

## Agenda for Housing Review Board Thursday, 7th November, 2024, 10.15 am

### Members of Housing Review Board

A Bailey, C Burhop, S Chamberlain (Chair), M Martin, S Smith (Vice-Chair), S Beer, S Clake and R Robinson

**Venue:** Council Chamber, Blackdown House, Honiton, EX14 1EJ

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(or group number 01395 517546)

Tuesday, 29 October 2024



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- 1 Minutes of the previous meeting (Pages 3 - 11)
- 2 Apologies
- 3 Declarations of interest  
Guidance is available online to Councillors and co-opted members on making [declarations of interest](#)
- 4 Public speaking  
Information on [public speaking](#) is available online
- 5 Matters of urgency  
Information on [matters of urgency](#) is available online
- 6 Confidential/exempt item(s)  
To agree any items to be dealt with after the public (including the press) have been excluded. There are no items which officers recommend should be dealt with in this way.
- 7 Housing Review Board forward plan (Page 12)
- 8 Staffing update  
Verbal staffing update from the Interim Assistant Director for Housing (Regulated Services).
- 9 Financial monitoring report (Pages 13 - 21)
- 10 Performance update (Pages 22 - 32)

Presentation and report to include performance indicators, tenant satisfaction measures and complaints.

- 11 Housing Revenue Account position statement (Pages 33 - 44)
- 12 Acquisitions and disposals policy (Pages 45 - 63)
- 13 Review and replacement of Home Safeguard equipment  
Verbal report from the Director of Health and Housing.

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[Decision making and equalities](#)

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**EAST DEVON DISTRICT COUNCIL****Minutes of the meeting of Housing Review Board held at Council Chamber, Blackdown House, Honiton, EX14 1EJ on 1 August 2024****Attendance list at end of document**

The meeting started at 10.02 am and ended at 1.16 pm

**1 Public speaking**

One member of the public, Steve Beer, had registered to speak at the meeting but in the event, did not attend.

**2 Appointment of Vice-Chair**

The Chair welcomed all those present to the meeting. She informed them that co-opted tenant member Sue Dawson had resigned from the Housing Review Board and thanked Sue for her contribution to and time spent on the Board.

Nominations for Vice Chair were received for Cllr Simon Smith.

**RESOLVED:** that Cllr Simon Smith be appointed Vice Chair of the Board for the ensuing year.

**3 Minutes of the previous meeting**

The minutes of the meeting held on 14 March 2024 were agreed.

**4 Declarations of interest**

Cllr A Bailey – Minutes 7 – 16; Affects Non-Registerable Interest: Tenant of East Devon District Council.

Cllr B Bailey – Minutes 7 – 16; Affects Non-Registerable Interest: Tenant of East Devon District Council.

Cllr J Brown – Minutes 7 – 16; Affects Non-Registerable Interest: Member of Honiton Town Council.

Cllr S Gazzard – Minutes 7 – 16; Affects Non-Registerable Interest: Tenant of East Devon District Council.

Rob Robinson – Minutes 7 – 16; Affects Non-Registerable Interest: Tenant of East Devon District Council.

Advice was given by the Monitoring Officer that as Rob Robinson is now a Council tenant, he is no longer independent of the Council. Whereas there is nothing in the Terms of Reference which prevents him sitting on the Board as an Independent Community Representative, it would be appropriate for his role to transfer to Tenant Representative, following this meeting.

Cllr S Chamberlain declared that she was employed by Exeter City Council in the housing department.

**5 Matters of urgency**

There were none.

**6 Confidential/exempt item(s)**

There were none.

**7 Housing Review Board forward plan**

The Interim Director – Housing and Health presented the forward plan and advised members that the forward plan acted as a reminder of agenda items to come forward to future meetings. The forward plan had been derived from previous meetings and requests, as well as the housing service plan. Service managers were currently reviewing realistic timeframes against each topic. Members were reminded that they could add further reports and topics for discussion to the next forward plan by either informing herself or the Democratic Services Officer.

Members were informed that it was intended to call an Extraordinary Meeting of the Housing Review Board in November, for the Board to receive a second report on the Housing Revenue Account (HRA). Due to its urgency, there had not been time to bring the first HRA paper (minute 11 refers) to the Board prior to Cabinet and Full Council.

Discussion and clarification included the following points:

- Members asked that the following items are added to the Forward Plan:
  - Stock Condition Report
  - A mandatory Financial Review, as a standing item for every agenda.
- The Stock Condition Survey is a critical piece of work to gain important information which the Council needs and Members expressed disappointment at the time that it has taken for this work to be completed. In response, members were informed that there had been difficulties gaining access to some properties, and challenges around the quality of the work carried out by the organisation commissioned to conduct the surveys. However, the standard of work has now been verified by senior staff and whereas there have been some wider issues around contract management, the work is now expected to complete three months ahead of target. The Stock Condition Survey report would be brought to the Board in the autumn, as part of a wider piece of work.
- Members highlighted that a mechanism needs to be in place for more in-depth debate and scrutiny to take place outside of formal meetings of the Housing Review Board, to ensure that members have a strong understanding of complex issues on which they are asked to vote. It was noted that the Scrutiny Improvement Plan recently endorsed by Cabinet and Full Council sets out a recommendation and associated action for briefing sessions to be put in place for members, and senior officers and Cabinet are committed to supporting to this approach.
- There have been a lot of changes to the housing service over the years and it was suggested that learnings could be taken from what has worked well historically, with a view to reinstating some of those practices.

**8 Housing Review Board terms of reference**

The Director of Governance and Licensing introduced this item, outlining the purpose of the Housing Review Board (HRB) as part of the organisation's statutory Overview and Scrutiny function and highlighting a recommendation which came out of the scrutiny review carried out by the Centre for Governance and Scrutiny, that the HRB's Terms of Reference (ToR) should be reviewed, to provide greater clarity moving forward.

Delivery of the recommendations arising from the scrutiny review is set out in a Scrutiny Improvement Plan endorsed by Cabinet and Council in July, the improvement process being led by the Democratic Services Manager. However, Members could recommend to Council some minor revisions to the Board's ToR now, if they were minded to do so.

Discussion and clarification included the following points:

- It was proposed to recommend to Council to increase the number of Councillors on the HRB from five to seven, to better align with the membership of the other scrutiny committees; the HRB membership would then comprise seven Councillors, five Tenant Members and two Independent Community Representatives.
- Members felt the ToR needed to more clearly set out that the HRB is a scrutiny committee.
- The role of the Independent Community Representatives on the membership needs to be better defined, and appropriate training provided to enable the representatives to contribute fully.
- Members noted the recommendation from the scrutiny review that pre-briefings for Members take place outside of formal meetings and challenged why these were not yet taking place. The Director of Governance and Licensing responded that the recommendation and associated action was set out in the Scrutiny Improvement Plan and would be delivered by the Democratic Services Manager by the date set out within the Plan.

**RECOMMENDED to Council:**

That the number of Council Members on the Housing Review Board increase from five to seven with the quorum remaining at four, the purpose being to add additional capacity pending a full review of the Terms of Reference.

**9 Housing Performance Report - Quarter 4 2023/24**

The Housing Review Board were presented with the key performance indicator (KPI) dashboard and the compliance dashboard for quarter 4. The Interim Assistant Director (Regulatory Services) and the Responsive Repairs and Voids Service Manager introduced themselves and gave a presentation which summarised the performance and actions being taken to improve performance where targets were not being achieved. Performance targets were set annually, but during the 2023/24 year the framework began part way through the year so targets were not set for all the indicators. Figures were benchmarked against the previous financial years' performance and HouseMark was used to benchmark performance and set targets for the KPIs against performance of other social housing landlords.

Discussion and clarification included the following points:

- Members observed that a lot of the Key Performance Indicators (KPIs) appeared to evidence improvement, and voids were falling, but Year to Date figures in most cases replicate the Quarter 4 figures, and this is not correct.
- The KPIs are non-financial and the Housing Review Board needs financial indicators with which to monitor and scrutinise the Housing Revenue Account and the capital

performance within that. Members asked that the Board receives financial key performance indicators at least quarterly, based on the latest quarter's figures.

- Members were keen that tenants have the opportunity to speak with someone from the Council in person, when staffing allows. The Interim Assistant Director for Housing commented that the need to connect with tenants needs to be balanced with the tenants right to live peacefully in their home. The Council takes an intelligence and risk-based approach to tenant visits, intervening where there is evidence which suggests a tenant is vulnerable or in need of support.
- Due to the high volume of responsive repairs carried out by the contractor Ian Williams and its subcontractors, it is not possible for the Council to post-inspect every job and an audit-based approach is used whereby the Council inspects a sample of jobs completed, with the audit used to inform the Council's approach going forward.
- The contractor's internal staff and their sub-contractors are subject to a rigorous process of safeguarding measures including DBS checks and regular safeguarding training. Some members were concerned that sub-contractors use vans with no signage to indicate that they are working on behalf of Ian Williams or EDDC, and some vulnerable residents will therefore not answer the door to them. Officers will explore with Ian Williams how best to address this issue.
- Whilst the KPIs appear to evidence improvement, feedback from residents and staff is that the service is poor and Members sought to understand the apparent disconnect. The Interim Director for Housing and Health commented that the number of complaints was small relative to repairs completed. She added that there was a need to manage expectations, since customers' expectations on what they would like to be completed and what they are entitled to have completed can differ.
- The Housing service is working with the Council's Communications team to introduce a transactional customer satisfaction service whereby the Council use email, SMS or telephone to survey every tenant that has a repair completed, with a view to gathering feedback. It was suggested to seek feedback from some tenants via a letter in the post.

**RESOLVED** that the Housing Review Board will be presented with timely key performance information including financial and non-financial indicators on at least a quarterly basis.

## 10 **Housing Allocations Policy update**

The Housing Review Board were provided with and asked to approve an updated housing allocations policy. The policy had been amended to reflect relevant changes originating from legislation, the Consumer Standard, recommendations from an Ombudsman case and a previous HRB report focussing on downsizing. Amendments included data protection considerations and additional sections on management moves and downsizing. Also included was confirmation of criteria for allocating sheltered accommodation. Properties which were previously specified as 'sheltered' would only be allocated to those over 55 years of age with a housing support need. Exceptional circumstances would be considered for applicants demonstrating a housing support need but who did not meet the age criteria. These cases would be reviewed on a case-by-case basis by the relevant service managers. It was noted that this change in criteria would not affect tenants already living in sheltered housing, it would apply to new lets only.

A request was made for consideration be given to the number of dogs that could be kept in sheltered accommodation due to associated noise issues. The Housing Solutions Manager advised that this was a tenancy agreement issue rather than related specifically to the allocation of sheltered accommodation. The Interim Assistant Housing Director (Regulated Services) advised that in 2017 the age criteria for sheltered accommodation was reduced from 65 to 18 years of age. In recent benchmarking exercises it was apparent that 55 was the norm and was 'older persons housing', so therefore the age

was actually being raised back up. This also formed part of a wider review of the use of sheltered housing stock.

It was noted that downsizing was a challenge for every local authority, in meeting the needs and demands of tenants, whilst facilitating downsizing.

**RECOMMENDED:** that Cabinet approve the updated housing allocations policy.

## 11 **Housing Revenue Account and Housing Capital Finance 2023/24 year end outturn**

The accountant's report provided the Housing Review Board with current draft financial figures for the housing revenue account (HRA) and housing capital programme for the 2023/24 financial year. Producing a HRA was a statutory function for Councils who managed and owned their housing stock and was therefore a key document for the Board to influence. It was noted that the figures were still subject to external audit, although no changes were expected.

The Board noted that for 2023/24 the outturn deficit for the year was proposed to be covered from earmarked reserves and borrowing, leaving the HRA balance at the adopted level of £3.1million. A summary by cost driver was included in the report and covered:

- Supervision and management +£1.39million.
- Income + £0.047million due to lost income from voids.
- Supplies, services and other costs £5.3million, mainly due to responsive repairs.
- Interest income and charges -£0.530million from improved returns on investments.
- Expenditure on premises +0.49million.

This position of significant increase in spend with a reduction in income had previously been highlighted to members and was of concern. This position could be funded from reserves attributed to underspends in previous years set aside to fund increased expenditure on what was believed to be catch up repairs and maintenance. However, this level of spend was also required moving forwards.

It was noted that a total of six acquisitions were completed within the year (£1.6 million), with 11 right to buy sales reducing stock. During 2023/24 £4.35million was spent on capital related improvements to properties, blocks, major adaptations for disabilities and major voids works. The report highlighted the funding implications of this. The total revenue contribution to capital made from the HRA was £2.6million versus a budgeted figure of £0.88million.

The final table in the report showed the final reserve levels should the allocations proposed be approved.

Concern was expressed that savings of £2.5million was being sought and information was requested on which staffing posts would not be recruited to and where the remainder of the savings would be found. It was noted that the savings would be sought from the 2025/26 budget. The current outturn report related to the 2023/24 budget.

It was suggested that it would be more cost effective for void properties be sold off rather than being retained and invested in. The Interim Housing Director confirmed that a disposals and process policy would be part of the options appraisal which would be brought back to the Board in the autumn.

**RECOMMENDED:** that the Housing Revenue Account and Housing Capital Finance 2023/24 year end outturn report is noted and the reserve recommendations are approved by Cabinet.

12 **Housing Revenue Account: Financial review, revised budget and sustainability plan**

The Board were presented with the housing revenue account (HRA) finance report for awareness and information. This report had been presented to Cabinet on 10 July 2024 and Council on 17 July 2024 and the recommendations contained within it were approved at those meetings.

An options appraisal would be brought back in the autumn, which would include the viability of retaining the housing stock as a local authority. Other local authorities were stating a requirement of £50,000 per property needed to come up to standard.

It was noted that the 2025/26 budget would go to Cabinet in January 2025 for approval and recommendation on to Council.

The Interim Director for Housing and Health formally thanked the Housing Strategy and Project Enabling Manager for producing the report.

**RESOLVED:** that the Housing Review Board note the report.

13 **Housing Ombudsman self-assessment and complaint procedure update**

The Board were presented with the Housing Ombudsman self-assessment and complaint procedure update report for awareness and information. This report had been presented to Cabinet on 5 June 2024 and the recommendations contained within it were approved at that meeting.

The report covered two key areas:

- The housing service self-assessment against the Housing Ombudsman's complaint handling code, which became statutory on 1 April 2024.
- Updates to the corporate complaints policy and procedure to ensure compliance with the updated code produced by the Local Government and Social Care Ombudsman.

It was noted that the report would ordinarily have come to the Housing Review Board before being presented to Cabinet, but this had not been possible due to timing issues.

