

Agenda for Housing Review Board

Thursday, 15 June 2017 - 2.30pm



[Members of the Committee](#)

Venue: Council Chamber, Knowle, Sidmouth, EX10 8HL

[View directions](#)

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Part A matters

- 1 [Public speaking](#)
- 2 Appointment of vice chairman
- 3 [Minutes for 9 March 2017](#) (pages 3 - 7)
- 4 Apologies
- 5 [Declarations of interest](#)
- 6 [Matters of urgency](#) – none identified
- 7 Confidential/exempt items – there are no items which officers recommend should be dealt with in this way.

Part A matters for decision

- 8 **Housing Review Board forward plan** (page 8)
Strategic Lead, Housing, Health and Environment
- 9 **Responsive repairs and works to void properties contract** (pages 9 – 15)
Strategic Lead, Housing, Health and Environment
- 10 **Stock condition survey** (pages 16 – 40)
Interim Property and Asset Manager
- 11 **Housing strategy update** (pages 41 - 50)
Housing Needs and Strategy Manager
- 12 **Decommissioning of sheltered housing update** (pages 51 - 52)
Landlord Services Manager
- 13 **Communal cleaning** (pages 53 - 57)
Landlord Services Manager
- 14 **Spending Right to Buy receipts** (pages 58 - 68)
Housing Enabling and Allocations Manager

- 15 **Housing Revenue Account outturn report** (pages 69 - 77)
Housing Accountant
- 16 **Housing Revenue Account Business Plan review 2016-17 – SWAP report** (pages 78 - 89)
Strategic Lead, Housing, Health and Environment
- 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 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

[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 9 March 2017

Attendance list at end of document

The meeting started at 2.30pm and ended at 4.35pm.

***59 Public Speaking**

There were no questions raised by members of the public. The Chairman welcomed those present to the meeting and invited everyone to introduce themselves.

***60 Minutes**

The minutes of the Housing Review Board meeting held on 12 January 2017 were confirmed and signed as a true record. Victor Kemp requested that the minutes be amended as he was not in dispute with the Council, although he had made a request for his property to be adapted.

***61 Declarations of Interest**

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

Cllr Ian Hall: Personal interest – family member lives in a Council owned property and uses Home Safeguard.

Victor Kemp: Personal interest – housing tenant and had made a request for his property to be adapted – this request had not yet been resolved.

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

Pat Rous: Personal interest - housing tenant.

***62 Urgent item and exclusion of the public**

There was one urgent item that would be considered under part B of the agenda after the public (including press) have been excluded.

***63 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.

***64 Housing White Paper – Fixing our broken housing market**

The Strategic Lead – Housing, Health and Environment's report set out the main elements of the Housing White Paper published in February, setting out the Government's thinking in respect of national housing policy for the future. The four principle themes of the White Paper were:

- Planning for the right homes in the right places
- Building homes faster
- Diversifying the market
- Helping people now

There had not been sufficient time for a detailed analysis but officers would be undertaking this in order to produce a response by the May deadline. The Strategic Lead – Housing, Health and Environment reported that the paper had received mixed reactions. However it

demonstrated a strong motivation to improve the housing market and recognised that there was no single answer to the problems in the housing market. The Council's response to the White Paper would be presented at the next Board meeting.

RESOLVED: that the Housing Review Board note the contents of the Housing White Paper.

***65 Homelessness reduction bill**

The Strategic Lead – Housing, Health and Environment's report set out the contents of the Homelessness Reduction Bill and some of the implications for the Council's duties and approach to early intervention and prevention. Although the contents of the Bill had not yet been passed into law, preparations could be made for the changes in anticipation of more onerous homelessness duties being enacted. There were likely to be greater resource implications for the Council and starting preparations early would help to quantify what the likely impact would be on existing services and to identify additional resources required. It was noted that the driving factor behind the Bill was a desire to improve the position for single homeless people.

RESOLVED: that the Housing Review Board note the contents of the Housing Reduction Bill.

***66 Establishing a Local Housing Company for East Devon District Council**

The Board considered the report of the Strategic Lead – Housing, Health and Environment, which had been presented to, and agreed by, Cabinet the previous day. The report set out the business case for setting up a Local Housing Company to be wholly owned by the Council with the purpose of providing a range of housing including in the general market (outside the Revenue Account) and to generate a profit to provide income to the Council's general fund. The report also covered the purpose, benefits, legal position, risks, and considerations of operating a Local Housing Company, and specifically what this housing delivery vehicle could do that the Council were currently unable to do. The outline business case considered how the Local Company could operate, its objectives, and set out due diligence considerations.

It was noted that the Strategic Lead – Housing, Health and Environment would report back to the Housing Review Board and Cabinet, at appropriate times.

Some concern was expressed about the membership of a sub-committee of the Cabinet, to be called the 'Housing Company Sub-Committee'. The Strategic Lead – Housing, Health and Environment explained that the purpose of this was to allow the company to operate in an agile way and not to get caught up in local government bureaucracy.

RESOLVED: that the Housing Review Board note the Cabinet decision.

(Councillor Jim Knight, Christine Drew and Victor Kemp abstained from voting)

***67 Alternative models for building repairs and maintenance service**

In January the Board approved the appointment of consultants to scope, appraise and advise on a procurement approach which could lead to alternative service delivery options for the repairs and maintenance of tenants' homes. The report of the Strategic Lead – Housing, Health and Environment provided an update on the project which had been initiated through a launch meeting and workshop event to appreciate the current service arrangements, key service drivers, performance indicators and appetite for change.

Strategic Lead – Housing, Health and Environment advised that a final report would be presented to the Housing Review Board which would recommend a procurement strategy to follow and a preferred service delivery option.

RESOLVED: that the progress of the alternative models for building and repairs maintenance service be noted by the Housing Review Board.

68 Charging private users of sewage treatment

The Board was presented with a report which requested an increase to the charges of private users of sewage treatment plants to ensure all the Council's costs were covered, from April 2017, in line with service charges to leaseholders.

RECOMMENDED: that Cabinet agree that private users of sewage treatment works are charged at a 15% management fee on top of the amount charged for the actual costs incurred.

***69 Update on OPENHousing implementation**

The report of the Housing Needs and Strategy Manager brought the Housing Review Board up to date with the progress on the implementation project for Capita's OPENHousing system. It noted what had worked well, the issues faced and recent audit findings. A SWAP audit had identified some areas where project management could be improved and these good practice recommendations would be taken into phase 2 of the project. There was also the need to ensure that financial controls were effective and the system integrated with the Council's accounting system, Cedar.

RESOLVED: that the Housing Review Board note the progress on the implementation of the OPENHousing System.

***70 Quarterly performance indicator report – quarter 3 2016/17**

Consideration was given to the report of the Information and Analysis Officer which detailed selected indicators measuring performance across the housing service. Monthly performance reports to Cabinet were also used to highlight particular performance issues alongside Systems Thinking style capability charts showing key end to end times for voids and tenancy commencement to first rent payment for new tenancies.

The Board thanked the housing service staff for their hard work and high performance.

RESOLVED: that the performance of the housing service be noted by the Housing Review Board.

***71 Housing Revenue Account financial monitoring report 2016/17 and HRA Business Plan update**

The Board was presented with 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 was intended to highlight any areas of concern or unforeseen expenditure in the HRA and associated capital programme, enabling corrective action to be taken as required. Any variances would be reflected in the Business Plan.

Current monitoring indicated that:

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

The Board's attention was drawn to the number of affordable homes that had been purchased and it was noted that the Council were always looking for properties coming onto the market that could be let at affordable rents. The Board also noted the amount that was required for Social Services adaptations.

RESOLVED: 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 by the Board.

***72 Housing Review Board annual report**

Members were asked to note the annual report of the Housing Review Board which highlighted the achievements and detailed the work undertaken by the Board over the last year.

RESOLVED: that the annual report of the Housing Review Board be noted.

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

The Board noted the provisional dates of the HRB 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

***74 Exclusion of the public**

RESOLVED: that under Section 100(A) (4) of the Local Government Act 1972 and in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the public (including the press) be excluded from the meeting as exempt and private information (as set out against each Part B agenda item), is likely to be disclosed and on balance the public interest is in discussing the item in private session (Part B).

***75 Tenancy at Otterton**

The Landlord Services Manager briefed the Board on the current position regarding a tenancy in Otterton in light of representations from some neighbours and Council members.

RESOLVED: that the Housing Review Board note the details of the case and action taken so far.

Attendance list

Present:

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

Co-opted tenant members:

Pat Rous (Vice Chairman)

Mike Berridge

Victor Kemp

Independent community representatives:

Julie Bingham

Christine Drew

Officers:

Sue Bewes, Landlord Services Manager

Emma Charlton, Housing Projects Officer

Danielle Furzey, Housing Options Manager

John Golding, Strategic Lead - Housing, Health and Environment

Andi Loosemoore, Rental Manager

Andrew Mitchell, Housing Needs and Strategy Manager

Mike Purcell, Interim Property and Asset Manager

Jane Reading, Tenant & Communities Section Leader

Giles Salter, Solicitor

Alethea Thompson, Democratic Services Officer

Also present:

Cllr Jill Elson, Portfolio Holder – Sustainable Homes and Communities

Cllr David Barrett

Cllr Bruce de Saram

Apologies:

Angela Bea, tenant

Joyce Ebborn, tenant

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 |
|--|----------------------------|--|
| Responsive repairs and works to void properties contract | 15 th June 2017 | Strategic Lead – Housing, Health & Environment |
| Stock condition survey | 15 th June 2017 | Interim Property and Asset Manager |
| Housing Strategy update | 15 th June 2017 | Housing Project Officer |
| Decommissioning of sheltered housing update | 15 th June 2017 | Landlord Services Manager |
| Communal Cleaning | 15 th June 2017 | Landlord Services Manager |
| Spending Right to Buy receipts | 15 th June 2017 | Housing Enabling & Allocations Manager |
| Housing Revenue Account outturn report | 15 th June 2017 | Housing Accountant |
| SWAP Housing Revenue Account Business Plan | 15 th June 2017 | Strategic Lead – Housing, Health & Environment |
| | | |
| 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 | Quarterly report | Strategic Lead – Housing, Health and Environment |
| New Tenants Survey | | |
| 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: 15 June 2017

Public Document: Yes

Exemption: None

Review date for release None



Agenda item: 9

Subject: **Procurement of the housing responsive repairs and work to void properties contract.**

Purpose of report: To update the Housing Review Board on the progress with work on preparations to renew the housing responsive repairs contract. A Project Team have been working with our appointed consultants echelon to scope the market and assess the current approach to procuring a repairs service for tenants, and work to bring void properties up to a lettable standard.

Recommendation:

- (1) To note the final options report from echelon and consider the models proposed for the renewal of the responsive repairs and work to void properties contract, and**
- (2) To adopt the outsourcing option as the preferred approach to procuring a new contract and securing service improvements.**

Reason for recommendation: To determine the most appropriate model for the procurement of the new responsive repairs and work to void contract when the current contract expires.

Officer: John Golding, Strategic Lead Housing, Health and Environment, jgolding@eastdevon.gov.uk

Financial implications: Financial implications included in the report.

Legal implications: There are no legal implications at this stage.

Equalities impact: Medium Impact

Future procurement of a new contract will have regard to equalities issues in the contract documentation and tender evaluation process.

Risk: Medium Risk

A risk register will be developed during the work to renew the contract.

Links to background information:

- [HRB Report to Meeting on 9 March 2017](#)
- [Echelon Report](#)

Link to Council Plan: Encouraging communities to be outstanding

1. Background

1.1 The report 'Alternative models for delivery of repairs and maintenance' presented to the Board on 12 January 2017 gives the background to our repairs service and the considerations needed when renewing the contract.

- 1.2 In recent years we have adopted a traditional approach to contracting for repairs and maintenance of our housing stock. Our responsive repairs and voids contract is a cost/plus arrangement with a partnering element to it. Our gas servicing and maintenance contract is based on a schedule of rates approach. We have a range of other contracts for individual improvement programmes, lift servicing, asbestos etc.
- 1.3 Our responsive repairs and voids contract is carried out by two contractors – Skinners Ltd who serve the east of the district, and MD Group who serve the west of the district.
- 1.4 The current repair contracts with them end at the end of June 2017. A further year's extension to end of June 2018 was agreed at the HRB meeting on 12 January 2017, and we could extend this for another year if necessary.
- 1.5 We are currently spending circa. £2m each year on responsive repairs and circa. £2m on bringing void properties up to our Void Standard.
- 1.6 On 12 January 2017 the Board agreed to the appointment of echelon as consultants to scope, appraise and advise on alternative service delivery options for the repairs and maintenance of tenants' homes, and on 9 March 2017 the Board received an update on the progress with echelon's work with us.
- 1.7 Since then officers have worked with echelon to draw together the information required, and a project team consisting of officers, two tenants and a councillor has overseen the progress of the report, providing input at key stages of the review.
- 1.8 Echelon has now produced their finalised options report [Echelon Report](#)

2. The Echelon Report

- 2.1 The echelon report is very detailed. Section 1 gives an executive summary, and sections 2-6 provide background information to our current delivery method, drivers for the service and possible delivery models.
- 2.2 Section 7 outlines several high level elements that echelon recommend are built into any new delivery model. These are summarised on P 34 of the options report (section 7.1.1). The project team recommends that these form the basis of our future tender. We consider this advice further in this report.
- 2.3 The report lists several delivery options for consideration (see section 5.2) but recommends two specific options for our attention – Option A – Outsourcing to a single provider (Outsourced) and Option B – a wholly owned subsidiary (WOS) model. Sections 8 and 9 give details on these two models. They also give examples of other providers who have used these models. We consider both these models further in this report.
- 2.4 Both solutions have the capacity to deliver the desired service for us. The key difference is that the WOS model will drive a different culture in the delivery of the service through the development of an entity with no traditional client/contractor function.

3. Echelon's review of our current delivery model and recommendations for any future contract

- 3.1 By reviewing our repairs data (01/02/16 – 26/01/17), carrying out comparisons with other housing providers, and working with staff and stakeholders in workshops and telephone surveys, echelon have drawn some key conclusions about our current service (see Section 4.5). In summary these are:

| Positives | Concerns |
|---|--|
| Repairs commercial performance is satisfactory | Communication with residents |
| Quality – few complaints from residents about quality of workmanship | Lack of recent customer satisfaction data |
| Average order costs are relatively but this is offset by the low number of repairs per property | Void costs – currently very high and significant savings could be made |
| Good partnering relationship with the two primary contractors | Some concerns about the way the current cost plus model operates and consideration of a price per property model suggested |
| | Delivery of two types of service should be considered, one for towns and one for more rural areas |
| | Opportunities to interface IT systems have not been fully explored |
| | Lack of financial incentivisation |

3.2 They identified the three key drivers for taking the service forward as:

- Greater control over the service
- Cost savings and efficiencies
- Incentives for service improvement

3.3 The report proposes that going forward we have an 'EDDC core repairs' offer which includes:

- Contract with a single provider
- Using formal partnering contract (TPC2005)
- Contract with minimum term of 10 years
- Introduction of 'price per property' model
- Incentivised commercial model
- A new void specification and associated costs target
- A robust customer satisfaction survey process
- Reset repairs classifications (emergency – 24 hours; rest – at resident's convenience but within 28 days)
- Appointments made for all repairs at first point of contact
- Extended access to core service (Mon-Fri 8am-8pm, Sat 9am-1pm)
- A renewed 'right first time' assessment
- Introduction of a complete property service model – contractor undertakes an annual physical check of all 'working' components and structure of property
- Introduction of new suite of KPIs (key performance indicators)
- Consideration to adding planned works into scope of contract
- A review of the handy person scheme (future delivery to be included within contract)
- ICT solution – ICT offer from service provider to be key aspect of selection.

3.4 We are attracted by the 'price per property' (PPP) and 'price per void' (PPV) model which echelon proposes. This model builds on a fix priced per property for repairs/voids (with a list of what is and isn't included within this). There would also be a budget for excluded works and a 'risk pot'. More details on this model are given under sections 7.2.9 and 7.2.10 of the report.

3.5 We are also excited at the prospect of a 'complete property service' (CPS) (sections 7.2.30 – 7.2.34) by which the service provider undertakes an annual physical check of all 'working

component parts' and the structure of the property for defects and carries out any required repairs to prevent the need for repairs to be reported by the tenant over the next 12 months. This would need to be carried out by a multi-skilled operative.

- 3.6 The project team recommends that the core offer outlined above forms the basis of our renewed repairs contract, whichever model is selected.

4. Option A – Outsourcing to a single provider (Section 8)

- 4.1 This is similar to the system we currently have and would consist of a single asset management contract providing an outsourced service.

- 4.2 There would be differences from our current model such as:

- A minimum contract term of 10 years
- Opportunity for the contractor to provide both responsive repairs and also planned maintenance work
- More control to be built into the contract giving us more 'teeth'
- There will be incentives which will be driven by performance and will link to EDDC's aspirations
- Direct access to the supply chain will be developed
- The cost model (price per property and price per void) will be reviewed yearly to make sure we achieve continuous improvement, and a drive for year on year savings.

- 4.3 This model has been effective in many instances where assets are contained in a relatively small geographic field as is the case for EDDC.

