

City of York Council

Housing Revenue Account 30 Year Business Plan

February 2013

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Forward

We are pleased to introduce our Housing Revenue Account (HRA) Business Plan 2013-2043, which sets out our priorities, plans and actions for council housing in our city for the coming years.

The purpose of the Housing Revenue Account (HRA) Business Plan is to demonstrate that the council can maintain its housing assets, and deliver the levels of service, home and neighbourhood improvements. It is first and foremost a financial document, which determines how the council will meet the needs of present and future tenants, demonstrating that Government and local targets can be achieved and ensuring the long-term viability of the stock.

The Business Plan needs to be read in conjunction with the Asset Management Strategy, which covers the 30-year period 2013/14 to 2042/43 and sets out priorities for the physical care and improvement of the housing stock and related housing assets. This Business Plan draws upon the stock condition information and data analysis used in the formulation of the Asset Management Strategy.

An effective Business Plan has become evermore crucial since central government announced the reform of the rules governing local authority housing finance and the introduction of the self-financing system. This new system requires local authorities to take on a one off debt, in York's case £121.5 million and in return keep all its revenue income, a proportion of right to buy receipts are still pooled and returned to central government. It is therefore critical that the HRA continues to be managed on sound business principles

The reforms open up some exciting opportunities for York, the

financial modelling demonstrates that a regeneration / investment fund can be developed to enable the council and its housing stock to play a pivotal role in not only developing much needed social housing but also delivering council priorities to grow the economy.

The 30 year financial model assumes levels of expenditure to ensure properties are maintained to the standards currently prescribed within the Asset Management Strategy and the rent increases are applied to meet the rent convergence model to generate the income stream to fund the Council's aspirations.

This plan sets out the national and local strategic context and corporate priorities under which we are currently operating. This framework has enabled us to identify our challenges and priorities specifically over the next five years as well as identifying longer terms issues and goals for the next thirty years.

Demand for social housing remains high, particularly for larger family homes and therefore the plan sets out the Council's aspiration to build new council housing of the types required.

We are committed to achieving Customer Service Excellence in all aspect of its work within the next 3 years.

Introduction

Background

This Housing Revenue Account (HRA) business plan covers the 30-year period 2013/14 to 2042/43. The plan concentrates largely on those activities relevant to the management of the council's housing related assets and the challenges facing key service delivery areas and contains an investment programme, formulated on a five year and a 30 year basis

The Asset Management Strategy is a key component of the HRA Business Plan as it sets out priorities for the physical care and improvement of the housing stock and related housing assets, using stock condition information to inform the strategic framework within which decisions on investment or disinvestment are made. It recognises the natural tension between competing investment needs, for example investment in the existing housing stock, investment in new affordable housing and investment in housing management services.

York is an area of high property values and intense demand for social housing. This means that the council has not experienced significant difficulty when letting vacant property. It is, however, aware of the need to anticipate and where possible to forestall obsolescence in the housing stock and maintain housing to a standard which is attractive to potential tenants, meets the changing nature of household formation and responds to other demographic or cultural issues. An element of re-development is also a key part of the business plan.

Housing Revenue Account

In April 2012, the funding regime for local authority social housing changed radically. The abolition of the national (HRA) subsidy system, a national system for redistributing housing resources, was replaced with a locally managed 'self financing' system. Local authorities now retain the rental streams from their housing assets, alongside the responsibility for managing, maintaining and improving the housing stock and supporting an opening level of debt that was allocated to each authority.

HRA reform placed councils in control of their housing assets. The changes also resulted in a range of options for unlocking HRA investment capacity that remain consistent with government's current priority to control the national debt. The key aspects of HRA reform relevant to York are that:

- Efficient operation of the HRA should generate an investment fund that will be available for new investment.
- A £20 million investment/regeneration fund over the next five years will be available to support our priorities including the potential for investing in new build and we anticipate continued funds being available over the life of this business plan.
- Housing will become a real asset capable of generating additional investment resources for new and improved social and affordable housing
- Councils will be able to shape their "housing business" to deliver against their local service and investment priorities.

The Council manages its properties and landlord services through its business plan and asset management strategy. The finances for both are managed through the Housing Revenue Account.

National Policy Context

Under the current Government significant changes will take place through the Localism Act 2011 and the Welfare Reform Act 2012, which will create huge challenges for our communities and housing services.

The Localism Act

The Localism Act 2011 has wide implications for social landlords and includes measures on:

- Implementation of a tenancy strategy, which will affect the allocation of social housing
- Abolition of the HRA subsidy system and the introduction of self-financing for all local authority housing
- Regulatory reform including the introduction of complaints and tenant panels

Welfare Reform

The welfare reform programme is aimed at reducing the overall benefits bill and making work pay. It is the biggest shake up of the welfare system since its inception. Although these changes will be implemented nationally, the extent of their impacts will vary according to local circumstances. What is clear is that the Act will have a massive impact on tenants who claim benefits, their landlords, local housing markets and a range of agencies providing money and benefits advice. The key changes include:

- Creation of Universal Credit which will cap the overall amount of benefits individuals and families can claim

- Ending housing benefit and direct payments to social landlords
- Caps to the maximum Local Housing Allowance(LHA) payable
- Increases in non-dependant deductions
- Calculating LHA rates using the 30th percentile of market rents rather than the 50th percentile and indexed to the Consumer Price Index from April 2013
- Limiting housing benefit for working age tenants so it only covers the size of property they are judged to need
- Raising the shared accommodation rate age limit from 25 years to 35 years

We anticipate these measures will have a significant impact on the local housing market and people's ability to afford their home. Residents on lower incomes will face additional financial and housing pressures.

A significant risk for the Business Plan is the collection of rental income and we predict that rent arrears will increase by 400% over the next 5 years because of the impact of these welfare reform changes.

Housing Services has restructured to deal with the initial impact of these changes and has adopted a more localised and consultative approach to service delivery.

Right to Buy

The current government has reinvigorated the Right to Buy scheme by encouraging more tenants to exercise their Right to Buy their council house by increasing the maximum discount that buyers can get off the market value of their home to £75,000.