**RESOLVED:** that the Housing Review Board note the report.

14 **Results of Tenant Satisfaction Measures Survey 2023/24**

As part of the Social Housing (Regulation) Act 2023, the Regulator for Social Housing stipulated that all registered providers of social housing must undertake an annual perception survey. Within the survey 12 tenant satisfaction measure (TSM) survey questions must be asked and the results of these would need to be submitted to the Regulator so they could monitor performance across the sector. The survey results, survey report and action plan were attached for the Board's consideration.

Based on feedback from the survey, the findings were encouraging particularly when compared to the previous set of results. As a whole, satisfaction had improved across all TSM measures except one (cleanliness and maintenance of communal areas). This was

encouraging as sector wide analysis indicated a 5 year trend showing a clear decline in satisfaction. More recent analysis also showed how the current operating environment, such as the cost of living crisis was also having a significant impact on the increases in dissatisfaction with social landlords.

Although results had improved, there was clearly significant work to do to ensure that tenant satisfaction continued to improve across the housing service. To ensure that tenants' feedback was taken on board, an action plan was being developed alongside a communications plan. The action plan built on work previously outlined (following the 2022/23 results being published) and would be brought to the HRB in November. It also further developed and outlined changes that had been underway in the housing service over the past 12 months following the changes in the senior management structure. In this plan all the TSMs had been highlighted and clear objectives and desired outcomes produced which mapped across to the Service Plan. In devising the content of the action plan, officers had made sure the tenant was at the heart of decisions in an attempt to drive improvement, get better as a landlord, and it was hoped that the TSM survey results in 2024/25, would reflected this in the scores. This financial year tenants would be surveyed quarterly, rather than annually. This would reflect more 'live' data and feedback and ensure that officers were able to flex and respond appropriately.

Officers were congratulated for their improvements, but concern was expressed over the finances involved and whether the improvements were sustainable. The Assistant Director Housing (Regulated Services) responded that this would link into work being undertaken on a review of service charges.

It was noted that if Board members wanted to understand more about certain service areas they could shadow officers in order to increase awareness and understanding on how services operated.

**RESOLVED:** that the Housing Review Board note the TSM survey results and the action plan would be brought back to the Housing Review Board in November 2024.

## 15 **Tenant recruitment to the Housing Review Board**

The Interim Assistant Director Housing (Regulated Services)'s report outlined a refreshed approach to the recruitment of co-opted tenant/leaseholder representatives on to the Housing Review Board. Recruitment of tenant and leaseholder representatives had been difficult over recent years and there were currently four out of the five tenant co-optee positions on the Board vacant. It was felt essential that a refreshed approach was taken to attract additional interest and wider demographic representation to ensure future tenant involvement in the scrutiny of the Council's housing services.

Tenant feedback to officers was that some of the restrictions on membership for co-opted members had put up barriers for some tenants who would otherwise have been interested in applying. Additionally some tenant members who had been on the Board in recent years had not regularly attended meetings so the report suggested that expectations surrounding attendance should also be reviewed.

A new application form and job description for the Housing Review Board tenant representative had been created. These were included with the report and the Board were asked to approve this. The application form ensured applicants had acknowledged and self-assessed against the eligibility for standing for Board membership, and

provided the opportunity for them to put forward their desire and passion for being a tenant representative. Key alterations to the job description were:

- Attendance at meetings – to be brought in line with expectations set for district councillors.
- Requirements and exclusions – clarity provided on areas that had been considered ambiguous.
- Person specification – updated to ensure a focus on training and supporting new members, as well as setting out expectations of the role.

The Board recognised that a refreshed approach and efforts were needed to encourage the participation of tenants and leaseholders in the HRB. Officers intended to start a programme of recruitment efforts that would include social media, direct communications with tenants and approaching involved tenants to promote the role. It was suggested that interactive online ways of applying to become a member should also be investigated.

**RECOMMENDED:** that the Housing Review Board note the content of the report and recommend Cabinet approval of the proposed new tenant representative job description and application form.

## 16 **Annual Tenant Event**

The Interim Assistant Housing Director (Regulatory Services) gave the Board a verbal update on the Annual Tenant event recently rebranded as the 'Tenant Festival'.

The event will be held on Thursday 22<sup>nd</sup> August from 10.00am – 4.00pm at the Sid Vale Scout Group Hall.

### **Attendance List**

#### **Board members present:**

Sara Clarke, Independent Community Representative  
Rob Robinson, Independent Community Representative  
Councillor Sarah Chamberlain (Chair)  
Councillor Christopher Burhop  
Councillor Aurora Bailey  
Councillor Simon Smith (Vice-Chair)  
Councillor Melanie Martin

#### **Councillors also present (for some or all the meeting)**

B Bailey  
I Barlow  
C Brown  
J Brown  
R Collins  
S Gazzard  
M Goodman  
J Heath  
D Ledger  
J Loudoun  
T Olive  
D Wilson

**Officers in attendance:**

- Amy Gilbert-Jeans, Assistant Director Housing (Tenancy Services)
- Tracy Hendren, Chief Executive
- Andrew King, Tenancy Services Manager
- Andrew Mitchell, Housing Solutions Service Manager
- Giles Salter, Solicitor
- Sarah James, Democratic Services Officer
- Catrin Stark, Director of Housing and Health (interim)
- John Symes, Finance Manager
- Melanie Wellman, Director of Governance (Monitoring Officer)
- Susie Williams, Responsive Repairs and Voids Service Manager
- Liam Reading, Housing Strategy, Enabling and Projects Service Manager

Chair: .....

Date: .....

## Housing Review Board Forward Plan

### Work for scoping and/or allocation to the Forward Plan

Proposed date	Topic
Meeting 1 24/25 1 <sup>st</sup> August 2024	Housing Performance Report for Quarter 4 23/24 Housing Allocations Policy Update Financial Overview Housing Ombudsman; Statutory Complaint Handling Code Results of Tenant Satisfaction Measures (TSMs) Recruitment of Tenant Members of Housing Review Board Annual Tenant Event (Update, no paper required) Group Terms of Reference (Discussion, no paper required)
Meeting 2 24/25 7 <sup>th</sup> November 2024	Housing Performance Report for Quarters 1 & 2 (24/25) Housing Acquisition and Disposal Strategy HRA Position Statement Financial Monitoring Report (month 6)
Meeting 3 24/25 30 <sup>th</sup> January 2025	Housing Performance Report for Quarter 3 (24/25) Sheltered Housing Review Initial draft of Tenancy Strategy Review and implementation of digital capabilities for tenants including provision of a tenant portal Review of Individual Garden Maintenance Scheme
Meeting 4 24/25 24 <sup>th</sup> April 2025	Housing Performance Report for Quarter 4 (24/25) Housing Asset Management Strategy Review and replacement of Home Safeguard equipment within housing stock Review of progress on the objectives of the Resident Involvement Strategy
<b>Dates to be confirmed</b>	
TBC 3	Review of the Contract with StreetScene Services for Estate Management (communal cleaning and grounds maintenance)
TBC 4	Five-year investment and delivery plan (housing delivery 2024- 2029)
TBC 4	Future provision of responsive repairs delivery
TBC 4	Investment plan for planned maintenance
TBC 4	Investment plan for Housing Revenue Account play-sites
TBC 4	Management of leasehold properties and service charges
<p>Note that following the recommendations from the Centre of Governance and Scrutiny Report- the forward plan for this Committee will be aligned to the forward plans for other Scrutiny Committees and this will then link directly into the Cabinet Forward Plan. All above topics will then be aligned to the most appropriate meeting.</p> <p>This revised plan will come forward early in 2024/25.</p> <p>Review/creation of Policy and Strategy documents as required will also appear on the Forward Plan.</p>	



Report to: Housing Review Board

Date of Meeting 7<sup>th</sup> November 2024

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

## Financial Monitoring Report 2024/25 – Month 6 September

### Report summary:

This report gives a summary of the Council's Housing Revenue account and associated capital programme's overall financial position for 2024/25 at the end of month six (30 September 2024).

Current monitoring indicates that:

- The Revised Housing Revenue Account (HRA) budget approved by Council (July 2024) agreed the use of the HRA Balance up to £1.750m in year, with the acceptance this would take the HRA Balance below its minimum adopted level of £2.1m to £1.350m, to be replenished in future years.
- Expenditure is being maintained within this perimeter but further analysis on future spending projections is ongoing to gain full assurance on this position to year end.

### Is the proposed decision in accordance with:

Budget Yes  No

Policy Framework Yes  No

### Recommendation:

The variances identified as part of the Revenue and Capital Monitoring process up to Month 6 be acknowledged.

The recommendation discussed in section 1 to fund all Right to buy Acquisitions with 100% Right to Buy Capital Receipts be agreed and the £0.975m of budgeted borrowing released by this decision be utilised to fund urgently required electrical compliance work.

### Reason for recommendation:

The report updates Members on the overall financial position of the Authority at set periods and includes recommendations where corrective action is required for the remainder of the financial year.

Officer: John Symes, Finance Manager, [jsymes@eastdevon.gov.uk](mailto:jsymes@eastdevon.gov.uk), 01395 517413

Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Communications and Democracy
- Economy

- Finance and Assets
- Strategic Planning
- Sustainable Homes and Communities
- Culture, Leisure, Sport and Tourism

### **Equalities impact** Low Impact

If choosing High or Medium level outline the equality considerations here, which should include any particular adverse impact on people with protected characteristics and actions to mitigate these. Link to an equalities impact assessment form using the [equalities form template](#).

### **Climate change** Low Impact

**Risk:** Low Risk; Click here to enter text on risk considerations relating to your report.

### **Links to background information -**

Link to [Council Plan](#)

Priorities (check which apply)

- A supported and engaged community
- Carbon neutrality and ecological recovery
- Resilient economy that supports local business
- Financially secure and improving quality of services

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## **Report in full**

### **1. Recent Developments Impacting Right to Buy & the Use of Capital Receipts**

- 1.1 On the 30<sup>th</sup> July 2024, Emma Payne, Director of Social Housing at the Ministry of Housing, Communities & Local Government wrote to all Section 151 officers confirming the increased flexibilities on the Right to Buy receipts which were announced on the same day by the Deputy Prime Minister.
- 1.2 The increased flexibilities can be summarised as follows, for the two financial years 24/25 and 25/26.
  - The maximum permitted contribution from Right to Buy receipts to replacement affordable housing will increase from 50% to 100%.
  - Right to Buy receipts will be permitted to be used with section 106 contributions.
  - The cap on the percentage of replacements delivered as acquisitions each year (currently 50%) will be lifted.
- 1.3 The agreed revised budget set out in the report “Housing Revenue Account: Financial Review, Revised Budget & Sustainability Plan” included £1.95m in right to buy replacement acquisitions, funded 50% with Right to Buy (RTB) receipts (£0.975m) and 50% through additional borrowing.
- 1.4 In the Financial monitoring report to cabinet on the 2<sup>nd</sup> October one of the particular areas of risk that was highlighted and needed determining was the scope of investment required to meet electrical compliance standards. The current estimate of investment required is £1.19m.

- 1.5 Deciding to fund all RTB acquisitions with 100% Capital Receipts (the 2023 closing balance of which was £6.097m) will both enable the council to utilise this limited window of opportunity and also provide the funding required to immediately address an area of significant risk to both the council and our tenants without impacting the previously agreed and budgeted borrowing needs.

## 2. Opening Revenue Position of the HRA

- 1.1 As previously presented reports have described resulting from financial pressures on the service a budgeted deficit for the year has been agreed. Therefore, the HRA account should be budgeted as follows during the 24/25 financial year:

HRA Revenue Position	£m	F/A*
<b>HRA balance @ start 24/25</b>	<b>(3.100)</b>	<b>F</b>
Approved deficit for the 24/25 financial year	1.337	A
<b>HRA balance @ end 24/25</b>	<b>(1.763)</b>	<b>F</b>

\* F = Favourable A= Adverse

## 2. Opening Capital Position of the HRA

- 2.1 In addition to the above changes to revenue, it was additionally agreed within the report that the Housing Capital programme be increased significantly to address urgent areas of concern as part of a short term 'Sustainability Plan'.
- 2.2 This will be followed until such time as the business plan and options review, being undertaken by Savills, is in place which will then inform future years budgets and decision making. This will ensure we are following the 'Good Practice Principles to support the Self-Financed Housing Revenue Account' as set out by CIPFA and the LGA.

HRA Capital Position	£m
<b>HRA predicted capital expenditure 24/25</b>	<b>13.3</b>

## 3. Income

Year to Date			INCOME	4Cast Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
-10,559,589	-10,544,160	-15,429	Gross Property Rents	-21,106,788	-21,088,320	-18,468
-101,640	-77,646	-23,994	Garage Rents	-204,013	-155,292	-48,721
-338,637	-346,314	7,677	Other Income	-666,444	-692,628	26,184
-10,999,865	-10,968,120	-31,745		-21,977,244	-21,936,240	-41,004

- 3.1 The currently weekly income trend for both dwellings and garages can be reviewed in appendix 1.
- 3.2 The graphs show income and lost rent due to voids materially in line with expectations for dwellings.
- 3.3 Both garage income and lost rent due to voids can be seen to be greater than expectations which will need to be addressed during the coming budget setting process. Income surpluses currently outweigh lost rent deficits potentially contributing approx. £50k should the trend continue.

3.4 There are no material issues in other income on which to comment.

#### **4. Transfers of Revenue budget to Capital (Virements)**

4.1 In the first half of the year £0.89m of budget has been transferred from the Housing Revenue Account into the capital program after extensive review with officers. This revenue budget gap has been filled by revenue contributions to capital which ultimately means the borrowing position is unchanged as the capital budget is increased by an equal and offsetting capital contribution.

4.2 Where expenditure can be treated as capital either through enhancement of an asset or a program or project of works, it should be as it gives the flexibility of being able to be funded by borrowing, capital receipts or a revenue contribution.