- 4.4 It is anticipated that savings will be made in the cost of delivery and management of the contract through:

- economies of scale being driven through a single contractor delivering the service
- moving to a multi-skilled workforce and so reducing the number of operatives required
- integrated supply chain
- reduction of administrative costs through integration of IT and client/contractor roles
- adopting lean management techniques

The advantages and disadvantages of the model are outlined in Section 8.4

- 4.5 Financial implications (section 8.3):

- anticipated reduction in void times from an average of 30.5 to 10 days, saving approximately £63,000 per year
- potential savings of over £2.5M over a ten year period

- 4.6 SWOT analysis

| Strengths | Weaknesses |
|---|---|
| Good core of service providers to tender Single provider = standardised approach Single IT/commercial interface Continuity in way service is delivered Commercial risk sits entirely with Service Provider Staff knowledge retained Less change management EDDC staff security | Does not drive the same level of change as other options No 'Plan B' No improvements Vulnerability of service providers Must define roles and responsibilities or else no improvement 'them and us' situation (internally and externally) Loss of identity Potential loss of one or both of existing providers |

| Opportunities | Threats/Limitations |
|--|---|
| Opportunity to improve service Use of specialist Service Providers Link planned and responsive works Optimisation of programmes Possibly attractive to local service providers = investment More staff engagement Reduce costs Reduce customer journey time | Lack of integration of supply chain Business as usual on IT Customer satisfaction does not improved Procurement not robust Lose opportunity to change |

5 Option B – Wholly owned subsidiary model

- 5.1 The second option we have is to deliver the service through a wholly owned subsidiary (WOS) or joint venture (JV) which would be partially owned.
- 5.2 These two models are similar but the primary reason organisations tend to choose a JV over WOS is to develop a jointly owned commercial entity to trade out commercially to third parties, which EDDC does not wish to do.
- 5.3 The WOS is therefore proposed as it would be the easier and cheaper way to deliver the stated objectives. Section 9 gives fully details about the wholly owned subsidiary model.
- 5.4 With the WOS model the service delivery team would be directly employed by EDDC but managed by the service provider. This will give EDDC complete ownership of the entity delivering the service and retain control over the leadership, development and delivery of services.
- 5.5 The service provider will take the commercial risk for the performance of the WOS.
- 5.6 The creation of a WOS would require a complete review of how the service is delivered. It will enable us to reassess the role of both the client and the contractor and resources could be re-allocated to a more quality control focused role. We would need to consider which resources are employed by the WOS and which by the service provider.
- 5.7 The structure of the WOS will be determined during the procurement process.
- 5.8 Financial implications (section 9.4):
- likely set up costs of between £40-50K
 - anticipated reduction in void times from an average of 30.5 to 10 days, saving approximately £63,000 per year
 - potential savings of over £2.5M over a ten year period
- 5.9 The advantages and disadvantages of this model are given in section 9.5.

SWOT analysis:

| Strengths | Weaknesses |
|--|--|
| Develop 'one team' approach Works warranted by Service Provider Focused service delivery Efficiency/cost savings Reduced journey time Single point of contact Service provider incentivised to drive improvements Job safety for employees Less duplication Single entity/single service provider | Perception that this is a covert DLO Safety of employment Incentives could out way savings Transfer wrong people – no benefit Time to make it gel Only works for larger companies |

| | |
|--|--|
| Limited impact on operatives as employed by EDDC | |
| Opportunities | Threats/Limitations |
| Engagement with small to medium enterprises/supply chain Delivery of capital projects Break off Completely aligned objectives High level of integration Staff development | Service provider does not have right infrastructure Unclear on contract employment Lack of clarity on dealing with issues on performance Less attractive for service provider when the market picks up Those within the WOS could become isolated from EDDC If staff are employed directly may be on different terms and conditions |

6 Implication of the options for EDDC staff

6.1 Outsourcing to a single provider (see section 8.2.6)

- likely to be little adverse effect on EDDC staff
- some EDDC roles may need reviewing

6.2 Wholly owned subsidiary (see section 9.3.6)

- structure of the WOS will be determined during the procurement process
- any staff that could potentially transfer to the WOS will be fully protected under the TUPE regulations and consulted throughout
- EDDC staff have had input into the review
- Envisaged that there will be little adverse effect on EDDC staff

6.3 For both options:

- EDDC staff will need to commit time to the procurement process
- Key dates will be agreed and the necessary resources committed for the procurement process
- Echelon suggest that EDDC dedicates a Project Manager to the procurement process
- A detailed resource schedule will be developed as part of the procurement process
- The key to success will be to ensure that there is full engagement of staff throughout the procurement process
- Training will need to be given to staff on new elements of the project.

7. ICT considerations

7.1 The IT solution being offered by the contractor can be crucial to their selection and the ability to deliver the service.

7.2 We will need to decide whether the IT service sits with EDDC via OpenHousing, or whether the contractor provides the IT service for repairs, in which case it must be compatible with our OpenHousing system.

7.3 We will be responsible for the provision of the interface specification and security standards required. We will therefore require support from Strata and OpenHousing when drawing up the specification.

7.4 Appendix J considers the ICT issues.

8. Conclusions

8.1 We have received a comprehensive and valuable report that will help us in our procurement journey. It usefully identifies the strengths in our existing contractual arrangements and service delivery, and areas where we can improve the service to tenants.

- 8.2 The report clearly identifies two options that are suitable for EDDC and compares one against the other concluding that both have advantages and disadvantages. Both options are capable of delivering the service improvements that we have identified through this option appraisal process and these are summarised above.
- 8.3 I am recommending that we pursue the outsourcing option primarily because the WOS model does not offer the benefits to justify the additional work required to establish a new company. The financial benefits projected do not justify the risks and energy needed to establish a WOS. Some have used this model to take advantage of VAT savings, but this is not relevant to a local authority organisation. Employing the workforce brings additional risks and demands on the service to ensure that it is running efficiently.
- 8.4 I also question whether the size of our stock is sufficient to justify establishing a company for repairs and maintenance. A WOS is likely to be more beneficial where there are large stock numbers and the prospect of expanding business such as programmed works.
- 8.5 Having weighed up the two options I am recommending an outsourced model. If agreed we will commence the preparations for procurement and tendering of the services required to maintain tenant's homes in good order.

Stock Condition Survey - detailed considerations and practice note

On-Site Data Capture

It should be determined whether the survey is to be undertaken recording information by hand held device, paper, or whether information should be recorded at the time of survey by computer.

On-Site Survey Format

All property data that will be required must be obtained on a 'first hit' basis. Much time and therefore money will be wasted if return visits have to be made, unless these are necessary to undertake further investigations on issues such as structural defects. The preparation of the survey form therefore requires careful thought. Consideration should also be given to other data that may usefully be collected at the time of the survey, such as information that may be required for the assessment of energy ratings. However, it is equally important to try not to collect too much unnecessary data.

Once the survey form has been prepared, it should be tested on site at a number of varying properties e.g. flats, houses, sheltered schemes etc. This will not only ensure that it includes for all information that is required to be collected but also that the layout is in an easy to use format and naturally leads through from the beginning to the end. The form should be as concise as possible. Again, time can be lost on site if the survey form is in a poor format.

It may be necessary to have more than one survey form due to the different types of property against which information is to be collected, e.g. flats, houses, communal areas. However all forms should follow the same format if consistency is to be achieved.

Property details

As well as noting the address, property code, unit type, cost multiplier and attribute details, this example also includes a facility for noting catch up and emergency repairs, design and specification comments, which may need to be fed back into the development process, and any further action required. With this extra information being recorded on the front page it is more likely that it will be actioned/passed on as may be necessary.

Repair/renewal details

The information relating to future anticipated major repair or renewal of existing components or elements is recorded on a simple table with the costs being inserted against the component in the appropriate year band. There is also a note facility for use if it is not possible to apply spot pricing during the site survey or where costs inserted require further justification.

Typically separate sheets are provided for separate areas and divided as follows:

- External components/elements to the property
- External site areas
- Internal communal areas
- Internal areas to the unit

Improvements

The survey form lists all possible improvements that will be considered across the stock. Where improvements are desirable but have either not been undertaken or only partially undertaken then allowance should be made in year 0 for the associated cost of carrying out or completing the improvement.

It is important to be able to differentiate when reporting from the survey data between the repair/renewal of existing components which is a legal requirement, and the carrying out of improvements which is often a policy decision.

Sketch pad

This provides a facility for a rough sketch to be drawn of either the unit layout or a site plan. This can later be referred to when validating/checking costs or where costing of works is done off site due to their complexity, e.g. build up of costs for resurfacing roadways, car parks etc where a plan can be sketched and measurements inserted, areas can then be calculated off site.

Projection of Survey

A decision will be required as to the projection of the survey. Some organisations may only use a Stock Condition Survey to consider maintenance liabilities over a 5 or 10 year period, whilst others may consider the liability over a 30, 40 or even 50 year period.

In determining the period the decision should be led by the identified need for the survey. If the survey is only required for short-term maintenance planning and budgeting then 5 years of detailed information may be the best option. However, if the information gained is to be used for long term financial planning, or satisfying wider needs then a 30-year overview may be more appropriate. If the information is to be used by private funders then the length of the loan agreement is likely to affect the length of the overview.

In the short term by considering the existing age and condition of a component/element, at a point in time, it is generally possible to predict its future maintenance requirements up to the point of renewal. Beyond the point of renewal a notional life will be given to a component/element, this will be theoretical and will assume a certain level of maintenance during the life of the component/element. Renewal will occur when it has become uneconomic to repair the component/element.

It should therefore be remembered that the longer the period considered the more the survey will become a life cycle costing exercise.

Delivery Details

In the short term, it is generally possible to accurately predict failure of components or elements and works can be programmed on an annual basis. However, in the longer term, it will become more difficult to accurately predict the time of failure of components, as the rate of deterioration is affected by many factors such as severe weather, manufacturing defects, poor workmanship or use/abuse. It is, therefore, generally considered good practice to consider repairs on an annual basis certainly over the first 5 years and not more than 10 years with works beyond this considered in 5-10 year bands.

In preparing detailed programmes for maintenance or setting budgets for works, it is unlikely that more than a 5 year period would be considered, whilst for long term financial planning then an overview will be required.

Many surveys consider maintenance issues in individual years up to year 5 and thereafter in 5-year bands. As time proceeds and the survey is updated then future works may be more accurately placed into individual years thereby maintaining the 5 year detailed view. However, there are no set rules and the survey time projection etc must reflect the nature and purpose of the survey.

Assumptions

To achieve consistency and accuracy it is imperative that assumptions are set from the start. The list of assumptions should include for items such as:

- What is a repair and what is an improvement?
- What are the benchmarks that are set?
- List of indicative costs and where these should not be used
- List of indicative life cycles
- What is included as a unit and what is a communal item?
- Identify what is to be included in costs

Test/reviews

Once the objectives and assumptions have been agreed, the survey form drawn up and, where appropriate, a consultant engaged, a sample of surveys should be undertaken and the results analysed and reviewed. All surveyors involved should be instructed on what is required, allowed to undertake a pilot survey and then debriefed.

This process is critical to the success of the overall process, and should identify what could be costly mistakes and ensure these errors are eliminated.

Thereafter regular reviews should take place, to identify any inconsistencies or inaccuracies. Again the value of this process should not be underestimated.

A sample of surveys across varying sites should be audited to identify any inconsistencies.

It is also necessary to allow for follow up investigations where defects cannot be fully assessed at the time of the survey e.g. specialist surveys for dampness, structural faults etc, and ensure the findings are fed back into the Stock Condition Survey. The reviews are a good time to pick up and collate any such further investigations and where appropriate to feed back the results of the surveys into the overall survey process.

Assimilating the survey results

Once the survey has been completed, the information collected will need to be analysed in order that it may provide useful data.

The information may be analysed either manually, in paper format, or it may be loaded onto a computer program, Specialist Asset Management software. The method of analysing the data depends on cost constraints and size of housing stock.

Sampling

Sampling size and method will directly affect the survey cost, duration and accuracy.

The decision as to the % size of the sample will depend on:

- Age of the stock
- Whether the stock is new build or rehabilitated (more inconsistencies tend to exist in rehabilitated stock and a greater proportion will therefore require surveying).
- Whether the units are homogenous - why survey more than one identical unit?
- Whether the units are in the form of flats or houses
- Estate size
- The period over which forecasts are to be made
- Tenant type i.e. family, young single, elderly.

Unless the RP is very small in size it is likely that a sample survey will be undertaken. Sampling will reduce both the cost and duration of the survey whilst the accuracy of the survey may not be adversely affected.

Quite often errors in survey data are put down to sampling errors. It is frequently thought that increasing the sample size may eliminate these errors. This however will not be the case if the error occurred as a result of faults in the assumptions originally used, or the surveyor's interpretation of these assumptions.

All one-off type properties may need to be surveyed individually, however, where an estate consists of a number of similar properties, then the % sample may be quite low. For instance, a block of 100 flats may only have 2 flat types. If two flats of each type are surveyed and the results are very similar then it is likely that they are representative of the stock giving a total sample size for internal areas of 4%. If the

results are, however, very different, then it may be desirable to increase the sample size to ensure that the sample is indicative of the average.

Where blocks of flats are to be included, then the unit surveys will include only for the internal areas relating to an individual unit; the sample taken may be very low as indicated above. However all communal and external areas would normally be surveyed and the sample for these areas would therefore be 100%.

If the information produced is to be used for long term planning and therefore reflects the theoretical nature of the survey then the sample size may be reduced. If, however, the information is to be used for detailed short term planning then the sample size may need to be increased, as much of the work identified may be specific to certain dwellings.

Samples should be randomly selected for each property type on each estate. If the sample is chosen other than randomly, then it is likely that the results will be biased and not representative of the whole estate.

Cost Forecasting

There are various ways of building up costings for works:

- Historic costs from previous contracts for similar works.
- Pricing books and software.
- Quotations (this method would normally only be appropriate where the works are complex by their nature or component).
- Schedules of rates

Generally it is advisable to draw up a list of indicative costs against recurring items such as window replacements, kitchens renewals etc which can be used by all surveyors involved in the survey, thereby avoiding inconsistencies.

However, whatever method is used, it is vital that all costings are compiled on the same basis. Common pitfalls leading to inconsistent costings are:

- Confusing repairs, replacements and renewals.
- Variance in allowances for materials/quality.
- Allowance for consultants fees. Generally for larger projects which are likely to be administered by an external consultant, a flat rate % will be added to the works cost. However, consideration should be given to costs for planning supervisors, planning permission or building regulations approval where appropriate.

- Contract size - costs will vary greatly depending on contract size. For instance, to replace one kitchen may cost £3,500 but if the kitchen is 1 of 100 in a contract, it may only cost £3,000 with savings being made on both material and labour costs. The surveyor undertaking the survey should therefore be clear as to how contracts will be arranged. For instance, it may be assumed that for kitchen replacements, all properties on an estate will have their kitchens replaced within one contract but that separate estates will not be grouped into one contract.
- Allowance for access and other preliminary costs. For instance, it may be found that roof coverings to a block of flats require replacing at the same time as the windows and therefore scaffold costs are split between the two elements of work or scaffold costs are allowed separately against each element of work. It should be clear from the start how works are to be priced to ensure that the information is consistent, that there is no doubling up of costs and that if alteration of information is subsequently undertaken, it is understood on what basis the costs were put together so that these may also be revised if necessary.
- Inflation - over the period considered it is likely that inflation will have a significant effect on costs; however it is almost impossible to accurately predict the rate of inflation over 1 year, let alone 30 years. Costs should, therefore, be compiled as at day one and provision for inflation should be made by the user of the end report.
- Contingencies
- Hidden costs where survey does not reveal structural problems
- Vandalism may result in repeat work not included within survey
- Works may be brought forward or put back as they are packaged in different ways

Generally, replacement elements should be considered on a like for like basis. However, for some elements, it may be decided that replacements will result in an improvement. For instance, where single glazed windows are to be replaced, the policy may be that new windows should include for insulating glass and subsequent costings should reflect this, issues such as this should be agreed within the assumptions.

Life Cycles

Once the first replacement has been identified by the survey, based on its current condition and the apparent rate of deterioration, then a cycle for subsequent replacements can be applied. The life of a component will be determined by:

- Manufacturer's recommendations.
- Judgement/experience of past performance.

- Text books such as the HAPM Component Life Manual which give notional lives.
- Physical properties of construction which determine rate of deterioration.
- The tenant type.

Future renewals may be shown as an annual % replacement value, and this approach is used in the setting up of sinking funds, but will not show the date for renewal. This method is therefore normally only employed where the survey is to be used for financial planning purposes and not when cash flows are required.

The quality and regularity of its maintenance will affect the life of a component. Since maintenance will occur in the future, and therefore unknown errors may well result where actual maintenance varies from that assumed. It will be an important part of updating surveys to identify these discrepancies and alter life cycles applied as appropriate.

Whatever source is used initially to determine the replacement cycles, the cycles should be reassessed in future to reflect trends and the survey updated as appropriate.

It will normally be assumed that at the time of replacement of an element, the replacement will be similar to, or the modern equivalent of the existing. However, if it is known that the replacement element will have different maintenance requirements to the original, then this should be reflected in the maintenance programme.

