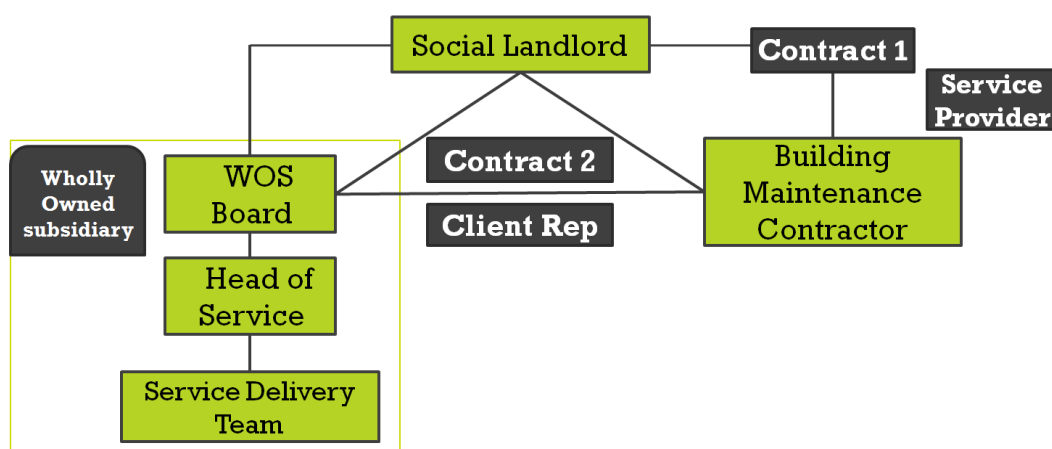
5. Joint Venture (JV)

- Joint venture with an external partner
- Joint responsibility for delivery/risk/profit
- Draws on the Service Providers expertise
- Delivers VAT savings on labour
- TUPE/Pension risks with JV
- JV becomes an entity = £££ set-up
- Registered Provider must have control (i.e. 51%+ for VAT)



6. Wholly owned subsidiary model (WOS)

- Develop a wholly owned subsidiary model with an external partner
- Workforce employed directly by subsidiary
- Overheads to manage workforce provided by SP
- Responsibility for performance = SP
- Service is 'warranted' through contract structure
- SP has authority to 'manage' workforce
- Benefits of JV without set-up cost and joint ownership issues



8.2 Mathew talked through the changing faces of repairs delivery, the content of which is summarised as follows:

Reshaping Asset Management:

- Understanding Asset data to tailor needs of the stock/customers
- How much does each visit cost?
- Is there such a thing as an 'average' property
- Use of Complete Property Service approach?
- Linking reactive and planned maintenance
- Why does the sector spend so much on voids?
- Incentivising Service Provider to drive down cost
- Only real way to drive down cost and increase satisfaction is to reduce number of visits

8.3 An example was shown to demonstrate that by going to a property fewer times in a year but spending more time and money on the asset was actually better value for money in the longer term.

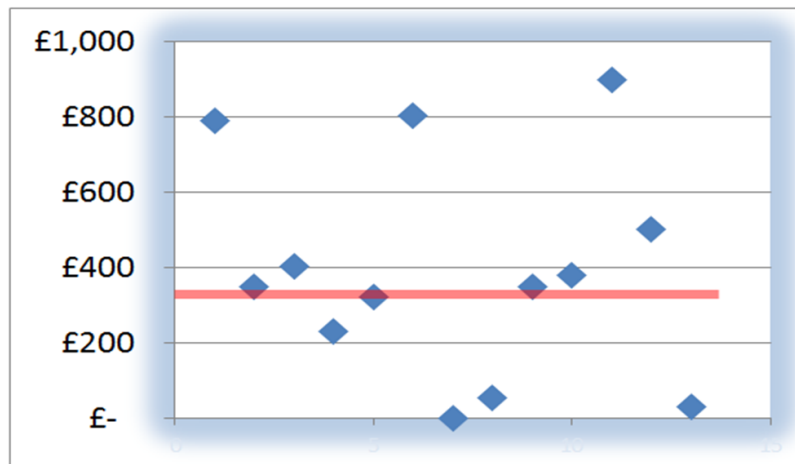
Property 1	Property 2
£400	£400
£120	£180
£80	£220
£120	= 2 visits average £200
£80	
= 4 visits average £100	

9.0 Price per Property (PPP) Commercial Model

9.1 Mathew provided an overview of the Price per Property model, he advised that echelon had over 25 clients now using the model and that it was becoming more and more widely used across the sector.

9.2 In summary the areas covered were as follows:

The Concept – a wide range of costs brought within a single average



Benefits of the PPP Model

Heading	Overview	Impact
Reduces Administration	Significant reduction in paperwork as the number of components in the invoices are reduced	Cost savings for Client and Service Provider
Management by Exception	Management is focussed on exceptional items. Standard costs are covered by the PPP.	Improves the probability of better outcomes with more focus on the issues that matter
Visibility of Budgets and Costs	Service Providers are able to plan and declare their budgets with cost certainty. Resources are managed to achieve the project goals.	Improved likelihood of successful Service Provider delivery and budget control
	Clients obtain better visibility of planned and actual resourcing	Early warning of deviance from plan
Incentive to Perform	Service Providers are incentivised to improve efficiency within the framework of Key Performance Indicators (KPI's) Avoids diversions to maximise cost recovery under SoRs.	Cost savings to Client and Service Provider Improved focus on exceeding KPIs
Risk Can Be Managed	Risk can be defined and shared (e.g. TUPE)	Shared benefit Managed equitable position
Benchmarking	Benchmarking can be used with other Clients	Confirm performance against peers
SoR rates are obtained at tender	SoR rates are used for exceptional items outside of the PPP. These can be used if it becomes necessary to abort from the PPP	Contingency procurement plan for Client
Market Tested	Recent tenders show convergence of pricing (within 2%) Echelon model developed through experience and dialogue Market tested with Clients and Service Providers	Creating the right environment for success

Potential PPP issues

- New model – market sophistication developing
- Reliant on accurate data (Repairs History)
- Service Provider taking more commercial stance on repairs responsibility (i.e. saying 'No')
- Service Provider IT capability of capturing cost & repairs data
- Changes in processes required within Client
- Service Provider underestimates risk
- Cultural shift in 'control' of repairs ordering

Development of the model - Concept

- Reviewed what's out there – mixed bag
- Drew on our combined experience of PPP
- Emphasis on comprehensive Inclusion/Exclusions List
- Clear process for managing exceptions
- Understanding risk is critical factor
- Strip back to basics!

Inclusions / Exclusions – Key!

- What's 'in' and what's 'out'
- Comprehensive list of both
- Referrals system
- All comes down to risk

10.0 Brainstorm 2: How can we improve service?

- 10.1 The second session concentrated on any suggestions for improving the service.
- 10.2 Delegates were asked to consider how we can improve the service under a ‘*what if...*’ approach and these ideas were captured by the facilitator. The delegates were asked to use the outcomes of the first session as a reference point and to ensure that, at least, we cover some of the issues raised with the existing service.
- 10.3 The purpose of this exercise was to highlight potential areas of improvement that can be developed further and included in the development of the options appraisal and subsequent procurement of the reactive repairs, voids and planned works contract.
- 10.4 In all, **54** suggestions were captured. In order to prioritise these each participant was given four adhesive dots (*Councillors/Customers were given orange dots & EDDC staff given blue dots*) and asked to place them against the issues(s) they felt most important. The table shows these suggestions in order of priority.
- 10.5 The following table summarises the outcome of the exercise.

No.	Service Improvement	Customers / Councillors Dots	Staff Dots	Total Dots
1	Annual survey / visit and repair = 1	5	9	14
2	‘One stop’ appointment system / scheduling	3	6	9
3	Robust approach to compliance (Asbestos/Legionella/Gas)	0	7	7
4	Penalise Tenants for missed appointments (2 way)	1	3	4
5	Efficient payment system - invoicing	0	4	4
6	Expand / develop Handyperson scheme	3	1	4
7	Log book for each house – Asset data	1	3	4
8	Incentivise Contractors to behave proactively	0	5	5
9	Follow up repair with satisfaction survey (real-time)	3	0	3
10	Can we drive VFM by adding more Planned works	0	3	3

11	Future proof service on changing legislation/ standards	0	3	3
12	Ensure Social Value maximised	0	3	3
13	Pride of local company	1	2	3
14	Ensure robust IT systems are integrated	0	3	3
15	Ensure robust Client / Contractor relationship	0	3	3
16	Ensure Tenants take responsibility for damages	1	1	2
17	Recycle surplus if in-house	2	0	2
18	Continue to evolve Tenant Involvement / Scrutiny	0	2	2
19	Ensure we drive change with Contractors Operatives	2	0	2
20	Visibility of 5 year programme	2	0	2
21	Proactive approach to damp / mould	0	2	2
22	10 year contract with the option to extend	1	1	2
23	More integration between repairs / planned	1	1	2
24	Ensure detailed dialogue with Tenant on diagnosing repair	1	1	2
25	Review repairs responsibility in Tenancy agreement	1	1	2
26	Improve van stock – ‘Milk runs’	0	2	2
27	Ensure Tenants are offered a choice of components (i.e. taps)	1	0	1
28	Better diagnosis of repairs - Locator	0	1	1
29	Definition of emergency / non-emergency repairs – Tenants / Needs wants	0	1	1
30	Develop service to address vulnerable / difficult properties	0	1	1
31	Flexible working with Contractors (e.g. evenings / weekends)	1	0	1
32	Clear performance targets - annualise	0	1	1
33	More multi-skilled operatives	1	0	1

34	Real time access to Health & Safety data (e.g. Asbestos)	0	1	1
35	Feedback loop to Tenants from EDDC on customer satisfaction	1	0	1
36	Co-location	0	0	0
37	Ensure Contractor makes a profit	0	0	0
38	Use of Tablets to log repairs / data / photos	0	0	0
39	Potential to contract differently with supplier	0	0	0
40	Direct reporting / appointing repairs online	0	0	0
41	Co-ordination of works – Planned/repairs	0	0	0
42	Incentivise Tenants to maintain properties	0	0	0
43	Awareness of home e.g. location of stop cock	0	0	0
44	Just in time replacements	0	0	0
45	Better data on repairs history – drive choice	0	0	0
46	Improve first time access	0	0	0
47	Better call handling i.e. No in the que	0	0	0
48	Ensure sufficient / adequate resources to manage new model	0	0	0
49	Use of SMS / Texting – Two way dialogue / reminders	0	0	0
50	Penalties for recalls / non-attendance / void rent loss	0	0	0
51	Deliver a model that protects staff – longevity (Hinkley Point)	0	0	0
52	Asset Strategy – Retention / disposal	0	0	0
53	Ensure we fully understand current position	0	0	0
54	Clear dashboard of KPIs on service	0	0	0

10.6 The **top 5** are highlighted in green above.

10.7 These **54** suggestions will be further developed as part of the scoping process with the aspiration of building as many of these aspirations into the future delivery model.