Local Policy Context

The business plan is guided by the Council’s Corporate Plan and contributes to a number of its aims. The plan must be viewed in conjunction with the Asset Management Strategy.

The Business Plan sets out the investment required to:

- Maintain our housing stock to provide good quality sustainable council homes to meet a range of needs for today and future generations
- Achieve and maintain high standards of housing management and effective tenant involvement
- Assist people in housing need to access social housing and to offer support to help vulnerable tenants to maintain their tenancy and independent living
- Respond to and pre-empt changing demand patterns, maintaining a balanced portfolio of housing to address a wide range of needs
- Increase the environmental sustainability of the council's housing stock
- Deliver the investment programme in a cost effective manner in accordance with sound procurement principles

The HRA Business Plan in Context



Strategic Aims and Priorities

The HRA business plan supports our vision “creating homes, building communities” and aligns with the following plans and strategies.

- ‘Delivering for the People of York’ Corporate Council Plan 2011-2015
- ‘Creating homes, building communities’ housing strategy 2011/15

- 'Positive Ageing, Housing Choices' older people's housing strategy 2011/15
- Asset Management Strategy 2013/43

The business plan is intended to assist in meeting the council's wider strategic aims to:

- Build strong communities
 - Increasing the supply of affordable housing and making best use of the existing stock.
 - Developing community engagement activities so that tenants are engaged in planning and influencing services
- Protect vulnerable people
 - Providing great facilities that support dedicated high quality care for people with specialist needs
- Protect the environment
 - Reducing carbon emissions and making more use of renewable energy

It also contributes to our key priorities on the housing strategy and older people's housing strategy developed in consultation with a wide range of stakeholders and customers, these are:

:

- Make best use of existing housing stock
- Maximise the supply of decent environmentally sustainable homes that people can afford
- Improve the condition, energy efficiency and suitability of homes and create attractive, sustainable neighbourhoods
- Ensure supported housing is designed to promote and enable maximum independence and choice

York has one of the highest ratios outside London of earnings to average rent, giving the city a particularly acute problem in finding suitable accommodation for those on benefits, even more so in light of recent welfare reform. A Financial Inclusion Policy was approved by Cabinet in November 2012 to address these issues.

Priorities for the business plans are aligned to the key actions of the financial inclusion policy:

- Reduce levels of financial and social exclusion by relieving the pressure on family budgets, helping disadvantaged individuals to access cost effective financial products and tools.
- Develop sustainable solutions to improve the financial capacity and capability of individuals and communities within the City, reduce levels of debt and raise awareness of benefit entitlement
- Work with partners towards a comprehensive customer profiling system, tracking specific customer needs around financial inclusion, identifying when client groups will require intervention / support and how they are likely to access it.
- Create financial support packages which effectively target vulnerable and marginalised families, individuals and communities in settings that are comfortable and familiar to them

Financial Summary

The introduction of self financing resulted in the council taking on £121.5m of additional debt from central government in March 2012. However, on the flip side the council no longer has to pay the government an annual negative subsidy payment which was in the region of £7m.

In taking on this debt the council considered all options as part of its decision making, more detail is set out in the Treasury Management section of this business plan. However, the net impact of this is that the debt repayments are lower than the negative subsidy payment thereby placing the HRA Business Plan on a sound financial platform. This as resulted in the council having a strong revenue & capital projection moving forward, Details of this is set out in Annex B.

Given the nature of the Business Plan there are clear financial risk that need to be considered and factored into any projections. To ensure the plan is robust and future proofed, the following assumptions have been included.

Key Area	Assumption	Comment
General Inflation	2.50%	
Rent Increase Inflation	3.00%	Rent Increases assumed in line with government guidelines of RPI plus 0.5%
Rent Convergence	2015/16	Convergence with target rent assumed in 2015/16. Small number of properties will not achieve this
External Borrowing Interest rate	2.76% to 3.51%	Portfolio of fixed rate maturity loans with PWLB

Minimum HRA Balance	£5,500,000	Recognise increased risk in self financing environment
Right to Buy Sales	20 to 28 per annum	In line with settlement model assumptions.
Void Rate	1.20%	In line with current position, no significant increase/decrease forecast
Bad Debts	0.4% to 1.5%	Increase assumed to allow for changes under welfare reform

Investment decisions are made based on customer priorities supported by robust financial business cases.

The key financial investment points within the Business Plan are:

- £20 million to spend on new homes for rent and redevelopment of existing stock over the next 5 years
- £41.5 million to be invested in the existing council homes over the next five years
- £1m to be invested in addressing overcrowding by extending council homes.
- £33m to be invested in responsive repairs and cyclical maintenance over the next 5 years.

Within the £42.5 million

- 1200 homes will be modernised at a cost of £11million
- £6.5m will be spent replacing heating systems to 2000 homes
- £1 million will be invested in loft conversion/extension to existing homes to help address overcrowding.
- To help elderly and disabled tenants remain in their homes £2 million will be spent adapting their property

Investment Challenges

Overview

Whilst there are numerous challenges that require investment, both in terms of finance and time, when considering the delivery of the strategic aims of the Business Plan there are a number of identified key areas that require investment and where relevant key messages from the Asset Management Plan have been included.

These key areas cover:

- New build
- Building/asset management
- Landlord services
- Supported housing & Adaptations.
- Resident and community involvement
- Investment in ICT

Each of these key areas is detailed below in the following sections and includes contextual information together with a summary of the key messages, which identify areas for improvement and investment and the subsequent priorities to address this.

New Build

York is a city with a growing population with the number of people living in the city increasing from 177,100 to 198,800 between 1999 and 2009.

- Demand for housing, and housing costs are high for both homeownership and the private rented sector...
- Welfare reforms will exacerbate the problems of affordability within the private rented sector.

- At September 2012 there were 4,674 households registered for social housing in York
- The council averages 500 council lettings per annum
- The SHMA concludes that 790 additional affordable homes are required to be built in York each year over a five year period¹
- An average 157 affordable homes have been built each year over the last five years

Building on the success of the Archer Close development of 19 new council houses, the HRA investment and regeneration fund combined with the borrowing powers give us a great opportunity to invest in building more council houses and increasing the affordable housing supply in the city.