Applying standard life cycle costings will normally give peaks and troughs in expenditure as some work will require to be carried out at the same time. Applying an annual % replacement will give an average assessment whereas a Stock Condition Survey based upon the surveyors assessment, should provide for a median. A simple approach to costs and lives is shown below.

| Element | Sub element | Life | House | Flat | Rate | Unit |
|--------------------------|-------------------|------|---------|--------|--------|------|
| External Work | | | | | | |
| 102 Coverings | Interlocking | 60 | £3,000 | | £60 | m2 |
| | Slate(natural) | 100 | £10,000 | | £200 | m2 |
| | Slate(artificial) | 40 | £5,500 | | £110 | m2 |
| | Plain tiles(clay) | 80 | £6,000 | | £120 | m2 |
| | Plain tiles(conc) | 60 | £4,500 | | £90 | m2 |
| | Asphalt | 30 | | | £55 | m2 |
| | Built up felt | 15 | | | £30 | m2 |
| 103 Chimney | Repoint | 50 | | | £300 | each |
| | Rebuild | 60 | | | £1,500 | each |
| 104 Flashings | Flashings | 60 | £400 | | £60 | lm |
| 105 Fascias, bargeboards | Timber | 60 | £600 | | £50 | lm |
| | PVC | 40 | £750 | | £60 | lm |
| 106 Gutters/RW pipes | PVC | 20 | £450 | | £20 | lm |
| 107 Windows | Timber | 35 | £2,500 | £2,000 | £250 | m2 |
| | PVC | 35 | £3,000 | £2,400 | £300 | m2 |

Improvements & Catch-up Repairs

Within the survey, it is not only important to identify the repair and replacement of elements but also to identify improvements that are required to bring the property to a desired standard.

Improvements should be identified separately to routine maintenance and it is recommended that initially they are not included within the programme but are indicated in year 0. No allowance should be made for the future maintenance requirements of such improvements until they have actually been undertaken.

Only once the full results of the survey are analysed is it possible to determine what improvements should be carried out and at what time. This process is normally one of policy and generally requires management team if not committee input. By recording possible improvement in this way they can be prioritised and programmed to use surplus funds when all necessary routine maintenance has been carried out, or to even out expenditure between years. By identifying improvements separately, it is also possible to easily identify the cost of bringing all or certain stock up to a required standard for certain elements of improvement, or across all improvements. Once improvements have been undertaken it will be necessary to update the database to allow for future maintenance/replacement of those improvements and

this will be on the basis of life cycles applied at the time of the works being undertaken.

Catch-up repairs

On the survey form there should be provision for catch up and emergency repairs to be noted. It is intended that this be used to report any works of a day to day nature which require ordering/chasing. It is not intended that this information is included within the major repair programming. It may however be desirable for some organisations, where there is a significant backlog of catch up repairs, to quantify the value of this backlog. If this is the case then this needs to be built into the survey in order that it may be reported against.

Where works of a major repair/replacement nature are identified as overdue, then they should be included within the programming sheets as required in year 0, in order that reports can be run indicating the level of overdue major repairs.

Updating the Survey

Once the initial survey has been completed, it should not be considered as a static piece of data. Updating will be required to reflect:

- Works that have been undertaken.
- The changing priorities of the landlord.
- Experience that may give rise to an update of costs or life cycles.
- The initial survey may indicate works detailed on a yearly basis for the first 5 years. It will, therefore, be necessary to update the survey to be able to continue to show 5 year detailed projections, e.g. in year 3 you may wish to show the detailed projections for years 4-8.
- Adding new properties to the stock or omitting those that have been disposed of.
- Changing statutory and other requirements.
- Changing requirements set by those requiring information that is to be obtained from the Stock Condition Survey.
- Changing standards.
- To take account of deterioration not in line with that predicted. For instance, very hot summers, cold winters, storms or heavy rainfall, hard or low use can significantly affect the maintenance requirements and longevity of an element.
- Monitor the effectiveness of the maintenance programme.

Some of the above updates will require alteration of the information held on the computer; however, the updating of other issues will necessitate further property inspections. These inspections may often be undertaken on an ad hoc basis

being incorporated with routine maintenance inspections. Re-inspection is also advisable following major repair works.

Generally, it is considered good practice to update the database say every 2-3 years, and this will allow for the extension of the detailed plans for maintenance. It is important to determine from the outset how and when the survey is to be updated to ensure that any software used can accommodate this.

Updating the survey should identify previous errors in the data recorded and is a useful tool to eliminate such errors. Where sample surveys are undertaken, a different set of properties should be identified for survey, thereby reducing the risk of sample error.

Even if updated inspections are undertaken on an ad hoc basis there should be an agreed method of updating to ensure that there is no duplication and that the basis of the updates is consistent.

When updating the survey, any works previously identified as required that have not been undertaken when suggested, and are still required, should be indicated in the current year or year 0. The works are therefore recorded as backlog/catch up works.

Data Analysis

The way in which the data is to be analysed will be based upon the assumptions set and objectives identified and for this reason it is clear how important it is to identify from the start the way in which the information is to be analysed. It may be desirable to be able to change the assumptions to investigate what if scenarios; if this is the case then this should be clear from the outset.

Previously it was stated that the three fundamental requirements of a stock survey are often to establish how much, which element, and when? Of course, if data regarding attributes and fitness standards have also been collected the property managers will have a wealth of statistics to help inform future decision making and to monitor long term trends. For example, with reference to the diagram above, the charts show the % of properties with certain attributes, the number of dwellings in each of the six priorities, the number of properties which are regarded as a good asset, and so on.

The reporting formats will vary between software packages; however it should always be ensured that report information may be loaded onto a spreadsheet package where it may be manipulated and presented graphically or in tables.

A record should be maintained at all times as to the base date that the potential costs were compiled or updated in order that there is no doubling up or omission of inflation.

Overdue and catch up repairs

For overdue or catch up works, reports may be run indicating overdue works against elements, schemes or the stock in general. This work can then be prioritised and programmed into future years. However, by initially placing the works in year 0, it is easily possible to identify shortfalls in previous maintenance programmes, and the financial burden of these on the landlord.

Planned Maintenance Programmes

In considering the setting of planned maintenance programmes it should be possible to run reports that link repairs of a similar nature across the stock, or combine all works required at a single estate into one contract. Improvements

The decision-makers should be able to reach informed judgements over what improvements should be undertaken and when. For instance, the management committee may decide that all properties should be fitted with wired smoke alarms; a report could then be prepared, identifying properties not fitted with smoke alarms along with the cost of undertaking this work.

It may be desirable to link programmes for major repair or improvements to the energy rating for the property; this would allow for targeting of those properties that fall below the benchmark set.

Presentation of information

It is likely that results will need to be reported on the basis of all costs over the duration of the period considered in order that this can be matched against projected income and existing maintenance provisions.

It is likely that the result of the survey will not show a consistent level of expenditure in each year but that there will be peaks and troughs. These may exceed the maintenance provision and it may therefore be necessary to move certain works forward or back in the programme to even out expenditure. It is likely that certain low priority work or improvements will be delayed in this way to produce a smooth profile.

It is not proposed that the model survey be detailed in order that individual items of works are identified, but it is recommended that when budgets for the following year's works are compiled, that site inspections are undertaken to:

- Verify the works are actually required and cannot be deferred. The rate of deterioration since the survey was undertaken may be less than predicted.
- Ensure a detailed costing can be undertaken specific to the proposed works.
- Identify exactly what works will be required.

- Identify any implications under The Party Wall etc Act, Construction (Design and Management) Regulations, Building Regulations, Planning, Control of Asbestos Regulations 2012 etc that may impact on the works.

The survey data may also be used to predict trends in maintenance and this information may be fed back into the development process. For instance, it would be possible to compare a new estate with an older estate and identify how their repair needs differ and how different components have performed over time.

From a financial planning viewpoint there will always be doubt as to the accuracy of the survey results, however, building deterioration is a gradual process and there is rarely an exact point of failure. It is therefore generally possible to bring forward, or delay works to smooth over expenditure profiles and the survey should be looked at as a tool to assist this process and to justify the judgements made.

Garages

I would recommend that the garages are surveyed as soon as possible. Most garages constructed for RP's have reached the end of their life cycle. A number of RP's have had to take immediate action, once the garages were surveyed, to demolish garages due to structural failure and lack on maintenance.

Asset Management Software

There is concerns that the existing EDDC housing system 'Capita – Open Housing' is not suitable for the collation, interrogation of data and scenario planning. This is being investigated to ensure that we have a system capable of storing, reporting on and manipulating stock condition data.

Report to: **Housing Review Board**

Date of Meeting: 15 June 2017

Public Document: Yes

Exemption: None

Review date for release None



Agenda item: 10

Subject: **Stock Condition Survey**

Purpose of report: To inform the Housing Review Board of the purpose and benefits of Stock Condition Surveys and to request authorisation to carry out a fresh Stock Condition Survey on East Devon's housing stock as the last comprehensive survey was carried out in 2011. This work will inform the financing requirements of future repair and maintenance programmes to be reflected in the Housing Revenue Account Business Plan for the next 30 years.

Recommendation: **The recommendation is that:**

- (1) The Housing Review Board gives approval for the Stock Condition Survey to start at the earliest opportunity and be completed within the 2017/18 financial year, and**
- (2) The additional budget required to undertake the survey in one financial year is financed from the Housing Revenue Account surplus, and**
- (3) An in-house survey approach is proposed for the reasons set out in the report.**

Reason for recommendation:

- Stock condition surveys collate intelligence about the structure and components of the dwelling (assets) of the business.
- The idea is to have robust data on the lifecycle and condition of the components in our housing stock which deteriorate at different rates.
- The data collected should link via an appropriate software database to inform our financial planning for the next thirty years.
- This data set also supports a planned works approach, obtaining efficiency savings and procuring works over a 3-5 year programme or longer.
- This data also supports our legal obligations and integrates with compliance programmes.

| | |
|---|---|
| Officer: | Mike Purcell - Interim Property and Asset Manager. michael.purcell@eastdevon.gov.uk |
| Financial implications: | Financial implications included in the report. |
| Legal implications: | None |
| Equalities impact: | Medium Impact The impact is in respect of not undertaking a new stock condition survey, which could disadvantage tenants where the landlord cannot plan properly for the future investment needs of the housing stock. |
| Risk: | Medium Risk It is considered medium risk because it affects the organisation's ability to plan works to the housing stock, access financing and to plan financially for the years ahead with any degree of accuracy |
| Links to background information: | <ul style="list-style-type: none"> • None |
| Link to Council Plan: | Continuously improving to be an outstanding Council |

1. Introduction -The Need for a Stock Condition Survey

- 1.1 Registered Providers (RPs) are experiencing growing pressure from a number of areas to hold and provide up to date and accurate information on their business; (Asset Register) much of this can be supplied through an up to date stock condition survey. The requirement for information comes both from within the RP and from bodies external to the organisation. What's more EDDC is a social landlord with a duty of care to look after its assets, and its tenants.
- 1.2 Best Practice in stock condition surveys suggests that they are business critical for planning, establishing budgets and financing the business.
- 1.3 Our last comprehensive stock condition survey was undertaken in 2010/11 so the data is old and requires rechecking. We have budgeted for a spend of £75k towards a stock condition survey in 2017/18.

Requirements of EDDC Stock

1.4 EDDC should:

- Maintain housing stock in a reasonable and lettable condition by identifying, planning and making adequate financial provision for maintenance and improvement works.

- Know the condition of the housing for which we have repairing obligations, including its energy efficiency. The information about the condition of stock is gathered via appropriate survey or inspection methods.
- Have costed plans for future maintenance and improvement of our housing stock, which will keep it in a reasonable and lettable condition appropriate to likely future needs.
- Through our planned work help to meet our obligations under the Home Energy Efficiency Act 1995.
- Be able to demonstrate that we are making adequate financial provision for planned maintenance and improvement works. If evidence of strategic planning for the upkeep and improvement of stock (assets) is missing, then it is difficult to plan ahead for the business.

1.5 We should also:

- Have reliable arrangements for identifying, recording and analysing the physical condition of our property and its energy efficiency (through stock condition surveys). Such data needs to be adequate for preparing costed plans for future maintenance.
- Use the information on stock condition. We should develop and maintain a medium/long term strategy to keep the housing stock in reasonable and lettable condition, which should form part of the agreed business plan.

1.6 The government is concerned to ensure that RPs are operating as efficiently as possible whilst maintaining or improving the standard of their properties. It is therefore necessary to demonstrate that the organisation is fully aware of its repair responsibilities and liabilities, has identified a workable programme for maintenance, and is making adequate financial provision to undertake the works when they are required.

Tenant Expectations

1.7 Each property is a home and the occupier has a very keen interest in how and when it is maintained. EDDC considers customer satisfaction important. It is therefore essential to be able to advise tenants as to when renewals/major repairs or improvements will be undertaken. Tenants lose confidence if works are not carried out when promised. An agreed programme of work and associated financing is therefore necessary.

1.8 Once stock condition survey data is available, tenants and leaseholders may be consulted about priorities and the intended approach to works. As tenant participation is an important factor at East Devon, choices and flexibility are to

be offered. EDDC will need to ensure that works important to the future integrity of the property are not ignored. A stock condition survey should identify such works and inform decisions. Justification of decisions can then be given to tenants.

Right to Buy Leaseholders

1.9 The leasehold agreement requires that leaseholders are notified in advance of any costs that may be incurred in major repair or improvement of certain areas of the property. At the time of property sales, prospective purchasers should be made aware of the likely level of future service charges and any major works that are planned over the following 5 years. If a maintenance programme is in place, then EDDC will be able to provide accurate information. If this information is not given at the correct time then it might be difficult to recover costs through the service charge.

Energy Information

1.10 RPs are required to provide information relating to the energy efficiency of their properties. The local authority will use this information to demonstrate progress in line with the requirements of the Home Energy Conservation Act 1995 (HECA).

Housing Stock

1.11 Information from a stock condition survey can be used in almost every area of work:

- The information gained is critical to the preparation of budgets for repair, maintenance and improvement work.
- The condition of properties directly affects demand for them. Ensuring that properties are well maintained reduces rent loss incurred by properties lying empty.
- As the age profile of the stock increases, so does the repair liability. Sometimes significantly due to design or poor cyclical maintenance.
- Knowledge of what works are required will enable EDDC to determine staffing levels required and it may be possible to re-programme works to keep workloads constant, or identify where external consultants may need to be engaged.
- Information gained can be used to prioritise works where sufficient monies are not available to undertake all works that are desirable.
- EDDC has statutory duties to its tenants to maintain properties at least to a minimum standard. By undertaking a stock condition survey, programmes for repairs will be set up and catch-up repairs can be

identified. By adhering to these programmes, properties should be maintained to at least the minimum standard and it is therefore possible to reduce claims by tenants for disrepair. Such claims can be expensive and result in a loss of reputation.

- Identifying trends in repair requirements may lead to exposure of shortfalls in current strategy, unsuitability of materials/products currently in use.
- Expenditure on repairs is one the greatest factors affecting cash flow. It is therefore important that we have accurate plans. A robust planned maintenance approach could lessen the reactive repairs demand.

2. Setting Objectives and collecting baseline information

2.1 It is critical to set clear objectives before launching into a stock condition survey. Due to the time and financial involvement associated with undertaking the survey, it is important to know from the outset what it is expected to achieve.

2.2 The following points will therefore need to be considered:

- Identify who requires the information and in what format.
- Be realistic about what level of information is required from the survey and distinguish this from what is desirable. The more information that is collected the more time consuming and costly the process and the more opportunity there is for error. Furthermore, the data may be difficult to keep up to date. Providing more detailed information could lead to greater risk of error and little gain.
- Identify how the results are to be used.
- Be clear how the information will be held.

The baseline objective from which to start is to determine:

- **WHAT** needs to be done?
- **WHEN** does it need to be done?
- **HOW MUCH** will it cost?

2.3 In addition to this fundamental information, it is likely that the information will be used to:

- Provide cost estimates for financial planning.
- Prioritise work by identifying the most urgent works.

- Implement planned maintenance programmes.
- Place properties on a scale based on factors such as amenities provided.

Baseline Property Details

2.4 It will be necessary to identify what information needs to be collected relating to the property, its address, size, whether it is a flat, house or bungalow etc.

Baseline Property Attributes

2.5 It is generally important to set benchmarks for standards that are required or are desirable, and these benchmarks may well be important factors used when prioritising work or setting policies, e.g. free from damp, may be essential, but provision of mains linked heat detectors may be desirable.

2.6 Listed in **annex 1** are a number of attributes shown in categories and against which it may be decided that information needs to be collected. It also provides some detailed considerations for the survey process.

Fitness Standards

2.7 It may be useful to record information relating to basic fitness criteria, which properties generally have to meet, in order that those properties failing to meet the minimum standard may be targeted for improvement or remedial works. The basic requirements may include the following:

- Rising and penetrating damp
- Insect infestation
- Structural defect
- Deleterious materials
- Condensation

Improvement attributes (typical)

- Central heating - full, partial or none?
- Double glazing - full, partial or none?
- Extractor fans - if fitted, how many?
- Mains smoke detectors - if fitted, how many?
- Does the property have a fitted kitchen?

- Depth of loft insulation?
- Whether cavity or wall insulation is provided?
- Whether security devices such as door entry systems and window locks are provided?
- Whether trickle ventilation is provided?
- Whether the property reaches a pre-set improvement benchmark?