Some of the group carrying out their dot analysis and trying to decide what's most important to them



11.0 Barriers to Change: What will stop us achieving our objectives?

- 11.1 Mathew asked the group to consider the risks or barriers that could prevent EDDC from achieving its objectives.
- 11.2 The following risks were identified and discussed. A summary of this exercise is listed below (in no particular order):

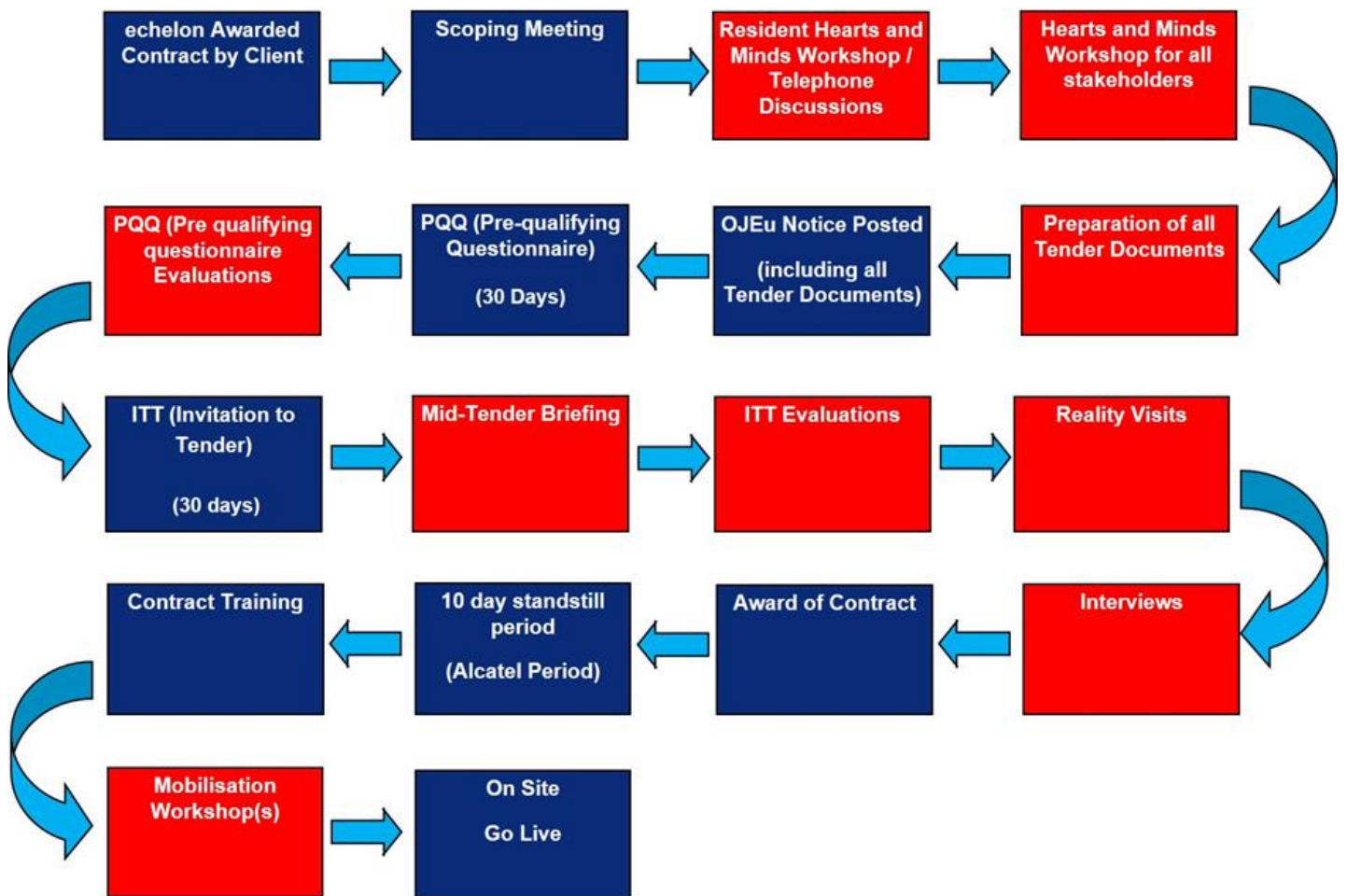
RISKS	
1.	Financial constraints – affordability
2.	Availability of staff to deliver / procurement
3.	Buy-in from Councillors
4.	Political Environment – Traditionally outsourced
5.	Ensure we keep plates spinning whilst delivering
6.	Lack of honesty / information sharing
7.	Legislative change / interference
8.	IT systems – compatibility of current IT system
9.	Resistance to returning to previous model
10.	Willingness to change
11.	Lack of ambition / risk adverse
12.	Impact of office re-location
13.	Ability / appetite to use Contractors IT systems
14.	Drop-off from incumbents through Procurement
15.	Available time to deliver
16.	Condition of stock
17.	Lack of Procurement expertise / fear of process
18.	That what we end up with is no better

12.0 Procurement Processes

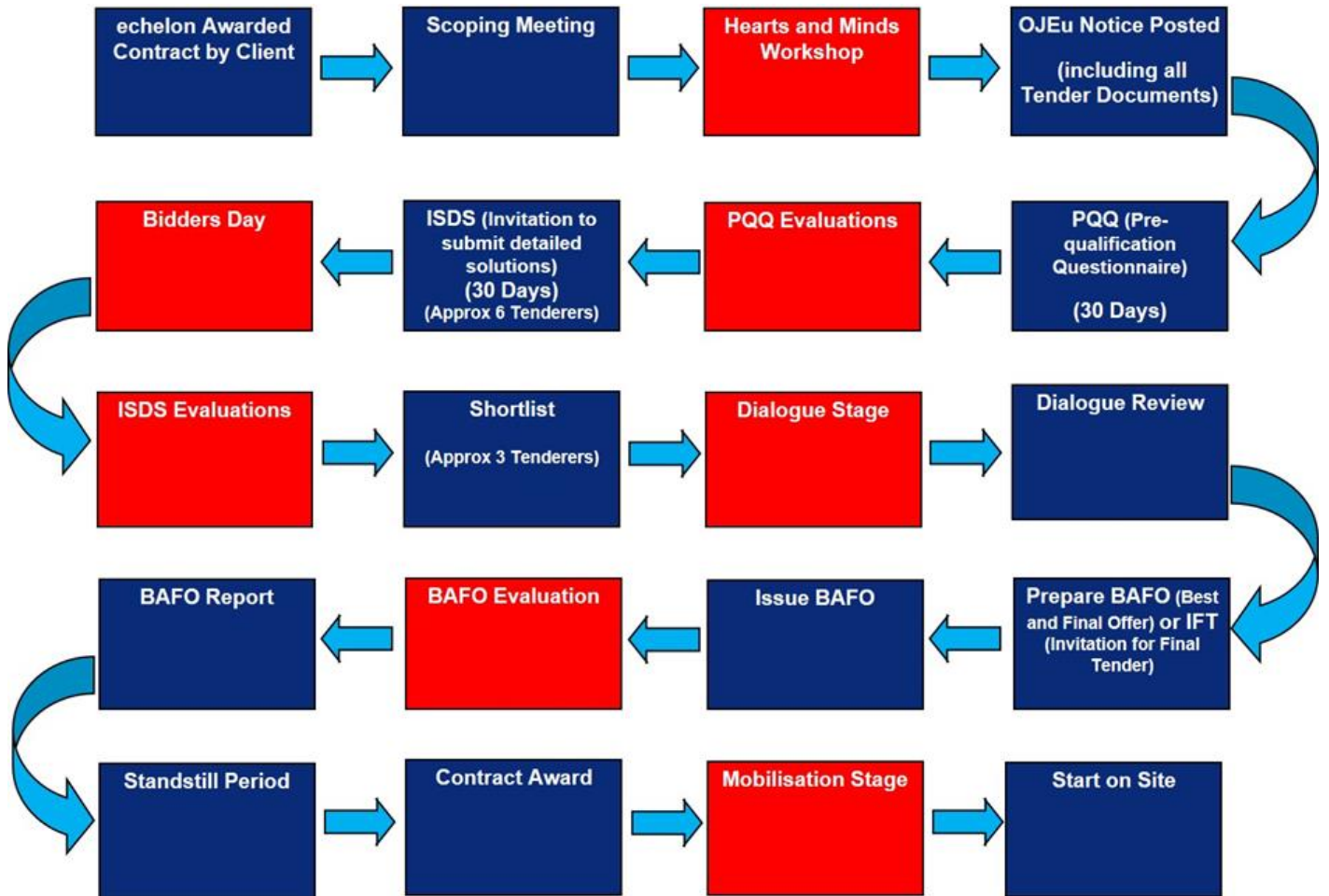
12.1 MB gave a brief presentation on two different Procurement routes 'Restricted' and 'Competitive Dialogue' and advised that EDDC would need to choose the appropriate one for them.

12.2 For information only, the following flowcharts have been included below:

12.3 Restricted Procurement Process



12.4 Competitive Dialogue Procurement Process



*Red boxes indicate where Customers can be involved in the process.

13.0 Review Workshop/Feedback

13.1 At the end of the workshop MB revisited the objectives for the workshop, as highlighted in Sections 3 & 4 of this Report.

13.2 All parties agreed that the objectives had been met and that the workshop had been of benefit.

13.3 The following comments summarise the feedback from delegates:

- *Very interesting*
- *Lots to take back to the repairs group*
- *Came with no preconceived ideas – very exciting to see what we can do*
- *It was good to look at all the options, can already see some clear runners, the path is becoming clearer*
- *Was shown some good examples of best practice and can now see where we can develop*
- *It was good to hear what the end users thought and to see what they think needs improving to change the status quo*
- *It's great to test the appetite for change, there is lots of work for people to do. It's disappointing that we have let things slip. It's apparent there is a lack of awareness of what's in the current contract e.g. Property MOTs, late night appointments, we have some work to do*
- *Excellent workshop, I like the idea of the PPP and incentives. Contractors work in a very controlled client led environment so if things start changing that's a good thing*
- *It's been great that everyone has participated we have had some really good feedback*
- *I have felt that the Contractors have dictated to the Council as to what they will do, it's time for this to change and for them to work with us*
- *Good workshop not just concentrated on repairs but looked at what other things we can bolt on*
- *It was good to get an opportunity to have our say*
- *Very positive, lots to take in but a good insight , few things I would like to go back over*
- *Enjoyable, good to learn about the Social Value aspect*
- *I was not quite sure what to expect, but really enjoyed the day, very useful*
- *It's a shame not more Councillors attended today, it was great to be a part of the process*
- *I can now start to see a pathway for the journey forming*
- *We have come a long way, lots of information provided, very interested to see the outcome*
- *Lots to take on board and ensure the Contractors comply*
- *Really interesting, I just hope we don't put up any barriers and take it all on board*

- *Lots of things have happened in the past and then disappeared, Contractors need reminding, we must make sure we are carving in stone and not in sand*
- *It's all very exciting for the future at EDDC, there has been lots of agreements today around the issues and improvements have been identified amongst the different stakeholders*
- *I have a better understanding now of what our options are and what's going on out in the sector, very revealing.*

13.4 Mathew thanked all present for their time and effort during the day.

Appendix A: Workshop Participants

Name	Role	Org.	Telephone	E-Mail
Mathew Baxter	Director	echelon	01707 339800	Mathew@echelonconsultancy.co.uk
Pamela Graham	Consultant	echelon	01707 339800	Pamela@echelonconsultancy.co.uk
Angela Bea	Tenant	EDDC		angelabungalow@yahoo.co.uk
Pauline Stott	Councillor	EDDC		paulinestott@btinternet.com
Emma Charlton	Housing Projects Officer	EDDC	01395 519982	echarlton@eastdevon.gov.co.uk
Chris Haugh	Programmed Works	EDDC	X 2408	chaugh@eastdevon.gov.co.uk
Paul Lowe	Housing Enabling and Allocations Manger	EDDC		pjlowe@eastdevon.gov.co.uk
John Powley	Tenant	EDDC		
Harry Roberts	Tenant	EDDC		
Colin Rowland	Repairs Surveyor	EDDC		colin.rowland@eastdevon.gov.co.uk
Mark Dale	Senior Day to Day Repairs	EDDC		mdale@eastdevon.gov.co.uk
Victor Kemp	Tenant	EDDC		Vickemp@yahoo.co.uk
Michael Purcell	Property & Asset Management Manager	EDDC		Mike.purcell@eastdevon.gov.co.uk
John Golding	Head of Housing	EDDC		jgolding@eastdevon.gov.co.uk
Tracy Humphrey	Voids and Allocations	EDDC		thumphrey@eastdevon.gov.co.uk
Mike Berridge	Tenant	EDDC		
Brenda Taylor	Councillor	EDDC	01395 263805	btaylor@eastdevon.gov.co.uk
Phil Allen	Programmed Works	EDDC		philip.allen@eastdevon.gov.co.uk
Sue Hodges	Out of Hours HSG	EDDC	07772405448	shodges@eastdevon.gov.co.uk
Isaac Aisu	Accountant	EDDC	X 2357	laisu@eastdevon.gov.co.uk
Michelle Squire	Housing Advisor	EDDC		msquire@eastdevon.gov.co.uk
Pat Rous	Tenant	EDDC		patricia.rous147@btinternet.com
Zoe Cozens	Estate Management	EDDC	07734568828	zcozens@eastdevon.gov.co.uk
Graham Baker	Senior Technical Officer (Asset Management and Compliance)	EDDC	01395 516551	gbaker@eastdevon.gov.co.uk
Michelle Davidson	Acting Compliance Surveyor	EDDC		mdavidson@eastdevon.gov.co.uk
Amy Gilbert-Jeans	Property & Assets Manager	EDDC	01395 516551	agilbert@eastdevon.gov.co.uk