Building new council homes will also enable the council to take a leadership role within the city and support the priorities set out in the Council Plan, in particular, creating jobs and growing the economy. Research by the UK Contractors Group² identifies that every £1 spent on construction generates a total of £2.84 in extra economic activity. Whilst acknowledging not all this would be in York, a council house build program to build 60 new homes would generate over £17m of additional economic activity, a significant element of which would be in the city.

Identifying sites

A strong combined HRA & Corporate Asset Management Plan will ensure we make the right decisions on investing in capital funding for new homes.

¹ SHMA covering the period 2011-2016

² National Federation of ALMO's – Lets get building

Capital investment proposals will need to be worked up over several years, because the numbers of “easy” sites to develop within the HRA are limited. The bigger challenge is to link new build development to the remodeling and in some cases demolition of existing stock to create new homes that better meet the needs of residents and households.

Any decisions regarding investment in either new build or remodeling will be channeled through the Corporate Asset Management board to ensure opportunities for joint investment and land swaps are maximized, allowing effective corporate use of all our combined assets.

A total of 179 sites in the HRA had had an initial assessment for their development potential. There are some early opportunities to bring forward sites to develop new council houses. Some of the sites will require further work on viability and feasibility over the next 12 months as part of the HRA Corporate and Asset Plans.

In the short term there are four sites within the HRA that could deliver approximately 60 homes over the next 2-4 years.

Outside of the HRA but within the council’s general fund, we need to consider other sites that are suitable for housing. Some have been identified already and proposals on these will be brought to the council’s Asset Board for due consideration.

Whilst we don’t want to compromise longer term opportunities there are some opportunities to bring forward sites to deliver much needed new affordable housing.

Identifying funding and ensuring value for money

The new flexibilities as a result of the HRA Self Financing regime and the resulting investment/regeneration fund, alongside opportunities to borrow against future rental streams will deliver new homes. However, we also need to ensure that we stretch available resources and use / invest any investment fund to maximize the number of new homes built and in a way that also delivers high quality, sustainable dwellings and represents best value for money.

As a Registered Provider with the Homes and Communities Agency the council can bid for Affordable Housing Grant. Although the level of grant has reduced drastically in recent years at around £22,000 per home it can still represent a significant contribution to capital costs. The 2011-15 Affordable Homes Programme is already allocated, but there are likely to be schemes that slip and we need to be in a position to bid for any funding that does become available for re-allocation.

In the first six months of Business Plan we will propose options for capital funding. These will include:

- Building new homes with no grant funding
- Building new homes with, where available, grant funding
- The use of affordable housing commuted sums to develop new homes
- Options for innovative investment of HRA and/or commuted sums on land purchases to facilitate mixed tenure developments that will maximise affordable housing delivery and provide a return on capital investment made through equity stakes or commercial loans.
- Purchasing homes on the open market

Agreeing how new build development will be procured

In the first 6 months of the HRA Business Plan we will also bring forward proposals on how to procure new build council housing. Broadly the options are

- To lead the procurement 'in house' as was the case with the Archer Close development. With an increase in the programme, this will require some additional staff resources.
- To contract out the procurement of the new homes to, for example, a local housing association who would oversee the build of new homes on our behalf.
- To contract out the procurement of new homes to a private housebuilder.

The appraisal of procurement options will need to carefully consider whether outsourcing will lead to either cost savings or efficiencies especially considering that as the 'client' the council would still need to have day to day involvement in the decision making as sites are built out.

Summary of Key Messages

Significant demand on existing social housing stock and a need to increase provision of affordable housing

A procurement model for new build council housing

To undertake a full review of the dispersed and high value stock owned by housing and where appropriate make recommendations for its retention, conversion or disposal.

Actively seek opportunities to develop new build schemes that will be prioritised for households wishing to downsize and free

up family homes. We will introduce a range of incentives to encourage and enable households to downsize

Priorities

Develop a 3 year rolling programme for the development of new council houses Approval for working up first sites for delivery of up to 60 council houses and submit for planning approval will be in Feb 13

Establish preferred methods for capital funding

By April 13

6 months – planning approval on sites

Agree procurement option for delivery of homes

By July 13

12-18 months – Bring forward proposals on further council sites that necessitate wider re-modelling of stock/selective demolition etc. As part of HRA Asset Plan

1-2 years – completion of circa 60 council houses

By April 15

3-4 years – completion of further 30 council houses

All the above are subject to funding opportunities, the pace of development of other major housing sites in the city where there may be other or better opportunities to invest, and resources available within CYC

Repairs and Maintenance / Stock Investment

The Council's housing stock is well maintained. The stock has been the subject of significant investment over many years with a structured program of maintenance and improvement carried out and with a range of ongoing improvement programmes. At the end of December 2010 the Council successfully achieved the Government's Decent Homes compliance target.

- As at 1 April 2012, there were 28 dwellings considered to be non-decent³
- At the end of 2010/11 the average energy SAP rating of the housing stock was 74
- There are 614 non-traditional homes
- The Council have an annual capital improvement budget which is used to meet its improvement programme. Over the next 5 years we will invest £42.5m in our stock.
- The Council have embarked on a £2.4m window replace programme, to complete in March 2015
- In 2011/12 we carried out 27,000 responsive repairs
- The average unit cost per void property is £700

The Building Services team maps their service around one customer base, one housing stock and one budget. This ensures that there is cohesive decision making and management of projects in the most efficient and cost effective way, whether that is a reactive, planned or cyclical approach along with ensuring the best value procurement method is used.

³ Dwellings fall out of decency on a rolling basis and are improved within the financial year that they become non-decent

The following key priorities for the service have been identified in the Asset Management Plan.

Asset Management Data

Codeman is the database that holds data on the housing stock. There is an amount of data held in various places that is being coordinated and loaded into the central database. This will enable the data to be utilized in programme modeling in Asset Management Planning.

There will be an increased effort in 2013/14 to increase the quantities of data on individual properties to add to what is already held in Codeman, data on communal areas for both Sheltered Housing and Flats will also be collated. Critical to the effective management of this process is the use of ICT, it is inefficient to continue manually inputting this information when it is able to be collected electronically. Relevant hardware will be purchased to enable this to happen.