Other attributes

- Whether the property is of a mobility standard
- Whether the property is close to certain amenities
- Ownership of the property
- When cyclical works are due
- Energy rating

Schedules for Planned Maintenance

2.8 Ultimately the survey will be used to set up programmes for future improvement and maintenance. It is therefore necessary to determine what level of detail will be required from the stock condition surveys for meaningful programmes to be set up and over what period the information is to be considered.

2.9 It is important to differentiate between elements and components; for instance a bathroom may be considered as an element whilst a bath, a basin, a wc, taps etc are all component parts to that element. It may not be appropriate within a Stock Condition Survey to collect information against the individual components as the renewal of a single component would not be planned and would be treated as a responsive repair, whilst the replacement of a whole bathroom would normally be planned.

Alternatively it may be appropriate to collect information against components rather than whole elements, e.g. splitting a roof into the component parts of structure, coverings, rainwater goods, parapets etc.

2.10 Cost information should be collected for future major repair or replacement of certain elements or components. It will be necessary to determine whether information is to be collected against elements or components to avoid any confusion, which would result in errors.

Review of Existing Information

2.11 Maximum use should be made of information already in EDDC's possession. Existing systems should therefore be interrogated to identify what information is already in existence and whether it is accurate.

2.12 For instance, as built drawings can be used to assist in costing of works. This could be very useful where large cost items are involved and accurate measurements are required, e.g. replacing flat roof coverings to large estates, and will also result in reduced survey times.

The stock condition survey should be capable of being updated relatively simply. If it is not then it will have a short life and will require updating at an early stage. Depending on how the survey data is to be used, it may be desirable to update the survey on a regular basis, possibly every 2-3 years, whilst new properties to the stock may need to be added at the time at which they come into management.

3. Who undertakes the Survey?

3.1 Initially it will be important to determine what resources are available to undertake the survey, not only from a personnel viewpoint, but also financially. It must be determined whether or not there are sufficient suitably qualified staff in-house with adequate capacity to undertake the surveys, or whether it will be necessary to employ external resources to carry out this function.

3.2 On average, a surveyor should be able to undertake up to 8 surveys per day, although this will vary depending on the complexity and detail of information to be collected. However, this will reduce if:

- There is a wide geographical spread of properties
- Access problems are encountered
- The surveys are undertaken during the winter months when daylight hours are limited
- Individual units are large or complex in nature; for example a sheltered housing scheme could take a day to survey as opposed to a newly built flat which may take only a few minutes
- The surveyor is to undertake other duties whilst on site, such as collection of information for energy rating, state of property, any issues relating to the tenants wellbeing which may need additional support etc.
- Other critical demands for staff time cut across the delivery of the stock condition survey

3.3 There are advantages and disadvantages to the options of using in-house or external resources; whilst not an exhaustive list a number of considerations are set out below.

IN-HOUSE STAFF

For

- Good knowledge of stock and past repair history.
- Greater understanding of issues raised by tenant groups.
- Survey can be incorporated in visits for other reasons where it is possible for surveys to be undertaken on an ad hoc basis and time is not of the essence.
- Can pick up and relay catch up repairs or tenant issues.
- More informed decisions can be made when compiling budgets.
- Generally cheaper than using consultant as maximum use is made of in-house resources and expenditure is minimised thereby giving value for money.

Against

- Surveys are often not a priority due to other work pressures and delays might occur.
- In-house staff can become embroiled in discussion with tenants leading to increased survey duration.
- In-house staff may not be appropriately skilled to undertake the survey.

EXTERNAL RESOURCES

For

- Good knowledge/expertise offered by selected consultants.
- Surveys can be undertaken in relatively short period.
- Unlikely to be waylaid by tenants over issues on which they have no knowledge.
- May pick up issues that are missed due to in-house staffs familiarity with property.
- Benefit of consultant Indemnity Liability Insurance cover if surveys are not carried out in accordance with the brief.
- May be more objective.

Against

- Relatively high cost.
- Some agency staff may be unreliable or inconsistent.
- Accurate briefing is critical.
- Lack of familiarity with the properties in respect of their day-to-day history of repairs and problems.
- Liability fears may result in exaggeration of disrepair.

3.4 There are a number of companies who specialise or are capable of undertaking this work, which is how we commissioned our last survey. We are proposing to perform the survey in-house by appointing surveyors for a time limited period and completing our in-house designed survey form and methodology. The table below sets out an estimate of costs depending upon the number of surveyors employed. We would hold stock condition data on a suitable database, be that OpenHousing or a specialist system that integrates with OpenHousing, which already holds most of our stock details.

3.5 The table below shows that within the existing budget and using two surveyors we could complete surveys of 38% of the stock within 7 months. With 6 surveyors we could survey 97% of the stock within 7 months at a cost of approximately £195K.

3.6 The alternative is to put the work out to tender and appoint a company to devise a methodology and collect the data, producing a final report and dataset. Unless the database is maintained this approach just provides a snapshot of stock condition at a point in time.

4. Conclusions

- 4.1 To demonstrate that we are managing the maintenance and improvement of our housing stock in a professional and efficient way we must undertake a process of collecting stock condition data. The data obtained from a Stock Condition Survey is not only of use to the RP, but is also now required by other bodies such as tenants, contractors, government, and insurers.
- 4.2 A Stock Condition Survey is a useful tool in planning future repairs, and sound survey data is a critical component in the setting of an Asset Management Strategy, and from there it will be used to underpin the HRA Business Plan.
- 4.3 It is vital that the survey data is capable of interrogation and adaptation, and it must be verifiable. A Stock Condition Survey will only be successful if the objectives are clearly set out from the start, and for this reason the planning process for a survey should not be underestimated. With several potential customers for the outputs all their needs should be considered and understood at the outset to ensure that the information may be used to maximum advantage.
- 4.4 Undertaking a Stock Condition Survey will involve a high level of resourcing. At an early stage consideration will need to be given as to whether the survey is to be conducted using in-house resources or whether consultants are to be employed. Whichever option is chosen, clear briefing will be required, and this should be followed by a period of testing to ensure that the survey will meet all the objectives set at the outset. We are suggesting that we undertake this work in-house.
- 4.5 A decision will also need to be made on how the data is to be recorded and stored. It is useful to see systems in use at other RPs and determine whether our OpenHousing system has the capability to hold all the data we collect and produce the necessary reports required.
- 4.6 Once the survey has been undertaken it is important that new properties are incorporated and that updates are undertaken to ensure that we have a realistic view of our liabilities.
- 4.7 Although not a definitive document, it is hoped that this report highlights the issues to be considered before undertaking a Stock Condition Survey. A poorly conceived and planned survey will produce data of little use. Careful planning and a sound methodology, backed up with a systematic pilot study, should ensure that the data collected is concise, coherent and yet comprehensive enough to enable effective short term and strategic planning.

[illegible]

Report to: **Housing Review Board**

Date of Meeting: 15 June 2017

Public Document: Yes

Exemption: None

Review date for release None



Agenda item: 11

Subject: **The Housing Strategy – 2017-2020**

Purpose of report: To present the draft of the Housing Strategy 2017-2020 for adoption.

Recommendation: **To approve the draft of the Housing Strategy 2017-2020.**

Reason for recommendation: To make sure that we have a fit for purpose housing strategy in place setting out our high level ambitions that link with the Council Plan and the Housing Service Plan.

Officer: Andrew Mitchell, Housing Needs and Strategy Manager,
amitchell@eastdevon.gov.uk

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: Continuously improving to be an outstanding council

1. Prior to 2012 we regularly produced a Housing Strategy document which set out our priorities for the Housing Service for a given number of years.
2. In 2012 we replaced a strategy document with the Homes and Communities Plan 2012-2016 to sit under a new suite of the Council Plan documents covering the period 2012-2016. The Homes and Communities Plan ran until 2016 and is in need of refreshing.
3. The use of the term 'plan' can be misleading as most other councils produce a housing 'strategy'. Also the plan was very lengthy and included details on items covered in other documents (such as the housing Service Plan) and examples of past achievements rather than current and future aims.
4. It was therefore suggested that we go back to the term 'strategy' and produce a shorter and more concise document under which our other key policies and plans can sit.
5. The revision of the Housing Strategy was debated at the Service Planning day held in November 2016. Attendees discussed our aims, the challenges and the ways forward.

6. It was agreed that the existing 10 aims (P14 of Homes and Communities Plan) were all still valid, but overlapped and should therefore be grouped together into three key themes as shown below. The tenth aim of 'having consistently satisfied customers' sits over all the other aims.

| To have consistently satisfied customers | | |
|---|---|--|
| Providing homes | Improving homes | Improving communities |
| <p>prevent homelessness and make sure that accommodation is found for those who do become homeless</p> <p>provide a range of affordable housing to meet housing needs</p> <p>widen the choice of housing, especially for those in priority need</p> | <p>bring sub-standard housing (of all tenure) up to current standards</p> <p>improve the use and safety of housing</p> <p>improve the sustainability and energy efficiency of housing and eliminate fuel poverty</p> <p>enable elderly people disabled people and people with special needs to live as independently as possible and remain in their own homes if they so wish</p> <p>maintain and manage the council owned housing stock to a high standard, actively involving tenants in all aspects of the service.</p> | <p>support the improvement and regeneration of local communities by encouraging social inclusion, involving children and young people with housing issues, and enabling residents to actively participate in their communities</p> |

7. We have broken the Strategy into several key sections:
- The context
 - The key challenges ahead
 - Meeting our priorities to 2020
 - Providing homes
 - Improving homes
 - Improving communities
 - Ways forward.
8. The document presented to the Board at this meeting is a draft word version – we will request our graphic team to design the final document to a high standard, making it an attractive document to read.

East Devon Housing Strategy 2016-2020

| | | | |
|------------------------|---|---|--|
| Our over-riding vision | A decent home for all residents of East Devon | | |
| Our responsibilities | To provide a housing options service for all who are homeless or threatened with homelessness | To provide, maintain and manage our own council housing stock | |
| | To work with housing developers and housing associations to deliver more affordable housing | To regulate and improve other social rented, private rented and owner occupied housing | |
| | | | |
| Our priorities | To have consistently satisfied customers | | |
| | Providing homes | Improving homes | Improving communities |
| | <p>prevent homelessness and make sure that accommodation is found for those who do become homeless</p> <p>provide a range of affordable housing to meet housing needs</p> <p>widen the choice of housing, especially for those in priority need</p> | <p>bring sub-standard housing (of all tenure) up to current standards</p> <p>improve the use and safety of housing</p> <p>improve the sustainability and energy efficiency of housing and eliminate fuel poverty</p> <p>enable elderly people disabled people and people with special needs to live as independently as possible and remain in their own homes if they so wish</p> <p>maintain and manage the council owned housing stock to a high standard, actively involving tenants in all aspects of the service.</p> | <p>support the improvement and regeneration of local communities by encouraging social inclusion, involving children and young people with housing issues, and enabling residents to actively participate in their communities</p> |

1. The context

East Devon District Council has a role within the local housing market as

- a landlord of over 4200 properties
- a regulator of standards within the private rented and owner occupier sectors
- the planning authority with a duty to bring forward more homes including more affordable homes
- the provider of a housing options service to help those who are homeless or threatened with homelessness

Key conditions¹ within the housing market influence standards and provision

- house prices are high (the average house price for the district being £270,982) and continuing to rise
- annual earnings are low (£23,171)
- within the South West as a whole households would need an annual pay rise of more than £30,000 to afford an average home
- private rents are also high (average monthly private sector rents almost £700)
- there are insufficient new homes being built
- there are a high number of second homes in the district

2. The key challenges ahead

Welfare Reform and changes to government policy

We need to manage carefully the forthcoming changes to welfare benefits such as the introduction of universal credit, together with other likely further policy changes.

- As universal credit rolls out to all age groups there is the issue of claimants receiving payments directly and having to prioritise housing rent and charges above other demands. More council tenants may become overdue on their rent accounts which will have a negative effect on our income collection rates, and private sector tenants may also struggle to pay their rent on time. We may also see a rise in homelessness due to evictions arising from rent arrears.
- The government's policy of 1% rent reduction will continue to limit our income and therefore what we can achieve in terms of the aspirations we and customers have for the service.
- the government's drive towards home ownership is reducing the availability of social housing
- the government's likely move towards shorter term tenancies - we have already introduced flexible tenancies for some but if this becomes more widespread and secure/long term tenancies less common across social housing, there may be more pressure on the council as a provider of last resort

¹ National Housing Federation Home Truths 2015/16 The housing market in the South West

- the reduced funding available for some other services means that housing is seeing an increased work load with, for example, the increased need for temporary accommodation, and support for older and vulnerable people such as those suffering with mental health issues.

Ageing Population

This combined with our demographic profile will continue to shape our need for sheltered housing and excellent services to help maintain independence and sustain tenancies. We must keep ahead of this need and make sure we have the right accommodation and services to offer.

Developing alternative ways of delivering our services

We need to find new ways to make best use of funding opportunities and deliver more affordable housing, as well as delivering our responsive repairs service in the most cost effective way.

We must promote our services to networks of other professionals and agencies, inspiring officers from other departments or agencies to 'deliver differently'.

As council owned stock decreases through the right to buy process we will need to seek other sources of income and new opportunities to help people into housing.

Adapting to change and working differently

We must ensure that changes in our working environment, such as moving to different locations, working remotely and home working, do not adversely affect the service we offer to our residents and partners. This is also important with the introduction of more online facilities where residents can access our services from their own homes.

3. Meeting our priorities to 2020

a. Providing homes

We will work towards having no homeless individuals or households by:

- continuing to provide a wide range of housing options which are accessible to all
- maintaining our commitment to end rough sleeping
- addressing the wider causes and impact of homelessness
- providing help in finding rented accommodation in the private sector
- providing help to maintain tenancies or move to more appropriate housing
- providing permanent and accessible housing advice services in Exmouth and Honiton

We will work to make sure that our system for bidding for housing, Devon Home Choice, is constantly reviewed and updated

- the Devon Home Choice Management Board and the Operational Group meet bi-monthly and consist of representatives of all the social housing landlords that are signed up to Devon Home Choice

- there is now a mobile phone app for Devon Home Choice which alerts applicants if a suitable property becomes available
- we will activate and band all new applications well within the recommended time as set out within the Devon Home Choice Policy
- we will promote Devon Home Choice as the go to place for affordable housing
- we will support and assist individuals to complete their Devon Home Choice applications

We are setting up a new housing company to expand our offer of housing into a range of tenures

- The new local housing company, wholly owned by the council, will play a significant role in the local housing market and increase housing supply to meet the demand for good quality housing. Other key priorities for the new company will be to improve the quality of rented accommodation across the district, provide housing for sale and shared ownership, and setting standards for good housing design and management in the local housing market.

We will work with local communities especially in rural areas to provide more community led affordable housing

- use the community housing fund to provide 20-30 new community led housing dwellings across the district by 2020
- work with the Rural Housing Enablers to promote affordable housing in rural areas

We will continue to use right to buy receipts and Housing Revenue Account reserves to purchase ex-council and other similar properties to add to our existing council stock

- we aim to add approximately 20 homes per year each year to 2020
- we will consider providing alternative forms of accommodation, such as shared houses, where appropriate
- we will work in partnership with other providers to consider alternative forms of construction to deliver more affordable housing

We will work in partnership with our colleagues and other organisations

- with registered providers and developers to develop a range of sites in the district to deliver more affordable housing
- with our planning department to ensure policy compliant levels of affordable housing are provided and that the affordable dwellings meet the identified need in the district
- with other organisations working to tackle homelessness

- with other organisations to look at alternative tenures as proposed by Government (such as rent to buy and starter homes) and consider ways we can assess the need for these dwellings. This will enable us to make informed decisions on their inclusion in new developments

b. Improving homes

As a landlord

We will ensure that we have a repairs service which is forward thinking and meets tenants' aspirations by:

- The renewal of our repairs contracts and working with consultants, tenants and councillors to consider various delivery options to ensure we have a modern and efficient repairs service going forward
- working to our desired aims of 'right repair, right time' and 'fix and stay fixed'
- introducing the measurement of 'end to end times' for repairs to make sure we are addressing problems as quickly and efficiently as possible
- addressing the issues of greatest importance to tenants (identified during the tenant consultation for the renewal of the repairs contract) particularly better communication with tenants, a more flexible appointment system, calling or texting ahead of appointments, operatives calling when they say they will and requesting tenant feedback after repairs.
- bringing in new ways to measure customer satisfaction to make sure we collect and act on the views of tenants
- looking to introduce a new set of key performance indicators which will allow us to more accurately measure how well the repairs service is performing.

We will continue to improve our existing stock through difficult financial times, constantly demonstrating transparency and value for money

- Develop planned works programmes which will reduce expenditure and the number of ongoing reactive repairs
- Thinking more creatively and providing a range of attractive, energy efficient homes
- continuing to invest in our stock with the completion of a range of improvement programmes
- Adapting homes where necessary but also helping people to move to more suitable property where appropriate and possible

We will continue to make sure all our properties are safe, meet all health and safety requirements and comply with all relevant legislation by

- Carrying out an annual gas safety check in properties with a gas supply to ensure they meet current health and safety legislation
- Carrying out regular testing for legionella in our community centres and making sure our policy on legionella is fully implemented across all our housing stock

- Testing for asbestos when carry out work within our properties and implementing a programme to survey all properties for asbestos in the near future
- Regularly servicing such items as stair lifts, lifts, track hoists and other equipment installed in communal blocks or tenant's properties
- Making sure that we meet all fire regulation standards and work with tenants to educate them on their responsibilities around fire safety

We will continue to increase our range of digital technology and telecare devices to meet individuals' needs

- upgrade the alarm equipment on council schemes across the district, ensuring our sheltered stock is ready for digital advances as they happen
- provide a full range of telecare devices to customers (tenants and residents) so that our response service can be tailored to the needs of the individual, providing bespoke packages to help people retain their independence
- in conjunction with the NHS we will provide a 'show home' in Cranbrook to publicise what digital technology is available and the help this can give to people.