Appendix B: Workshop Agenda

Time	Description	Who
10:30	Assemble for Tea/Coffee	
10.35	Introduction to event by Amy Gilbert-Jeans and Mathew Baxter	AGJ/MB
10.40	Participant introductions	All
10.45	Outline of the Workshop	Mathew
10:50	Team exercise – Ice Breaker	All
11:15	Brainstorm 1: What works/doesn't work with present Service Delivery - <i>Customers, East Devon District Council & Contractor's perspectives</i>	All (Groups)
12:00	Break	
12:15	Feedback from brainstorm	All
12:30	Best Practice in Service Delivery: - What does East Devon District Council have to achieve? - Examples of good practice – including levels of service - Delivery options – What are the options?	Mathew
13:00	Lunch	
13:30	Brainstorm 2: How do we improve our service delivery? - Introduction by Mathew - Ideas for service improvements	All
14:15	Feedback from brainstorm and identify and develop key ideas	All
14:30	What will stop us? - What are the issues that will prevent us achieving our objectives? - Identify and manage key concerns (group)	All
15:15	Process for review selecting new contractors - Options Appraisal process - Procurement processes (restricted and CD) - Stakeholder engagement - Review key dates and other tasks	Mathew
15:25	Review workshop and required actions	All
15:30	Close	

Report to: **Housing Review Board**

Date of Meeting: 9 March 2017

Public Document: Yes

Exemption: None

Review date for release None



Agenda item: 12

Subject: **Charging private users of sewage treatment a 15% management fee**

Purpose of report: To request the Board to increase the charges to private users of sewage treatment plants to make sure all our costs are covered.

Recommendation: **That private users of sewage treatment works are charged a 15% management fee on top of the amount charged for actual costs incurred**

Reason for recommendation: To ensure private users of sewage treatment works are paying their proportion of all costs involved

Officer: Emma Charlton, Housing Projects Officer, echarlton@eastdevon.gov.uk

Financial implications: This will result in additional income to the HRA.

Legal implications: As long as the charges levied are reasonable to administer the service provided for sewage then there are no further legal implications.

Equalities impact: Low Impact

Risk: Low Risk

Links to background information:

Link to Council Plan: Continuously improving to be an outstanding Council.

1. Background

- 1.1 We have 14 sewage treatment plants in various rural areas across the district which serve both council properties and private owners.
- 1.2 Each year the private users receive a service charge which covers their proportion of the costs we have incurred in the previous year to service and maintain the relevant treatment plant.
- 1.3 At the meeting on 8 September 2016 the Board received a detailed report about the current state of the sewage treatment plants and work needed to some of them.

2. Current charges

- 2.1 Currently the private users are only charged for their proportion of the servicing and maintenance costs of the treatment plants. This includes:
- Servicing and emptying costs
 - Repair costs
 - Grounds maintenance
 - Visits by Streetscene
- 2.2 They are not charged a management/administration charge which would go towards paying for our internal costs to oversee the treatment plants.
- 2.3 All other service charges include a 15% management fee on all items except for insurance and ground rent.
- 2.4 The transfer documents for each sale tend to vary slightly but they all essentially place the owners of these properties under an obligation to contribute towards the cost of repairing, maintaining and replacing the treatment plant.
- 2.5 We do not charge for insurance. We only insure the plants for public liability and this is included within the overall block EDDC insurance. The proportion that would fall to each treatment plant would be very small and therefore we do not propose to include a recharge for this item.
- 2.6 The charges we make to private users are very reasonable and in many cases well below the equivalent annual amount charged to tenants through their weekly service charge which is included in their rent. This is because for private users we can only recoup our actual costs and if major work is required they will be billed for this at the end of the year. For tenants we include an element of cost to allow for major repairs and/or replacement costs.

3. Proposed changes

- 3.1 We request that the Board agrees to introduce a 15% management fee on top of our costs to be charged to all private users from April 2017, in line with service charges to leaseholders etc.
- 3.2 Legal have advised us that, although not specifically stated in the transfer documents, it is not unreasonable to make this charge as we incur management and administration costs to look after the sites.

4. Recommendation

- 4.1 We request that the Board agrees to introduce a 15% management fee on top of our costs to be charged to all private users from April 2017, in line with service charges to leaseholders etc.

Report to: **Housing Review Board**

Date of Meeting: 9 March 2017

Public Document: Yes

Exemption: None

Review date for release None



Agenda item: 13

Subject: **OPENHousing System Implementation – Progress Report**

Purpose of report: This report brings the Housing Review Board up to date with the progress on the implementation project for Capita's OPENHousing System, noting what has worked well, the issues faced and recent audit findings. A SWAP audit has identified some areas where we can improve project management and these good practice recommendations will be taken forward into phase 2 of the project. There are also a need to ensure that financial controls are effective and the system integrates with the Council's accounting system, Cedar.

Recommendation: To note the progress on the implementation of the OPENHousing System.

Reason for recommendation: To update the Housing Review Board on the progress of the project and identify some of the outstanding issues and lessons from phase 1 of implementation.

Officer: Andrew Mitchell, Housing Needs and Strategy Manager.

Financial implications: There are no financial implications on which to comment.

Legal implications: There are no legal implications on which to comment

Equalities impact: Low impact

Risk: Low Risk

Links to background information: • .

Link to Council Plan: Continuously improving to be an outstanding council

1. Introduction

1.1 In 2011 a decision was made by the EDDC Housing Review Board to replace the existing housing software systems in preference for a one stop software solution.

1.2 At the end of 2011 a Project Board was set up to oversee the selection of this new housing system.

- 1.3 A business case to procure the Capita OPENHousing system was approved in May 2013, identifying a series of strategic and business benefits that would flow from the new system.
- 1.4 The OPENHousing system is being implemented in two phases with phase 1 commencing in February 2016 and phase 2 has recently been triggered.

2. Progress – what has gone well

- 2.1 Phase 1 of the implementation has covered the following areas: Repairs, Rents, Tenancy Management, Void Management, Asbestos, Asset Management, Planned Maintenance, Servicing, Leaseholder Service Charges, Contact Management, Anti Social Behaviour, Customer Relationship Management (CRM) and Right to Buy.
- 2.2 The implementation of Phase 1 was delivered on time and within the proposed budget, with the system going live on 1st February 2016.
- 2.3 The setting up of a System Administration Team, consisting of a Housing System Manager and three Housing System Officers, has been essential in implementing the new system. The team has driven and managed the implementation, providing overview and consistency across the system, undertaking configuration and data recording practices. This team provides continuing administration and development of the system, as well as training and support for all users. Note: these activities are not confined to Housing, but include Legal, Finance and Revenues & Benefits support.
- 2.4 Each team that has been involved with the implementation has identified one or more members of the team to act as System Champions. This approach has been beneficial in ensuring that the system delivers the way of working that the team wants, allowing for significant input from the teams themselves. The System Champions have become the experts within the teams.
- 2.5 The introduction of the new system has had the added bonus and effect of being an audit of the working practices and procedures of the Housing Service, resulting in more effective and efficient methods of providing services. A Systems Thinking approach has been encouraged at all stages of system configuration to ensure we do 'what matters' to the customer, stick to our purpose, and eliminate preventable demand.
- 2.6 The introduction of OPENHousing is providing the platform for the Housing Service to work in a modernized way, in conjunction with mobile working.
- 2.7 Due to the previous housing data being held in multiple locations, a large amount of work has been undertaken to cleanse and format the data to enable the merging of one single system to provide records which are as accurate as possible. This exercise has been vital in ensuring that the records we hold are comprehensive, accurate and consistent.

3. Issues to resolve

- 3.1 As expected with the implementation of any new system, there have been a number of 'teething issues'.
- 3.2 In some teams a change in system and the adoption of new working methods required by the new system has resulted in the requirement for a considerable time commitment from the System Admin. Team to resolve. In some areas we are only now seeing this brought to a conclusion.

- 3.3 Repairs Invoicing - The method of loading invoice information is fundamentally different in OPENHousing, which has identified both the need for additional system configuration, and a knowledge gap for officers involved in relation to the impact on budget information and accounting. This has been addressed with a further workshop style training session, however a significant number of miscoding errors had already been identified, and have now been corrected.
- 3.4 There has been a notably higher success rate in implementing modules where there has been 'buy-in' from the team involved and active participation from managers. This is an area that we can learn from for Phase 2.
- 3.5 There have been concerns raised about the financial controls we are operating through the system, specifically the schedule of rates where due to our cost/plus arrangements nearly every invoice has to be varied prior to payment. Invoices cannot be simply matched with orders leading to double handling and the risk of manual errors.
- 3.6 The system is not currently controlling planned maintenance budgets as dummy orders are being raised for jobs making the financial aspect of contract management unnecessarily complex.
- 3.7 We are working with Finance colleagues to ensure that the system is configured and used so that we can robustly monitor budgets, perform financial reconciliations and rely on the system for financial controls.

4. Audit Findings

- 4.1 An audit of the implementation of Phase 1 is in the process of being concluded by SWAP (South West Audit Partnership). The audit is part of the 2016/17 audit plan to assess the adequacy of the controls and procedures in place for the new Housing System Implementation.
- 4.2 A discussion document has been produced by SWAP reporting findings and recommendations. A subsequent meeting has taken place between the auditor, Strata's Programme and Resources Manager, the Housing Systems Manager and the Housing Needs and Strategy Manager to follow up the report findings and provide support and evidence to any queries raised.
- 4.3 The audit report is yet to be finalised and it is anticipated that no significant risks or concerns will be identified in the final report. The report will highlight the need to follow robust project management techniques, maintain an auditable trail of key decisions, issues, clear Project Board accountability, and a dynamic project plan.
- 4.4 Any opportunities for learning will be carried forward into the implementation of Phase 2.

5. Phase 2

- 5.1 Phase 2 has commenced, and will include Homelessness, workflow functionality, appointment integration, Resident Involvement, Tenant and Contractor online portals and Mobile Working.
- 5.2 The Homelessness Module is the first to be implemented in Phase 2, with ongoing work at present. There has been no system in place previously for the Housing Options and Homelessness responsibilities of EDDC, and OPENHousing will provide an improved method of recording, reporting and monitoring the service.

- 5.3 A proposed date of 1st April 2017 has been set for the Homelessness Module to be in place, and although it is acknowledged that this is an ambitious target, it would fit in with reporting responsibilities.
- 5.4 Mobile working implementation has just commenced for the Maintenance Surveyors who will be the first to receive the benefits of a comprehensive mobile working tool.

Report to: **Housing Review Board**

Date of Meeting: 09 March 2017

Public Document: Yes

Exemption: None

Review date for release None

Agenda item: 14

Subject: **Quarter 3 (October 1 to December 31 2016) Quarterly Monitoring Report**

Purpose of report: The Housing Performance Indicator Report for Quarter 3 2016/17 details selected indicators measuring performance across the Housing Service.

Recommendation: **The Housing Review Board is invited to consider and comment on performance of the Housing Service.**

Reason for recommendation: For the Board to see our performance for quarter 3 – October 1 to December 2016.

Officer: Natalie Brown

Financial implications: None

Legal implications: There are no legal implications.

Equalities impact: Low Impact

Risk: Low Risk

Links to background information: • .

Link to Council Plan: Living in this outstanding place

1. This report sets out a range of performance indicators for the Housing Service covering a wide range of activities we undertake as a social landlord on behalf of our tenants.
2. The report is in a familiar format providing a digest of information that enables managers and the Housing Review Board to monitor performance against key service elements.
3. Typically performance trends identify a need to look further into particular indicators to fully understand what is happening with a service activity.
4. We are looking to provide a dashboard of key performance indicators in the future with data drawn from the OPENHousing system.
5. We also have our Service Plan objectives monitored quarterly through our SPAR reporting system, and this data is presented periodically to Scrutiny and Cabinet.