IT Infrastructure

There are a variety of IT systems in use within Housing Services and for varying reasons these have not benefitted from historical investment when needed. This has resulted in a number of inefficiencies that need to be addressed.

Analysis has been undertaken of what is required in the medium and short term to improve the functionality of the systems in place. This comprises upgrades to versions, self service modules to support the corporate drive to 'channel shift' alongside additional interfaces and new programmes that support the existing systems

that are in place. This will allow us to give better customer service, improve efficiencies and allow us to effectively analyse work content to map programmes of work which is more efficient.

In addition the council is retendering its mobile working platform, for the front line operatives that integrate with the Works Management Systems. This will improve productivity and improve efficiencies.

Customer Service

The repairs service is regularly described by our customers as one of the most important services they receive from their landlord, Carrying out 27,000 individual repairs, with a minimum of two customer contacts per repair (report and repair) makes this the biggest customer contact function of the service and as such one of the biggest areas of service delivery to influence customer satisfaction.

The Building Services team is currently reviewing all of its operations with Customer Service central to that process. This work is being done in conjunction with the corporate customer contact team to ensure a single approach to how the council interacts with its customers.. This will result in analysis of customer feedback alongside the process mapping to look for improvements that can be made to the service being delivered. Examples of improvements will be better customer service, improved customer satisfaction and increased efficiency.

This will also include improvements to the information held on the council's website along with ensuring consistency of approach to all methods of communication relating to repairs, maintenance and investment programmes.

Procurement

Robust procurement of all contracts, i.e. reactive maintenance, void maintenance, cyclical maintenance and planned investment programmes, is critical to ensure that best value is obtained whilst balancing the need to continue developing and supporting the local economy of the city. All procurement is carried out in accordance with the council's procurement strategy.

The current "stores" provision is being re-tendered during 2013.

Energy Efficiency

Although the Standard Assessment Procedure (SAP) rating of the housing stock is within top quartile across the authorities, there are still improvements to be made. Energy Company Obligation (ECO) funding is being determined nationally and we need to be best placed with good, accurate stock data to be at the forefront of Utility Providers opportunities.

All stock needs to be assessed to look for further improvements that can be made particularly with regards to insulation, either internal or external, subject to planning and conservation considerations. There are various types of "hard to treat" construction such as like the non-traditional forms of construction that are in various areas of the stock. Clearly the authority has an opportunity to take a leadership role in developing its contribution to the council target of reducing carbon emissions by 40% by 2020. Improving the energy efficiency of its homes will also play a vital part in the council's financial inclusion policy.

Whilst researching potential funding streams that support these programmes we will also discuss whether other local landlords or private householders can take advantage of these schemes thereby leading the ECO agenda on behalf of neighbourhoods, not just the council's housing stock.

Asbestos Management

Asbestos management is crucial in all programmes of work. It is an integral part of all processes and effective processes are in place to manage this safely and to legislative practices. Corporate processes are in place and we share these with our contractors to ensure a consistent best practice is integrated into the works.

training is given on an annual basis, whether this is refresher training or comprehensive training for new staff. Invasive surveys will be carried out as necessary to inform programmes of work.

The asbestos database will be further developed as part of our ongoing drive to improve our stock condition database and electronic information usage.

Summary of Key Messages

We will continue to maintain and improve our properties

We will continue to work with the tenants and leaseholders to determine the priorities for the service.

We will continue to collect stock condition data in a programmed approach to intelligently inform planned investment ensuring a fair approach for our customers.

We will analyse the energy condition of different forms of housing construction to take advantage of potential funding streams. to reduce the carbon footprint and reduce fuel poverty for our customers.

To improve accessibility of information for our customers we will update the investment plan onto the website making the information more accessible.

We will continue to manage legislative surveys in a planned manner and carry out necessary works as required keeping our customers safe.

We will continue to manage Asbestos by carrying out detailing surveys in advance of any works being undertaken and update the database accordingly, allaying health and safety concerns from our customers.

We will continue to train our staff and operatives on Asbestos Awareness and ensure all procedures are followed.

We will continue to manage gas servicing contracts within government timescales including the utilisation of the Planned Maintenance module within the Works Management System to keep our boilers servicing and maintained which reduces the inconvenience to our customers of potential breakdowns.

By keeping our staff trained and updated in future changes to legislation we will ensure that we have plans and budgets available from a risk management viewpoint to make sure we spend budgets wisely and effectively

We will continue to carry out stock condition surveys across the housing stock to ensure that our customers receive the correct works at the correct time

We will carry out stock condition surveys of all communal areas both to sheltered housing and flats. to improve the communal living environment and also ensuring that investment to improve these facilities are carried out at the correct time

We will continue to cross reference reactive repairs to capture intelligence of product failure and implement planned maintenance schemes where necessary. This reduces the need for customers to contact us to report some regular repairs as we

will have some planned programmes in place to repair before failure.

We will ensure that we use Best Value principles when designing capital investment programmes to ensure the best life cycles can be achieved across the longer life of the product. This means less visits and disruption for our customers.

Priorities

February 2013 – Agree investment needed for IT infrastructure

March 2013 – Begin Stock Condition Surveys on communal areas, Sheltered Housing and Housing Stock

March 2013 – Map next year's programmes against the best method for delivery

June 2013 – Improve ICT systems, interfaces, upgrades, modules

April 2013 – Conclude Customer Service Mapping Exercise against service

June 2013 – update Website and communication methods

3-5 years – Achievement of at least 95% stock condition data collection

The continuation of capital investment in the housing stock

All the above are subject to funding opportunities and current staffing levels within the service.

Landlord Services

The landlord function of the Housing Service deals with the proactive estate management and community involvement which make our estates vibrant places to live and work. Key functions within this are: income management,, tenancy management, letting of properties, Right to Buy administration, resident involvement and low-level tenant ASB functions for the councils housing stock,.