Within the private sector

We will continue to improve housing standards across the district by

- enforcing standards
- implementing licensing regimes where appropriate and in particular in houses of multiple occupation
- bringing empty homes back into use
- managing the rising demand for property adaptations and ensuring East Devon receives its share of the Better Care Fund allocation
- monitoring and improving the quality of private water supplies to keep people safe
- ensuring all mobile home sites are safe and meet the relevant licensing standards
- improving the energy efficiency of all homes, including mobile homes, to meet our aspiration of minimum level of energy usage
- regularly update our Private Sector Housing Plan

We will enable people to stay in their own homes for longer by

- Providing disabled facilities grants and loan assistance
- Delivering outstanding support services for all residents across the district
- dealing with customer emergencies promptly through our Home Safeguard service

c. Improving our communities

We will work in partnership with support agencies and other groups to improve the lives of all residents across the district

- continuing to support Early Help (previously called ‘Targeted families’) and helping people into work
- helping prepare young people for work through SWITCH job clubs
- work with the Council’s Countryside team to provide tenants with a range of experiences and activities they may not otherwise have
- facilitate connections between tenants and local services and build relationships with providers of services that benefit our communities, creating opportunities and building confidence and resilience.

We will organise events to build relationships with and earn the trust of residents living on our estates

- delivering programmes and events for young people, families, sheltered tenants and working age people across our tenanted areas
- creating repeated opportunities for residents of estates and blocks of flats to make new links with each other
- providing opportunities for residents to meet together and with local services, to help local people help themselves
- work to prevent social isolation within our elderly residents such as running IT lessons in our community centres and supporting the activities of the Mens’ Shed

We will work to make residents feel safer in their own communities

- tackling antisocial behaviour where it occurs on our estates
- working with the Antisocial Behaviour and Community Safety Coordinator and local police
- working with environmental health to serve community protection notices and public space protection orders where appropriate.

We will work to tackle fraud of all kinds; the harm caused by fraud is not just financial – it damages local people and communities, and denies people a home of their own.

- work with our corporate fraud resource and Devon Tenancy Fraud Forum to deter and prevent tenancy fraud
- seek Unlawful Profit Orders where appropriate
- data match with credit reference data to reveal where individuals are not living where they say they are
- require more comprehensive evidence of an applicant’s history and money as part of a right to buy process.

Our annual Housing Service Plan sets out how we will work to meet these priorities. This can be viewed on our website at

Related Policies

The Council Plan

The Council Local Plan

Housing Revenue Account Business Plan

Housing Service Plan

Homelessness Strategy

Temporary Accommodation Procurement and Allocation Policy

Private Sector Housing Plan

Empty Homes Strategy

Resident Involvement Strategy

Tenancy Strategy and Tenancy Policy

Report to: **Housing Review Board**

Date of Meeting: 15 June 2017

Public Document: Yes

Exemption: None

Review date for release None



Agenda item: 12

Subject: **The ceasing of decommissioning of sheltered properties and the re-commissioning of some/all of these properties as they become void.**

Purpose of report: To seek approval of the decision to cease decommissioning sheltered properties and to re-commission properties already decommissioned as they become void.

Recommendation: **To approve the decision to cease the process of decommissioning certain sheltered properties and to agreed that those properties already decommissioned are re-commissioned when they become void (unless there are exceptional circumstances).**

Reason for recommendation: To ensure good management of our housing stock to meet the changing needs of our tenants

Officer: Sue Bewes, Landlord Services Manager, sbewes@eastdevon.gov.uk

Financial implications: None

Legal implications: No legal implications

Equalities impact: Low Impact

Risk: Low Risk

Links to background information:

- [HRB Report 4 March 2010](#)
- [HRB Report 25 November 2010](#)
- [HRB Report 21 June 2012](#)

Link to Council Plan: Encouraging communities to be outstanding

1. Background

- 1.1 The process of decommissioning sheltered properties was started in 2009 when the sheltered housing TAFF drew up criteria for decommissioning that were designed to ensure that sheltered housing was 'fit for purpose' at that time.
- 1.2 The Board has since received three reports on the decommissioning process; 4 March 2010; 25 November 2010; and 21 June 2012.
- 1.3 The Board agreed a recommendation that all properties identified for decommissioning at that time were placed in a 1, 3 or 5 year timeframe for being decommissioned.
- 1.4 Quite considerable progress was made with decommissioning those in the one year programme. But following changes to funding from Supporting People, which in turn lead to changes in who can access our sheltered housing, the process of decommissioning slowed and then halted.

2. Proposed way forward

- 2.1 Following changes to the way in which sheltered housing is funded there is no longer a requirement that tenants must be over a certain age to access sheltered housing. The criteria are now based on the needs of the tenant for support. Because of this there is now an increased demand for supported housing from younger vulnerable tenants.
- 2.2 It had also been felt that some of our sheltered properties were not suitable for older tenants due to lack of lifts, problems with access etc. But with a growing younger clientele with fewer mobility issues these properties can now be used again as sheltered housing.
- 2.3 We have therefore taken the decision to halt the decommissioning programme and review again all the properties in the one year programme to reassess their suitability as sheltered housing.
- 2.4 We will also reassess any property which was previously decommissioned when it becomes void and if it is now regarded as suitable we will 're-commission' the property and reallocate it as a sheltered property.
- 2.5 Once we have completed the review of the one year properties we will review the properties placed in the three and five year categories to make sure none of these have already been decommissioned.

3. Recommendations

- 3.1 That the Board to approve the decision to halt the decommissioning process while properties are reviewed in the light of changes to the need for sheltered properties.
- 3.2 That the Board agrees that a further more detail report on the decommissioning/re-commissioning process is brought to them at a later date.

Report to: **Housing Review Board**

Date of Meeting: 15 June 2017

Public Document: Yes

Exemption: None

Review date for release None



Agenda item: 13

Subject: **Cleaning of housing communal areas, community centres and district offices**

Purpose of report: To update the Housing Review Board on the current position and future plans for the cleaning of communal areas in housing buildings, community centres and district offices; and to request approval for the appointment of two further members of cleaning staff.

Recommendation: **1. To note the current position and future plans, and
2. To approve the appointment of two further members of cleaning staff.**

Reason for recommendation: To make sure that all housing areas are kept in a reasonable, safe and hygienic condition.

Officer: Sue Bewes, Landlord Services Manager, sbewes@eastdevon.gov.uk

Financial implications: Financial implications included in the report

Legal implications: There are no legal implications

Equalities impact: Low Impact

Risk: Low Risk

Links to background information: • .

Link to Council Plan: Encouraging communities to be outstanding

1. Background

- 1.1 Our tenancy agreement states the primary responsibility for the cleaning of communal areas in blocks of flats lies with the tenants in these blocks.
- 1.2 However, we recognise that, for various reasons, tenants will not always fulfil this obligation and we therefore provide a 'top up' cleaning service in communal areas.
- 1.3 Tenants pay for this 'top up' service in their rent and leaseholders pay in the annual service charge.
- 1.4 We also clean our community centres, guest bedrooms and district offices.

- 1.5 For many years StreetScene has provided our cleaning service. They currently employ two members of staff solely for this purpose, one for the west side of the district and one for the east side.
- 1.6 Housing pays the actual costs incurred with no extra charges added. This equates to 2.07fte employees (to cover sickness, holiday etc) at a cost of £55,910 for 2015/16. The staff are managed by StreetScene.
- 1.7 There is no contract or service level agreement between StreetScene and Housing. The staff work to an historic DSO specification which is over 20 years old. This has recently been updated by StreetScene – ‘Community Cleaning – What we do?’ but this needs to be reviewed further with a proper specification/service level agreement drawn up.
- 1.8 We acknowledge that the standard of the service needs to be improved. The level of complaints over all has been reasonably low, but there are some sustained issues around the cleaning on the east side. Feedback from tenants is consistently negative and we are frequently asked ‘when are you going to do something about the cleaning’.
- 1.9 In 2013 the situation was reviewed and a tenant survey carried out revealing a number of issues that needed to be addressed, particularly around the monitoring of standards, windows, community centres, tenant awareness, travelling time and decoration:
- 55% satisfaction rate (low)
 - Dissatisfaction with windows 41.2%
 - 81% satisfaction with cleaning staff “helpful and polite”
 - 45% of respondents knew of their responsibility to keep areas clean
 - 13.5% of respondents prepared to pay for enhanced service
- 1.10 Housing used the results of this survey to draw up a new standard of cleaning. StreetScene felt that this new standard would require 7 full time staff to deliver. It was therefore agreed that the standard was too ambitious and needed to be further considered.
- 1.11 Discussions between the Strategic Lead – Housing, Health & Environment; Housing Landlord Services Manager and the Service Lead – StreetScene about whether to tender the work to outside contractors have resulted in the decision that we wish to keep the provision of cleaning services ‘in-house’. As Housing does not have the infrastructure to manage these services, StreetScene will continue to manage the service for us.
- 2. Current position and issues to be addressed**
- 2.1 We have recently carried out some further tenant consultation to get an up to date picture of what is happening across the district. Sadly the current position does not seem to have improved a great deal since 2013.
- 2.2 Tenants at Lymebourne Park, Sidmouth, reported that:
- The cleaners don’t spend enough time on site
 - They don’t clean in the corners
 - Cleaner appears to be on mobile phone most of time
 - Cleaner only does the ground floor
 - The windows aren’t cleaned

- The areas are not brushed prior to washing and mopping is done with cold dirty water.

2.3 Feedback from other tenant consultation will be given to the Board verbally at the meeting.

2.4 We know that the following areas need to be addressed:

Monitoring and management: The cleaners are not regularly monitored by StreetScene as they felt that the lack of complaints meant the work was satisfactory. However, the complaints had been coming in to Housing, not StreetScene. This has been changed so that all complaints are being logged onto Lagan. StreetScene managers are therefore now aware of the issues being raised.

Standards: There is a discrepancy between standards on the west (fairly satisfactory) and east (poor) side of the district which need to be addressed.

Window cleaning: Windows should be cleaned four times a year. This does not seem to be happening, particularly on the east side.

Community centres: Users of the centres should leave them clean and tidy but a regular top up clean is required, which should be carried out when the centre is not being used. It has been suggested that we charge a deposit to users for the cleaning.

Guest bedrooms: Currently these are cleaned very erratically. It is difficult for StreetScene to access the bedrooms when they are booked out. Mobile support officers clean when they can but this is not sufficient.

Travelling time: this should be reviewed as currently more time is spent travelling between places rather than cleaning them. Better organisation of rotas, and identification of the blocks which need most attention is required.

Tenant awareness: We need to make sure that all tenants are aware of their responsibilities and undertake to keep the blocks they live in clean and tidy.

Decoration: We know that the decoration in some blocks is poor and this can lead to blocks appearing dirty and discourages tenants from cleaning. Conversely some blocks which have been recently decorated have not been cleaned properly leading to deterioration in appearance.

2.5 Tenants and housing officers are now frustrated with the current standards and wish to make changes to the cleaning arrangements.

3. Other Options

3.1 Consideration has been given to transferring the cleaning staff over to Housing and managing the service ourselves as part of our Landlord Services. However, this would cost more than the present service, even if standards were not raised, as we do not have the infrastructure in place to cover in times of staff holidays or sickness, or to provide direct supervision of the cleaners themselves.

3.2 We have investigated the possibility of putting the cleaning service out to tender. Until recently this would have been a very long winded and time consuming exercise, but the service is now included in some framework agreements such as the Northern Housing Consortium. As such the consortium will already have a short list of

contractors who meet their essential criteria, and these would be invited to submit a tender in accordance with our requirements, which would cut out much of the preparatory work for us. However, these are two Council services, StreetScene and Housing, and it makes sense to keep them in-house if we can. We have all the ingredients and expertise to make this work and bring the improvements required.

4. Next steps

- 4.1 In order to improve the service in the short term we recognise the need to increase the number of cleaning staff from 2 to 4 full time employees; 2 for the west side and 2 for the east side.
- 4.2 Currently the budget for 2017/18 allows for 2.07fte cleaners at a cost of £57,070, an additional amount of £410 for caretaking and window cleaning. Employing 4 cleaners would double these costs to £114,960.
- 4.3 It is envisaged that travelling costs, van costs etc would not increase as the two cleaners for each area will travel together and work on different blocks on the same sites at the same time.
- 4.4 Once these cleaners are in place Housing will work closely with StreetScene to draw up a new service level agreement with clear standards which are to be worked to and monitored.

These new standards must address the areas identified in 2.4 above:

Monitoring and management: Housing must regularly monitor the standard of work on both sides of the district, ensuring standards in the east are raised considerably. It is possible that tenants could be involved in this process. All complaints must continue to be logged on Lagan so they can be accessed by both Housing and StreetScene

Standards: Clear new standards must be set out and both sides of the district must meet them. StreetScene managers must supervise cleaning staff more closely, and these standards should include tackling the issue around access to clean hot water. This may mean researching modern ways of transporting the water in the vehicles if there is no access to clean hot water on site.

Window cleaning: Windows should be cleaned four times a year. This must be achieved and clearly recorded and monitored.

Community centres: Housing should consider charging users an extra amount for cleaning centres, or asking for a deposit which is only returned if cleaning is carried out satisfactorily after use. Tenants, mobile support officers or housing officers should be asked to check the cleanliness of the centres after each activity.

The new service level agreement should still include a 'top up' clean of the centres by StreetScene, which should be done at a time when the centre is not being used.

Guest bedrooms: More consideration needs to be given to how these will be cleaned and by whom. Often there is no time between bookings for the rooms to be properly cleaned.

Travelling time: It is envisaged that travelling costs, van costs etc would not increase as the two cleaners for each area will travel together and work on different blocks on the same sites at the same time. However, the new service level

agreement should consider how frequently each area needs to be cleaned and StreetScene should be asked to plan out the best routes to reduce travelling time as much as possible.

Tenant awareness: Housing needs to make sure tenants are aware of their responsibilities through magazine articles, new tenant visits, sign ups etc. Where there are areas of particular concern the estate management officers need to speak to tenants in the blocks individually.

Decoration: We need to make sure blocks are decorated on a regular basis to keep them looking fresh.

- 4.5 It is possible we could consider the introduction of a service charge for cleaning of communal areas. However, the burden would fall largely on the same tenants that are currently responsible for paying our only other charges (for alarms and support) as the majority of our flats are within our sheltered stock. In any event, this is something that could be given consideration once the refreshed service level agreement is in place.

5. Recommendations

- 5.1 We ask the Board to note the concerns around communal cleaning, the current position and the future actions required.
- 5.2 We ask the Board to approve the appointment of a further 2 cleaners bringing the budget cost for cleaning for 2017/18 to £114,960 (an increase of £57,480 on the current budget figure of £57,480).

Report to: **Housing Review Board**

Date of Meeting: 15 June 2017

Public Document: Yes

Exemption: None

Review date for release None



Agenda item: 14

Subject: **Update on spending Right to Buy (RTB) receipts and proposal for 2017/2018 financial year spending.**

Purpose of report: This report provides an update on property acquired using RTB receipts and Commuted Sums. It also sets out our proposal for future spending.

Recommendation:

To note the update report on the use of RTB receipts and HRA funding to secure suitable property to add to the Council's housing stock, and

To give delegated authority to the Strategic Lead - Housing, Health & Environment, Portfolio Holder for Sustainable Homes & Communities and Chair of Housing Review Board to approve further purchases to meet 2017/2018 & 2018/2019 RTB spending deadlines using Housing Revenue Account (HRA) funding, or other such funding, as match funding, and

To approve a new form for Right to Buy applications designed to counter fraudulent claims.

Reason for recommendation: To note the progression made so far in spending RTB receipts. To ensure RTB receipts are spent on time and not returned to Government with interest.

Officer: Paul Lowe, Housing Enabling & Allocations Manager
pjlowe@eastdevon.gov.uk

Financial implications: To follow

Legal implications: There are no legal implications identified.

Equalities impact: Low Impact

Risk: High Risk

If the Right To Buy receipts are not spent in time the Council will have to return them to Government with interest.

Links to background information:

- [10 March 2016 HRB](#) report
- [16 June 2016 HRB](#) report
- [8 September 2016 HRB](#) report
- [12 January 2017 HRB](#) report

Link to Council Plan: Living in this outstanding place.

1 Background

- 1.1 Strategic Management Team agreed on the 27 January 2016 to support a number of options that help ensure RTB receipts are spent in accordance with various deadlines imposed by Government. Taking this support forward a report was presented to the Housing Review Board on the 10 March 2016, Cabinet and Council (6 & 20 April respectively) and has been approved. The report provided more detail on the options available.
- 1.2 One of the options was to use Commuted Sums and RTB receipts to purchase property from the open market. The HRB report sought to secure delegated authority to the Portfolio Holder Homes & Communities; Chair of Housing Review Board; and Strategic Lead – Housing, Health & Environment to approve a programme of individual property purchases to meet the short term Right to Buy spending deadlines.
- 1.3 We reported to you in January 2017 providing you with an up-date of spending. Within the report we presented an option to match fund the £1.5m RTB receipts with £3.5m of HRA funding per year over the next 3 years which will provide approximately 25 properties per year. This now forms part of the HRA 30 year Business Plan. Not only will this ensure we spend the RTB receipts, but it will also stabilise cash flow and provide an income to replace the income lost through Right to Buy sales.