6. We use the monthly performance reports to Cabinet to highlight particular performance issues alongside Systems Thinking style capability charts showing keys to keys times for voids and tenancy commencement to first rent payment for new tenancies.

Housing Service

Quarterly Performance Indicator Report

Quarter 3 2016/17 Financial Year

Contents

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Background Information

Performance against 2014/15 quarter has been included to provide some context to the statistics.

	Performance is worse than 2015/16 quarter figure by over 5%
	Performance is within 5% of 2015/16 quarter figure
	Performance is better than 2015/16 performance figure

0.0 Summary

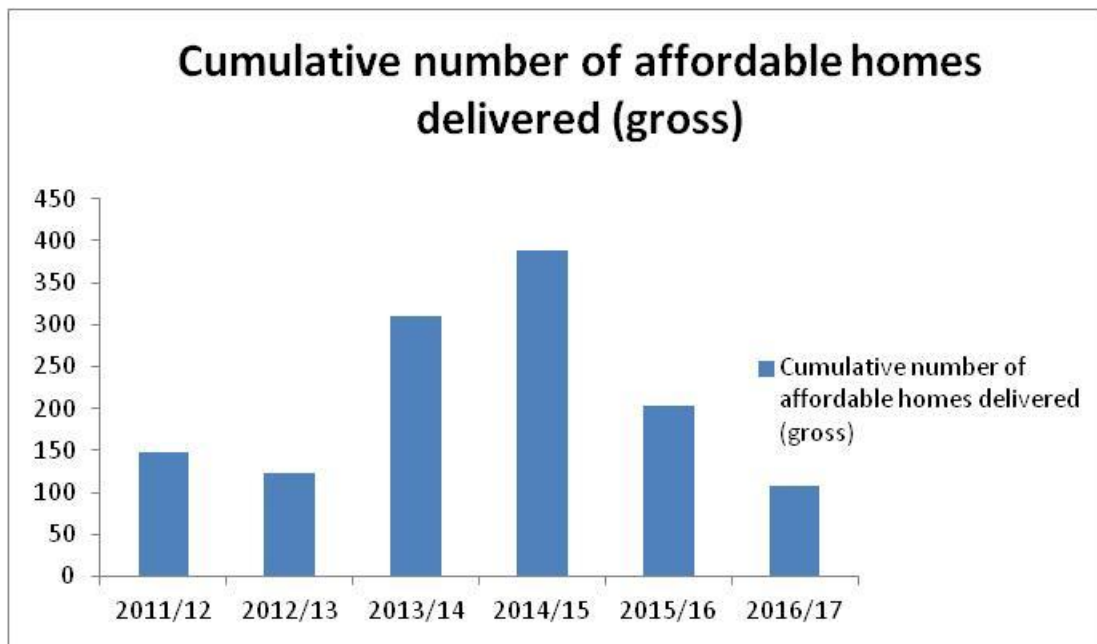
Description	2015/16	2016/17					Progress against 2015/16 quarter 3
	Cumulative Total	Apr- Jun	Jul-Sep	Oct - Dec	Jan - Mar	Cumulative Total	
Total supply of social rent housing and intermediate housing	204	4	55	48		107	
Total New ASB Cases	322	135	135	42		312	
No. of new stage 1 complaints	46	7	13	11		31	
Calls answered under 1 minute (%)	97.3	97.7	97.2	97.3		97.4	
The average re-let time in days General Needs	30.9	28.0	30.5	33.0		30.5	

Description	2015/16	2015/16					Progress against 2015/16 quarter 3
	Cumulative Total	Apr- Jun	Apr-Sep	Apr - Dec	Apr- Mar	Cumulative Total	
% of rent collected from current tenants (excl. arrears bought forward but incl. service charges) - Year to date	98.9%	99.1%	97.4%	98.2%		#	
Percentage of routine repairs completed within target time	95.5%	96.8%	97.7%	97.4%		97.30%	

1.0 Affordable Housing Completions

Performance Indicator	2015/16	2016/17							Performance against 2015/16 quarter 3
	Cumulative Total	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Cumulative Total	Target	% of target met	
Number of affordable homes delivered (gross) (LAA)	204	4	55	48		107	100		

Source: SPAR.net



2.0 Anti-social behaviour

Performance Indicator	2015/16	2016/17				Cumulative Total	Performance against 2015/16 quarter 3
	Cumulative Total	April-Jun	Jul-Sep	Oct - Dec	Jan-Mar		
No. of new ASB cases							
Alcohol related (H)	2	2				2	#
Criminal Behaviour (O)	2	2				2	#
Domestic Abuse (I)	6	1	1			2	#
Drugs, substance misuse, dealing (G)	13	2	1	1		4	#
Garden Nuisance (L)	40	38	42	7		87	#
Hate Related (C)	0		2			2	#
Litter, Rubbish, Fly Tipping (K)	73	9	3	3		15	#
Misuse of Communal Areas (M)	1					0	#
Noise (A)	85	23	25	6		54	#
Nuisance from Vehicles (F)	7					0	#
Pets & Animal Nuisance (E)	57	8	15	1		24	#
Physical Violence (J)	3		3	3		6	#
Prostitution, Sex Acts (N)	0					0	#
Vandalism & Damage to Property (D)	5	2				2	#
Verbal Abuse (B)	28	1	5	1		7	#
Communal Fire*		1				1	#
Communal Internal*		2	1	1		4	#
Communal Open Space*		6	6			12	#
Harrassment*		6	6	4		16	#
Condition of Property*		9	9	7		25	#
Communal Garden*		7	3	1		11	#
Condition of Garden*				1		1	#
Illegal Occupation, Squatter*		1		1		2	#
Vehicle Nuisance*		4	5	1		10	#
Parking Dispute*		7	4	1		12	#
Child behaviour*		1	3	2		6	#
Dangerous Animal				1			#
Untaxed Vehicle*		3		1		4	#
Total New ASB Cases	322	135	135	42		312	
Open Cases at end of quarter							
Resolved	#	58	79			#	#
Unresolved	#	#	#	#		#	#
% of closed cases that are resolved	#	#	#	#		#	#
Resolved by Early Intervention		#	#	#		#	#
Actions Taken by Early Intervention	#	#	#	#		#	#
Number of surveys received *	113	#	6	1		7	#
How easy to report complaint - % positive rating		#	67%	100%		83%	
How quickly were you interviewed - % positive rating	#	#	#				
Was staff member helpful - % positive rating	#	#	50%	100%		75%	
Overall satisfaction with way complaint was dealt with - % positive rating	#	#	50%	100%		75%	
Overall satisfaction with outcome of complaint - % positive rating	#	#	100%	100%		100%	

Source: Estate Management Customer Satisfaction Survey,

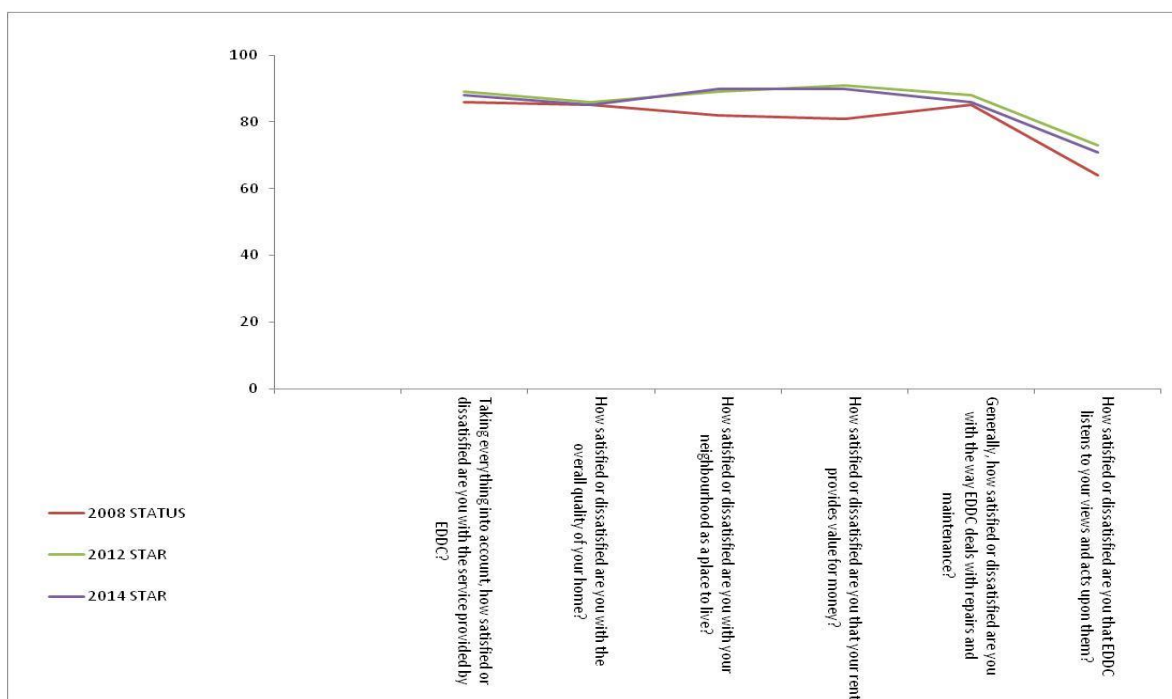
3.0 Complaints

Description	2015/16	2015/16				2016/17	Performance against 2015/16 quarter 3
	Cumulative Total	April- Jun	Jul-Sep	Oct - Dec	Jan - Mar	Cumulative Total	
No. of new stage 1 complaints	46	7	13	11		31	
Allocations complaints	4	1	2	1		4	
ASB complaints	1	1	5	2		8	
Estate services complaints	3	0	0	2		2	
Tenancy management complaints	0	0	0	0		0	
Rents and service charges complaints	2	0	0	0		0	
Repairs and maintenance complaints	16	2	4	6		12	
Staff & customer service complaints	12	1	2	0		3	
Other complaints	8	2	0	0		2	
Average time in calendar days to issue full response to all Stage 1 complaints	20.0	27.5	21	18.3		22.3	

4.0 Customer Satisfaction

Description	2008 STATUS	2012 STAR	2014 STAR
Taking everything into account, how satisfied or dissatisfied are you with the service provided by EDDC?	86	89	88
How satisfied or dissatisfied are you with the overall quality of your home?	85	86	85
How satisfied or dissatisfied are you with your neighbourhood as a place to live?	82	89	90
How satisfied or dissatisfied are you that your rent provides value for money?	81	91	90
Generally, how satisfied or dissatisfied are you with the way EDDC deals with repairs and maintenance?	85	88	86
How satisfied or dissatisfied are you that EDDC listens to your views and acts upon them?	64	73	71

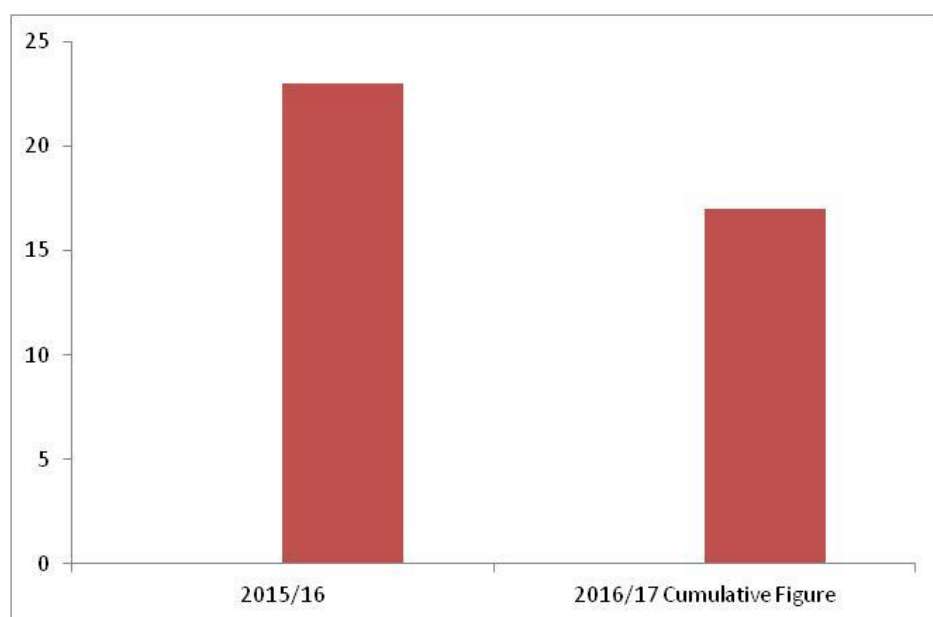
Source: STATUS and STAR surveys. NB: The STAR results are based on valid responses only, STATUS on non-valid and valid responses – they are therefore not directly comparable.