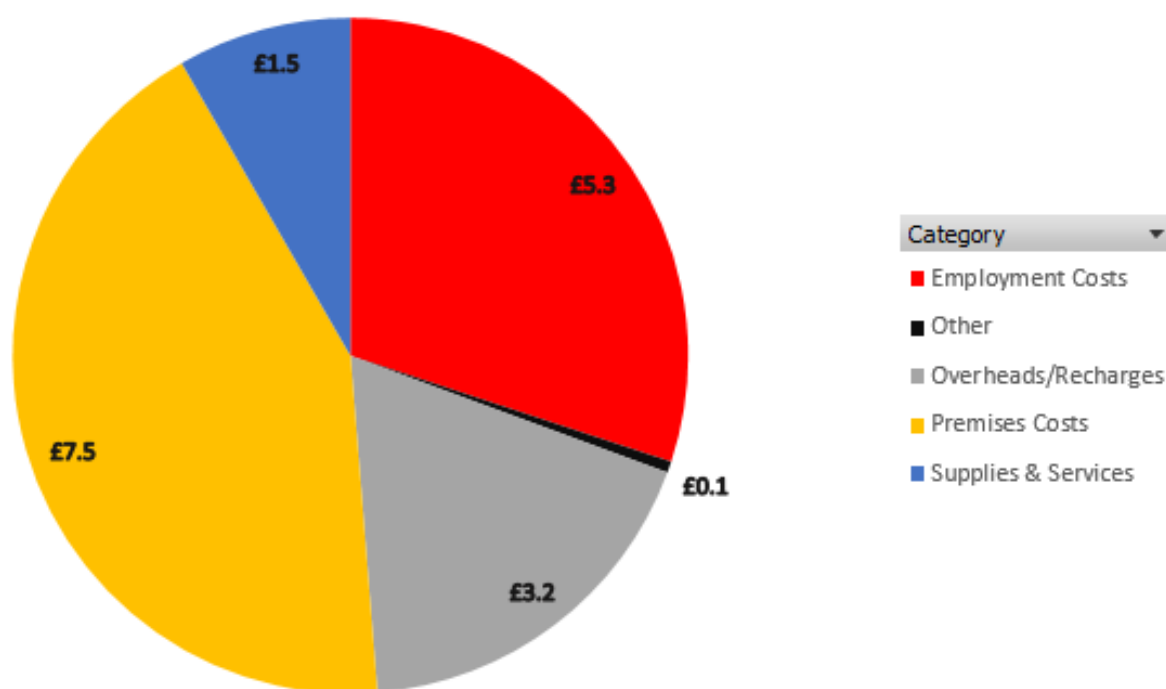
4.3 The two material items that have been transferred are

- Disrepair & complaint works - £0.6m – considered as enhancements to the fabric of the property and therefore considered as capital. Legal fees and compensation remain as revenue costs with £0.3m of budget.
- Social Service Adaptations - £0.3m – the majority of adaptations in year will be large scale additions such as wet rooms and extensions, the smaller revenue costs such as individual grab rails will be lower than budgeted.

#### **5. Revenue Expenditure**

5.1 The below pie chart illustrates the make-up of the revenue expenditure budget in 24/25 by category after the above transfers have been made. This is prior to financing charges being applied but including the prescribed transfer to major repairs within the premises costs category.

5.2 This transfer is effectively a required revenue contribution to capital of the amount of depreciation calculated within the year on the council dwellings.



**Chart 1. Revenue Expenditure Budget 2024 split by Accounting Category**

5.3 The below table shows variations in expenditure against the above budget within each HRA reporting line.

Year to Date			EXPENDITURE	4Cast Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
3,135,498	2,805,378	330,120	1 Repairs And Maintenance - General	5,605,681	5,610,504	-4,823
468,540	736,500	-267,960	2 Repairs And Maintenance - Special	1,382,141	1,473,000	-90,859
6,419,573	6,220,186	199,387	3 Supervision And Management	9,211,852	9,388,046	-176,194
666,700	613,548	53,151	4 Other Expenditure	1,053,626	1,091,844	-38,218
1,014,150	1,014,150	0	5 Capital Charges & Bad Debt Total	2,028,300	2,028,300	0
11,704,460	11,389,762	314,697		19,281,600	19,591,694	-310,094

5.4 Within repairs and maintenance each underlying cost centre is initially forecast on a historical year to date average basis projected forward. Where an officer has reviewed this and specifically required an adjustment, for example if they are certain all the years budget will be spent, an overwrite is made to this effect.

5.5 Within Supervision & Management there are two notable variations.

- Employment costs are forecast on a prior month basis projected forward with the current year to date variation being -£0.12m. Permanent staffing costs are currently £0.62m below budget with a partial offset of £0.5m in Agency costs, highlighting the pressure the service has had with regards to a consistent establishment.
- Premises costs are forecast to be higher than expected with the main driver being the higher insurance property premiums paid in this financial year versus the prior year and therefore our expectations included within the budget.

- The remaining variations are wide ranging and less material.

## 6. Financing & Movement in Reserves

6.1 The below table shows the variations in Financing and the movement in reserves. There are two drivers to this variation;

- Net interest income is £0.4m higher than anticipated, with the current estimate based upon an average of the opening and budgeted closing HRA reserve balances @ a 4.9% return rate.
- The contribution to capital is £0.75m higher than expected (which means additional funding for capital) due to the aforementioned favourable variances in sections 3 and 5.

6.2 This leaves the HRA forecast exactly as budgeted.

Year to Date				4Cast Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
2,397,257	1,840,273	556,984	<b>Financing &amp; MIRS</b>	4,031,569	3,680,546	<b>351,023</b>

HRA Account		4Cast Outturn		
		Actuals	Budget	Diff
Surplus/Deficit		1,335,925	1,336,000	-75

## 7. Housing Capital Programmes

7.1 The capital programmes budget has increased from the original £13.3m to £15.1m due to

- £0.9m budget virements as described in 4.3 and the associated capital contribution.
- £0.975m of Electrical updating should the recommendation above and described in 1.5 be agreed and be funded by 100% as opposed to 50% RTB receipts.

7.2 The variations in each of the capital work streams can be seen within the below table.

### HOUSING CAPITAL PROGRAMMES

Year to Date				4Cast Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
388,166	975,158	-586,992	1 Affordable Housing	1,952,789	1,950,316	<b>2,473</b>
675,533	685,000	-9,467	1A Grant Subsidised Affordable Housing	778,245	1,370,000	<b>-591,755</b>
197,953	1,174,998	-977,045	2 HRA Capital Housing Compliance	1,956,409	2,349,996	<b>-393,587</b>
1,448,712	1,352,962	95,750	3 HRA Capital Programme	3,082,718	2,705,924	<b>376,794</b>
3,802,092	3,378,573	423,519	4 Major Repairs Total	7,561,335	6,757,146	<b>804,189</b>
6,512,455	7,566,691	-1,054,236		<b>15,331,495</b>	<b>15,133,382</b>	<b>198,113</b>

7.3 1 Affordable Housing – RTB replacements are expected to be on budget, currently one purchase has completed and one deposit paid;

- 1 Cawley Avenue Axminster @ £0.24m
- Deposit paid on 5 properties in Plumb Park, Exmouth £0.15m

- 7.4 1A Grant Subsidised Affordable Housing – the budget was set on the purchase price however, a 10% contribution was made in the prior year. Additionally a match funding grant from DCC of £0.37m has also significantly reduced the required outlay for the 4 Cranbrook plots.
- 7.5 Compliance Capital – each budget line apart from the £0.5m allocated to sewerage plant works has been forecast as spent on advice from the responsible officer. The responsibility for the sewerage plants have recently been passed to the planned team so it is unlikely that the entire budget will be spent in the current financial year.
- 7.6 Capital Programme – the main area of concern is the costs associated with disrepair and complaints which on a year-to-date basis are significantly higher than expected. A great deal of headway has been made to review, resolve and reduce the costs of any outstanding commitments that have been made. This forecast should be considered as prudent as it is hoped these efforts will reduce the second half years expenditure.
- 7.7 Major Repairs – the most significant overspend within major repairs by far is due to Voids. On a year-to-date basis £1.8m has been spent versus an annual budget of £2.5m. This is an area which is not expected to slow and therefore needs to be monitored closely should offsets/savings elsewhere be required.

## **8. Funding & Predicted Borrowing Requirement**

- 8.1 In the original revised budget the total funding level was evaluated at £4.1m on a capital budget of £13.3m leaving a residual additional borrowing requirement of £9.2m.
- 8.2 The funding of the additional capital budget has been explained in 6.1 which increases the funding levels from £4.1m to £6m.
- 8.3 Additional funding is also currently forecast from;
- £0.75m additional contribution to capital versus budget from revenue surpluses as described in 6.1
  - £0.38m in additional earmarked reserves contributions
  - £0.3m Local Authority funding due for Major void works
- 8.4 The potential forecast funding available is therefore £7.4m versus a forecast capital expenditure of £15.3m. This leaves a forecast residual borrowing requirement of £8m versus that which was originally budgeted of £9.2m.

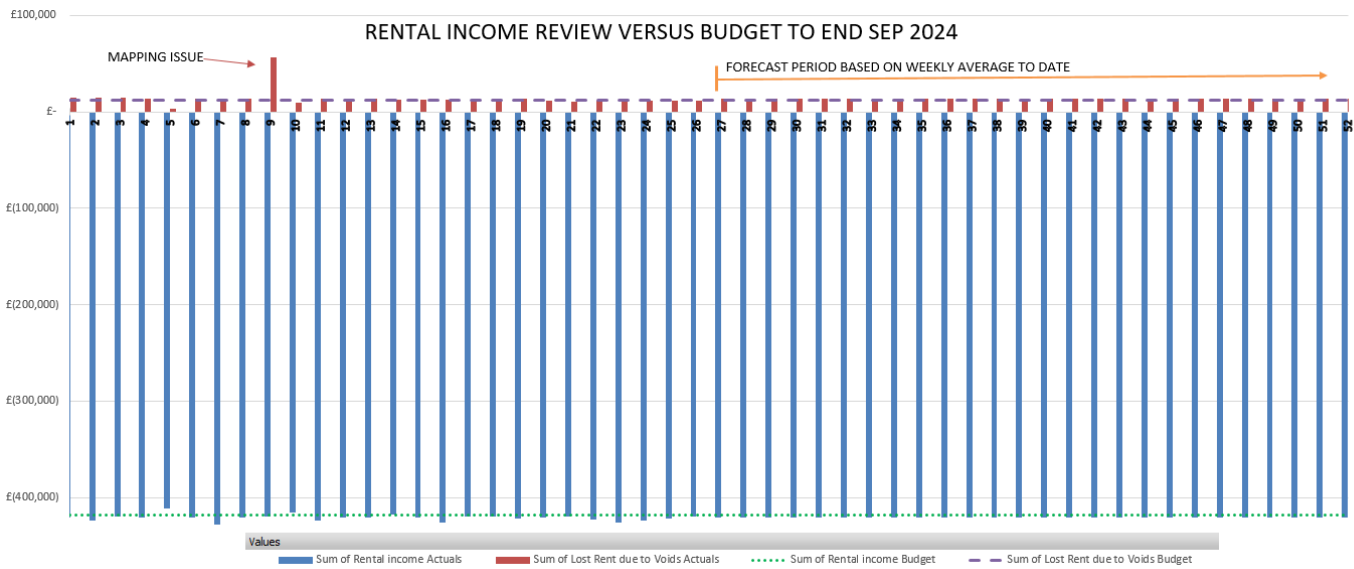
**Financial implications:**

Contained within the report.

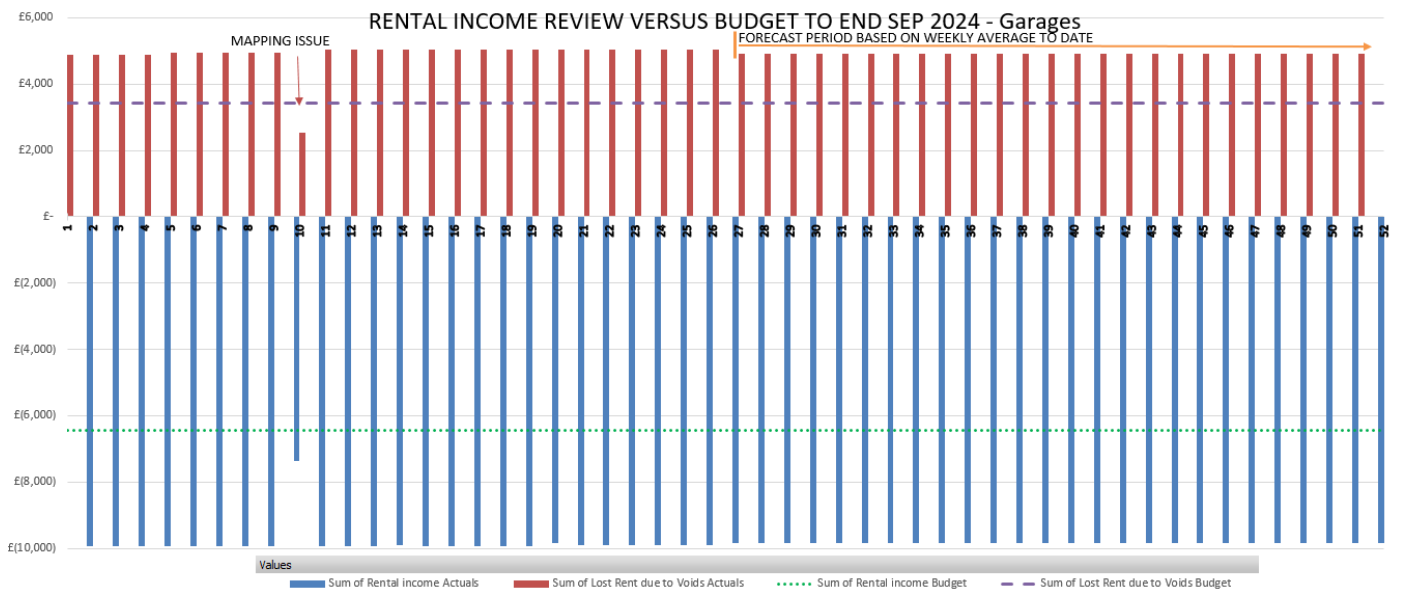
**Legal implications:**

Any legal implications are identified in the report and no further comment is required.

# Appendix 1: HRA Income



**Table A1: Dwelling Income**



**Table A2: Garage Income**

Report to: Housing Review Board



Date of Meeting 07 Nov 2024

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

## Key Performance indicators and Compliance Quarter 1 & 2, 2024/25

### Report Summary

The following report outlines the Housing Service's performance through quarter 1 and quarter 2 of FY 2024/25.

#### Is the proposed decision in accordance with:

Budget Yes  No

Policy Framework Yes  No

#### Recommendation:

The Housing Review Board receives the report and our performance at end of quarter 2, 2024/25.

#### Reason for recommendation:

To ensure the Housing Review Board have assurance around service delivery, performance and compliance with our health & safety responsibilities. To enable the Board to scrutinise and challenge the performance of the housing service.