2 Individual purchases since January 2017

- 2.1 The following properties have now exchanged and completed:

| Address | Property type | Total purchase price (including fees etc) | HRA contribution | RTB Amount at 30% |
|---------------------------------|---|--|------------------|-------------------|
| 18 Holly Walk, Exmouth | Two bed end of terrace with separate garage | £198,181.66 | £138,727.16 | £59,454.50 |
| 68 Wordsworth Close, Exmouth | Two bed end of terrace with garden and parking space | £191,134.16 | £137,293.91 | £58,540.25 |
| 63 Birchwood Road, Exmouth | Three bed end of terrace house with garage | £227,674.16 | £159,371.91 | £68,302.25 |
| Total | | £616,989.98 | £435,392.98 | £186,297.00 |

- 2.2 As we can only fund 30% of the purchase price of new acquisitions from RTB receipts we are using funds from the HRA account to enable these purchases to proceed.
- 2.3 We have met the deadline to spend RTB receipts by the end of quarter 4 for 2016/17 and we are on track to meet the deadline for quarter 1 2017/18.

3 Proposal for 2017/2018 financial year.

- 3.1 The next deadline will be to spend approximately £340,437 of RTB receipts by the end of June 2017 (quarter 1). Of this we have already spent £126,842.50.

| Quarter (Date) | RTB receipts to spend |
|-------------------------------|-----------------------|
| Quarter 1 (30 June 2017) | £340,437 |
| Quarter 2 (30 September 2017) | £333,404 |
| Quarter 3 (31 December 2017) | £414,218 |
| Quarter 4 (31 March 2018) | £390,353 |
| Total | £1,478,412 |

- 3.2 We have agreed to purchase an additional 14 properties in Honiton, Axminster, Seaton, Sidmouth and Exmouth. Most of these properties are located in Exmouth which is the area with highest housing need. Delegated authority has been sought for each of these properties with funding from the HRA. We are front loading purchases at the start of the financial year which will hopefully ease the pressure for the remainder of the year.
- 3.3 We will continue to purchase suitable properties from the open market using the £3.5m allocated HRA monies to match fund the RTB receipts for the financial year 2017/2018.
- 3.4 In terms of Right to Buy sales we have been working on counter fraud initiatives and plan to introduce a new form (**Annex 1**). This is a supplementary form that follows on from the initial form people fill out when making an application. It has been adapted specifically to prevent fraud, in particular money laundering and vulnerability issues such as families or companies placing pressure on vulnerable people to buy their homes, and is based on country-wide good practice.

4 Recommendations

- 4.1 We request that delegated authority is given to the Strategic Lead - Housing, Health & Environment, Portfolio Holder for Sustainable Homes & Communities and Chair of Housing Review Board to approve further purchases in the 2017/2018 & 2018/2019 financial year using HRA funds or other such funding to match fund the RTB receipts.

Form

Your Right to Buy: additional information



What is this form for?

This form is used to consider your eligibility for a Right to Buy. It is used in conjunction with the RTB1 Application Form. When you have filled in both forms, take them to East Devon District Council. Keep a copy of the completed forms for yourself.

1

Check first if you are eligible for a Right to Buy

You could be eligible for a Right to Buy discount if:

- You are a council tenant **or** you were a housing association tenant and were living in your home when it was transferred to East Devon District Council
- The property is your only or principal home.
- You have been a Public Sector tenant (usually a tenant of a council or a housing association) for at least three years
- You don't live in sheltered housing or other housing particularly suitable for elderly or disabled people or your tenancy of an elderly persons dwelling commenced when you were under the age of 60
- Your home is not due to be abolished
- You don't have any legal problems with debt
- You don't have any outstanding possession orders

You are likely eligible if the above applies to you, but we will need to confirm this.

2

After checking, if you think you are eligible for a Right to Buy, please complete this form and return to us

Please return in person to:
East Devon District Council
Knowle, Sidmouth, EX10 8HL

If you need help completing this form

Phone: 01395 51733
Email: righttobuy@eastdevon.gov.uk

Alternatively, please contact us at the address above. Our office hours are 8.30am to 5pm, Monday to Friday.

Next: what you need to do before you return this completed form to us

Continues on next page
Page 1 of 8



To request this form in another format or language please phone 01395 51733 or email righttobuy@eastdevon.gov.uk

Important

What you need to do before you return this completed form to us

Please indicate to confirm that you have checked:

- ☐ The full address of the property you want to buy
- ☐ The full name of everyone listed on your Right to Buy Application and any family members over the age of 18 who wish to share the Right to Buy with you
- ☐ Details of any discount previously received under the Right to Buy or other Government home purchase scheme
- ☐ Whether or not you own or have an interest in a property or land in the UK or abroad
- ☐ Whether you have declared how the property purchase will be funded
- ☐ Whether you have declared any bankruptcy whether discharged or not
- ☐ Whether you have declared arrangements you have creditors (people or companies you owe money to) and still owe money to

Please also indicate to confirm:

- ☐ **You and the joint applicants(s) have read the declaration and signed the form** (failure to complete this form and the RTB1 Application Form in full may delay your application)
- ☐ **To the best of your knowledge and belief the information that has been provided on this form is true, complete and correct.** You understand it is used in determining your eligibility for the Right to Buy.
- ☐ **You also understand that if you give false or misleading information or you omit information** for the purpose of gaining the Right to Buy, it may be regarded as a criminal offence and action could be taken against you including court action and the recovery of the property.
- ☐ **You must be a Council tenant to apply for the Right to Buy.** Check if your name appears as a tenant on your tenancy agreement. If you are unsure whether you or others are tenants, you should check with the Tenancy Services Team.



Part 1

Your details and any other person applying jointly with you

- Please answer these questions in full.
- Use a separate sheet of paper if there is not enough room on the form to provide details of all joint applicants.

Give the following details for each tenant(s) of the property and any family member(s) who wish to share the Right to Buy:

| | You | Joint applicant | Third joint applicant |
|---------------------------|---|---|---|
| Surname | | | |
| First name | | | |
| Gender | <input type="checkbox"/> Male <input type="checkbox"/> Female | <input type="checkbox"/> Male <input type="checkbox"/> Female | <input type="checkbox"/> Male <input type="checkbox"/> Female |
| Date of birth | | | |
| National Insurance number | | | |
| Address of current home | | | |
| Daytime phone number | | | |
| Mobile phone number | | | |
| Email address | | | |
| Relationship to tenant | | | |

Have you or your joint applicant ever been known by any other name? ☐ Yes ☐ No

If 'yes', give details:



Part 2

Other properties and tenancies

- Please answer these questions in full.
- Use a separate sheet of paper if there is not enough room on the form to provide details of all joint applicants.
- **Answer even if you don't think that you own or have an interest in the property or land.**

Do you or the joint applicant(s) own or have an interest in a residential property or land in the UK or abroad?

(Please complete this section whether or not you currently live in the property)

You: ☐ Yes ☐ No Joint applicant(s): ☐ Yes ☐ No

If 'yes', give details below:

| | You | Joint applicant(s) |
|---|-----|--------------------|
| Name | | |
| Address of property | | |
| Value of property | | |
| If you don't live in this property, give details why: | | |

Proof: include any documents you have if possible

Have you or the joint applicant(s) ever purchased a local authority property through the Right to Buy scheme?

You: ☐ Yes ☐ No Joint applicant(s): ☐ Yes ☐ No

If 'yes', give details on the next page



| | You | Joint applicant(s) |
|---|-----|--------------------|
| Name | | |
| Address of property | | |
| Value of property | | |
| Name of landlord | | |
| If you don't live in this property, give details why: | | |

Proof: please include any documents you have

Other than your current tenancy, do you or the joint applicant(s) hold another tenancy or joint tenancy anywhere in the UK?

You: ☐ Yes ☐ No Joint applicant(s): ☐ Yes ☐ No

If 'yes', give details below:

| | You | Joint applicant(s) |
|---|-----|--------------------|
| Name | | |
| Address of property | | |
| Value of discount | | |
| Name of landlord | | |
| If you don't live in this property, give details why: | | |

Proof: please include any documents you have



Part 3

Money laundering regulations

- We are required to comply with the Money Laundering Regulations, and in particular to verify the identity and permanent address of all applicants. This is to ensure we comply with policies, adopted worldwide by financial and government authorities, preventing the use of laundering systems to disguise the proceeds of crime.

Do you intend to fund the purchase of your home by means of a mortgage? ☐ Yes ☐ No

If 'yes', give details:

If 'no', please answer the following questions:

Is the money a gift? ☐ Yes ☐ No

If 'yes', give details:

Is the purchase by means of an inheritance? ☐ Yes ☐ No

If 'yes', give details:

Are you using existing savings? ☐ Yes ☐ No

If 'yes', give details:

If none of the above applies, are there any other means by which you will be funding the purchase? ☐ Yes ☐ No

If 'yes', give details:



Part 4

Debts and court orders

■ Please answer these questions in full

Bankruptcy

Have you or the joint applicant(s) ever been made bankrupt?

You: ☐ Yes ☐ No Joint applicant(s): ☐ Yes ☐ No

If 'yes', give details:

Is there a bankruptcy pending against you or the joint applicant(s)?

You: ☐ Yes ☐ No Joint applicant(s): ☐ Yes ☐ No

If 'yes', give details:

Debts

Do you or the joint applicant(s) have arrangements with any creditors (people or companies you owe money to) – for example, an Individual Voluntary Arrangement (IVA) or Debt Relief Order (DRO), and still owe them money?

You: ☐ Yes ☐ No Joint applicant(s): ☐ Yes ☐ No

If 'yes', give details:



Part 5

Declaration

■ All applicants must read and sign this declaration

I/we grant East Devon District Council permission to make any enquiries needed to confirm the information given on this form. We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits to check accuracy of information, prevent and detect crime, protect public funds.

We may check information we receive about you with information in our records. This can include information provided by you as well as by others such as government departments and agencies.

Please see the Data Protection and Freedom of Information (FOI) page on the East Devon District Council website if you require further information.

I/we confirm that to the best of my/our knowledge and belief the information that has been provided on this form is true, complete and correct.

I/we understand it is used in determining my/our eligibility for the Right to Buy.

I/we also understand that if I/we give false or misleading information, or I/we omit information for the purpose of gaining the Right to Buy, it may be regarded as a criminal offence and action can be taken against me/us including court action and the recovery of property.

I have enclosed proof as mentioned in this form.

| | Tenant 1 | Tenant 2 |
|---------------|------------------|------------------|
| Signature | | |
| Date | | |
| Full name | | |
| Date of birth | | |
| | Family member 1* | Family member 2* |
| Signature | | |
| Date | | |
| Full name | | |
| Date of birth | | |

*Not a tenant but is sharing the Right to Buy

**Thank you for completing this form.
Please return to us (details on page 2).**



Report to: **Housing Review Board**

Date of Meeting: 15 June 2017

Public Document: Yes

Exemption: None



Agenda item: **15**

Subject: **Housing Revenue Account Outturn (HRA) Report 2016/17**

Purpose of report: During 2016/17 monthly budget monitoring reports have informed members of the anticipated year end position. This report contains the final position for the year end and compares this outturn position against the budgets set for 2016/17.

Recommendation:

- 1. That the HRA outturn position for 2016/17 be agreed.**
- 2. That an adopted range between £2.1m and £3.1m is determined for the HRA Balance, and £3.977m held above this level is transferred to a new Reserve "Future Housing Development Fund" (detailed in 2.3 - 2.4 of the report).**
- 3. That £2.8m is transferred from the HRA Business Plan Volatility Fund into the Future Housing Development Fund (detailed in 2.5 of the report).**

Reason for recommendation:

To report the Outturn position for the Housing Revenue Account approved budgets. This final position will be presented in the Council's Statement of Accounts.

Members are asked to note the variations from the budgets identified within the report and consider the final position.

It is appropriate at this stage to reflect on the reserves and balances held by the HRA and determine if these are the right reserves at the right levels going forward.

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

Financial monitoring reports have kept members informed during the year of budget variations and the projected outturn position of the HRA finances. The outturn report indicates that the HRA and Business Plan

balances are being maintained above the adopted levels. In revising the proposed reserve levels in 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.

Links to background information: • [Housing Revenue Account Business Plan](#)

Link to Council Plan: Developing an outstanding local economy

Outturn Report 2016/17

1. Introduction

- 1.1 This report compares the outturn position (actual amount spent or income received for the year) against budgets set for the financial year 2016/17 for the Housing Revenue Account (HRA).

2. Housing Revenue Account Position

- 2.1 The 2016/17 budget was set to achieve a surplus of £0.213m, the Outturn position shows an underspend against the budget of £1.722m; the main variations are given below.

| HRA 2016/17 – Outturn variations against budget | Variation £000 |
|--|---------------------------|
| Revenue Contribution to Capital & Major Repair costs - underspend on capital programme with the level of works anticipated not undertaken in year due to resourcing and an ambitious plan. Also additional capital receipts were received available for funding. | (931) |
| Rent income (including garage rents) were higher due to collection rates and better void levels than budgeted - a prudent approach was taken. | (342) |
| A loan was budgeted for £0.7m but this was not taken out as not required. | 700 |
| Storm damage insurance claim - which was offset in part by overspends incurred on responsive repairs and other associated works previously funded from the HRA. | (1,043) |
| Supervision & Management – underspend on employee budget because of vacant posts and late appointments. | (72) |
| Stock condition survey not commenced as planned, more detailed work required as to the most suitable approach. | (68) |

- 2.2 This gives the overall position on the HRA with a transfer into the Balance of £1.935m; the updated position of the HRA Balance is given below.

| HRA Balance Position | £000 | £000 |
|---|-------------|----------------|
| Opening Balance 1/4/2016 | | (5,135) |
| Original Budget approval transfer to Balance in 2016/17 | (213) | |
| Outturn variation 2016/17 | (1,722) | (1,935) |
| Closing Balance 31/3/2017 | | (7,070) |

Note: A surplus of £0.522m is budgeted in 2017/18.

- 2.3 The adopted minimum level for the HRA Balance is £2.1m, based on £490 per property and this is considered to be the minimum Fund Balance that should be held for unexpected/emergency situations. It would also seem sensible to introduce a maximum sum to hold thereby creating an adopted range the Council is comfortable holding the HRA Balance between before members need to make a decision; whether above or below the range. It is therefore proposed to add headroom of £1m to the minimum level to give an adopted range for the HRA Balance of between £2.1m and £3.1m. This is in line with the principles agreed with the General Fund Balance.
- 2.4 The HRA balance is therefore significantly above the proposed adopted range by £3.970m and it proposed that this transferred into a new Fund - Future Housing Development Fund, to be used to provide additional dwellings within HRA and used to match fund the one to one replacement capital receipts required to be spent within set deadlines or required to be returned to Government with an interest payment.
- 2.5 The HRA also has a HRA Business Plan Volatility Reserve which was created in 2012/13 to provide a cushion for repaying the self-financing loans should adverse fluctuations in spending and/or rent income occur. The balance in the reserve is currently £4.4m. This Reserve has not been required and the HRA continues to meet loan repayments and make annual surpluses, it is therefore questionable whether this Reserve is still required at this level, or at all. However this will best be evidenced with a refresh of the HRA Business Plan alongside an updated of the stock condition survey; it is therefore proposed to transfer £2.8m from the HRA Business Plan Volatility Fund into Future Housing Development Fund funding the next two years of proposed development, thereby still leaving £1.6m to help meet loan repayments should it be required. Its requirement can be revisited once other factors are known.