5.0 EDDC Stock

Date	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	HMO	Total
04/04/2011	1189	1428	1609	70	5		4301
15/06/2011	1188	1426	1609	70	5		4298
01/07/2011	1188	1426	1609	70	5		4298
01/08/2011	1188	1427	1609	70	5		4299
01/09/2011	1188	1427	1609	70	5		4299
03/10/2011	1188	1427	1609	70	5		4299
01/11/2011	1188	1427	1609	70	5		4299
01/12/2011	1188	1427	1609	70	5		4299
03/01/2012	1188	1427	1609	70	5		4299
01/02/2012	1188	1427	1609	70	5		4299
01/03/2012	1188	1427	1608	70	5		4298
30/03/2012	1188	1427	1607	70	5		4297
02/05/2012	1188	1427	1607	69	5		4296
01/06/2012	1188	1427	1607	69	5		4296
02/07/2012	1188	1427	1607	69	5		4296
28/11/2012	1190	1423	1605	68	5		4291
04/01/2013	1189	1423	1603	68	5		4288
09/04/2013	1189	1424	1598	66	5		4282
04/07/2013	1189	1432	1594	66	5		4286
02/04/2014	1193	1425	1586	66	5		4279
02/07/2014	1195	1428	1580	65	5		4273
08/10/2014	1196	1424	1575	65	5		4265
15/01/2015	1196	1419	1567	65	6		4253
15/04/2015	1196	1415	1562	65	6		4244
24/07/2015	1196	1411	1560	26	6		4237
15/10/2015	1196	1409	1558	64	6		4233
07/01/2016	1195	1407	1556	64	6		4228
08/04/2016	1193	1408	1551	64	6		4222
06/07/2016	1195	1406	1549	64	6		4220
30/09/2016	1195	1406	1549	64	6		4220
04/01/2016	1189	1408	1546	67	6	1	4217

5.1 RTB Sales



Source: Open Housing and Host Access Bedroom Analysis

6.0 Homelessness

Description	2015/16	2015/16					Performance against 2015/16 quarter 3
	Cumulative Total	April- Jun	Jul-Sep	Oct - Dec	Jan - March	Cumulative Total	
Office Interviews: Number of people who come into EDDC office for housing/homeless advice	2346	576	456	385		#	
Approaches: Number of people who indicate that they are homeless or about to become homeless	371	94	72	76		#	
Acceptances: Number of people who EDDC have accepted as homeless	6	3	9	5		#	
Preventions: Cases EDDC have intervened to prevent homelessness	363	85	80	61		#	
No of households living in temp acc owed a housing duty at the end of the quarter (not in B&B)*	#	3	4	2		#	
Number of days spent in temporary B&B accommodation**	468					#	
Cost of temporary B&B accommodation (£)*	£2,550					#	
Number of hhlds living in temp accommodation at end of quarter	14	11	14	10			
No of households placed into temp B&B accommodation during the qtr	#	18	14	15			
Number of hhlds in temp B&B accom at end of quarter	8	3	5	2		#	
Verified rough sleeper count*	#	4	4	7		#	

Source: Homelessness & Housing Options Team & SPAR

*Please note this is not the net cost but the total cost. Some payments will be recovered through HB payments

Factors contributing to a rise in homelessness (Q2 notes):

- A national rise of 12% reported by DCLG
- Obstacles caused by welfare reforms in assisting people into the private sector
- Challenges in accommodating an increasing number of people with high and complex needs

7.0 Home Safeguard

Description	2015/16		2016/2017				Progress against last quarter 3
	Cumulative total	Apr-June	July-Sept	Oct-Dec	Jan-March	Cumulative total	
Call Handling							
Answered in under 1 Minute	97.3%	97.70%	97.23%	97.25%		97.39%	
Answered in under 3 Minutes	99.5%	99.70%	99.56%	99.50%		99.59%	
Answered in over 3 Minutes	0.4%	0.37%	0.44%	0.52%		0.44%	
% of Operators Achieving Under 1 Minute KPI	53.1%	62.2%	46.8%	65.2%		58.07%	
Installations							
Under 2 working Days (urgent) - Number	23	1	4	3		8	#
Under 2 working Days (urgent) - % installed within target time	100.0%	100%	100%	100%			
Under 5 working Days - Number	0	3	6	1		10	#
Under 5 working Days - % installed within target time	100.0%	100%	100%	50%			
Under 15 working Days (non urgent) - Number	473	142	147	117		406	#
Under 15 working Days (non urgent) - % installed within target time	100.0%	100%	100%	100%			
Under 20 working Days (non urgent) - Number	2	0	0	0		0	#
Under 20 working Days (non urgent) - % installed within target time	100.0%	100%	100%	100%			
Repairs							
Critical repaired within 48 hours - number	87	26	31	30		87	#
Critical repaired within 48 hours - % repaired within target time	99.4%	89.6%	100.0%	97.6%			
Critical repaired within 96 hours - number	43	28	31	31		90	#
Critical repaired within 96 hours - % repaired within target time	98.0%	96.3%	100.0%	100.0%			
No critical within 10 working days - number	122	20	29	33		82	#
No critical within 10 working days - % repaired within target time	99.0%	100.0%	100.0%	100.0%			
No critical within 15 working days - number	52	20	29	33		82	#
No critical within 15 working days - % repaired within target time	99.3%	100.0%	100.0%	100.0%			
Complaints							
Total complaints	1	0	0	0			
Response sent in under 5 days	#	#	#	#		#	#
Response sent in under 20 days	#	#	#	#		#	#

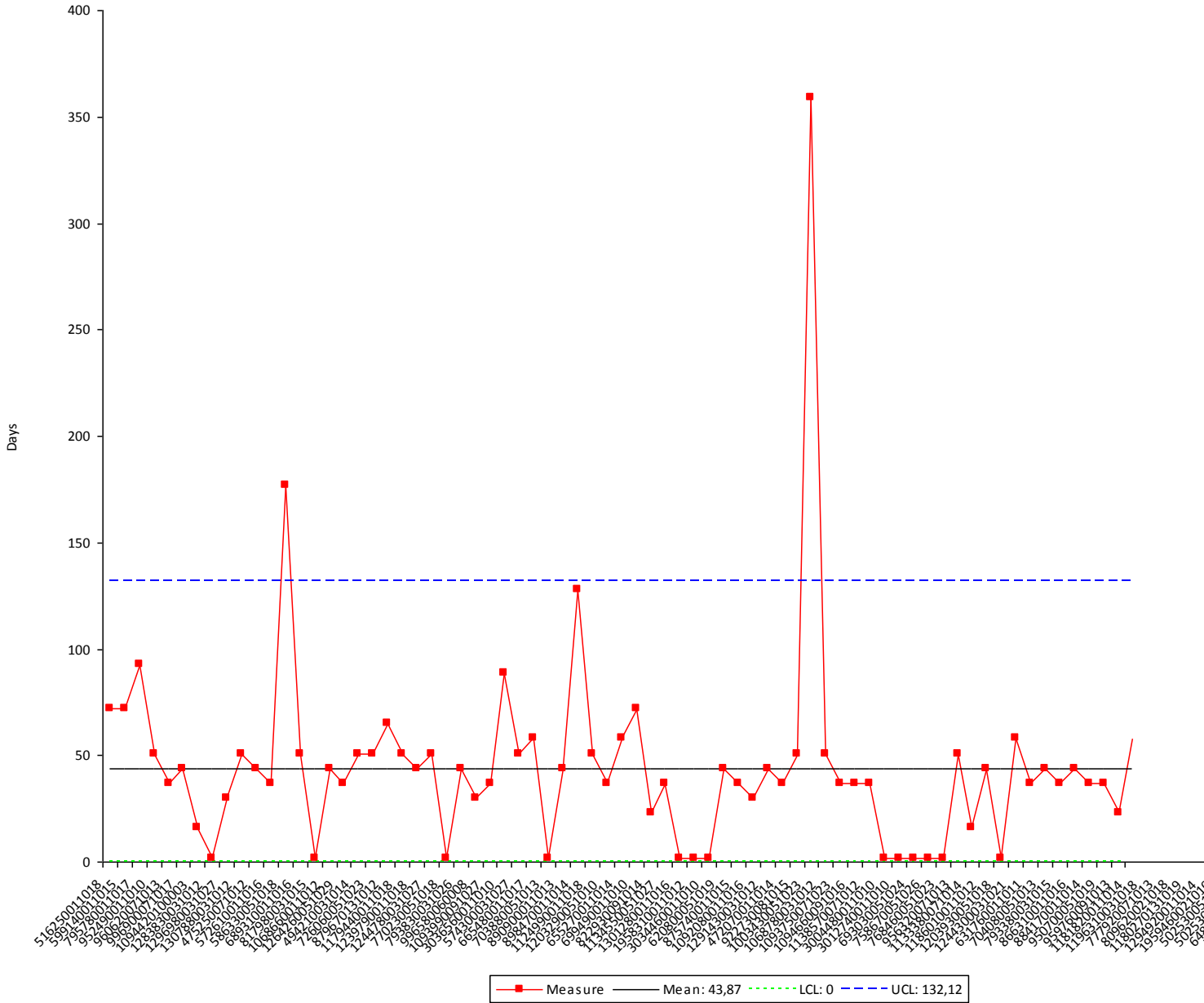
8.0 Lettings

Performance Indicator	2015/16	2016/17				Cumulative Total	Performance against 2015/16 quarter 3
	Cumulative Total	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar		
Total number of units vacant at the end of the period	#	32	34	25		91	#
Number of units vacant and available for letting at the period end	#	9	13	3		25	#
Number of units vacant but unavailable (BVPI) for letting at the period end	#	23	21	22		#	#
The average re-let time in days General Needs	30.8	28.0	30.5	33.0		30.5	
The average re-let time in days Sheltered Housing	29.6	29.9	31.5	38.5		33.3	
Total number of re-lets during the period benchmarked	262	65	67	81		213	#
The number of properties accepted on first offer GN	143	17	#	70		#	#
The number of properties accepted on first offer SH	63	15	#	59		#	#
The % of properties accepted on first offer GN	#	#	#	77.8		#	#
The % of properties accepted on first offer SH	#	#	#	80.8		#	#
Percentage of new tenants satisfied with the letting service	#	88.4	91.1%	80%		#	#
Percentage of dwellings that are vacant and available to let - GN and HfOP	#	0.01	0.001	0.0001		#	#
Percentage of dwellings that are vacant but unavailable (BVPI) to let - GN and HfOP	#	0.04	0.002	0.001		#	#

Source: CORE, Anite (via Business Objects)

Figure 8.1: Housing Voids – Property Type Dwelling – Capability Chart for 01 October 2016 – 31 December 2016 (Please note this chart shows all voids including those undergoing major works)

Housing Voids: Is Garage?=No
 Capability Chart - End to End Times, Void Start to Void End from 01-Oct-16 to 31-Dec-16



9.0 Number of Households on the East Devon Housing Waiting List

Performance Indicator	2015/16	2016/17				Progress against last year
	End of Year Total	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	
Band A - Emergency Housing Need	1	1		1		
Band B - High Housing Need	244	266	276	289		
Band C - Medium Housing Need	376	391	449	445		
Band D - Low Housing Need	631	665	710	750		
Band E - No Housing Need	1292	1388	1556	1641		
Total	2544	2711	2991	3126		