Officer: Andy King, Interim Assistant Director for Housing (Regulated Services)

Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Communications and Democracy
- Economy
- Finance and Assets
- Strategic Planning
- Sustainable Homes and Communities
- Culture, Leisure, Sport and Tourism

**Equalities impact** Low Impact

**Climate change** Low Impact

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

## **Financial implications:**

There are no financial implications requiring comment

## **Legal implications:**

There are no legal implications requiring comment

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### **1. A New Performance Report**

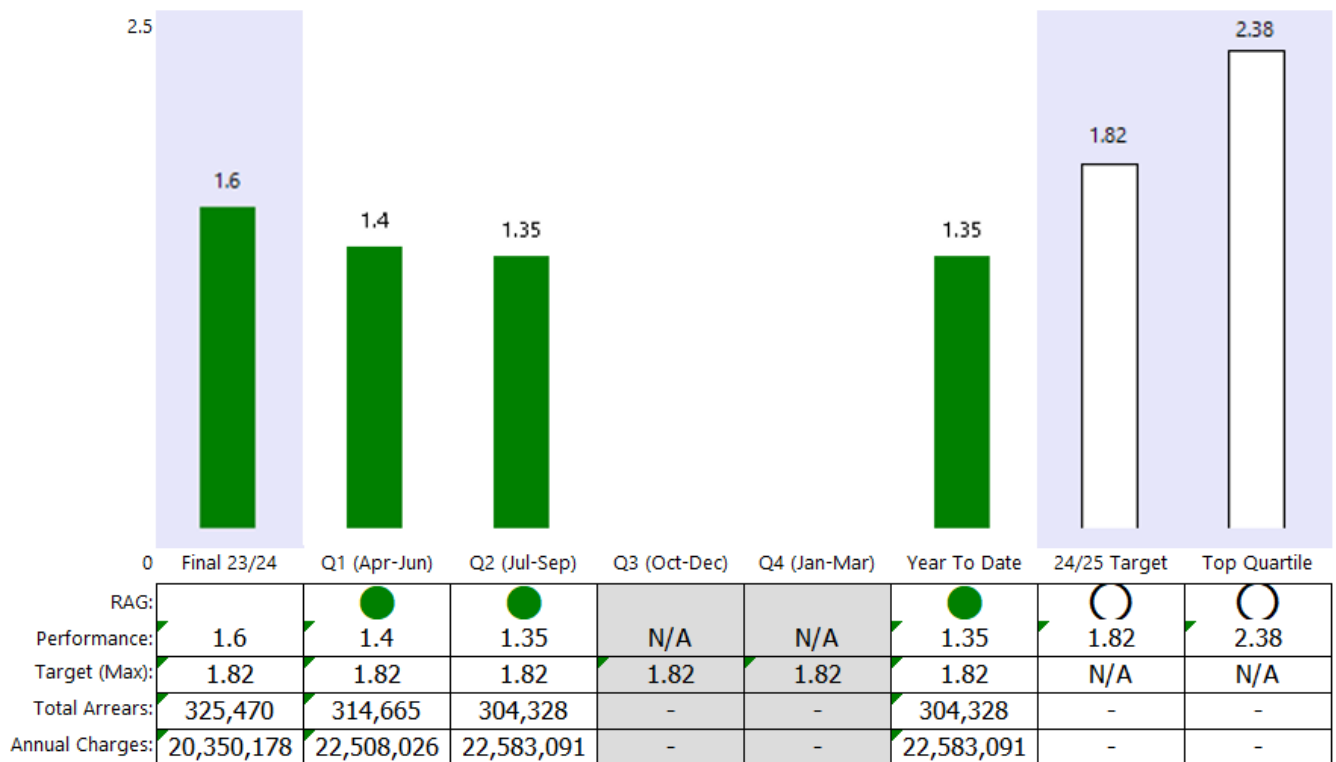
- 1.1. Following feedback and discussions at recent Housing Review Board Meetings, we have now made the promised changes to how we are reporting our performance data to the board.
- 1.2. For performance data in financial year 2024/25, we will no longer be presenting the old-style dashboard. Feedback regarding this dashboard was that it was convoluted and presented a lot of data that was not of relevance to this board.
- 1.3. Instead, you will now find this report contains infographics akin to the presentation of data that takes place at the quarterly HRB meetings, focussing on the key performance indicators.
- 1.4. This new Performance Report now encapsulates our complaints data as well as our Tenant Satisfaction Measures (TSM).

### **2. Understanding This Report**

- 2.1. The data presented in this report is colour coded in a traffic light system. Green means we are meeting or exceeding our targets, amber that we are close to target, and red means we are outside of target.
- 2.2. Targets are set annually and are our benchmark for where we would like our performance to be.
- 2.3. Top Quartiles are the benchmark figures from Housemark which tells us whether or not we are in the top 25% of best performing landlords.
- 2.4. The 'Final 23/24' data shows us where our performance was at the end of the last financial year, which gives us an indication of how we are doing compared to last year's performance.

### 3. Income Collection

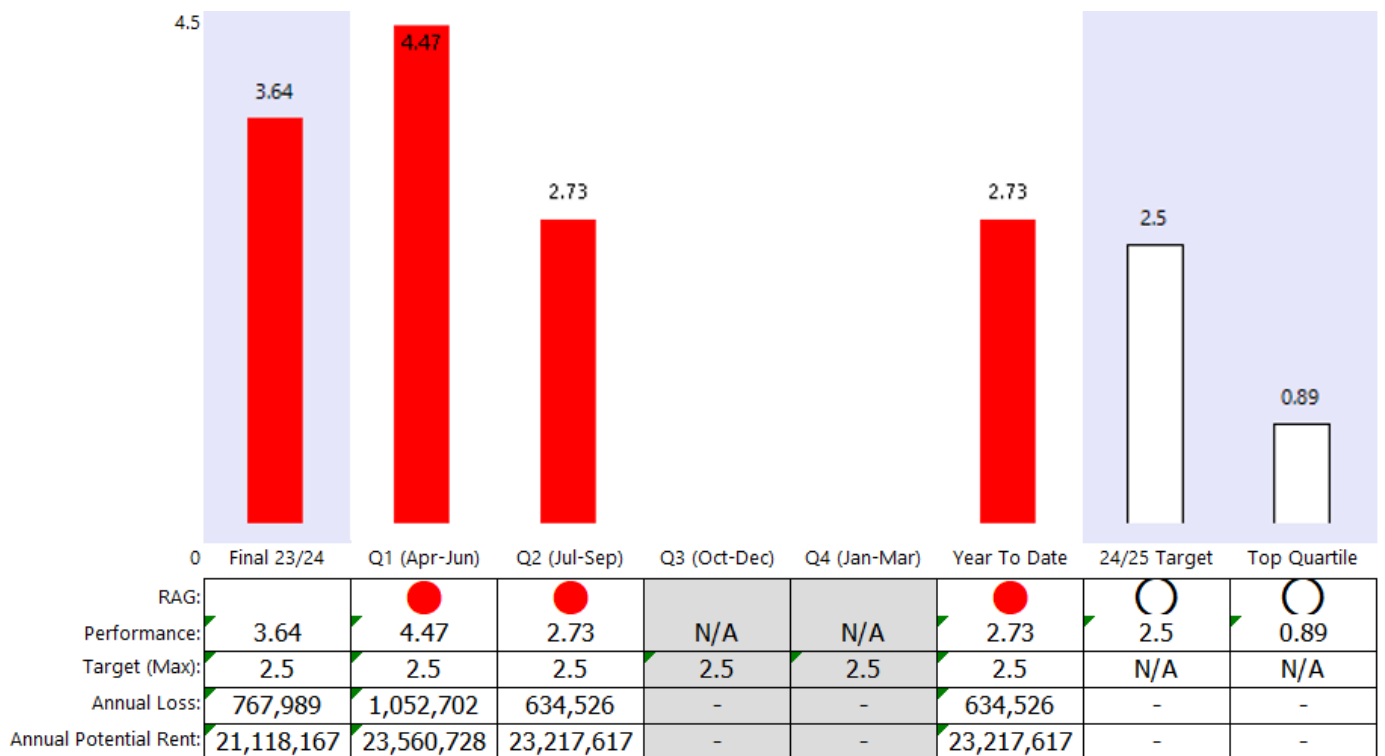
#### 3.1. Infographic:



- 3.2. The key indicator for our performance in relation to Income is the Council's rent arrears for current tenants as percentage of the annual rent we should be receiving.
- 3.3. If all of our current tenants paid 100% of their rent and service charges this financial year, we would receive a total income of £22,822,691.
- 3.4. At the end of Quarter 2, you can see that we have a current rent arrear figure of £304,328, which equates to 1.35% of the total income we could receive from our current tenants. Whilst of course we would like all of our tenants to be paying all of their rent and charges, it is expected by all landlords that for various reasons there will be those tenants who cannot or do not meet with their obligations to pay.
- 3.5. Our target for rent arrears is to be at, or below, 1.82%. Therefore, the figure of 1.35 % is extremely positive and demonstrates high performance from our Rentals team.
- 3.6. The top quartile for this area is 2.38%, therefore you can see that we are firmly seated as performing in the top 25% of landlords nationally.
- 3.7. You will also see that we finished FY 23/24 well within target at 1.6%, and performance has improved further this financial year.
- 3.8. Strong income collection performance is important to us as it gives us assurance around the level of income we can expect to generate year on year, giving us greater assurance around our budget setting and plans for investment and expenditure.

## 4. Income Lost Through Void Properties

### 4.1. Infographic:



4.2. Aside from rent lost through current tenant's arrears, the other key area of risk to our income collection each year is when our properties become void (empty).

4.3. All landlords plan for a level of turnover in their properties and we know that homes will be vacant whilst void repairs are carried out and therefore not generating income for us.

4.4. Unexpected levels of void loss can cause issues for our budgets and investment in our stock, so it is important that we balance the cost of bringing a property back to a lettable standard with the rent we will lose if we do not relet the property in a timely fashion.

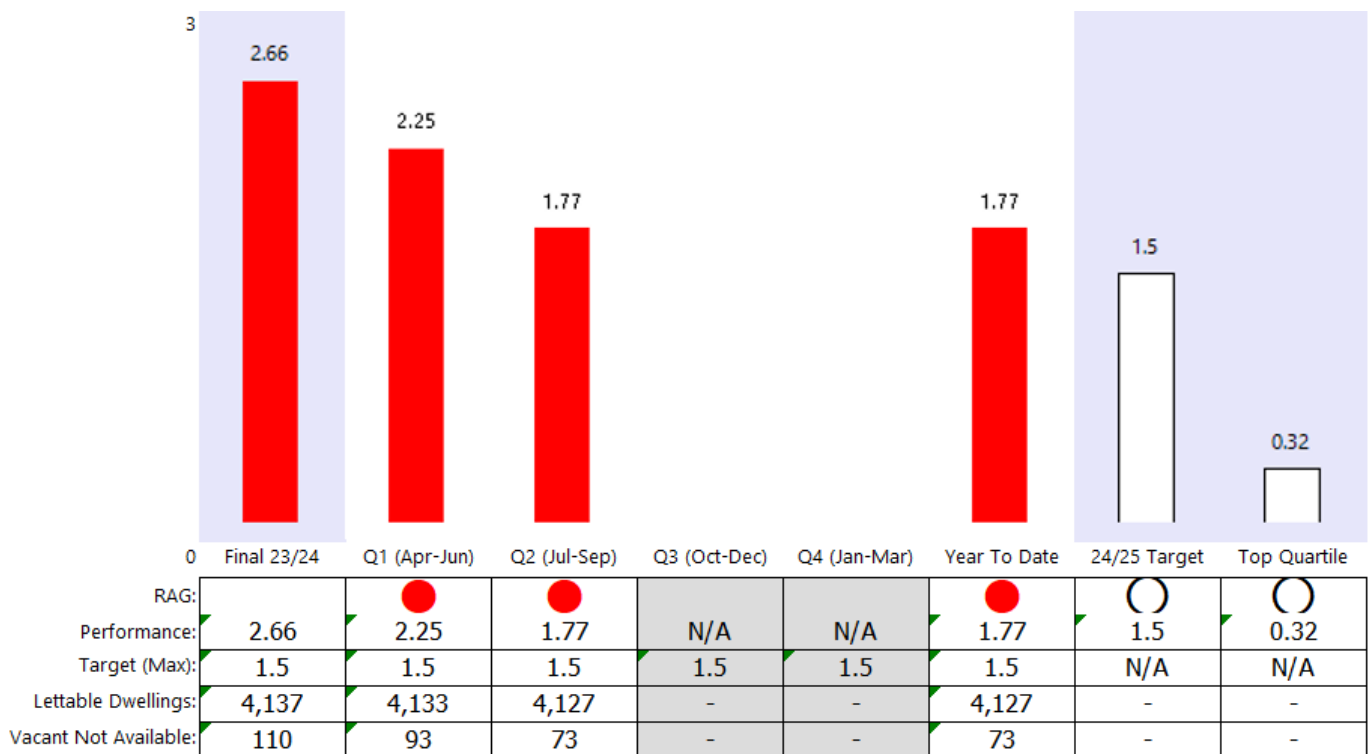
4.5. The teams are working hard to finesse this balancing act, and this is apparent in the void-loss figures we are seeing at the end of quarter 2.

4.6. We can see that void loss spiked in quarter 1 of this year, however it has vastly reduced in quarter 2 bringing our year-to-date void loss figure to 2.73%. This is just 0.23% above our target of 2.5%.

4.7. Our void loss does continue to be significantly higher than the top 25% of landlords nationally, but the Housing Service and the HRB are aware of the challenges we have faced in this area and the journey we have been on to improve performance. This improvement is evident through the performance data we are seeing today.

## 5. Properties Vacant and Not Available to Let

### 5.1. Infographic:



5.2. Paired with the business need for us to be able to reliably target ourselves with an acceptable level of rent loss, is the need to manage the turnover of our vacant stock and try to ensure reduced numbers of vacant properties held by us at any one time. These two performance indicators naturally go hand in hand.

5.3. At the end of quarter two we had 4,127 lettable dwellings within the Housing Service. Of these, 73 were vacant but not ready to be let. This is a decrease of 20 from Q1 and 33 from the end of FY 2023/24. (It should be noted that the lettable dwellings figure can fluctuate over the year for a number of reasons, including disposals, right to buy, acquisitions, and properties taken out of management).