3. Capital Programme Position

3.1 The following tables show HRA Capital outturn expenditure for 2016/17.

Capital Programme and financing:

| HRA Capital Projects | Outturn 2016/17 |
|--|--------------------|
| HRA Affordable Housing | |
| Shared house 102 St Andrews Rd Exmouth | £297,930 |
| Purchase of property 33 Ladymead Sidmouth | £229,840 |
| Purchase of property 25 Ladymead Sidmouth | £219,340 |
| Purchase of property 52 Ladymead Sidmouth | £195,624 |
| Purchase of property 84 Fraser Rd Exmouth | £191,834 |
| Purchase of property 156 Manstone Ave Sidmouth | £190,772 |
| Purchase of property 212 Manstone Ave Sidmouth | £186,249 |
| Purchase of property 103 Manstone Ave Sidmouth | £181,127 |
| Purchase of property 34 Ladymead Sidmouth | £158,619 |
| Purchase of property 30 Orchard Close Sidmouth | £135,734 |
| Purchase of property 1a George St Honiton | £110,925 |
| Purchase of property 4 Roseway Exmouth | £110,062 |
| Purchase of property 18 Hollywalk, Exmouth | £198,117 |
| Purchase Exebank & Danby - Cash funded | £1,041,020 |
| HRA Affordable Housing Total | £3,447,193 |

| HRA Capital Projects Expenditure | Outturn 2016/17 |
|----------------------------------|--------------------|
| HRA Housing Other | |
| Remodelling Of Sheltered Scheme | £132,206 |
| Social Service Adaptations | £414,338 |
| Major improvement/extension | £4,412 |
| HRA Housing System | £19,305 |
| Off street car parking | £46,541 |
| Seaton Refurbishment Manor Close | £18,381 |
| HRA Housing Other Total | 635,184 |
| HRA Major Repairs | |
| Change of Tenancy Expenditure | £2,229,532 |
| Gas Boiler Replacement | £404,688 |
| Replacement Kitchens | £372,433 |
| Cot Update Electrics | £98,982 |
| Replacement Doors | £373,057 |

| | |
|--------------------------------|-------------------|
| Replacement Bathrooms | £212,411 |
| Central Heating Replacement | £44,061 |
| Electrical Updating | £31,042 |
| Roofing Renewal | £211,036 |
| Cot Kitchens | £188,511 |
| Cot Bathrooms | £49,770 |
| Cot Heating replacement | £20,094 |
| Cot new boilers | £38,382 |
| HRA Major Repairs Total | £4,273,999 |
| | |
| GROSS EXPENDITURE | £8,356,376 |

| | |
|--|-------------------|
| Capital Programme financed by | |
| HRA Affordable Housing Funding | |
| HRA Right To Buy Capital receipts | £721,851 |
| Section 106 HRA - Various | £1,418,068 |
| HRA Rev contribution RCCO - Affordable Housing balance | £1,307,274 |
| HRA Affordable Housing Funding Total | £3,447,193 |
| HRA Capital financing Other | |
| HRA Other Capital receipts | £588,966 |
| HRA Rev grant contribution - Other Housing | £46,218 |
| HRA contribution - From Major Repairs Reserve | £4,273,999 |
| Total HRA Capital financing Other | £4,909,183 |
| | |
| Total HRA Funding | 8,356,376 |

| | | | | | |
|--|--------------|--------------|---|--------------|-------------|
| EAST DEVON DISTRICT COUNCIL | | | | | |
| REVENUE BUDGET MONITORING 2016/2017 | | | | | |
| SUMMARY OF HOUSING REVENUE ACCOUNT | | | | | |
| Period to 31 March 2017 | | | | | |
| | | | | | |
| | 2016/17 | | Service | 2016/17 | 2016/17 |
| | Budget | | | | |
| | Original | Revised | | Actual | Variance |
| | £ | £ | £ | £ | |
| | | | INCOME | | |
| 1 | (17,711,540) | (17,711,540) | Gross Property Rent including Garages | (18,053,953) | (342,413) |
| 2 | (1,195,870) | (1,195,870) | Other Rents & Income | (495,385) | 700,485 |
| 3 | (18,907,410) | (18,907,410) | Total Income | (18,549,338) | 358,072 |
| | | | EXPENDITURE | | |
| | | | Repairs & Maintenance | | |
| 4 | 2,913,370 | 2,913,370 | General | 1,782,793 | (1,130,577) |
| 5 | 1,058,500 | 1,058,500 | Special Works | 1,187,754 | 218,352 |
| | | | Supervision & Management | | |
| 6 | 3,576,100 | 3,576,100 | General | 3,549,168 | (26,932) |
| 7 | 1,421,420 | 1,421,420 | Special | 1,293,940 | (127,480) |
| 8 | 250,800 | 250,800 | Other Expenditure | 267,331 | 16,531 |
| 9 | 9,220,190 | 9,220,190 | Total Management & Maintenance | 8,080,986 | (1,050,106) |
| 10 | 0 | 0 | Adjustment to Bad Debt Provision | (10,357) | (10,357) |
| 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 | 4,130,169 | (872,001) |
| 14 | 14,366,190 | 14,366,190 | Total Expenditure | 12,344,628 | (1,932,464) |
| 15 | (4,541,220) | (4,541,220) | NET COST OF SERVICE | (6,204,710) | (1,574,392) |
| 16 | (34,680) | (34,680) | Interest on Balances | (34,895) | (215) |
| 17 | 4,038,330 | 4,038,330 | Principal & Interest Payable (PWLB loans) | 4,031,802 | (6,528) |
| 18 | (40) | (40) | Interest on Council House Sales (mortgages) | (21) | 19 |
| 19 | 4,003,610 | 4,003,610 | | 3,996,886 | (6,724) |
| 20 | (537,610) | (537,610) | NET OPERATING EXPENDITURE - Deficit / (Surplus) | (2,207,824) | (1,581,116) |
| 21 | 325,000 | 325,000 | Revenue Contribution to Capital Expenditure | 266,254 | (58,746) |
| 22 | (212,610) | (212,610) | Deficit / (Surplus) for the Year | (1,941,570) | (1,639,862) |
| | | | 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 | (1,941,570) | (1,728,960) |
| 26 | (8,451,498) | (9,747,208) | Total Balance C/F | (11,476,168) | (1,728,960) |
| | | | | | |
| | Original | | Staff Numbers Fulltime Equivalents | Year End | Variance |
| 27 | 2.0 | | Senior Housing Management | 2.0 | 0.0 |
| 28 | 25.6 | | Landlord Services | 28.2 | 2.6 |
| 29 | 21.2 | | Housing Needs & Strategy | 21.6 | 0.4 |
| 30 | 19.8 | | Asset & Property Team | 16.6 | (3.2) |
| 31 | 2.1 | | Communal Areas Cleaning | 4.1 | 2.0 |
| 32 | 19.5 | | Mobile Support Officers | 16.9 | (2.6) |
| 33 | 90.2 | | Total | 89.4 | (0.8) |
| Significant variances and areas of interest in 2016/17 | | | | | |
| In line with HRA Self Financing accounting guidelines, the charge for depreciation will be credited to the Major Repairs Reserve | | | | | |
| as will a contribution from the HRA for the difference between the Major Repairs expenditure and the depreciation figure. | | | | | |
| Major Repairs expenditure will then be funded from the Major Repairs Reserve leaving a nil balance on the reserve. | | | | | |
| Revenue Contribution to Capital Expenditure is less than anticipated due to underspends in the capital programme | | | | | |
| and more capital receipts available to fund capital expenditure. | | | | | |
| The change in staff numbers is due to reductions in working hours and vacancies in different areas of the service. | | | | | |

| | | | | | | |
|--|--|--------------|--|---|--------------|-------------|
| | | | | | | |
| EAST DEVON DISTRICT COUNCIL | | | | | | |
| REVENUE BUDGET MONITORING 2016/2017 | | | | | | |
| HOUSING REVENUE ACCOUNT - DETAILED STATEMENT | | | | | | |
| Period to 31 March 2017 | | | | | | |
| | | | | | | |
| | 2016/17 | | | Service | 2016/17 | |
| | Budget | | | | | |
| | Original | Revised | | | Actual | Variance |
| | £ | £ | | | £ | £ |
| | | | | INCOME | | |
| 1 | (17,285,000) | (17,285,000) | | Gross Property Rents | (17,610,065) | (325,065) |
| 2 | (426,540) | (426,540) | | Garage Rents | (443,888) | (17,348) |
| 3 | (1,195,870) | (1,195,870) | | Other Rents and Income | (495,385) | 700,485 |
| 4 | (18,907,410) | (18,907,410) | | TOTAL INCOME | (18,549,338) | 358,072 |
| | | | | | | |
| | | | | REPAIRS & MAINTENANCE | | |
| | | | | Repairs and Maintenance - General | | |
| | | | | | | |
| | | | | | | |
| 5 | 1,916,370 | 1,916,370 | | Response Maintenance | 2,052,923 | 136,553 |
| 6 | 0 | 0 | | Rechargeable Works | 535 | 535 |
| 7 | 0 | 0 | | Storm Damage | (1,042,282) | (1,042,282) |
| | | | | | | |
| | | | | Programmed Maintenance | | |
| 8 | 37,000 | 37,000 | | Communal Areas | 39,188 | 2,188 |
| 9 | 0 | 0 | | Smoke & Carbon Monoxide Alarms | 64,627 | 64,627 |
| 10 | 30,000 | 30,000 | | Emergency Equipment Test & Repair | 3,975 | (26,025) |
| 11 | 0 | 0 | | Emergency Light Testing | (28) | (28) |
| 12 | 0 | 0 | | Automated Door Servicing | 1,200 | 1,200 |
| 13 | 10,000 | 10,000 | | Legionella Testing | 6,663 | (3,337) |
| 14 | 0 | 0 | | PAT Testing | 723 | 723 |
| 15 | 80,000 | 80,000 | | Solid Fuel Appliances | 141,740 | 61,740 |
| 16 | 500,000 | 500,000 | | Gas Boilers Servicing | 395,865 | (104,135) |
| | | | | | | |
| 17 | 100,000 | 100,000 | | Electrical Inspections | 0 | (100,000) |
| 18 | 0 | 0 | | Clos-o-mat Servicing | 1,575 | 1,575 |
| 19 | 85,000 | 85,000 | | Lift Maintenance | 85,001 | 1 |
| 20 | 842,000 | 842,000 | | Total Programmed Maintenance | 740,529 | (101,471) |
| | | | | | | |
| | | | | Cyclical Maintenance | | |
| | | | | | | |
| 21 | 150,000 | 150,000 | | External Painting Programme | 1,073 | (148,927) |
| 22 | 5,000 | 5,000 | | Service of Rainwater Harvest Systems | 10,185 | 5,185 |
| 23 | 0 | 0 | | Interior Decoration | 19,830 | 19,830 |
| 24 | 155,000 | 155,000 | | Total Cyclical Maintenance | 31,088 | (123,912) |
| | | | | | | |
| 25 | 2,913,370 | 2,913,370 | | Total Repairs and Maintenance - General | 1,782,793 | (1,130,577) |
| | | | | | | |
| | | | | Repairs and Maintenance - Special Works | | |
| | | | | | | |
| 26 | 75,000 | 75,000 | | Adaptations for Disabled | 103,289 | 28,289 |
| 27 | 0 | 0 | | Fence Programme | 37,217 | 37,217 |
| 28 | 250,000 | 250,000 | | Fire Safety Works | 207,317 | (42,683) |
| 29 | 120,000 | 120,000 | | Dampness Eradication & Condensation | 80,696 | (39,304) |
| 30 | 10,000 | 10,000 | | Loft Insulation | 12,192 | 2,192 |
| 31 | 150,000 | 150,000 | | Fuel Efficiency Measures | 0 | (150,000) |
| 32 | 10,000 | 10,000 | | Improvements Voucher Scheme | 9,536 | (464) |
| 33 | 3,500 | 3,500 | | Sanctuary Scheme | 11,679 | 8,179 |
| 34 | 100,000 | 100,000 | | Asbestos Surveys | 87,238 | (12,762) |
| 35 | 100,000 | 100,000 | | Asbestos Works | 274,088 | 174,088 |
| 36 | 10,000 | 10,000 | | Gutter Repairs/Improvements | 100,690 | 90,690 |
| 37 | 0 | 0 | | Renewal of Walls | 175 | 175 |
| 38 | 100,000 | 100,000 | | Handyperson Scheme | 90,781 | (9,219) |
| 39 | 20,000 | 20,000 | | Replacement Floors | 0 | (20,000) |
| 40 | 30,000 | 30,000 | | Structural Works - Subsidence | 1,812 | (28,188) |
| 41 | 0 | 0 | | Grant via Tenant Participation | 2,225 | 2,225 |
| 42 | 20,000 | 20,000 | | Energy Performance Certificates | 6,310 | (13,690) |
| 43 | 10,000 | 10,000 | | Path Repairs | 63,625 | 53,625 |
| 44 | 10,000 | 10,000 | | Minor Schemes | 2,325 | (7,675) |
| 45 | 10,000 | 10,000 | | Flat Roof Repairs | 17,509 | 7,509 |
| 46 | 30,000 | 30,000 | | Chimney Repairs | 79,050 | 49,050 |
| 47 | 1,058,500 | 1,058,500 | | Total Repairs and Maintenance - Special Works | 1,187,754 | 129,254 |
| | | | | | | |
| | | | | | | |
| | Significant variances and areas of interest in 2016/17 | | | | | |
| The rent income budget was set Prudently with a 3% void loss provision and fortunately we performed better than expected on both Dwellings and Garage rents. | | | | | | |
| Other rents and income included a loan of £700k but this was not taken out in 2016/17 as it was not required. | | | | | | |
| The HRA received a payment of £1M as final settlement for the Storm Damage insurance claim. | | | | | | |
| This will offset overspends incurred on responsive repairs since the Storm damage occurred. | | | | | | |
| Gas boilers servicing for 2016/17 was completed under budget. | | | | | | |
| Electrical inspections contract was put out late in the last quarter of 2016/17. | | | | | | |
| External painting programme did not happen as priority was to deal with compliance issues in 2016/17. | | | | | | |
| Fuel efficiency measures did not happen due to resourcing issues. | | | | | | |

| | | | | | | |
|--|--|-----------|--|-----------|-----------|--|
| | | | | | | |
| EAST DEVON DISTRICT COUNCIL | | | | | | |
| REVENUE BUDGET MONITORING 2016/2017 | | | | | | |
| HOUSING REVENUE ACCOUNT - DETAILED STATEMENT | | | | | | |
| Period to 31 March 2017 | | | | | | |
| | | | | | | |
| | 2016/17 | | Service | 2016/17 | | |
| | Budget | | | | | |
| | Original | Revised | | Actual | Variance | |
| | £ | £ | OTHER EXPENDITURE | £ | £ | |
| 1 | 14,670 | 14,670 | Sewerage - Repairs, Maintenance & Emptying | 18,686 | 4,016 | |
| 2 | 33,940 | 33,940 | Tenant Participation | 45,981 | 12,041 | |
| 3 | 5,250 | 5,250 | Tenant Scrutiny | 1,753 | (3,497) | |
| 4 | 2,030 | 2,030 | Storage | 244 | (1,786) | |
| 5 | 5,110 | 5,110 | Honiton - 38 St Pauls Road Heathpark | 4,159 | (951) | |
| 6 | 25,270 | 25,270 | Community Development Work | 23,169 | (2,101) | |
| 7 | 0 | 0 | Honiton Together | (420) | (420) | |
| 8 | 5,050 | 5,050 | Minor Management Schemes | 4,980 | (70) | |
| 9 | 0 | 0 | Road Repairs | 1,822 | 1,822 | |
| 10 | 1,020 | 1,020 | Signs on Estates | 2,099 | 1,079 | |
| 11 | 8,120 | 8,120 | Eviction Expenses | 11,524 | 3,404 | |
| 12 | 0 | 0 | Off Street parking - Grants to Tenants | 0 | 0 | |
| 13 | 3,050 | 3,050 | Pest Control Expenses | 2,769 | (281) | |
| 14 | 10,000 | 10,000 | Gully Cleansing | 0 | (10,000) | |
| 15 | 31,410 | 31,410 | Tree Felling and Planting | 27,423 | (3,987) | |
| 16 | 5,000 | 5,000 | Landscaping | 5,303 | 303 | |
| 17 | 75,000 | 75,000 | Removal Expenses (downsizing) | 52,701 | (22,299) | |
| 18 | 0 | 0 | Private Water Supplies - Service & Maintenance | 0 | 0 | |
| 19 | 18,270 | 18,270 | Removal of Rubbish | 58,682 | 40,412 | |
| 20 | 7,610 | 7,610 | Best Value - Housemark | 6,456 | (1,154) | |
| 21 | 250,800 | 250,800 | TOTAL OTHER EXPENDITURE | 267,331 | 16,531 | |
| | | | | | | |
| | | | | | | |
| | | | MAJOR REPAIRS ACCOUNT | | | |
| 22 | 200,000 | 200,000 | Heating Upgrades | 44,061 | (155,939) | |
| 23 | 0 | 0 | COT heating upgrades | 20,094 | 20,094 | |
| 24 | 800,000 | 800,000 | Gas Boilers Replacement | 404,688 | (395,312) | |
| 25 | 0 | 0 | COT new boilers | 38,382 | 38,382 | |
| 26 | 150,000 | 150,000 | Electrical Updating | 31,042 | (118,958) | |
| 27 | 150,000 | 150,000 | Roof Renewal | 211,036 | 61,036 | |
| 28 | 650,000 | 650,000 | Replacement Kitchens | 372,433 | (277,567) | |
| 29 | 0 | 0 | COT kitchens | 188,511 | 188,511 | |
| 30 | 400,000 | 400,000 | Replacement Doors | 405,538 | 5,538 | |
| 31 | 400,000 | 400,000 | Replacement uPVC fascias etc | (32,481) | (432,481) | |
| 32 | 300,000 | 300,000 | Replacement Bathrooms | 212,411 | (87,589) | |
| 33 | 0 | 0 | COT bathrooms | 49,770 | 49,770 | |
| 34 | 500,000 | 500,000 | Electrical Works on COT | 98,982 | (401,018) | |
| 35 | 1,596,000 | 1,596,000 | COT: Other Expenditure | 2,229,532 | 633,532 | |
| 36 | 5,146,000 | 5,146,000 | TOTAL MAJOR REPAIRS ACCOUNT | 4,273,999 | (872,001) | |
| | | | | | | |
| | | | | | | |
| | Significant variances and areas of interest in 2016/17 | | | | | |
| | Major Repairs are classed as capital expenditure and are included in the HRA capital programme but are shown here for information purposes.They are fully funded by the HRA through the Major Repairs Reserve. | | | | | |
| | | | | | | |

HRA Business Plan Review 2016-17


Final Report




Issue Date: 8 May 2017

Working in Partnership to Deliver Audit Excellence




Executive Summary

-  This section provides an overview for senior management to understand the main conclusions of this audit review, including the opinion, significant findings and a summary of the corporate risk exposure.