Source: Devon Home Choice

10 Private Sector Housing

Description	Cumulative Total 2015/16	2016/17				Cumulative Total	Cumulative Total 2013/14
		April- Jun	Jul-Sep	Oct - Dec	Jan - March		
Empty homes investigated	#	48	12	#		60	140
Empty homes genuinely brought back into use	20	#	10	#		10	#
Non-exempt empty homes	#	123	276	#		399	993
Disabled Facilities Grant Approvals	110	26	28	26		80	99
Disabled Facilities Grant Completions	109	27	30	0.35		57.35	60

Source: Council Tax Return & Private Sector Team records

11 Rental

Performance Indicators	2016/2017			Performance against 2015/16 quarter 3
	Apr-Jun	Apr-Sep	Apr-Dec	
Rent and service charges due for the period benchmarked (whether property (incl garage) is occupied or not & excluding all arrears brought forward)	£4,761,872.10	£9,522,890.20	£14,434,160.54	#
Rent and service charges that could not be collected during the period benchmarked due to empty dwellings (incl garages)	£68,555.88	£138,842.76	£224,211.71	#
Rent collected year to date from current tenants	£4,720,844.80	£9,273,060.10	13,957,823.64	#
Rent collected year to date from former tenants	£9,967.15	£24,062.96	21,659.92	#
Rent collected year to date from current & former tenants	£4,730,811.95	£9,297,123.06	£13,979,483.56	#
Total tenant arrears - start of year	£224,312.65	£297,975.20	£303,724.44	#
Total tenant arrears - end of period	£297,975.20	£303,724.44	£330,686.44	#
Current tenant arrears - start of year	£159,004.92	£233,801.85	£239,957.63	#
Current tenant arrears - end of period	£233,801.85	£239,957.63	£284,032.43	#
Former tenant arrears - start of year	£65,307.73	£64,173.35	£63,766.81	#
Former tenant arrears - end of period	£64,173.35	£63,766.81	£44,810.98	#
Total rent and service charges of current and former tenants, which were actually written off as unrecoverable year to date	£5,585.03	£12,676.33	39,158.27	#
Total number of evictions due to rent arrears year to date	1	2	5	
Number of tenancies at the start of the period	4188	4187	4188	
Number of tenancies at the end of the period	4187	4188	4185	
% of rent due collected from current & former tenants (excluding arrears b/fwd)	100.8%	99.1%	98.4%	#
% of rent due collected from current & former tenants (including arrears b/fwd)	96.2%	96.0%	96.3%	#
% of rent due collected from current tenants (excluding arrears b/fwd)	100.6%	98.8%	98.2%	
% of rent due collected from current tenants (including arrears b/fwd)	97.3%	96.4%	96.6%	#
Rent arrears of current tenants as a % of rent due	5.0%	2.6%	2.0%	#
Rent arrears of former tenants as a % of rent due	1.4%	0.7%	0.3%	
Rent arrears of former & current tenants as a % of rent due	6.3%	3.2%	2.3%	#
Rent arrears of current and former tenants written off as a % of rent due	0.1%	0.1%	0.3%	#
Rent loss due to empty properties as a % of rent due	1.4%	1.5%	1.6%	#
Evictions due to rent arrears as a % of all tenancies	0.0%	0.0%	0.1%	#
Rent collected - calculated method	£4,614,068.64	£9,365,621.87	£14,145,671.59	#

Source: Open Housing, Arrears Report, Rent Reconciliation, Rent Account Balance, Rental Team

12 Repairs

Performance Indicator	Cumulative Total 2015/16	2016/2017				Cumulative Total 2016/17	Progress against 2015/16 quarter 3
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar		
The total number of emergency repairs completed year-to-date	518	129	139	123		391	#
The total number of emergency repairs completed year-to-date that were completed within target	498	129	136	121		386	#
Percentage of emergency repairs completed within target time - Year to date	96.1	100%	97.8%	98.4%		98.7%	
The total number of routine repairs completed year-to-date	8647	2136	1912	1852		5900	#
The total number of routine repairs completed year-to-date that were completed within target	8239	2067	1868	1808		5743	#
Percentage of routine repairs completed within target time	95.3	96.8%	97.7%	97.6%		97.4%	
% First time first fix (emergency)	98%	99%	100%	96.7%		98%	
The total number of first time first fix (emergency) - excl decorating	506	127	139	118		384	#
% First time first fix (routine)	86%	85.0%	86.2%	90.8%		87.3%	
The total number of first time first fix (routine)	7480	1813	1657	1677		5147	#
Average number of hours to complete (emergency)	4.9	4.3	3.9	4.6		4.3	#
Average number of days to complete (routine)	7.4	10.2	7.7	8.95		8.95	
The total number of appointments (jobs requiring access only)	6151	1468	1919	690		4077	#
The total number of recalls	110	28	43	66		137	#
The total number of chasers	3	2	2	5		9	#
The percentage of properties, requiring a landlord gas safety record, that have a valid landlord gas safety record	100%	#	100%	100%		#	
Overall gas safety check service rating - % positive satisfaction rating	#	#	#	99.3%		#	#

Source: Skidders and MD, Liberty Gas Servicing Portal Report

Report to: **Housing Review Board**

Date of Meeting: 09 March 2017

Public Document: Yes

Exemption: None



Agenda item: **15**

Subject: **HRA Financial Monitoring Report 2016/17 - Month 9 December 2016 and HRA Business Plan update**

Purpose of report: This report gives a summary of the overall financial position on the Housing Revenue Account, HRA Capital Programme and the Business Plan for 2016/17 at the end of month nine (December 2016).

Regular monitoring will highlight any areas of concern or unforeseen expenditure in the HRA and associated capital programme and enable corrective action to be taken as required. Any variances will be reflected in the Business Plan.

Current monitoring indicates that:

- The Housing Revenue Account Balance will be maintained at or above the adopted level.
- The position on the HRA Business Plan remains healthy.

Recommendation: **That the variances identified as part of the HRA revenue and capital monitoring process up to month nine and the HRA Business Plan Update be noted.**

Reason for recommendation: The report updates the Board on the overall financial position of the Housing Revenue Account and Business Plan following the end of each month and includes recommendations where corrective action is required for the remainder of the financial year.

Officer: Isaac Aisu Interim Accountant Ext 2357

iaisu@eastdevon.gov.uk

Financial implications: Details are contained within the report.

Legal implications: There are no legal implications requiring comment.

Equalities impact: Low Impact

Risk: Low Risk

Current monitoring indicates that the HRA and Business Plan balances are being maintained at or above the adopted levels. In compiling this report we have looked at all large, high risk and volatile budget areas. Predicted spending patterns have been linked to operational activity and all material budgets have been subject to thorough risk assessments by operational managers and finance staff. Any continuing variances in spending patterns will be considered and incorporated into the Business Plan.

Links to background information: • [Housing Revenue Account Period 9 Monitoring](#)

Link to Council Plan: Developing an outstanding local economy

Financial Monitoring Report 2016/17 – To Month 9 December 2016

1. Introduction

1.1 The purpose of this monitoring report is to update members of the Board on the overall financial position of the Housing Revenue Account and Business Plan following the end of month nine.

2. Housing Revenue Account Position

2.1 A summary of the predicted over and under spends to the year end is shown below:

	Variation at Month 9 £000	Predicted Outturn Variation £000
Income	(900)	(907)
HRA Flood Insurance Claim to be transferred to HRA reserves	0	(1,051)
Supervision and Management	(187)	(209)
Predicted Outturn Total Variations HRA	(1,087)	(2,167)

The above position is a result of more rental income from Sheltered accommodation properties which went up by CPI plus 1% (the budget assumed a 1% reduction as the position with Government was unclear at the time of setting the budget) and good void refurbishment and consequent reletting of these properties.

2.2 The following table shows the original budget surplus set for the year and the total variations as identified above, which are likely to affect the budget to give a revised budget surplus for the year.

	£000
Original Budget surplus	(213)
Month 9 predicted net (under)/overspend to year end	(2,167)
Predicted Budget (Surplus)/Deficit HRA	(2,380)

Appendix A gives a more detailed breakdown of the HRA budgets and actual expenditure and income to date.

2.3 These variations will have the following effect on the Housing Revenue Account Balance:

	£000
Housing Revenue Account Balance (01/04/16)	(5,135)
Predicted budget requirement as above	(2,380)
Predicted HRA Balance (31/03/17)	(7,515)

The recommended level for the HRA balance has been agreed at £2.1m (£500 per property). The current balance is well above the recommended level and in addition £4.4m is held in a volatility reserve. These balances will be required to mitigate the effect of the 1% rent reduction and the sale of high value stock through Right to Buy. Members have also considered the spending levels required from reserves in meeting the need to spend Right to Buy receipts.

3. Capital Programme Position

3.1 The following tables show HRA capital budgets, expenditure to period 9 and projected capital outturn for 2016/17.

Capital Programme and financing:

HRA Capital Projects	Funds Available 2016/17	Actual to Period 9	Projected outturn 2016/17
HRA Affordable Housing			
Shared house 102 St Andrews Rd Exmouth	£279,560	£285,277	£285,277
Purchase of property 33 Ladymead Sidmouth	£220,000	£229,840	£229,840
Purchase of property 25 Ladymead Sidmouth	£210,000	£219,313	£219,313
Purchase of property 52 Ladymead Sidmouth	£190,330	£195,624	£195,624
Purchase of property 84 Fraser Rd Exmouth	£191,830	£191,834	£191,834
Purchase of property 156 Manstone Ave Sidmouth	£183,000	£190,772	£190,772
Purchase of property 212 Manstone Ave Sidmouth	£180,870	£186,249	£186,249
Purchase of property 103 Manstone Ave Sidmouth	£181,040	£181,127	£181,127
Purchase of property 34 Ladymead Sidmouth	£158,620	£158,619	£158,619
Purchase of property 30 Orchard Close Sidmouth	£135,730	£135,734	£135,734
Purchase of property 1a George St Honiton	£110,930	£110,925	£110,925
Purchase of property 4 Roseway Exmouth	£110,060	£110,062	£110,062
Purchase of property 63 Birchwood Road, Exmouth	£0	£0	£227,680
Purchase of property 18 Hollywalk, Exmouth	£0	£0	£198,228
HRA Affordable Housing Total	£2,151,970	£2,195,378	£2,621,286

HRA Capital Projects	Budget 2016/17	Actual to Period 9	Projected outturn 2016/17
HRA Housing Other			
Remodelling Of Sheltered Scheme	£200,000	£107,169	£142,893
Social Service Adaptations	£200,000	£184,582	£246,109
Major improvement/extension	£175,000	£86,150	£114,867
HRA Housing System	£138,070	£18,844	£25,125
Off street car parking	£50,000	£40,839	£54,452
Seaton Refurbishment Manor Close	£37,830	£17,375	£23,167
HRA Housing Other Total	£800,900	£454,960	£606,613
HRA Major Repairs			
Change of Tenancy Expenditure	£1,596,000	£1,533,118	£2,180,000
Gas Boiler Replacement	£800,000	£217,644	£342,000
Replacement Kitchens	£650,000	£323,758	£390,000
Update Electrics	£500,000	£122,060	£150,000
PVCu Fascia Replacement	£400,000	£0	£0
Replacement Doors	£400,000	£384,584	£464,000
Replacement Bathrooms	£300,000	£80,998	£100,000
Central Heating Replacement	£200,000	£3,400	£12,000
Electrical Updating	£150,000	£31,069	£48,000
Roofing Renewal	£150,000	£127,163	£161,000
Cot Kitchens	£0	£127,067	£187,000
Cot Bathrooms	£0	£25,174	£40,000
Cot Heating replacement	£0	£3,400	£35,000
Cot new boilers	£0	£28,214	£45,000
HRA Major Repairs Total	£5,146,000	£3,007,650	£4,154,000
GROSS EXPENDITURE	£8,098,870	£6,083,896	£7,381,899

Capital Programme financed by;	
HRA Affordable Housing Funding	
HRA Right To Buy Capital receipts	786,390
Section 106 HRA - Various	1,418,068
HRA Rev contribution RCCO - Aff Housing balance	416,828
HRA Affordable Housing Funding Total	2,621,286
HRA Capital financing Other	
HRA Other Capital receipts	606,613
HRA contribution - From Major Repairs Reserve	4,154,000
Total HRA Capital financing Other	4,760,613
Total HRA Funding	7,381,899

4. HRA Business Plan

- 4.1 Appendix B shows the Business Plan Operating Account which reflects the HRA 30 year Business Plan from 2017/18.