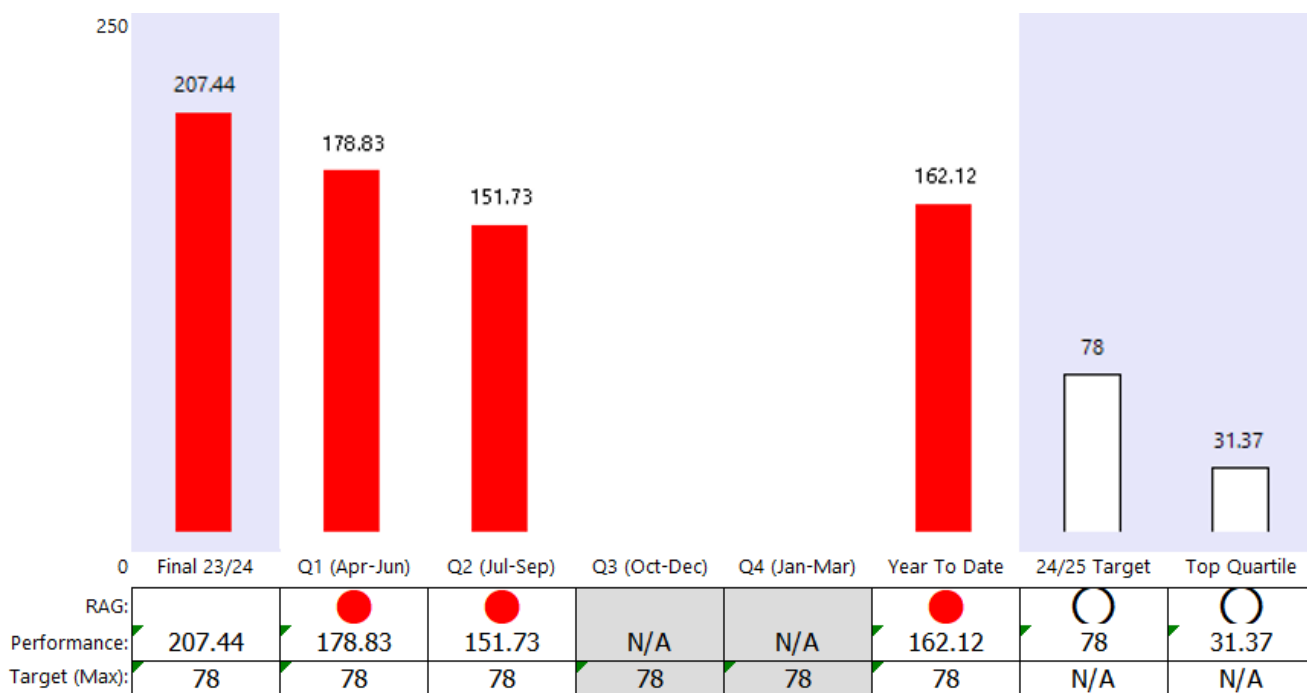
5.4. The 73 vacant, but not available to let, properties at the end of quarter 2 amounts to 1.77% of our stock. This is just 0.27% above our target of 1.5% and a 0.89% improvement on performance at the end of the last financial year.

5.5. The top 25% of high performing landlords nationally achieve a figure of 0.32% or below. Whilst we know we are a way off achieving this kind of performance, it is pleasing to see the continued demonstrated performance in this area and that we are traversing in the right direction.

5.6. In addition to the properties that are vacant and not available to let, we also had 19 properties where void works had been completed and the properties awaiting the allocation of a new tenant.

## 6. Average Days to Relet Homes

### 6.1. Infographic:



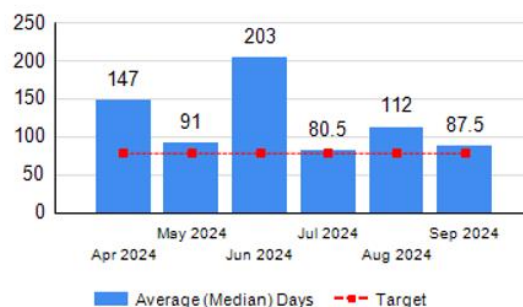
6.2. At the end of Q2, the average number of days between a property becoming void and being relet sat at 151.73 days, bringing our year-to-date average to 162.12 days. Q2's performance is an improvement of 55.71 days from the average relet time at the end of FY 2023/24.

6.3. We have also reduced the void days by 93.57 days from the same period last year (245.3 days at the end of Q2 in FY 2023/24)!

6.4. Our target is to bring our relet times within 78 days or less. Whilst we are still a long way outside of this target, we know that for the past 12 months we have been working through a backlog of vacant properties whilst balancing this with our void budgets and projected rent loss, and we continue on a positive downward trend.

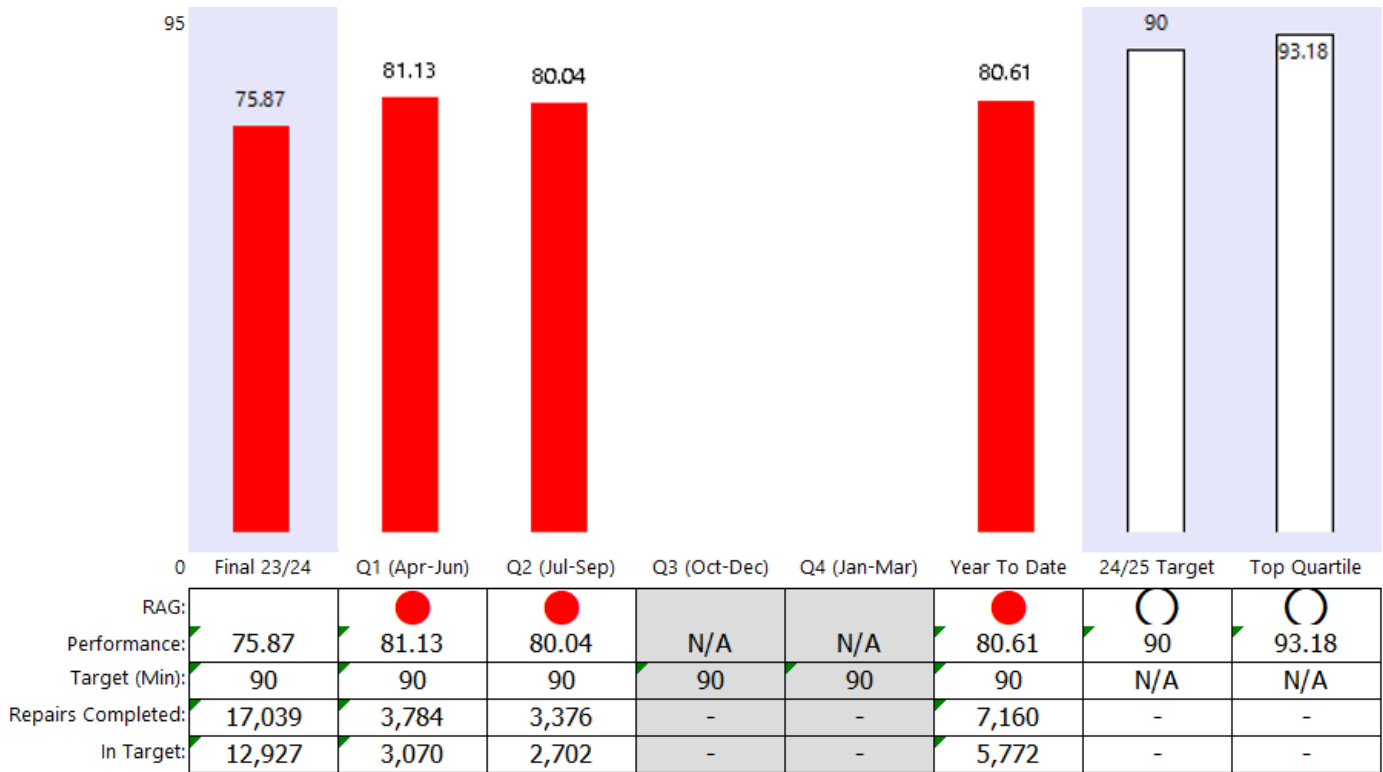
6.5. It should also be noted that as we continue to clear long-term voids, the average days to relet will continue to be skewed by these properties but this will improve as the backlog reduces. Presenting the median can statistically 'smooth' out the extreme cases giving a 'clearer' picture of average relet times. The chart on the right shows you that in September we achieved a median of 87.5 days

Average (Median) Relet Time in Days (Keys to Keys) Standard Voids



## 7. Routine Repairs Completed in Target

### 7.1. Infographic:



7.2. Performance at the end of Q2 is 0.96% below target, however we are achieving 10% higher job completion within time frames than the same period last year.

7.3. Current figures are showing us that Ian Williams are performing at 84.4%, and Liberty Gas at 52%.

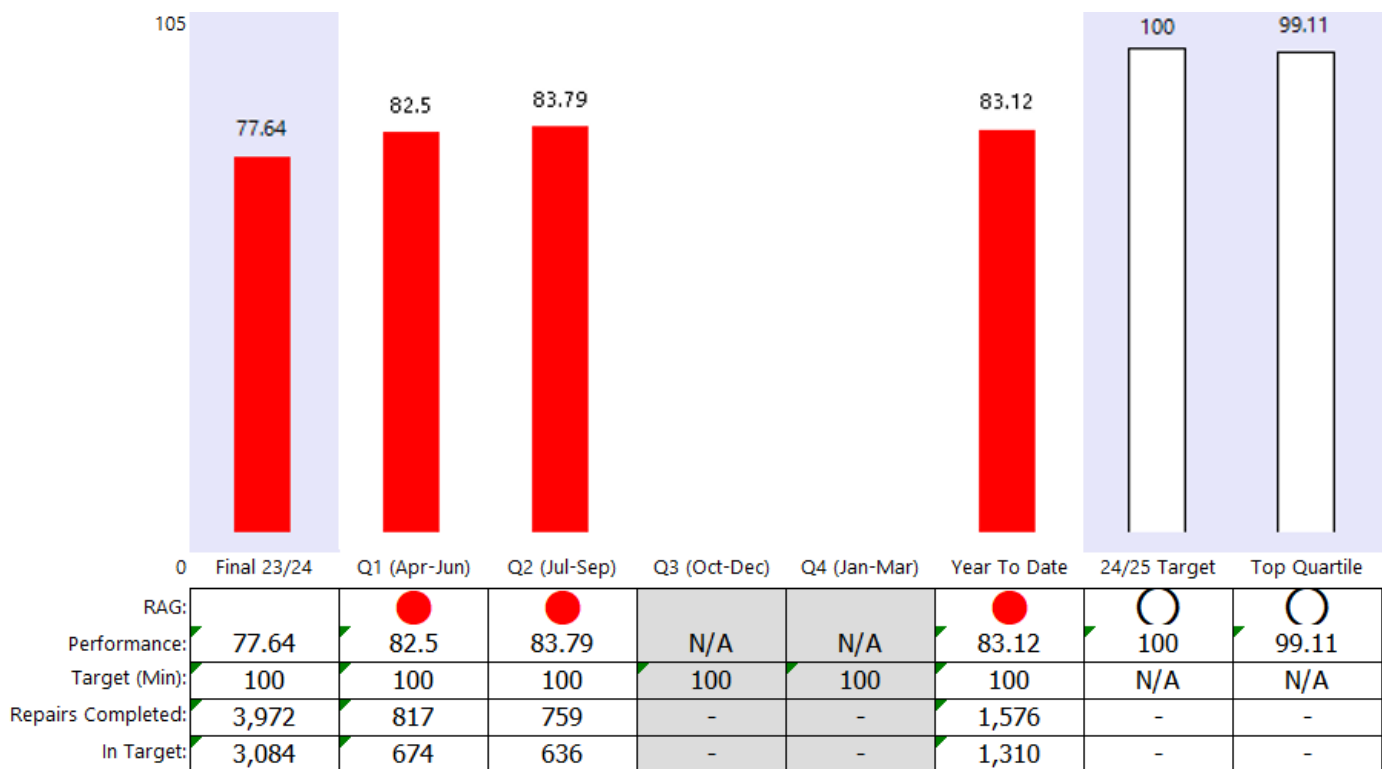
7.4. However, it should be noted that Liberty Gas works orders are not completed on our system in the same way as Ian Williams, with greater room for human error in the process on both sides. Therefore, we are working with Liberty Gas to better reconcile outstanding jobs and completion dates and ensure robust and accurate reporting.

7.5. Year to date, our performance is showing at 80.61%, almost 5% higher than year end of FY 2023/24.

7.6. So far this year, 8,736 routine and emergency repair jobs have been completed across both contractors.

## 8. Emergency Repairs Completed in Target

### 8.1. Infographic:



8.2. Performance at the end of Q2 sits at 83.79%. This is 16.21% below our target of 100%, however is a 10% improvement on performance at this time last year.

8.3. Current figures show that Ian Williams are performing at 81.2% and Liberty Gas at 92.1%.

8.4. We continue to work with Ian Williams on data validation due to discrepancies in our system data vs theirs, as their systems are recording target completions in the high 90's. This could be attributed in part to a number of jobs on our system that are showing as incomplete due to a system issue that is blocking the automatic completion of jobs due to an invoicing glitch. Our Systems Team and Finance colleagues have been working in close partnership with Ian Williams to resolve this issue with much of the backlog cleared and fixes being put in place to try and stop the issue continuing in the future.

8.5. Year to date, performance across both contractors stands at a combined 83.12%, 5.5% higher than the end of year figure for FY 2023/24.

8.6. So far this year, 8,736 routine and emergency repair jobs have been completed across both contractors.

## 9. Complaints Handling

### 9.1. Infographic:

	Q1 counts and %	Q2 counts and %
No. of Stage 1 Complaints Received	60	60
Average Response Time for Stage 1	31 days	17 days
% of new stage 1 housing complaints upheld	43%	48%
% of new stage 1 housing complaints partially upheld	26%	21%
% of new stage 1 housing complaints not upheld	31%	31%
No. of Stage 2 Complaints Received	13	31
Average Response Time for Stage 2	34 days	40 days
% of new stage 2 housing complaints upheld	61%	<i>Incomplete</i>
% of new stage 2 housing complaints partially upheld	15%	<i>Incomplete</i>
% of new stage 2 housing complaints not upheld	24%	<i>Incomplete</i>

9.2. The data for Q2 Stage 2 complaints is incomplete due to a significant backlog of complaint investigations and responses required from this period. This is due largely to the departure of our Property and Assets Service Manager at the end of August, however a task force of senior managers has been put in place to clear outstanding complaint responses over the next two weeks.

9.3. Customers affected have been contacted in writing, and followed up by telephone, to ensure that they are kept in the loop regarding the progress of their complaint.

9.4. The data above shows an excellent improvement in the response times for Stage 1 complaints from Q1 to Q2, bringing us closer to the target of 10 days.

9.5. Since April this year, we have had 89 complaints relating to repairs in tenants homes. When you put this into the context of us having completed 8,736 repairs in the same period, this equates to a complaint level of 1.02%. This means that 98.08% of repairs have been completed without formal complaint from tenants; and of course, this does not take into account the complaints that we have not upheld which would lower the complaint level % even further.

9.6. We recognise the need to continuously improve in this area, and meet the requirements of the Housing Ombudsman's Complaint Handling Code:

9.6.1. A dedicated resource within our Property and Assets team is supporting with our Stage 1 efforts, and the effectiveness of this resource can be seen in our improvement in Stage 1 response times.

9.6.2. The aforementioned senior manager task force is in place to address our Stage 2 backlog.

9.6.3. Process mapping and analysis is underway to streamline the way we manage complaints and ensure a robust process is in place moving forwards.