Findings and Outcomes

-  This section contains the more detailed findings identified during this review for consideration by service managers. It details individual findings together with the potential risk exposure and an action plan for addressing the risk.

Appendices:

-  Audit Framework Definitions
-  Support and Distribution
-  Statement of Responsibility

Executive Summary

Overview

As part of the 2016-17 audit plan a review has been undertaken to assess the adequacy of the controls and procedures in place for the Housing Revenue Account (HRA) Business Plan at East Devon District Council (EDDC).

The HRA Business Plan sets out the purpose and objectives that EDDC will adopt in managing and maintaining its housing stock. The Business Plan was originally prepared as part of the reform of social housing finance in 2012. At this point, local authorities made a one-off payment to central government. Many councils, including EDDC, chose to finance this through the Public Works Loan Board (PWLB) as a preferential rate of interest was available on the date of transition which was cheaper than commercial borrowing.

Changes in legislation at central government in 2016 have led EDDC to begin the process of reviewing their HRA Business Plan (last approved in 2014) to ensure that this remains fit for purpose. These changes included:

- *Changes to Right to Buy Scheme* - rates were decreased unexpectedly to make the scheme more attractive;
- *Sale of high value property* - This would involve selling off assets which bring in high revenues over the long-term, for a short-term benefit, though 'high value' remains to be determined;
- *Pay to Stay* - this meant tenants with higher incomes would be required to pay higher rents, an initiative subsequently cancelled in the 2016 Autumn Statement; and
- *Rent decreases* - all Council rents were to be decreased by 1% as opposed to the annual increase, used to reflect inflation and other relevant charges.

Objective

The Council has an effective HRA Business Plan that meets business needs, manages capital and liquidity risks whilst incorporating best practice.

Significant Findings

No significant findings were identified as part of this review.

Audit Opinion:

Reasonable

Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

EDDC has in place a number of controls to manage the risks associated with the Housing Revenue Account. The risk that central government will amend their policy and/ or budget has already been recognised by the Council. EDDC is in the process of reviewing their HRA Business Plan to ensure that the legislative amendments introduced in 2016 are incorporated and the impacts planned for accordingly. Any recommendations raised within this report have been made with this in mind.

Following this audit, a number of suggestions for improvements to the HRA Business Plan have been identified:

- A full risk review to ensure that all known and emerging risks are considered, incorporated within the Plan and controls put in place to manage these where necessary;
- Where risks and uncertainties are unquantifiable, that this is documented to demonstrate that they have been considered as far as possible;
- As intended, that results from the sensitivity analysis / any stress testing is incorporated; and
- Consideration should be given to the appropriateness of the financing options supporting the HRA Business Plan to ensure that these continue to be fit for purpose.

It was also noted during the review that there is inconsistency between the language and content used between the risks detailed within the current Business Plan and the corporate risk register (SPAR.net). In order to ensure that these are properly managed and escalated in line with the Council's risk management processes, a recommendation has been made that this is addressed.

We were requested to give consideration to financing options and plans pursued by other councils and noted that all five within our sample had also chosen to develop a 30 year Business Plan and had financed their HRA through the PWLB. The Strategic Lead – Housing, Health and Environment requested that the audit scope included a review of whether other financing options, such as commercial, interest only loans would provide better value for money, however we were unable to obtain any specific information in relation to this, due to a lack of publicly available information. Further, the local authority that the Strategic Lead – Housing Health and Environment believed had pursued this option confirmed that, like EDDC, they had also borrowed from the PWLB.

We were also asked to consider the approach taken by other authorities in relation to their internal recharging for HRA. Details are included within the main body of the report.

Well Controlled Areas of the Service

It was pleasing to note that key staff involved in the Housing Revenue Account have a good awareness of risks facing the Housing Revenue Account and also that there is knowledge sharing / awareness of processes between EDDC and other local authorities.

Corporate Risk Assessment

| Risks | Inherent Risk Assessment | Manager's Initial Assessment | Auditor's Assessment |
|---|--------------------------|------------------------------|----------------------|
| 1. The Council's HRA Business Plan does not reflect current best practice resulting in missed opportunities to improve the management of housing stock. | High | Medium | Low |
| 2. The Housing Service has not considered all the risks associated with implementing a new HRA self-financing strategy leaving the Council exposed to a potential financial loss in the future. | High | Medium | Medium |
| 3. The Council has not adopted the most effective strategy for obtaining funds to purchase the housing stock causing delay in repaying the total debt and exposing the Council to undue risk. | High | Medium | Low |

Findings and Outcomes

Method and Scope

This audit has been undertaken using an agreed risk based approach. This means that:

- the objectives and risks are discussed and agreed with management at the outset of the audit;
- the controls established to manage risks are discussed with key staff and relevant documentation reviewed;
- these controls are evaluated to assess whether they are proportionate to the risks and evidence sought to confirm controls are operating effectively;
- at the end of the audit, findings are discussed at a close-out meeting with the main contact and suggestions for improvement are agreed.

| | | |
|----|---|-----|
| 1. | Risk: The Council's HRA Business Plan does not reflect the current best practice, resulting in missed opportunities to improve the management of housing stock. | Low |
|----|---|-----|

1.1 Finding and Impact

EDDC has instigated a number of activities to inform the development of the new HRA Business Plan. This includes the establishment of a Task and Finish Forum (TaFF) in June 2016. Membership includes a cross-section of Council Officers, Members and tenants to gauge opinion and incorporate the significant knowledge into the development of the revised Business Plan.

Further, EDDC have procured the services of Capita housing market consultants. Capita have developed a forecasting model to support the sensitivity testing and 'what if' rent reduction scenarios. It was confirmed to the TaFF that there was a good customer base using the model, and procuring their service provided access to some consultancy and a good support group. This allows EDDC to work with specialists and glean best practice in the process.

As part of our review, we were specifically requested to consider whether the use of a 30 year HRA Business Plan is good practice. Our testing identified that whilst no official 'best practice' has been developed in this area, the ability to plan for the longer term has been acknowledged and implemented by all of the five authorities in our sample, who all have 30 year plans. Whilst we are unable to confirm that the use of a 30 year HRA Business Plan is best practice, some assurance can be gained by the fact that other local authorities are using the same structure to allow for longer term planning.

In addition to longer term planning, a key benefit of a 30-year plan is that it will mature in line with many of the long-term loans that have been taken out; to allow for the Plan to ensure alignment with the borrowing raised.

Therefore, the development of a 30 year plan would be considered prudent.

| | | |
|----|--|--------|
| 2. | Risk: The Housing Service has not considered all the risks associated with implementing a new HRA self-financing strategy leaving the Council exposed to a potential financial loss in the future. | Medium |
|----|--|--------|

2.1 Finding and Impact

The following new risks have been identified in consultation with the HRA Accountant and the Strategic Lead-Housing, Health and Environment which will require incorporation into the new Business Plan:

- *Sale of high value property* - This central government scheme involves selling off assets which generate high HRA receipts. Ideally, this would be counter-balanced by increased acquisition of new stock, however there is risk that cash will not be available to do this; leading to cash flow shortages. The term 'high value' has not yet been determined by central government, therefore the impact of this remains unknown and is likely to vary nationally.
- *Rent decreases* - Central government has recently requested rent decreases on all council housing by 1%; as opposed to the anticipated annual increase, as detailed in the 2014 Plan. This 1% decrease will be compounded by the loss of inflation charges and other annual increases; so the HRA Accountant believes this could equate to approximately 3.5% per year in real terms. This balance is carried forward each year, so the decrease will impact on each year of the 30 year budget, giving rise to a risk of inability to achieve the objectives outlined in the Business Plan if this is not adapted / subject to regular review.

The following risks have been known to EDDC for several years and remain relevant:

- *Changes to the Right to Buy Scheme* - central government has unexpectedly decreased the prices of Right to Buy properties. This presents the risk that housing stock will decrease at a greater rate than anticipated in EDDC's 2014 HRA Business Plan, leading to reduced HRA receipts and cash flow shortages.
- *Uncertainty around the full roll-out of Universal Credit* - After being announced in 2013, this scheme has yet to be fully implemented. It has not been confirmed when this will take place, however the scheme is expected to cause an increase in arrears, as tenants will then be responsible for paying their rent rather than payments being made directly to landlords. An increase in tenant arrears gives rise to the risk of receipt of lower than expected rental income, variances to budgeted cash flow and increased costs in relation to legal action.

Since the development of the 2014 HRA Business Plan, the political landscape has shifted significantly, such as the UK voting to leave the European Union, which has created greater uncertainty in predicting potential macroeconomic effects. Whilst the sensitivity analysis section of the 2014 Plan includes macroeconomic considerations and assumptions, such as inflation and interest rates, these could now vary widely from previous, more conservative, estimates. The procurement of Capita's services in developing the business model for the HRA Business Plan allows EDDC to perform ongoing scenario planning, using the spreadsheet model to foresee the impact of altering the circumstances (sensitivities) of the plan. However, in order to ensure that all risks are encapsulated within the new Plan and managed as appropriate, a recommendation has been raised below that a review of risks is undertaken.

Risk Monitoring

The 2014 HRA Business Plan includes a Risk and Sensitivities section which details a number of risks, scoring and possible mitigating actions. In addition, a number of corporate level risks in relation to the HRA are detailed within the SPAR Risk Register, which is reported to the Audit and Governance (A&G) Committee.

A copy of the Housing Service Plan was also reviewed and this includes a section on risks, where it can be confirmed that risks relating to HRA were incorporated. From review of the three documents, it does not appear that risks are clearly aligned from the HRA Business Plan through the Service Plan up to the Corporate level. The introduction of such an alignment, which will allow for effective risk monitoring, should be addressed when developing the new Business Plan.

The Housing Review Board (HRB) is responsible for overseeing the development and management of the HRA Business Plan, however a review of the minutes and reports from January 2016 to date did not evidence a review of a risk register for the Housing Service.

| | | |
|------|-----------------|------------|
| 2.1a | Agreed Outcome: | Priority 3 |
|------|-----------------|------------|

The Strategic Lead-Housing, Health and Environment has agreed to conduct a full risk review to ensure that all known and emerging risks have been considered; including those identified in this report. This review should then feed in to risks within the revised HRA Business Plan. (SWAP Ref: 34525)

Action Plan:

| | | | |
|----------------------|---|--------------|--------------------------|
| Person Responsible: | Strategic Lead-Housing, Health and Environment | Target Date: | 30 September 2017 |
| Management Response: | Agreed. | | |

| | | |
|------|-----------------|------------|
| 2.1b | Agreed Outcome: | Priority 3 |
|------|-----------------|------------|

The Strategic Lead-Housing, Health and Environment has agreed to ensure alignment between the risks recorded in the HRA Business Plan, the Housing Service Risk Register and the Corporate Risk Register on SPAR.net, when developing the new Business Plan. (SWAP Ref: 34426)

Action Plan:

| | | | |
|----------------------|---|--------------|--------------------------|
| Person Responsible: | Strategic Lead-Housing, Health and Environment | Target Date: | 30 September 2017 |
| Management Response: | Agreed. | | |

| | | |
|------|-----------------|------------|
| 2.1c | Agreed Outcome: | Priority 3 |
|------|-----------------|------------|

The Strategic Lead – Housing, Health and Environment has agreed to ensure that the Housing Service Risk Register is presented to the Housing Review Board on a periodic basis in order that the risks in the HRA Business Plan are monitored and managed. (SWAP Ref: 34856)

Action Plan:

| | | | |
|----------------------|---|--------------|--------------------------|
| Person Responsible: | Strategic Lead-Housing, Health and Environment | Target Date: | 30 September 2017 |
| Management Response: | Agreed. | | |

| | | |
|----|--|-----|
| 3. | Risk: The Council has not adopted the most effective strategy for obtaining funds to purchase the housing stock causing delay in repaying the total debt and exposing the Council to undue risk. | Low |
|----|--|-----|

| | |
|------|--------------------|
| 3.1. | Finding and Impact |
|------|--------------------|

EDDC borrowed £84,376,000 on a capital and interest basis when the Housing Revenue Account became self-funding in 2012. This was funded through a number of fixed interest rate maturity loans through the PWLB, which was created by central government, specifically for Housing Revenue Account loans to local authorities. A discounted rate was available to local authorities on the day of transition. At the time, it was felt that the rate offered was lower than could be achieved by any commercial bank and was adequate for the demands of the 30 year HRA Business Plan. The average interest rate of EDDC's HRA loans is 2.99%, with these varying from 0.75% to 3.46% for the longer term loans.

This fixed loan repayments deal provides some security. However, there is still uncertainty as to EDDC's ability to generate enough revenue from assets held to safeguard against the risks of reduced income; identified under Section 2.1 of this report. It is worth noting however that these risks will be applicable to all other local authorities with their own housing stock.

Legislation changes made in 2016 have prompted EDDC to revisit the 2014 HRA Business Plan and a request was made that we consider whether other local authorities were exploring other finance options.

SWAP performed a benchmarking exercise among its Partners who hold housing stock. Taunton Deane Borough Council (TDBC) provided a copy of their revised HRA Business Plan from June 2016, which explained their intended method of refinancing in response to the changes in legislation. TDBC also financed their borrowing through the PWLB. In developing their revised Plan, TDBC benchmarked costs against other local authorities, to identify areas of high spend, implement savings targets in areas of higher than average spend and to revalue the lifetime of their current HRA assets (on average a life of 42 years was extended to 60 years, which was still considered to be conservative). The income generated is intended to be used to acquire new housing. This new housing will add to the Council's stock, thereby increasing the revenue generated year on year. Secondly, the Council intends to refinance their loan to a much longer payback period; to enable lower, more affordable repayments.

One other Council was believed by EDDC to have taken out an interest-only loan in order to reduce its payments, recognising that the capital will not be repaid at the end of the term. We contacted the Council concerned who confirmed by return that they had actually financed through the PWLB. Further, we could not identify any others who had taken an interest-only route, therefore we are unable to comment as to whether this would provide EDDC with better value for money.

Our research identified that of the £13.4 billion collectively borrowed by local authorities when the HRA became self-funded, £12.9 billion was borrowed through the PWLB, demonstrating that this was preferred borrowing option for the vast majority of local authorities. Information on the available interest rates for borrowing commercially could not be established, however with interest rates at historically low levels, the opportunity could exist for EDDC to take advantage of commercial borrowing rates and restructure its loan profile to maximise value for money.

It was also noted that the Chartered Institute of Public Finance and Accountancy (CIPFA) had published the possibility of using the General Fund to acquire housing stock outside of HRA regulations; allowing the Council to supplement the losses sustained from the rent decreases, something EDDC may wish to consider.

| | | |
|--|--------------------------|--------------------------------|
| 3.1a | Agreed Outcome: | Priority 3 |
| The Strategic Lead-Finance has agreed to consider the risks and investigate, as part of the HRA Business Plan review, the available commercial borrowing rates and financing options that EDDC could take advantage of to ensure the Council achieves value for money. (SWAP Ref: 34429) | | |
| Action Plan: | | |
| Person Responsible: | Strategic Lead – Finance | Target Date: 30 September 2017 |
| Management Response: | Agreed | |

3.2 Finding and Impact

We were also requested to establish the approach taken by SWAP Partners in relation to internal recharging for HRA. Best practice guidance was limited on this practice. However, discussion with TDBC revealed some differences in approach, detailed here for information:

- Direct and indirect costs are split according to teams working directly for the HRA scheme and teams that provide support services to the scheme, respectively. Furthermore, some services provide support for both HRA properties and General Fund properties, so costs are tracked and charged accordingly. In the same way as EDDC, internal recharges are calculated by the services themselves, with support from the Accountancy Service.
- The Partner acts in line with the HRA ring-fenced stipulation, keeping all HRA surpluses within the HRA scheme.

Audit Framework and Definitions

Assurance Definitions

| | |
|--------------------|--|
| None | The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives. |
| Partial | In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives. |
| Reasonable | Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives. |
| Substantial | The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed. |

Definition of Corporate Risks

| Risk | Reporting Implications |
|---------------|--|
| High | Issues that we consider need to be brought to the attention of both senior management and the Audit Committee. |
| Medium | Issues which should be addressed by management in their areas of responsibility. |
| Low | Issues of a minor nature or best practice where some improvement can be made. |

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

| | |
|-------------------|--|
| Priority 5 | Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management. |
| Priority 4 | Important findings that need to be resolved by management. |
| Priority 3 | The accuracy of records is at risk and requires attention. |

Priority 2 and 1 Actions will normally be reported verbally to the Service Manager.

Report Authors

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Support

We would like to record our thanks to the following individuals who supported and helped us in the delivery of this audit review:

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Mandy White, Former HRA Accountant

Distribution List

This report has been distributed to the following individuals:

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Simon Davey, Strategic Lead-Finance

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| Sedgemoor District Council | |

Statement of Responsibility

Conformance with Professional Standards

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Auditing Standards.



SWAP Responsibility

Please note that this report has been prepared and distributed in accordance with the agreed Audit Charter and procedures. The report has been prepared for the sole use of the Partnership. No responsibility is assumed by us to any other person or organisation.