Working with Capita, the 30 Year Business Plan has been refreshed. This has included revisiting all the business plan assumptions including;

- Rents and stock levels
- Right to buy assumptions and capital spend requirements
- Borrowing requirements,
- Resourcing requirements,
- HRA Revenue Contribution to Capital,
- HRA Reserve levels

Work is still ongoing to update the 30 year Business Plan and Members will be presented with the final position within the next few months. It should be noted that the 30 year Business Plan assumptions do not include up to date stock condition survey variables as this is scheduled to be completed in 2017/18, at which point a further update will be made.

EAST DEVON DISTRICT COUNCIL
REVENUE BUDGET MONITORING 2016/2017
SUMMARY OF HOUSING REVENUE ACCOUNT
 Period to 31 December 2016

2016/17			Service	2016/17	2016/17
Budget				Actual	Variance
Original	Revised	Year to Date		£	£
£	£	£			
			INCOME		
1	(17,711,540)	(17,711,540)	Gross Property Rent including Garages	(13,888,630)	(945,590)
2	(1,195,870)	(1,195,870)	Other Rents & Income	(355,449)	21,881
3	(18,907,410)	(18,907,410)	Total Income	(14,244,079)	(923,709)
			EXPENDITURE		
			Repairs & Maintenance		
4	2,913,370	2,913,370	General	2,078,530	(106,490)
5	1,058,500	1,058,500	Special Works	786,000	51,478
			Supervision & Management		
6	3,576,100	3,576,100	General	2,836,238	(92,642)
7	1,421,420	1,421,420	Special	1,072,522	(103,528)
8	250,800	250,800	Other Expenditure	209,746	8,676
9	9,220,190	9,220,190	Total Management & Maintenance	6,983,036	(242,506)
10	0	0	Adjustment to Bad Debt Provision	0	0
11	58,800	58,800	Depreciation - dwellings	58,800	0
12	85,030	85,030	- other	85,030	0
13	5,002,170	5,002,170	Transfer to Major Repairs Reserve	2,831,262	(884,408)
14	14,366,190	14,366,190	Total Expenditure	9,958,128	(1,126,914)
15	(4,541,220)	(4,541,220)	NET COST OF SERVICE	(4,285,951)	(2,050,623)
16	(34,680)	(34,680)	Interest on Balances	0	0
17	4,038,330	4,038,330	Principal & Interest Payable (PWLB loans)	1,246,688	(27,527)
18	(40)	(40)	Interest on Council House Sales (mortgages)	(14)	16
19	4,003,610	4,003,610		1,246,674	(27,511)
20	(537,610)	(537,610)	NET OPERATING EXPENDITURE - Deficit / (Surplus)	(3,039,277)	(2,078,134)
21	325,000	325,000	Revenue Contribution to Capital Expenditure	0	0
22	(212,610)	(212,610)	Deficit / (Surplus) for the Year	(3,039,277)	(2,078,134)
			BALANCES		
23	(4,838,888)	(5,134,598)	Balance b/f HRA	(5,134,598)	0
24	(3,400,000)	(4,400,000)	Balance b/f Volatility Reserve	(4,400,000)	0
25	(212,610)	(212,610)	Deficit / (Surplus) in year	(3,039,277)	(2,167,232)
26	(8,451,498)	(9,747,208)	Total Balance C/F	(12,573,875)	(2,167,232)

East Devon District Council
HRA Business Plan
Operating Account
(expressed in money terms)

		Income				Expenditure							
		Net rent Income £,000	Other income £,000	Misc Income £,000	Total Income £,000	HRA							Capital Charge s £,000
Year	Year					Managt. £,000	Deprecia tion £,000	Respos ive & Cyclical £,000	Other Revenu e spend £,000	Cost of Rent Rebate s £,000	Misc expens es £,000	Total expense s £,000	
1	2017.18	17,861	452	0	18,312	(5,186)	(5,145)	(4,088)	(245)	0	0	(14,664)	(2,531)
2	2018.19	17,804	463	0	18,268	(5,316)	(5,280)	(4,191)	(251)	0	0	(15,037)	(2,563)
3	2019.20	18,089	475	0	18,564	(5,449)	(5,418)	(4,295)	(257)	0	0	(15,419)	(2,598)
4	2020.21	18,375	487	0	18,861	(5,585)	(5,560)	(4,403)	(264)	0	0	(15,811)	(2,666)
5	2021.22	19,023	499	0	19,522	(5,725)	(5,705)	(4,513)	(270)	0	0	(16,213)	(2,812)
6	2022.23	19,693	511	0	20,204	(5,868)	(5,855)	(4,626)	(277)	0	0	(16,625)	(2,958)
7	2023.24	20,384	524	0	20,908	(6,014)	(6,008)	(4,741)	(284)	0	0	(17,048)	(3,058)
8	2024.25	21,505	537	0	22,042	(6,165)	(6,166)	(4,860)	(291)	0	0	(17,481)	(3,100)
9	2025.26	21,741	551	0	22,292	(6,319)	(6,327)	(4,981)	(298)	0	0	(17,926)	(3,144)
10	2026.27	22,303	564	0	22,867	(6,477)	(6,455)	(5,106)	(306)	0	0	(18,344)	(3,189)
11	2027.28	22,877	578	0	23,455	(6,639)	(6,586)	(5,233)	(313)	0	0	(18,772)	(3,235)
12	2028.29	23,465	593	0	24,058	(6,805)	(6,719)	(5,364)	(321)	0	0	(19,209)	(3,257)
13	2029.30	24,068	608	0	24,675	(6,975)	(6,854)	(5,498)	(329)	0	0	(19,657)	(3,233)
14	2030.31	25,159	623	0	25,782	(7,149)	(6,993)	(5,636)	(338)	0	0	(20,115)	(3,176)
15	2031.32	25,316	638	0	25,954	(7,328)	(7,134)	(5,777)	(346)	0	0	(20,584)	(3,084)
16	2032.33	25,962	654	0	26,617	(7,511)	(7,277)	(5,921)	(355)	0	0	(21,064)	(3,042)
17	2033.34	26,624	671	0	27,295	(7,699)	(7,423)	(6,069)	(363)	0	0	(21,555)	(3,069)

18	2034.35	27,301	688	0	27,989	(7,891)	(7,572)	(6,221)	(373)	0	0	(22,057)	(3,111)
19	2035.36	28,533	705	0	29,238	(8,089)	(7,724)	(6,377)	(382)	0	0	(22,571)	(3,156)
20	2036.37	28,705	722	0	29,427	(8,291)	(7,879)	(6,536)	(391)	0	0	(23,097)	(3,203)
21	2037.38	29,432	740	0	30,172	(8,498)	(8,036)	(6,699)	(401)	0	0	(23,635)	(3,250)
22	2038.39	30,176	759	0	30,935	(8,711)	(8,197)	(6,867)	(411)	0	0	(24,186)	(3,199)
23	2039.40	30,938	778	0	31,716	(8,928)	(8,360)	(7,038)	(422)	0	0	(24,749)	(3,134)
24	2040.41	31,717	797	0	32,515	(9,152)	(8,527)	(7,214)	(432)	0	0	(25,325)	(2,935)
25	2041.42	33,141	817	0	33,958	(9,380)	(8,697)	(7,395)	(443)	0	0	(25,915)	(2,706)
26	2042.43	33,333	838	0	34,170	(9,615)	(8,869)	(7,580)	(454)	0	0	(26,518)	(2,444)
27	2043.44	34,169	859	0	35,028	(9,855)	(9,045)	(7,769)	(465)	0	0	(27,135)	(2,089)
28	2044.45	35,025	880	0	35,905	(10,102)	(9,225)	(7,963)	(477)	0	0	(27,767)	(1,958)
29	2045.46	35,901	902	0	36,803	(10,354)	(9,407)	(8,162)	(489)	0	0	(28,413)	(1,810)
30	2046.47	36,798	925	0	37,723	(10,613)	(9,593)	(8,367)	(501)	0	0	(29,074)	(1,639)
31	2047.48	38,434	948	0	39,382	(10,878)	(9,783)	(8,576)	(514)	0	0	(29,750)	(1,101)
32	2048.49	38,642	971	0	39,613	(11,150)	(9,976)	(8,790)	(526)	0	0	(30,442)	(996)
33	2049.50	39,596	996	0	40,592	(11,429)	(10,172)	(9,010)	(540)	0	0	(31,151)	(889)
34	2050.51	40,574	1,021	0	41,594	(11,715)	(10,372)	(9,235)	(553)	0	0	(31,875)	(889)
35	2051.52	41,574	1,046	0	42,620	(12,008)	(10,576)	(9,466)	(567)	0	0	(32,616)	(889)
36	2052.53	43,417	1,072	0	44,489	(12,308)	(10,783)	(9,703)	(581)	0	0	(33,375)	(889)
37	2053.54	43,645	1,099	0	44,744	(12,616)	(10,994)	(9,945)	(596)	0	0	(34,150)	(887)
38	2054.55	44,718	1,127	0	45,844	(12,931)	(11,209)	(10,194)	(610)	0	0	(34,944)	(618)
39	2055.56	45,815	1,155	0	46,970	(13,254)	(11,428)	(10,449)	(626)	0	0	(35,756)	(322)
40	2056.57	46,938	1,184	0	48,121	(13,586)	(11,650)	(10,710)	(641)	0	0	(36,587)	0

Net Operating (Expenditure) £,000	Repayment of loans £,000	Transfer to MRR £,000	Transfer from / (to) Revenue Reserve £,000	RCCO £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000	Interest £,000	Surplus (Deficit) c/fwd £,000
1,118	(7)	0	0	(2,851)	(1,740)	9,747	35	8,042
668	(7)	0	0	(2,852)	(2,191)	8,042	26	5,877
546	(7)	0	0	(2,854)	(2,315)	5,877	17	3,580
384	(8)	0	0	(1,956)	(1,580)	3,580	10	2,010
497	(8)	0	0	(498)	(10)	2,010	6	2,006
621	(9)	0	0	(618)	(6)	2,006	6	2,006
803	(9)	0	0	(800)	(6)	2,006	6	2,006
1,461	(10)	0	0	(1,457)	(6)	2,006	6	2,006
1,222	(10)	0	0	(1,218)	(6)	2,006	7	2,007
1,334	(11)	0	0	(1,330)	(7)	2,007	9	2,009
1,449	(11)	0	0	(1,447)	(9)	2,009	11	2,011
1,592	(12)	0	0	(1,591)	(11)	2,011	13	2,013
1,786	(849)	0	0	(930)	7	2,013	16	2,036
2,491	(2,466)	0	0	0	25	2,036	19	2,079
2,285	(2,308)	0	0	0	(23)	2,079	22	2,079
2,510	(574)	0	0	0	1,936	2,079	28	4,043
2,671	(40)	0	0	0	2,631	4,043	36	6,710

2,820	(40)	0	0	0	2,781	6,710	45	9,536
3,511	(40)	0	0	0	3,471	9,536	56	13,063
3,127	(40)	0	0	0	3,087	13,063	67	16,218
3,287	(1,343)	0	0	0	1,944	16,218	74	18,236
3,550	(1,620)	0	0	0	1,931	18,236	80	20,246
3,832	(5,018)	0	0	(287)	(1,473)	20,246	80	18,853
4,255	(5,761)	0	0	(528)	(2,034)	18,853	75	16,893
5,338	(6,547)	0	0	(631)	(1,841)	16,893	69	15,121
5,208	(8,929)	0	0	(740)	(4,461)	15,121	59	10,720
5,803	(3,279)	0	0	(854)	1,671	10,720	55	12,446
6,180	(3,708)	0	0	(973)	1,499	12,446	61	14,006
6,581	(4,170)	0	0	(1,098)	1,312	14,006	66	15,384
7,009	(13,557)	0	0	(1,231)	(7,779)	15,384	56	7,662
8,530	(2,622)	0	0	(1,370)	4,538	7,662	52	12,252
8,174	(2,698)	0	0	(1,515)	3,961	12,252	66	16,278
8,552	0	0	0	(1,667)	6,885	16,278	84	23,247
8,830	0	0	0	(1,826)	7,004	23,247	107	30,357
9,114	0	0	0	(1,992)	7,122	30,357	130	37,610
10,225	0	0	0	(2,165)	8,060	37,610	155	45,824
9,707	(6,720)	0	0	(2,346)	641	45,824	170	46,636
10,282	(7,397)	0	0	(2,536)	350	46,636	173	47,158
10,892	(8,120)	0	0	(2,733)	39	47,158	174	47,371
11,534	0	0	0	(2,939)	8,595	47,371	189	56,155

Annual report of the Housing Review Board 2016/17

The Chairman and Vice Chairman of the Housing Review Board are Councillor Pauline Stott and Pat Rous Tenant Representative, respectively.