9.7. As outlined in the Q2 Complaints Data (circulated to Members prior to the meeting) we are continuing to adopt and encourage a 'learning from' approach to formal complaints. Work underway in relation to this includes;

9.7.1. Breaking down in detail the reasons why people are complaining in order for us to capture themes and trends.

9.7.2. Detailed mapping of customer journeys within individual teams to consider how we can improve our approach to communication.

9.7.3. Ensuring our Contractors have appropriate level of resources assigned to assist us with Complaint resolution.

9.7.4. Ensuring detailed case reviews of all Ombudsman determinations, capturing and monitoring actions moving forward.

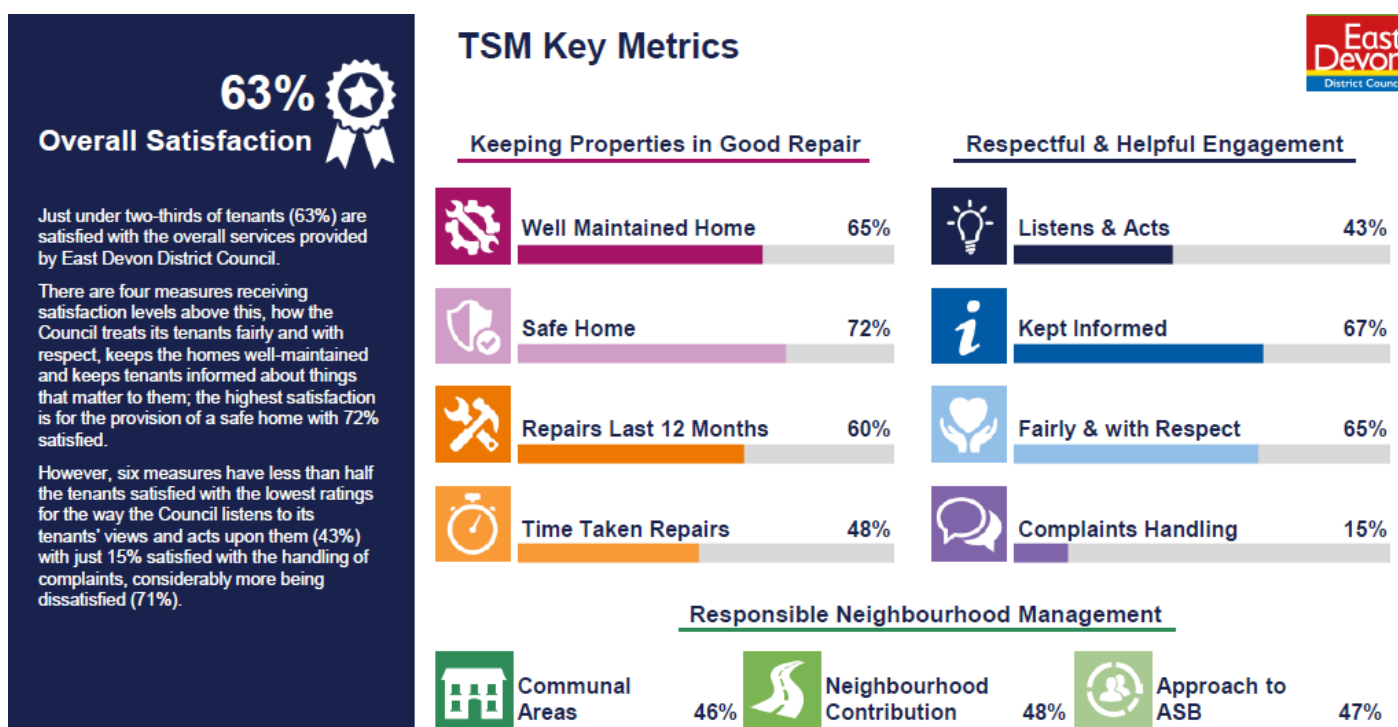
9.7.5. Streamlining how MP/Cllr enquiries are received (in relation to representation of tenants) to ensure a consistent and transparent approach.

## 10. Tenant Satisfaction Measures

10.1. In FY 2023/24, we conducted one annual Tenant Satisfaction Measures Survey, the results of which were presented at our last Housing Review Board meeting. At this time, we informed the HRB that this year we have moved to conducting the survey on a quarterly basis, starting in Q2.

10.2. Quarterly surveying means that we are able to review and analyse our tenant's satisfaction levels on a more regular basis, and be more responsive to the trends that we are seeing.

10.3. The following shows the headline results of our Q2 survey:



10.4. Whilst we know that there is still much room for improvement in each of these areas, the below analysis details the improvement already achieved since the TSM Survey at the end of FY 2023/24:

Survey Area	Q2 Result	+/- from 23/24 Survey	23/24 Benchmark
Overall Satisfaction	63%	+10.3%	72.3%
Well Maintained Home	65%	+18.6%	72.2%
Safe Home	72%	+14.7%	78.7%
Satisfaction with Repairs	60%	+8.5%	74.5%
Time Taken to Complete Repairs	48%	+2%	70%
Landlord Listens and Takes Action	43%	+3.8%	61%
Tenants are Kept Informed	67%	+22.9%	71.4%
Treated Fairly and with Respect	65%	+8.8%	78.2%
Satisfaction with Complaints Handling	15%	-5.2%	34%
Communal Areas	46%	+6.9%	66%
Contribution to Neighbourhood	48%	+11.4%	64%
Approach to ASB	47%	+10.6%	57.6%

Report to: Housing Review Board

Date of Meeting 7<sup>th</sup> November 2024

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A



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## **HRA Update Report (Housing Strategy, Investment & Development)**

### **Report summary:**

This report provides an update on the key plans, strategies and work streams relating to the Housing Revenue Account (HRA). It covers the current financial position, the Stock Condition Survey, the CIPFA Healthcheck, The HRA Sustainability Plan, the Business Plan and Options Appraisal work, the Asset Management Strategy and the Housing Investment & Delivery Plan. These elements collectively form the strategic plan and framework to establish the financial and operational sustainability of the HRA.

### **Is the proposed decision in accordance with:**

Budget                      Yes  No

Policy Framework      Yes  No

### **Recommendation:**

**The Housing Review Board recommend to Cabinet that;**

1. The HRA Update Report be noted.

### **Reason for recommendation:**

To provide an awareness of the strategic plans and activities underway to enable the delivery of compliant, safe, warm and well maintained homes for tenants of EDDC.

Officers: Housing Strategy, Enabling and Project Manager

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Communications and Democracy
- Economy
- Finance and Assets
- Strategic Planning
- Sustainable Homes and Communities
- Culture, Leisure, Sport and Tourism

**Equalities impact** Low Impact

**Climate change** Low Impact

**Risk:** Low Risk; .

**Links to background information**

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

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## HRA - Update Report (Housing Strategy, Investment & Development)

### Introduction

1. This report provides an update on the series of interlinked plans, workstreams and strategies, which by early next year, aim to answer the following question.

***Can the current business model and financial position of the HRA effectively respond to the challenges arising from the stock condition survey and deliver safe, warm, affordable and regulatory compliant homes for our tenants; and does the HRA have capacity to go further and improve our communities and meet the increasing demand for additional affordable homes for residents of East Devon?.***

2. Our approach to answering this question is through a clear roadmap and the series of plans, strategies and workstreams outlined in this report. It also includes a need for effective internal management, a one Council ethos,

consultation with members, commissioning external advice, a dialogue with central government, liaison with the regulator and community engagement.

### **EDDC Housing Structure**

3. As Members will be aware, EDDC 's housing service underwent a change in senior management in 2023/24. Further minor reorganisation continues under the appointment of a new Director of Housing and Health. This includes the grouping of Projects, Investment and Development activity under one management area overseen by an Assistant Director of Projects, Investment and Development.

### **HRA National Context**

4. It is important to highlight that the issues facing East Devon's HRA are reflective of national issues and pressures. Some local authorities are referring to a crisis in Council housing. These issues and pressures include (but are not limited to):
  - **Funding**  
Insufficient funding to meet increased compliance and regulatory standards. These increases were not factored into the financial settlement between local authorities and central government and are therefore not reflected in long term business plans.
  - **Rent Restrictions**  
Rent increases are capped by a national formula and don't meet increasing costs. There is also a lack of certainty over future rent increases which makes future business planning difficult.
  - **Ageing Housing Stock**  
Many local authorities have stock which is ageing and requires significant upgrades and improvements, including the need to meet increased compliance standards and decarbonisation objectives.
  - **Rising Costs**  
Inflation has had a significant impact on the cost of maintaining and repairing our stock .
  - **Borrowing Limits**  
The 'Prudential Code' places borrowing restrictions on Local authorities which can impact the ability to meet the investment needs of the stock.
  - **Employment Market**  
There are shortages of qualified staff in a number of housing positions, eg. Surveyor roles, where salary review is necessary and

therefore increased budgetary pressure. Furthermore, the sector is experiencing an influx in people moving to the agency and freelance market due to high demand and therefore more attractive remuneration opportunities.

5. There is an increasing call from local authorities and other interested organisations, including the Chartered Institute of Housing and the National Housing Federation, to review the financial relationship between stock holding authorities and central government. East Devon have actively engaged in this national dialogue and are supporting a reform of the HRA system.

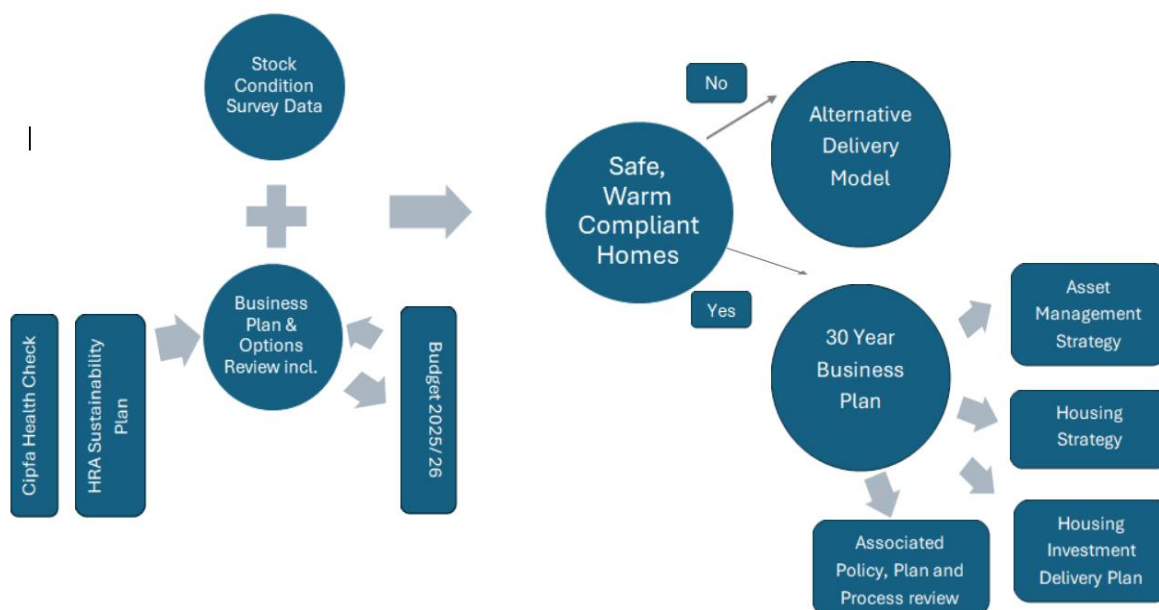
## **Key HRA Updates & Roadmap**

6. This report provides a brief update on the key issues, plans and activity within the HRA, with the ultimate aim of answering the question posed at point 1, i.e. achieving a long-term sustainable position for the HRA.

7. This includes a summary position on the following;

- **HRA Budget Update**
- **Stock Condition Survey**
- **CIPFA Health check**
- **Business Plan & Options Appraisal**
- **Asset Management Strategy**
- **Housing Investment and Delivery Plan**
- **HRA Sustainability Plan**
- **The Housing Strategy**

8. These interlinked plans fit together as follows.



## 2025/26 HRA Budget Update

9. The revised budget presented to HRB and approved by Council in July 2024 highlighted the significant financial pressures facing the HRA. The report highlighted a revenue budget overspend in 2023/24 of £7.1m; and a Capital overspend of £5.1m. The entire £9.3m of useable reserves were used to balance the budget. In addition, the Council borrowed a further £2.5m to fund the capital overspend.
10. As reported to Cabinet on October 2<sup>nd</sup> 2024, improvements in budget management and control are expected to reduce the risk of repeating the overspends that occurred in 23/24. Current mid-year financial forecasting indicate the year end outturn to be within budget. This will be a significant achievement given the scale of the 23/24 overspend (£12+ m) and the continued requirement to deliver safe, warm and regulatory compliant homes, on a restricted budget. It should be noted that some works have been paused to avoid budgetary overspend.
11. Further details on the budget are provided in a separate HRA monitoring report.

## Stock Condition Survey

### Timescales

12. In 2022, Currie and Brown commenced a contract to undertake a comprehensive stock condition survey on behalf of EDDC. The planned completion date was approximately September/October 2023, with a

contractual requirement to complete the project no later than November 2024. Whilst the survey will be delivered within the contractual timeframe, repeated delays to agreed milestone targets, which arose from the outset of the project, have resulted in a significant overall delay. These delays have been caused by multiple factors with the most recent delays being due to internal quality assurance check by Currie & Brown to ensure data quality. This has impacted the Council's ability to progress certain workstreams, particularly the longer-term business planning which is contingent upon having a detailed understanding of stock condition. Our future plans have been adjusted to account for this and there is a clear plan moving forward.

### General Overview

13. The broad objective of a stock condition survey is to;

- Assess the quality of stock to ensure compliance with standards.
- Identify repairs and maintenance requirements.
- Support and inform strategy and policy development.
- Enable long term business planning and investment
- Enable effective asset management

14. The Stock Condition Survey will achieve a coverage of 87 % of all homes/assets. Whilst the initial target was 100%, an 87% coverage is within the normal range and an acceptable level for a survey of this nature and allows for difficulties in gaining access etc.

### Key Findings (To be completed)

- Overall Condition: The housing stock is predominantly in x condition.
- Structural Issues: Minor structural defects found in x% of properties; major issues in less than x%.
- External Fabric: x% of properties require minor repairs to roofs, walls, and windows.
- Internal Conditions: x% of properties need significant internal refurbishment.
- Services: x% of properties need upgrades to heating, plumbing, and electrical systems.
- Health and Safety: x properties need upgrades to meet the latest health and safety standards.

### Final Stock Condition Report

15. Following the presentation of the Stock Condition Survey findings by Currie and Brown on 7<sup>th</sup> November, the report will be finalised and made available to Members. As highlighted, the report and associated data will inform the Business Plan and Stock Options Review and provide the base data for investment and asset management decisions moving forward.