The service also manages the 207 tenancies on behalf of Fabrick Housing Association and receives an income of £120K

Category	Stock numbers 31 Oct 2012
Total HRA stock (units) of which:	7915
General Housing	7432
Sheltered Housing	212
Sheltered Housing with Extra Care	152
Temp Housing	53
Temp Housing (Hostels)	36
Miscellaneous leased dwellings	13

Landlord services work closely with Housing options, homelessness, the city-wide ASB team, housing standards/adaptations, supported housing and the Housing Strategy team to deliver a comprehensive, joined-up service for tenants at all stages of their tenancy.

There are a number of issues that are driving the need change our approach.

- 808 council tenant households will be affected by the bedroom tax

- 15 tenants affected by the benefits cap
- Approximately 1000 tenants are underoccupying their homes and of these, 160 are actively seeking a move
- 260 are overcrowded
- Garage vacancy levels remain at 18% of overall stock
- Tenancy turnover is 7%
- Total rent loss through voids is 0.76%
- Current rent arrears at 31 March 2012 £440,711. This represents 1.55% of the rent debit
- Former tenant arrears at 31 March 2012 £395,925

Housing Management function

In 2012 we reviewed our management arrangements and developed 3 estate management teams. Each team has specialist tenancy management and income management staff and in recognition of the challenges that welfare reforms bring additional posts were created with their initial focus offering advice and assistance to the tenants that will be affected by the welfare reform changes. Whilst each team have specialist functions they are managed by a single team leader who has the responsibility to ensure that the service that is provided is generic and seamless. Each of the team leaders has specialist responsibilities for one of the following areas

- Income Management
- Anti social Behaviour
- Community Development

Income Management

Over the last five years we have seen a significant and consistent reduction in current tenant rent arrears. This has been based on a

pro-active/early intervention approach working with key partners such as Housing Benefit, CAB, Keyhouse and Future Prospects.

The biggest change arising from the welfare reforms is the payment of the housing element of universal credit being paid directly to claimants from April 2014. This has the potential to significantly undermine the very stable nature of landlord income base thus challenging our financial stability. Processes and policies to manage direct payments and the impact this will have upon customers and income streams need to be developed. The challenges that welfare reform present require an increased focus on early intervention and a more holistic approach in assisting tenants in their financial management.

To assist in making best use of stock and to help those affected by the bedroom tax the local authority has approved a downsizing incentive scheme that was introduced from January 2013.

Anti-social Behaviour

The housing management team is supported by a specialist tenancy enforcement team based within the Community Safety Unit, along with a community mediation service.

There has been an increase in the complexity of cases, particularly from people suffering from mental health and dual diagnosis issues. It is acknowledged that there is currently a shortfall in specialist and supported accommodation to meet the needs of these groups.

Within the ASB strategy it was highlighted that there was a need to improve policies and procedures to ensure better outcomes and a consistent approach.

In December 2012 the government published a draft Anti-social Behaviour Bill setting out a series of changes to enforcement tools and the impact of this currently unknown but the ASB strategy will be updated to reflect any changes.

Community Development

Ward based community contracts have been developed with residents and set out the key local priorities for the year ahead. Each contract is delivered through an action plan which focuses on delivering bespoke services. The estate managers will act as community champions and will lead on the delivery of the local action plans that support the contracts.

In 2012, the housing service restructured to deliver efficiencies, embed equalities and better meet the needs of customers. We have adopted a neighbourhood style of working, with estate managers based in the communities they serve. The newly developed Tang Hall advice hub brings together four specialist advice agencies to offer employment and training opportunities alongside money management, housing and general advice. Established in 2012, our combined housing and benefit advice drop-in sessions are delivering the local, joined-up services customers told us they wanted with over 2,000 customers using them between February & May 2012.

In the most deprived wards, we are piloting the use of schools to place financial management, debt advice and welfare reform within easy reach of customers' daily lives. The second phase will see us target support to 14 – 15 year old secondary school students. By reaching out to the next generation early enough, we aim to minimise the realities of homelessness and debt through training and advice.

Letting & Allocation of Homes

The allocation of homes is delivered via the North Yorkshire HomeChoice sub-regional choice based lettings scheme. The policy is currently being reviewed with customers and stakeholders, to address some of the learning highlighted during the first twelve months of operation and concerns relating to the outcomes from the welfare reform and localism acts and is mindful of the revised allocation guidance.

The system has created greater transparency for customers but has not been successful in reducing the levels of administration. There continues to be a large number of applicants on the housing register who are placed in bronze band with no housing need and realistically many applicants on the register will never be offered a home due to the shortage of available properties.

The lettable standard has been reviewed by our tenant inspectors and as a result a new standard has been developed with staff and customers. The emphasis of the new standard will be based on improving quality and taking a more tailored, innovative and flexible approach to letting property. The outcomes are unknown at the moment and will need to be monitored in terms of performance and cost.

Customer Services

Our approach to customer services will be based on customer preference when making contact. We will enable and promote channel shift via self-service options and communication media (email, text, social media) whilst retaining and developing more traditional methods of communication for those customers who need and prefer this. The Customer Service Advisor team will

develop to form the core phone and reception contact for all customers of Housing Services and contribute and compliment the councils contact centre.

Getting it right first time – Housing Services will ensure that services are delivered in the way that customers want, when they want it by ensuring that staff are supported through training, ICT support, effective management and comprehensive policies and procedures

A comprehensive training plan to ensure that staff deliver services in a customer focused, knowledgeable and efficient way will be developed in 2013/14. This will be refreshed annually to include any new requirements for the department, individual staff and customers.

Housing Services will work towards, achieve and exceed customer excellence standards across the department, taking a whole service approach to our business.

Housing Services will develop its approach to collecting and utilising customer information to ensure that services meet the individual needs of its customers. Routine contact and the annual visit scheme will be developed to provide more effective outcomes for customers and the service in terms of service provision and identifying and addressing safeguarding, support or enforcement issues. This will compliment the priorities of the council's customer strategy 2012-15:

- *Improve ways and choices of ways customers can access services.*
- *Provide a service in courteous, responsive and timely ways*
- *Working jointly with our customers and other providers of services*

- *Continually assess the quality of our service to make sure they can remain accessible, efficient and inclusive.*
- *Make it easier for our customers and communities to do things for themselves*

Right to Buy (RTB)

Historically RTB has been high with over 6000 homes sold within the city since its introduction. In recent years uptake has been very low with over the last few three years average of 7 RTB per annum. With the national reinvigoration of RTB, by increasing maximum discounts, the business plan settlement model has assumed RTB sales between 20 and 28 per year. The model excludes RTB receipts, the authority have indicated that it intends to retain its proportion of these receipts for re-provision of new homes.