The Board welcomed a new member Councillor Brenda Taylor at its June meeting and returning tenant representative member (Victor Kemp) at its September 2016 meeting.

Words from the Chairman

It has been a great privilege to be the Chairman of the Housing Review Board for another year. This year we have said goodbye to Harry Roberts one of our respected tenants and hello to Victor Kemp again. Also one of our long standing councillors, Douglas Hull stood down. He has work tirelessly over the years for all tenants and will be missed. We also welcomed Councillor Brenda Taylor onto the Board.

This year has seen some ups and downs, with different challenges for us to face. Tenants, independent members, officers and councillors have all worked together to create better homes for our housing stock tenants.

This year saw our general needs housing tenants get a 1% reduction in their rents for the next four years. Unfortunately for the Council this has impacted by £7million on the 30 year business loan (£84.5m) that we were forced to have by the Government in order to keep our housing stock. So, we have set up a Housing Revenue Account Business Plan Task and Finish Forum (TaFF) to look at how we can manage the 30 year business plan with another £7 million added to it. This TaFF is ongoing.

Despite the impact of the rent reduction the Council has managed to build or buy 13 new homes with part of its Right to Buy money (of which 60% goes back to Government) to add to the housing stock. Only 107 new affordable homes have been provided so far this year compared to 204 last year. 17 homes have been sold under Right to Buy this year so we are not keeping pace with trying to increase the Council housing stock.

St Andrews House, Exmouth was a new venture for ourselves with six single ensuite bedrooms with shared facilities. This shared house has won lots of energy awards and we are one of the first authorities in the country to have done this type of accommodation. It is hoped that with these high energy saving standards residents won't have to use much, if any heating.

With the people on the waiting list going up nearly 500 a year it now stands that there are 1485 people requiring houses in just A-D band and another 1641 in E band requiring homes. It is interesting that 450 want 1 bedroom accommodation and the next requirement is for 2 bedroom accommodation. Now there is the exciting news that we are looking into ways of building more council homes and into setting up our own East Devon Homes.

The handy man service has proved a very valuable service for many of our tenants helping them with small jobs that they could no longer do themselves.

Our Community Support workers have yet again done vital work on estates both in the towns and rural areas. This is very important especially for our young people, with the closure of youth clubs. Switch is going from strength to strength with more children becoming involved in all their activities.

Our tenants now have a new apple Orchard in Axminster planted by themselves with help of the Countryside Team. The one at Littleham is continuing to thrive.

I would also like to thank all our Mobile Support Officers working on our estates and Home Safeguard. Many people owe their lives to these services. I believe if you live in sheltered accommodation then this is an essential part of the scheme.

As this year comes to a close I would like to thank all the tenants who sit on various committees for all the work they do on behalf of all the tenants. Also I would like to thank our own very committed staff at East Devon for all the excellent housing services, managed by John Golding.
Thank you.

The Board

The remit of the Board covers:

- Advising the Cabinet on the Council's landlord activities and functions affecting tenants and leaseholders;
- Maintaining an active involvement in the on-going review of the options for the future ownership and management of Council owned homes, and to make recommendations;
- Promoting good practice and overseeing service improvements;
- Monitoring performance on core housing management activities and reporting to the Cabinet;
- Preparation of the Housing Revenue Account budget and Business Plan;
- Promoting tenant and leaseholder involvement and implementation of the Tenant and Council Partnership Statement;
- Consulting with the Tenant Involvement Forum, who liaise with tenant groups and representatives;
- Encouraging good practice in relation to equality and diversity issues, and ensuring that the needs of vulnerable tenants are satisfied;
- Advise on any other matters affecting the Council's landlord duties and responsibilities.

The Board has continued in its role of introducing service improvements and monitoring throughout the year, liaising with the Tenant Involvement Forum (TIF) as appropriate. Some examples from the HRB work programme are summarised below:

Draft Housing Revenue Account 2017/18

The draft Housing Revenue Account for 2016/17 was a key document for the Board to influence. The annual HRA was underpinned and influenced by the 30 year HRA Business Plan. 2012/13 saw the major reform to social housing finance and a move to self-financing, which involved the Council taking on debt rather than paying a subsidy to government from tenants' rents. As a result this showed a healthy HRA balance going into the 2016/17 financial year. The budget was produced in accordance with Housing Revenue Account Business Plan assumptions. A big issue for the 2017/18 budget setting was addressing the government's rent reduction policy. The second year of the 1% rent reduction had been factored into the next year's budget.

Draft Housing Service Plan 2017/18

The Service Plan is produced annually and sets out the key achievements over the past year and the forthcoming issues to be faced by the service. A range of service improvements were identified, performance data reported, consultation proposals outlined and budget information provided to the Board.

HRA financial monitoring reports

A summary of the overall financial position on the Housing Revenue Account (HRA), HRA Capital Programme and the Business Plan for 2016/17 has been regularly provided at meetings. Careful monitoring throughout the year indicated that the HRA was being maintained at/above the adopted level and the Business Plan position remained healthy. It was anticipated that the HRA would come in on budget. The Board have carefully monitored the time scale for spending Right to Buy receipts.

Right to Buy spending updates

Throughout the year the Board received regular update reports on the strategy and options for spending Right to Buy receipts, within the guidance and deadlines set by Government. The Portfolio Holder Sustainable Homes and Communities, Chair of the Housing Review Board and the Strategic Lead – Housing, Health and Environment were given delegated authority to approve a programme of individual property purchases to meet the short term Right to Buy spending deadline.

New models of housing delivery

In January 2017 the Board received a presentation exploring the emerging options for development and stock holding which were being considered by some councils in response to the complex operating environment. They looked at the merits of a joint venture company and a local housing company for the delivery of affordable housing funded by the Council. The Board welcomed this exciting opportunity and supported the local housing company approach. A proposal for the local housing company would be drawn up to deliver a wider range of homes (including market rent and sale) to deal with housing issues in the district, and brought back to the Board later in the year.

Shared house: 102 St Andrews Road, Exmouth

A proposal and business case for a shared house in Exmouth was originally presented to the Board in June 2013 and the Board has been kept updated on progress. In January 2017 the Property and Asset Manager reported to the Board that the works to the property at 102 St Andrews Road were complete and the property was let. There had been tenant involvement in the project since the beginning and both local and national publicity. The building was retrofitted to enerPhit standards and had been shortlisted for an award.

Gas servicing contract 2016 – 2020

The Board received reports throughout the year on the retendering of the gas servicing contract. The first report requested an extension to the existing contract, the second explained the joint procurement approach undertaken with Mid Devon District Council and the final report updated the Board with the outcome and the successful contractor.

Alternative model to deliver housing repairs and maintenance

In January the Board recommended that the Strategic Lead – Housing, Health and Environment should appoint consultants to undertake a focussed piece of work looking at the current trends in the sector, options for alternative service delivery models and the opportunities for providing tenants with a more cost efficient, high performing service. It presented an opportunity to have greater control over the repairs and maintenance of tenants' homes whilst drawing on the experience of contractors' expertise and sharing the risks with them.

Handy person scheme

A review of the outcomes from the first six months of the handy person service trial scheme (October 2015-March 2016) was undertaken. The scheme had been very popular with the tenants that used the service, although take up hadn't been as high as anticipated. The cost savings expected had not been achieved. A further report was presented to the Board which asked them to consider whether to continue to provide the service and outlined ways the service could work to ensure best value for money and best service for current and future customers. It was decided to continue the service with various scenarios being explored.

Sewage treatment plants

Following a survey of the 15 sewage treatment plants (STPs) that the housing service owned and managed, three were identified as needing urgent attention. The 12 remaining STPs did not need replacing for at least ten years. The Board were advised that a full review of costs involved in managing STPs would be undertaken to ensure that tenants and private users were paying equal costs for the provision of sewage treatment, with compensation being paid to tenants if they had paid considerably more for their sewage than private owners linked to the same STP. Although it would involve more expenditure, bringing the sites up to the required standard, officers would investigate with South West Water whether they would consider adopting any of the plants.

Insurance claim settlement for storm damp/water penetration to Council homes from 2013/14

This was settled for the total of £1.5million. There had also been an update report on the three phases of work undertaken as a result of the 2013/14 storms and the knowledge gained from the extreme incidents.

Review of recruitment process for co-opted Board members

A review of the recruitment process for both tenant/leaseholders and independent community representative was undertaken to ensure that it was consistent for all co-opted Board members. The revised process also avoided the necessity for holding an election, which was a costly exercise. Three Board members put their names forward to be involved with officers in the selection process when a vacancy on the Board occurred.

Housing Revenue Account Business Plan Task and Finish Forum

The Housing Revenue Account Business Plan Task and Finish Forum (TaFF) was set up in 2016 and meetings had been held on 17 June and 2 September. The review of the HRA Business Plan was ongoing. More guidance was awaited on 'selling off the stock' – a government proposal for sales on council houses in high value areas to finance and a new right to buy for housing association tenants.

Other issues reviewed by the Board during the year have included:

- HRA Outturn report 2015/16 – final year end budget position and comparison against budgets set for the year.
- Housing and Planning Act 2016 - this would create radical changes to how the Council operated as a social landlord. Regard of the Act would be needed when revising and refreshing the Housing Revenue Account Business Plan.

- Home Safeguard annual report 2014/15 – this demonstrated a high performing and highly valued service.
- Estate Management Service Review Group report – highlighted the many ways the group had been involved in a variety of issues.
- Annual report to tenants 2015/16 – widely distributed to tenants, staff and councillors during autumn 2016.
- Community Development update – presentations were received on the work of the Community Development team.
- Review of housing service complaints April 2015 – March 2016 – main messages and lessons learnt.
- Condensation awareness - an update report about on-going issues relating to condensation and mould in Council properties, as well as how the Council was addressing condensation, thermal efficiency and fuel poverty.
- Support service charges - the Board decided not to implement the final year of a three year introduction of support charges in sheltered housing
- Extension of responsive repairs and voids contract for one year – to allow for a full options appraisal of future arrangements for responsive repairs and void work to property.
- Tenancy strategy and tenancy policy – these were reviewed and changes approved
- Asbestos policy and procedures – these were reviewed and approved, along with an additional £100,000 for the management of asbestos in the housing stock.
- Legionella management plan and procedures – approved by the Board.
- Review of landlord disabled adaptation policy – a revised policy was agreed, along with an increase of £100,000 to the revenue budget for adaptations. The policy would be reviewed at least every two years.
- Normandy Close, Exmouth – on the advice of the Housing Enabling and Allocation Manager the Board sought to change a decision it had previously made and enable officers to proceed to dispose of 24 & 26 Normandy Close, with planning permission to construct an additional dwelling on the open market.
- Lift replacements – the Board recommended the replacement of the lifts at Albion Court and Morgan Court in Exmouth, with the lift size being increased where possible.
- Installation of air source heat pumps at Rodney Close, Exmouth – this heating upgrade scheme was approved, which gave officers the ideal opportunity to explore the benefits that renewable energy could bring.
- Housing senior management structure - this report considered the interim senior management structure in the housing service and confirmed a more permanent structure suitable for delivery of services to the Council's tenants and customers in the private rented sector.
- HouseMark benchmarking report – housing costs and performance among peers was considered.