### **CIPFA Health Check Report**

16. As Members will be aware, the Housing Revenue Account has, and continues to face, significant financial pressure. These issues became apparent in early 2024 and raised a number of concerns regarding the management and future sustainability of the HRA. In response to these concerns, the Council appointed The Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake an independent Health check of the Housing Revenue account. The purpose of this review was to identify areas for improvement in the management and governance of the HRA and to highlight any significant risks affecting the HRA and, by extension, any risk to the wider financial position of the authority.

17. A very brief summary of the report findings is as follows;

#### 2023/24

- The report highlights the significant budget pressures in 2023/24, partly as a result of a failure to control cost, and further highlights the significant risk which has arisen from the need to allocate the majority of the reserve to cover overspends and balance the budget.

#### 2024/25

- The report applauds the introduction of a revised Budget in July 2024 but highlights the significant financial pressures in delivering against this revised budget and the challenge of setting a credible budget for the following year, 2025/26

#### Report Recommendations.

18. The report makes a number of recommendations which will form part of an overall HRA Management Action Plan. These include;
- Ensuring effective spending controls are in place.
  - A continual focus and improved forecasting of the year end position.

- Improved reporting of risks and mitigation strategies
- Supporting effective budget management through staff training
- Flagging the HRA financial challenges with MHCLG (government)
- Review compliance with the HRA ring-fence

## **Business Plan & Options Review**

19. Savills have been appointed to assist the Council in its business planning for the HRA. The work is being undertaken in two stages as follows.

### Stage 1 – Business Plan & Options Review

20. Stage 1 consists of an initial business plan review to establish the financial sustainability of the HRA, taking account of the longer-term investment needs of the stock. This stage also includes a stock options review to consider longer term options for the efficient and effective management of the HRA.

### Stage 2 – Report

21. Stage 2 will include a high level financial, organisational and governance appraisal of the potential options identified within stage one, this will include ;

- Financial implications for the Council, HRA and General Fund,
- Financial implications for any alternative management arrangements
- Identification of subsidy and financial support requirements<sup>7</sup>

22. Progress on the above work has been delayed due to the delay in receiving the Stock Condition Survey (SCS). Originally the SCS was expected during the summer but was further delayed. Consequently, the business planning and stock options exercise has been delayed. Originally the stage 1 results were expected during the autumn (October/November) but will now be early in the new year. Whilst this work is essential and will inform the future business plan and direction for the HRA, the delay will not impact short term financial planning or decision making in relation to the 2025/26 Budget.

## **Asset Management Strategy**

23. Effective asset management is a core activity for all housing providers. The main objective of an asset management strategy is to ensure that investment is targeted to deliver safe, warm, healthy and compliant homes and that poor performing assets are disposed of to provide additional investment in the existing stock, or for the provision of new homes.

24. The key elements / outcomes of an effective Asset Management Strategy include.

- **Compliance & Safety**

Ensuring all properties meet the minimum legal and regulatory standards and requirements.

- **Strategic Investment**

Ensuring investment is targeted at key priorities such as compliance, health and safety and improving properties whilst disposing of poor performing assets that don't contribute to overall strategic objectives.

- **Maximising Asset Value**

To ensure that investment in upgrades contribute to the long-term financial value of the stock

- **Tenant Satisfaction**

Improving our stock to drive tenant satisfaction, a core objective.

25. As highlighted, the Asset Management Strategy is a key strategic plan but is contingent upon the stock condition survey. Now that data is available, work will commence on developing a detailed Asset Management Strategy which will follow the Business planning and Stock Options review detailed above.

26. Whilst the strategy is under development, ad hoc asset management issues may arise. For that reason the Council is seeking to adopt an '**Acquisitions and Disposals Policy**' to assist in guiding decisions during the interim period. That policy is subject to a separate report.

## **Housing Investment & Delivery Plan**

27. In addition to ensuring sufficient investment to improve our existing stock, the provision of more affordable housing is also key priority. In order to meet this objective the Council is in the process of developing a 5-year Housing Investment and Delivery plan for the period 2025 – 30. This plan aims to establish a 5 year headline target for the delivery of additional affordable housing.

28. The plan will outline a range of opportunities to increase the supply of affordable housing into the HRA, including acquisitions, strategic partnerships and other innovative housing delivery models.

29. The plan will provide much needed additional affordable housing for residents and contribute to the long term sustainability of the HRA. This is particularly important in the context of the continued loss of units through the Right to Buy.

30. Work on the plan is progressing well with architects having completed early feasibility and capacity studies on a number of sites including garage sites, vacant land and other opportunities. This initial review indicates a programme of at least 200 new build affordable homes which could commence on site within the plan period.

31. As highlighted, significant progress has been made on developing this plan. It is however imperative that our plans for investment in the provision of additional stock aligns with the Business Plan review and future direction of

the HRA, as detailed above. The plan will therefore move forward in step with the Business Plan and Stock Options Review.

### **HRA Sustainability Plan & Roadmap**

32. The Council's HRA Sustainability Plan has been established in response to the specific financial issues and pressures which emerged early in 2024. These issues resulted the adoption of a revised HRA budget by full Council in July 2024.
33. The HRA Sustainability Plan is a working document and provides a short term plan with the broad objectives to;
- Ensure effective HRA budget management and control
  - Provide financial resilience through the identification of efficiencies and savings.
  - Introduce effective asset management plans and practices.
  - Advocate for policy change and increased funding
  - Establish a realistic capital and Revenue Budget for 2025/26

#### Progress to Date

34. The plan is in place and provides a short term framework in order to establish a longer term strategic position. An updated headline HRA roadmap which sets out some of the key targets is attached at appendix 1.

### **Housing Strategy**

35. The Housing Strategy is a key strategic document for EDDC and inks directly to the activities of the HRA. It should however be noted that EDDC are one of a number of housing providers and responsible for only half of the affordable housing in east devon wit the other 50 % being managed by Registered Providers ((Housing Associations). Our strategic housing role extends way beyond our own stock and our draft housing strategy reflects that.

### **Conclusion**

36. The purpose of this report has been to highlight the challenges facing the HRA but to outline the significant work that is planned or underway to respond to those challenges with the overall objective of ensuring that EDDC provides the best possible services to it existing tenants and future residents,

### **Financial implications:**

1. There is a risk that this Council will not be able to set a balanced HRA budget for 2025/26, reserves cannot be called upon as these have been depleted. The key actions identified in

this report are essential and need to be monitored carefully in terms of delivery. If the Council finds itself in this position, which is unlawful, it will need to have detailed conversations with the Department (DLUHC) who will have expected us to have undertaken the types of actions that are outlined in this report.

**Legal implications:**

2. There are no legal implications on which to comment.

## **Appendix 1- Headline HRA Roadmap**

Outline of projected timeline (subject to change due to matters beyond our control)

### **Completed (Inc November HRB)**

- HRA – Internal Financial Review
- Capital programme – Internal review.
- CIPFA Appointed for HRA Health check
- 2023 Outturn Budget Review
- 2024 Budget revision exercise
- Savills Appointed for financial plan and longer terms options appraisal.
- Revised Budget to Council
- Major works / capital programme implementation
- HRA update Report to Members – CIPFA Savills, Stock Condition reports etc
- HRA Zero based budget/ Efficiency savings exercise (\*and ongoing)
- Acquisitions & Disposals Policy to HRB
- Income maximisation review (\*and ongoing)
- Stock Condition Survey Reporting

### **October – November**

- HRA 2025/26 Budget Drafting

### **November – January**

- Business Plan and Options appraisal

### **2025**

- Budget approval
- HRA Capital and Revenue expenditure Benchmarking exercise
- Efficiency programme continuation / implementation
- Income maximisation programme continuation / implementation
- Business Plan or Alternative Delivery Model established



Report to: Housing Review Board

Date of Meeting 7<sup>th</sup> November 2024

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

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## Strategic Acquisitions and Disposals Policy

### Report summary:

The purpose of this report is to seek approval for the adoption of a Strategic Acquisitions & Disposals Policy for the Council's Housing Revenue Account (HRA) property portfolio. The introduction of the policy will enable the efficient and effective management of Council's housing stock and other assets.

### Is the proposed decision in accordance with:

Budget Yes  No

Policy Framework Yes  No

### Recommendation:

#### The Housing Review Board recommend to Cabinet that;

1. The Strategic Acquisitions & Disposals Policy be adopted.
2. Delegated authority be granted to the Director of Housing, in agreement with the S.151 Officer and the Director of Governance & Licensing (the Monitoring Officer), to authorise the disposal of individual non contiguous HRA assets up to a maximum value of **£500,000**, in accordance with the adopted 'Acquisitions and Disposals Policy' and in consultation with the Portfolio Holder for Sustainable Homes and Communities.
3. That all acquisitions and disposals within the HRA be reported to the Housing Review Board and Cabinet.

### Reason for recommendation:

To enable the effective asset management of the Councils housing stock.

Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Communications and Democracy
- Economy
- Finance and Assets
- Strategic Planning
- Sustainable Homes and Communities
- Culture, Leisure, Sport and Tourism

**Equalities impact** Low Impact

!

**Climate change** Low Impact

**Risk:** Low Risk; !

**Links to background i**

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

## **Strategic Acquisitions and Disposals Policy**

### **Introduction**

1. The purpose of this report is to seek approval for the adoption of an *Acquisitions and Disposals Policy* for East Devon District Council's (EDDC) Housing Revenue Account (HRA) stock. This policy will form part of a comprehensive Asset Management Strategy for the HRA which will be presented to Members during 2025.
2. Effective asset management is a core activity for any housing provider. It is however contingent upon a clear understanding of stock condition and a detailed business plan, both of which are currently being progressed. The purpose of introducing a policy at this stage is to provide a framework for any acquisitions or disposals that may be required in advance of the adoption of a comprehensive Asset Management Strategy. This will assist in the effective management of the Councils housing stock in the interim period.

3. The policy aims to align with the broader housing strategy and Council priorities of addressing the housing needs of residents while ensuring sustainable financial management of the Housing Revenue Account (HRA). The report outlines the rationale, key objectives, and principles behind the acquisitions and disposals policy framework.

### **Purpose of the Policy**

4. The Strategic Acquisitions and Disposals Policy is intended to provide a structured approach for the Council to acquire or dispose of properties in a way that supports housing delivery, enhances stock quality, and ensures efficient use of resources. This policy provides a framework for officers and Members to make informed decisions on acquisitions and disposals based on criteria such as housing need, financial viability, asset management considerations, and long-term sustainability.

Key objectives of the policy include:

- Increasing the supply of affordable housing to meet local demand.
- Ensuring the sustainability and quality of the Council's housing stock.
- Supporting the Council's strategic priorities, including reducing homelessness and promoting community wellbeing.
- Optimising the financial health of the Housing Revenue Account.

## **Strategic Acquisitions**

### **Rationale for Acquisitions**

5. Acquiring properties can help the Council address gaps in housing provision, meet growing demand for affordable housing and replace stock lost through right-to-buy sales. Acquisitions can also present opportunities to develop new housing schemes, leverage external funding where available and to enhance the quality and sustainability of the housing portfolio.

### **Criteria for Acquisition**

6. Acquisitions will be guided by a set of strategic criteria, ensuring alignment with housing priorities:
  - **Housing Need:** Acquisitions should reflect current and projected local housing needs, this may include specialist or adapted property, family homes, and housing for vulnerable groups.

- **Location:** Acquisitions will be in areas of high demand or where the Council seeks to improve the balance of housing stock.
- **Financial Viability:** Acquisitions must demonstrate long-term financial sustainability taking into account costs related to purchase, renovation, and maintenance, alongside potential rental income.
- **Condition and Type of Property:** The condition of the property and the cost of repairs will be evaluated. The Council will aim to acquire properties that meet energy efficiency standards or can be improved cost-effectively.

## **Funding for Acquisitions**

7. Funding for acquisitions will be from within the HRA and will typically be a balance between rental income and finance costs, but supplemented by government grants if appropriate, receipts from right-to-buy sales, or external sources where available. A balanced approach is essential to ensure acquisitions do not compromise the financial stability of the HRA. Given the current financial pressures, any acquisition will be required to have a neutral or positive net impact (net present value) on the HRA revenue budget.

## **Strategic Disposals**

### **Rationale for Disposals**

8. Disposing of housing stock may be necessary where properties no longer meet strategic or operational objectives. Strategic disposals can provide capital receipts for reinvestment into new housing or to improve our existing stock. Additionally, some properties may become financially unsustainable due to high maintenance costs or declining demand.
9. It should be emphasised that any disposals will be progressed in order to support the efficient and effective financial management of the HRA. This is essential in order to enable the Council to provide affordable, safe, warm and well maintained homes for our existing tenants. There will be cases where social or operational value is considered to be more important than financial value e.g. if a home provides for a particular special need etc. However, in most cases, retaining stock that is financially inefficient does not constitute effective asset management and such stock will be recommended for disposal.

### **Criteria for Disposal**

10. Disposals will be considered in the following circumstances:

- **Poor Condition and High Maintenance Costs:** Properties that are no longer cost-effective to maintain with repair and maintenance costs outweighing long-term rental income.
- **Low Demand:** If a property or a set of properties has a consistently low occupancy or void periods due to locational or structural issues.
- **Redevelopment Opportunities:** Where there is potential for redevelopment or regeneration that aligns with council priorities.
- **Non-Core Stock:** Properties that do not align with the Council's strategic housing objectives or those which do not meet current housing needs.

### **Decant and Rehousing**

11. In most cases, disposals will be on void properties i.e. properties without tenants. Where properties are tenanted, the Council will work with that tenant to find suitable alternative accommodation and will act in accordance with the relative legislation. A home loss payment will also be paid where required. This is intended to compensate people for the distress and inconvenience of having to move home at a time not of their choosing.

### **Process for Disposals**

12. Disposals will be subject to a thorough evaluation process, including independent valuations, stakeholder consultation, and assessment of alternative options (such as refurbishment or redevelopment). Where possible, the Council will consider sales to registered providers or community-led housing groups to retain properties for affordable housing.
13. Property held for housing purposes, following Council approval, will require Secretary of State approval and the subsequent reporting of the sale to the Regulator for Social Housing

### **Delegated Authority**

14. As highlighted, most disposals are likely to be on void properties. For this reason it is considered good practice and in the overall interest of the HRA to ensure that any void properties that are identified for disposal, are disposed of under the delegated authority to avoid undue delay. This is will also avoid or minimise holding costs, void times, the deterioration of the building and other risks and issues.
15. Typically, disposals will be individual flats or houses with values of between £150 - £350k. In some cases properties in desirable areas may be of higher value. It is

therefore recommended that the Delegated Authority limit for individual disposals be set at a level that will cover the majority of potential disposals.