Making best use of stock

In light of the issues of overcrowding and the limited number of large family homes it is proposed to develop a loft conversion scheme to help alleviate these problems. Demand for social housing in the city is high and there are properties that are not sustainable in the long term and need remodelling. Programmes of work will be developed to address these issues as part of our annual update of the Asset Management Plan.

Within the council stock there are one-off high value properties and a review is required to determine whether we retain or sell these properties using the capital to reinvest in more suitable accommodation.

Summary of Key Messages

Welfare reform is going to significantly impact upon the council's ability to collect rental income and could lead to increased arrears

Tenants affected by welfare reform changes will find it more difficult to manage their household finances

Welfare reform will add additional pressures on household incomes and living arrangements that will affect tenants' health and wellbeing

We need to explore more ways of maximising income tackling digital exclusion and assisting customers into employment or training

Universal credit payment will be at variance with the existing collection cycle

Alternatives to formal enforcement action can be effective and less costly so these measures should be prioritised

General needs accommodation is not always the most suitable accommodation for vulnerable groups including those with complex needs

We need to prepare for changes brought about by the ASB Act

Development of localised services is key to the effective delivery of the housing management function

The Community Contracts will drive priorities within local areas

Choice Based Lettings does not always deliver for those with no housing need or those considering other housing options

Whilst demand for affordable homes in York remains high it has become apparent that the current way of letting homes does not provide a product of a consistent quality for customers

Need to address the issues of overcrowding and the limited supply of family homes

Need to refresh our focus on customer service

Priorities

Review rent arrears policies and procedures to ensure that rent is paid and households are supported to sustain their homes

Develop an accessible and timely welfare reform communication plan that targets those most likely to be effected, to minimise its impacts on households. To include use of social media

Encourage under occupiers to take advantage of downsizing incentives to help free up the availability of larger homes

Better understand the needs of our customers through detailed customer profiling to inform the development and improvement of services

Review the current rent cycle In preparation for the introduction of universal credit and the 4 weekly payment cycle that will be introduced

Develop targeted housing advice to meet the needs of different groups, such as younger households, older households and those with specialised needs

Address financial exclusion by work in partnership with high street banks and credit unions to provide basic bank accounts and encourage use of direct debit payments

Financial management training for tenants and staff to improve household budgeting

Explore the introduction of restorative practice pilot WHY?

Explore options for the provision of suitable accommodation for customers with mental health problems

Further develop local advice services offering a range of advice and information linked to accessing and/or sustaining accommodation

Deliver Community Contract action plans to improve the delivery of services at the local level

Complete a review of the CBL framework to improve overall efficiency and outcomes for all customers

Monitor the new lettable standard in terms of performance and cost WHY?

Make best use of the existing affordable housing stock by launching a programme of loft conversions and extensions to existing properties where households are currently overcrowded

Review options to remodel or redevelop obsolete or less sustainable housing stock to maximise the supply of decent affordable homes

Review the stock of high value homes and consider options for disposal and re-investment in new housing supply

Develop a single budget training plan for the whole service

Supported Housing

Supported housing is defined as housing which is designated for a specific group (such as older people, people with learning disabilities etc.) and in which there is some level of support provided as part of the accommodation offer, this is usually funded through a service charge to residents.

A supported housing strategy is currently being developed to address the supported housing needs of the City, and to prioritise resources appropriately.

- The Council directly manages 7 sheltered housing schemes, and a further 4 sheltered housing with extra care schemes.
- Temporary accommodation for statutory homeless households includes Ordnance Lane (currently providing 31 units of various sizes) Holgate Road and Crombie House (20 units)
- Around 30 per cent of the total population in York is aged 55 or over
- Sheltered housing makes up 13% of social housing stock in York

The priority of the supported housing strategy will be to build on the proactive resettlement approach that has been developed to tackle rough sleepers and young people at Howe Hill and Peasholme

There has been an ongoing programme of maintenance to fixtures and fittings in the 7 sheltered schemes over the past 4 years but little work has been undertaken on overall layout and design.

The investment need in sheltered housing is higher than in general needs stock, as it requires investment not only in the individual properties, but also in the communal facilities

Older People

A major review of the provision of residential care is taking place across the city, which will involve the closure of the council's seven remaining elderly people's homes, and the construction of three new homes, one of which will include a care village with sheltered with extra care housing attached. This will result in a reduction in the overall number of residential beds, however, the new residential units will be purpose built to be able to meet the needs of those with dementia and more complex care needs

Mental Health

There is a recognised demand in York for the development of supported housing to meet the needs of individuals who have multiple support needs, and require intensive and targeted support for the medium term (up to 5 years). This could help those who are currently struggling to manage precarious accommodation in homeless accommodation, and are unable to engage fully in resettlement work due to their mental ill health

There are currently a number of people with a mental health diagnosis who are not able to have their accommodation needs met through the existing housing stock, either due to the demand, or because they have a dual diagnosis (for example a mental health condition coupled with substance misuse issues) which make them unsuitable for the accommodation available. Alternative medium term supported housing is required

Summary of Key Messages

Some of temporary accommodation is not fit for purpose

The elderly person homes (EPH) review will potentially increase demand for sheltered accommodation

The audit of sheltered housing schemes identifies a need for ongoing planned maintenance and refurbishment

There is a need to explore the conversion or alternative use of schemes

The supported housing strategy will identify priorities for the city

The facilities within the sheltered housing schemes need updating

There is a need for more supported accommodation for people with mental health problems

Priorities

Draw up plans for new supported housing provision by looking at options on existing sites such as Ordnance Lane and include detailed funding options

Ensure future supported housing needs are planned for by completing the supported housing strategy

Bring forward proposals for the conversion of some of the councils existing general needs stock into medium term supported accommodation for people with mental health problems to address the shortfall in provision for this client group

Improve the quality of communal areas by completing stock condition surveys on all sheltered housing

Explore improvements to lighting and heating systems in sheltered housing schemes to minimise costs and ensure sustainability

through a detailed stock condition survey

Review the need for Wi-Fi and ICT rooms within sheltered schemes to improve levels of digital inclusion

Adaptations

Local authority social housing providers are expected to meet the cost of any adaptation work required by tenants of their social housing stock. Currently 450 council homes receive some form of adaptation each year to meet the needs of particular households. The investment requirement ranges from the need for minor adaptations, such as grab-rails and ramps, through more major adaptations such as stair lifts, through floor lifts and assisted bathing facilities, up to the need for major structural changes.

Once a property has been adapted, the council processes, via the choice based lettings system for managing our housing waiting list and allocations activity, ensures that properties with specific adaptations are prioritised for the use of those with appropriate need.

Although every endeavour is made to let adapted properties to tenants who need them, this is not always possible. There is an ongoing need to relocate existing adaptations, renew existing installations and to provide additional installations to meet arising need. From 2013 the Housing Capital Investment Programme annual allocation will increase to £400,000 to meet the increase in demand. Previously this budget has been one that comes under continued pressure and has been managed through the council holding a waiting list. This additional funding will enable waiting times to be kept to a minimum.

An additional consideration is the increased revenue cost associated with servicing and maintaining specialist equipment that is installed in the housing stock, where again the budgets allocated for this purpose come under increased pressure over time as the number of adaptations increases. There is an acknowledgement that the recording of this information and the subsequent prioritisation of re-lets to households with similar needs could be improved. This will be a priority for the asset plan.

Summary of Key Messages

There is scope for making more effective and efficient use of adapted homes

There is a long waiting list for bathing adaptations

Difficulty in providing financial assistance on extensions to allow families to remain in their existing homes

Priorities

We must make additional improvements to our ICT systems to ensure better quality information is available about our properties, especially in relation to adaptations. This will help ensure adapted properties are better allocated to those that need them

We must reduce the waiting time for bathing adaptations

Governance and Tenant Involvement

Decision making

City of York Council is a unitary authority delivering a wide range of statutory and non statutory services to local residents. Working from its democratic mandate, it plays a key leadership role in the life of the city and is responsible for a wide range of services such as planning, education, transport, highways, adult social services, children's services and public health. The council is made up of 47 elected representatives drawn from 22 ward areas.

The council has a cabinet structure for governance and decision-making. Housing Services is led by the Cabinet Member for Health, Housing & Adult Social Services. Our portfolio holder delivers direct representation at full Cabinet coupled regular meetings with the Assistant Director of Housing, tenant activities and York Residents' forum. Decisions can be made efficiently and based on personal understanding and direct involvement.

Housing Services is aware of the need to keep pace with the changing requirements of regulators, especially in regard to residents monitoring services. The role of tenants in co-regulation has been embraced by the council with the introduction of the Housing Inspectors and the forthcoming tenant scrutiny panel

Tenant Involvement

Tenant involvement is critical to the delivery of an effective and efficient housing service.

What matters to our customers, matter to us

Working with our customers we have developed a range of involvement activities from which customers choose how they wish to influence services from a wide range of options including:

- York Resident Federation and 20 Resident Associations
- Tenant Scrutiny Panel
- Tenant Inspectors
- Annual Tenant and Leaseholder Open Day
- A range of satisfaction surveys, focus groups and drop-in sessions

The long-standing York Residents' Federation is the umbrella group for York's Residents' Associations. With a formal structure, access to senior staff and the Cabinet portfolio holder as a standing member, the Federation's voice influences our policies, priorities and performance

Residents' Associations provide a tight focus on communities and localities. With access to an annual estate improvement budget of £170,000, each RA leads on consultation to determine how local tenants feel their funds should be spent to improve their areas. The current process will be reviewed in consultation with customers within the first year of this plan with the aim of delivering on priorities identified via community contracts and other indicators of local priorities.

The newly formed Tenant Scrutiny Panel will check and challenge policies, performance, service plan progress and monitor local service standards agreed with customers in April 2011, input into the service planning process and ensure our resources are focused on achieving the improvements that really matter to tenants.

Our established group of Tenant Inspectors will continue to use a wide range of techniques to conduct in-depth inspections of services aimed at increasing customer satisfaction through improved working practices.

The needs and aspirations of housing customers will be reflected in the community contracts, which will operate at ward level

Summary of Key Messages

Younger people are currently under represented in shaping and influencing services and appear less interested in attending traditional meetings

We must continue to seek broader representation and involvement in decision making to ensure services remain attuned to the needs of our increasingly diverse customer base

The current estate improvement schemes are restrictive and need to be reviewed

Priorities

We will explore new involvement activities and make use of social media such as Twitter and Facebook to reach a greater range of tenants and particularly target those that have not traditionally been involved to ensure services remain relevant and accessible to them

Undertake a comprehensive review of estate improvement funding recognising the introduction of community contracts to ensure resources are spent in an integrated way

Information Systems

Current IT Infrastructure

Housing Services employ a range of systems including commercially procured systems, web based applications and ad hoc databases.

Housing specific systems include:

- Northgate SX3 Integrated Housing Management System – (also used by Revenues and Benefits with an integrated database)
- Codeman – Property Database
- Servitor Housing Repairs – Works Management System
- Anite Document Management System – Housing Services
- Abritas Choice Based Letting System
- Flare (Environmental Health and Trading Standards also use)-

The Housing Services relies very heavily on a number of business critical ICT systems, with the Integrated Housing Management Information System (Northgate SX3) being one of the key applications. This system is currently being upgraded with the existing supplier.

There are a number of other key systems, which work alongside or integrate with this application, and a review of a number of these is required to make best use of the IT functionality currently available to support a housing business.

Whilst development of ICT has often been peripheral to service development, Housing Services will ensure that it is an integral part of developing effective data sharing across the department, excellent customer service, and individualised outcomes for customers.