16. It is therefore recommended that delegated authority be granted to the Director of Housing, in agreement with the S.151 Officer and the Director of Governance & Licensing (the Monitoring Officer), to authorise the disposal of HRA assets up to a maximum value of **£500,000**, in accordance with the adopted 'Acquisitions and Disposals Policy' and in consultation with the Portfolio Holder for Sustainable Homes and Communities.
17. In relation to acquisitions, the following delegated authority is already granted to the Director of Housing as set out in sections 3.34.166 of the EDDC Constitution

*In consultation with the Portfolio Holder for Sustainable Homes and Communities and the Chair of the Housing Review Board the authority to purchase land and property for the Housing Revenue Account (including use of Right to Buy receipts) subject to the funds being from within approved budgets.*

## **18. Financial Implications**

19. Both acquisitions and disposals will have significant financial implications for the HRA. Acquisitions will increase the housing stock but may require substantial upfront capital, while disposals will generate immediate capital receipts but reduce potential long-term rental income. The policy will ensure a balance between these two objectives, with a focus on long-term financial sustainability.

### **Risk Management**

20. Key risks associated with this policy include fluctuations in the housing market which could impact property values and changes in demand. This will make certain acquisitions or disposals less advantageous.

### **Legal Considerations**

21. The policy will comply with existing legal frameworks governing the disposal of HRA assets, including regulations surrounding right-to-buy, housing standards, and the use of HRA funds. Additionally, the Council will need to ensure that any disposals align with its duties under the Housing Act 1985 and related legislation, which mandates the protection of affordable housing provision.
22. Specific legal advice may be required should the Council be required to seek possession of tenanted properties. The grounds for possession will often depend on the specific circumstances relating to the property and the reason for the proposed disposal.

## **Conclusion and Recommendations**

23. The proposed Strategic Acquisitions and Disposals Policy offers a proactive approach to managing East Devon District Council's housing stock. By setting clear criteria and objectives for acquisitions and disposals, the Council can ensure it continues to meet the needs of its residents, optimise the use of resources and contribute to wider strategic goals such as reducing homelessness and providing warm, safe and well maintained homes for our tenants

### **Financial implications:**

24. It is essential to have a policy agreed and the financial implications are covered in the report and are in line with that would be expected.

### **Legal implications:**

25. The legal implications are set out within the report and require no further comment.



## **East Devon District Council**

# **Housing Revenue Account (HRA) - Strategic Acquisitions and Disposals Policy**

# East Devon District Council: Housing Revenue Account (HRA) Strategic Acquisitions and Disposals Policy

## 1. Introduction

This policy outlines the Council's approach to the acquisition and disposal of properties within its Housing Revenue Account (HRA). The policy aims to ensure that the Council's property portfolio is managed effectively to meet current and future needs, support financial sustainability, and align with strategic objectives.

## 2. Objectives

The primary objectives of this policy are to:

- I. **Enhance Housing Stock:** Acquire properties that meet the needs of our community, including affordable and accessible housing options.
- II. **Financial Sustainability:** Ensure that acquisitions and disposals contribute positively to the financial health of the HRA.
- III. **Strategic Alignment:** Align property acquisitions and disposals with the Council's strategic housing priorities.
- IV. **Efficient Asset Management:** Maintain a balanced and efficient portfolio that responds to changing demands and community needs.

## 3. Scope

This policy applies to all acquisitions and disposals of housing properties within the HRA, including:

- Purchase of existing properties
- Construction of new properties
- Sale of properties
- Transfer or exchange of properties with other housing providers.

## 4. Legislative Framework for Disposal of HRA Property

The legislative framework for the disposal of HRA property is comprehensive, encompassing a range of statutes and regulations designed to ensure that disposals are conducted responsibly and transparently.

Details of key legislative elements involved in the disposal of HRA properties is included at Appendix 1.

## 5. Acquisitions Policy

### Criteria for Acquisition

The Council will consider acquiring properties based on the following criteria:

- **Need and Demand:** The property addresses a specific need or demand identified in the Council's housing strategy or housing needs assessment.
- **Location:** The property is situated in an area that supports strategic objectives.
- **Condition:** The property meets minimum standards or can be upgraded cost-effectively.
- **Financial Viability:** The acquisition is financially sustainable, considering purchase price, renovation costs, and ongoing maintenance.
- **Sustainability:** The property meets environmental standards and contributes to the Council's sustainability goals.

### Acquisition Process

The process for any acquisition will be as follows;

- **Identification:** Identify potential acquisition opportunities through market analysis, partnerships, or community input.
- **Assessment:** Conduct a detailed assessment, including financial analysis including net present value calculation, condition surveys, and strategic fit.

- **Approval:** Obtain approval in accordance with the scheme of delegation the relevant Council committee, ensuring alignment with strategic objectives.
- **Due Diligence:** Complete due diligence, including legal checks, valuation, and risk assessment.
- **Completion:** Finalise the acquisition process and integrate the property into the Council's housing portfolio.

## 6. Funding for Acquisitions

Acquisitions will be funded through HRA funds which can include Right to Buy receipts, grants, and other financing options such as additional borrowing.

Explore partnerships with housing associations, developers, and other entities to leverage funding and expertise.

## 7. Disposals Policy

### Criteria for Disposal

The Council will consider disposing of properties based on the following criteria:

- **Underutilisation:** The property is underutilised and does not meet current or projected housing needs.
- **Financial Burden:** The property poses a significant financial burden due to high maintenance costs or other liabilities.
- **Strategic Misalignment:** The property no longer aligns with strategic objectives or community needs.
- **Redevelopment Opportunities:** The site offers significant redevelopment opportunities that benefit the community.
- Other strategic or operational reasons that align with the overall objectives of the Council.

## **Disposal Process**

A summary of the process is shown below with the detailed process set out at appendix 2.

1. **Review:** Regularly review the housing portfolio to identify disposal opportunities.
2. **Assessment:** Conduct a thorough assessment, including market analysis, financial implications, legal implications, net present value calculation, and strategic fit.
3. **Consultation:** Where appropriate engage with stakeholders, including tenants, community groups, and relevant agencies, to gather input.
4. **Approval:** Secure approval from the relevant Council committee and/or in accordance with the scheme of delegation appropriate to the disposal.
5. **Marketing and Sale:** Market the property, ensuring compliance with legal requirements and maximising value.
6. **Completion:** Finalise the sale and reinvest proceeds into the HRA or other strategic housing initiatives.

## **8. Decant and Rehousing**

In accordance with existing legislation, where an existing tenant is directly affected by the proposed disposal, the Council will consult with that tenant and work with them to find suitable alternative accommodation. This will include providing practical assistance and the payment of a home loss payment which is intended to compensate people for the distress and inconvenience of having to move home at a time not of their choosing.

## **9. Use of Disposal Proceeds**

Proceeds from disposals will be invested directly into new HRA housing projects including the maintenance of existing stock, new development projects, acquisitions, or other strategic initiatives within the HRA.

## **10. Governance and Monitoring**

All acquisitions and disposals will be reported to the Councils Housing Review Board and Cabinet through routine financial update reports.

## **11. Consultation and Stakeholder Engagement**

In most cases, individual disposals will take place in vacant property and therefore consultation/engagement is unlikely to be required. Where any planned disposal requires the decant of tenants or where larger scale disposals are considered, the Council will fully engage and consult with tenants, community groups, and other stakeholders as necessary. Stakeholder feedback will be considered in the decision-making processes.

## **11. Review and Update**

This policy will be reviewed on a regular basis to reflect any changes in legislation, market conditions, and strategic priorities.

## Appendix 1 - Legislative Framework for HRA asset Disposals

### Housing Act 1985

The Housing Act 1985 is a key piece of legislation that governs the management and disposal of local authority housing stock, including HRA properties.

#### Key Provisions:

- **Section 32:** Requires local authorities to obtain the consent of the Secretary of State before disposing of any land held under the HRA. This ensures that disposals align with national housing policy and protect public interests.
- **Section 43:** Requires local authorities to obtain the consent of the Secretary of State before disposing of land not held under the HRA but which is subject to a secure tenancy or a leasehold pursuant to the Housing Act 1985..
- **General Housing Consents 2013:** This provides local authorities with Secretary of State consent for specific disposals pursuant to Section 32.
- **Section 105:** Requires local authorities to consult with tenants to be decanted/rehoused in order to facilitate the disposal

### Local Government Act 1972

The Local Government Act 1972 provides a broader legal framework for the disposal of land and assets by local authorities.

#### Key Provisions:

- **Section 123:** Mandates that disposals must be at the best consideration reasonably obtainable unless the Secretary of State consents to a disposal at an undervalue. This is to ensure that public assets are managed prudently.
- **General Disposal Consent (England) 2003:** This provides local authorities with Secretary of State consent to dispose of land at less than best consideration if it contributes to the economic, social, or environmental well-being of the area, up to a specified limit.

### Housing and Regeneration Act 2008

The Housing and Regeneration Act 2008 introduced additional measures to facilitate the disposal and development of social housing.

#### Key Provisions:

- **Section 171:** Allows for the transfer of housing stock to registered providers of social housing, often used to facilitate large-scale voluntary transfers (LSVTs) from councils to housing associations.

### **Localism Act 2011**

The Localism Act 2011 introduced reforms to increase local authority control over housing decisions, including disposals.

#### **Key Provisions:**

- **General Power of Competence:** Empowers local authorities to make decisions, including property disposals, that benefit their local communities, within legal constraints.
- **Flexible Tenure Options:** Enables more flexible approaches to managing tenancies, which may include strategic disposals and re-acquisitions to better match housing supply with demand.

### **Land Compensation Act 1973**

The Land Compensation Act 1973 sets out provisions for payment of compensation

#### **Key Provisions:**

- **Section 30:** sets out statutory home loss payment for decanted Tenants.

### **Regulatory Framework for Social Housing (England)**

The Regulatory Framework for Social Housing sets out the standards and expectations for registered providers, including local authorities, in managing disposals.

#### **Key Provisions:**

- **Value for Money Standard:** Requires that disposals demonstrate value for money, considering financial, social, and environmental impacts.
- **Asset Management Strategy:** Encourages local authorities to develop comprehensive asset management strategies that include criteria for property disposals and acquisitions.

### **Best Value Statutory Guidance**

Best value guidance requires local authorities to consider overall value, including economic, environmental, and social value, when making decisions about disposals.

#### **Key Provisions:**

- **Best Value Duty:** Local authorities must secure continuous improvement in the way functions are exercised, having regard to economy, efficiency, and effectiveness.

### **Consultation and Stakeholder Engagement**

Local authorities are required to engage with stakeholders, including tenants and community groups, during the disposal process.

#### **Key Provisions:**

- **Tenant Consultation:** The Housing Act 1985 and other regulations require that tenants be consulted and involved in decisions affecting their homes.
- **Community Engagement:** Ensures that local views are considered, particularly in disposals that significantly impact the community.

## Appendix 2 - HRA Asset Disposal Procedure

### 1. Initial Review and Identification

- **Portfolio Review:** Conduct regular reviews of the housing portfolio to identify potential disposal opportunities based on the criteria outlined above.
- **Needs Assessment:** Evaluate housing needs and strategic objectives to determine the appropriateness of any potential disposals.

### 2. Preliminary Assessment

- **Condition Survey:** Conduct a detailed condition survey of the property to assess its physical state and maintenance needs.
- **Market Valuation:** Obtain a professional market valuation to determine the property's current market value.
- **Financial Analysis:** Analyse the financial implications of disposal, including potential proceeds, cost savings, and impacts on the HRA budget. An assessment of the assets net present value should be produced to inform the decision making process.
- **Legal Analysis:** Analyse the legal implications of the disposal, including any constraints on disposal, consents required, and any decant or rehousing of tenants.

### 3. Consultation and Stakeholder Engagement

- **Tenant Consultation:** Engage with tenants and leaseholders affected by the proposed disposal to gather their views and address any concerns. This may include public meetings, surveys, or written consultations.
- **Community Engagement:** Where appropriate, consult with local community groups, Members and other stakeholders to ensure community interests are considered.
- **Statutory Consultations:** Fulfil any statutory consultation requirements, including those set out in the Housing Act 1985 and other relevant legislation.

### 4. Approval Process

- **Officer Recommendation:** Prepare a detailed report, including findings from the preliminary assessment, consultation outcomes, and a recommendation for disposal to be considered by the Councils Executive Leadership Team (ELT).
- **Committee Approval:** Where a disposal is outside of existing Delegated Authority, present the disposal proposal to the relevant Council committee for approval as required by the Council's constitution.
- **Secretary of State Consent:** Obtain consent from the Secretary of State if required under the Housing Act 1985 (Section 32) or other relevant legislation.

## 5. Disposal Method

- **Sale on Open Market:** Where appropriate, market the property for sale on the open market, ensuring competitive bidding and maximising financial returns.
- **Transfer to Registered Provider:** Consider transferring the property to a registered housing provider if it aligns with strategic goals and benefits the community.
- **Large-Scale Voluntary Transfer (LSVT):** For significant disposals, consider LSVT to registered providers, ensuring tenant protection and community benefits. Any LSVT would be outside the scope of this policy.

## 6. Legal and Contractual Processes

- **Legal Due Diligence:** Conduct thorough legal due diligence, including title checks, legal compliance, and any existing encumbrances.
- **Contractual Arrangements:** Prepare and execute all necessary contractual documents, including sale agreements, transfer deeds, and any required covenants or restrictions.

## 7. Completion and Reporting

- **Completion of Sale:** Finalise the sale or transfer, ensuring all legal and financial obligations are met.
- **Reporting:** Provide a report to the Councils Housing Review Board and Cabinet on a regular basis detailing any disposals.

## 8. Use of Proceeds

- **Reinvestment in Housing:** Reinvest proceeds from disposals into new housing projects, improvements to existing stock, or other strategic housing initiatives within the HRA.
- **Compliance with Best Value:** Ensure that proceeds are used in accordance with best value principles, maximising social and economic benefits for the community.

## 9. Governance and Oversight

- **Monitoring and Review:** All acquisitions and disposals will be reported to the relevant committees.
- **Audit and Compliance:** Conduct regular audits to ensure compliance with legal requirements and internal policies.

## 10. Risk Management

- **Risk Assessment:** Identify and assess risks associated with disposals, including financial, legal, and reputational risks.
- **Mitigation Strategies:** Develop and implement strategies to mitigate identified risks, ensuring a smooth and compliant disposal process.

## 11. Review and Update

- **Policy Review:** Review this procedure every three years or as needed to ensure its continued relevance and effectiveness.
- **Update and Amendments:** Make necessary amendments to reflect changes in legislation, market conditions, or strategic priorities.