The integration of these systems requires significant resources and infrastructure to allow it to be fully operational and effective. Positive outcomes for the business will include the ability to support service delivery with accurate and comprehensive data, a reduction in waste and duplication and reduction in staff time spent interrogating systems that are not integrated. These benefits will feed through to customers as better informed decisions are taken and staff time is freed up to deliver for customers.

The development and use of advanced ICT technology and social media will fundamentally change and improve efficiency and coincide with a council wide initiative to work smarter and become less reliant on office accommodation for its field staff. This will help us take services to customers and communities and allow them to actively participate in service delivery and development in a wide variety of convenient ways.

Development and more effective use of ICT will also help us deliver customer service excellent with on-line packages to deliver staff training, provide universal access to data, records, procedures and documents as well as providing management information that will allow monitor service delivery in terms of quality and outcomes.

Summary of Key Messages

Significant investment is required to ensure that the existing systems are fully integrated

Current reporting management information tools and ability to utilise customer profiling information are underdeveloped.

Current hardware does not support our ambitions around mobile technology and providing a local service

A need to explore Wi-Fi possibilities on estates for financial inclusion and mobile working

Explore the opportunities that social media provide to engage with tenants

Need to develop self-service options to improve accessibility

West Offices and reduced desk space need further exploration of alternative methods of working

Develop and promote mobile working solutions and self service options that genuinely deliver business efficiency and choice of access for customers.

Support CYC's Super-Connected Cities Programme which focuses on digital inclusion for customers. A pilot project is planned that seeks to greatly increase digital inclusion within areas of deprivation in the city

Priorities

Undertake an audit and analysis of ICT spending, provision and support for Housing Services within the corporate ICT context including a full review of all systems and interfaces and the necessary budget requirement to authorise what is needed

Ensure that a value for money and 'right first time' approach is enabled in the delivery of services

Use technology to make services easy to access, high quality and efficient, effectively managed and responsive to the particular needs of individuals and/or customer groups

Undertake an audit and analysis of ICT spending, provision and support for Housing Services within the corporate ICT context including a full review of all systems and interfaces and the necessary budget requirement to authorise what is needed

Ensuring that a value for money and right first time approach is enabled in the delivery of services

Use technology to make services easy to access, high quality and efficient, effectively managed, and responsive to the particular needs of individuals and/or Customer groups

Rent Arrears, Voids and Rent Setting

Rent Arrears and Bad Debt Provision

Historically rent collection has improved year on year.

Rent arrears in total are a combination of current and former tenant debt, with the latter being more difficult to pursue and recover. In recent years improved recovery and a rigorous approach has seen a reduction in former tenant arrears.

A pro-active approach to pursuing current tenant debt is key to keeping former tenant debt, and therefore the cost of rent written off, to a minimum.

The year end position in respect of current and former tenant debt is summarised in the table below.

Financial Year End	Value of Year End Current Arrears	Current Tenant Arrears as a % of Gross Debit	Value of Former Tenant Arrears
31/03/2012	£440,711	1.55%	£395,925
31/03/2011	£439,424	1.63%	£563,118
31/03/2010	£479,905	1.80%	£887,019
31/03/2009	£583,964	2.25%	£831,751
31/03/2008	£599,298	2.37%	£800,051

Despite improved performance in rent collection in recent years this trend is anticipated to reverse, particularly in light of the welfare reform changes from April 2013, when housing benefit will no longer be payable directly to the landlord. Current pilot landlords are predicting significant increases in rent arrears as a result of the changes.

It is imperative that the council take positive action to minimise any increase in rent arrears, thus reducing the financial burden on the HRA that an increase in bad debt will create.

The HRA maintains a provision for bad and doubtful debt, with the value of the provision reviewed annually, taking into consideration both the age and value of outstanding debt at the time. In light of the forthcoming welfare reform changes the bad debt assumption has been amended from 0.4% to 1.5%

Investment has been made in additional staff to pro-actively recover rent due by providing advice and assistance into training and employment.

Void Levels

The level of void properties in the housing stock is relatively low compared with other areas of the country. The average number of properties re-let in the last three years is 704, including transfers and non secure tenancies in Ordnance Lane hostel.

The value of rent not collected as a direct result of void dwellings in 2011/12 was £217,039, representing a void loss of 0.76%.

The number of voids unavailable for letting at year end remains low compared with other areas of the country and an assumption of 1.2% voids is currently considered appropriate.

Rent Restructuring

Rent restructuring was introduced in April 2002, with the key aim of converging rents across all social housing providers, whether local authority landlord or other registered provider.

The programme was originally anticipated to span a ten-year period, with target rents calculated based on property prices from January 1999. Since the outset, a national review of the system saw further changes imposed from April 2006, resulting in an increase in target rents for Local Authority housing stock with far fewer properties nationally expected to reach convergence by 2011/12; the end of the initial period.

Government-prescribed limits on average rent increases of 5% were imposed for 2006/07

2007/08, whilst April 2008 saw an extension of 5 years in the original 10-year convergence period, taking intended convergence to 2016/17.

The rent increase from April 2009 was retrospectively reduced, following re-issue of the 2009/10

HRA Subsidy Determination, resulting in a reduced average increase of 2.86% and a delay in the intended rent convergence date to 2023/24. In April 2010, an average rent increase of 1.83% was applied to the Council's Housing Stock, with the intended date of convergence brought forward to 2012/13.

In April 2011, the Housing Revenue Account Subsidy Determination again moved the intended rent convergence date, this time to 2015/16. The rate of inflation at September 2010

however, still drove a significantly high increase in guideline, and therefore actual, rent, with an average increase in actual rent for 2011/12 of 6.4%. In April 2012 the rent convergence date remained at 2015/16 and the average increase in actual rent was 7.4%.

Throughout these changes individual annual rent rises have continued to be limited to a figure of inflation plus half a percent plus £2 per week.

As target rents are calculated using a formula, which considers both property prices and average manual earnings, both weighted for the geographical location of the housing stock, target rents for York were higher than the levels being charged at the outset of the regime. Forecasts indicate that 99% of the housing stock will be at target rent levels in 2015/16, if the existing rent restructuring rules continue to apply and no changes are made to rent setting policy locally.

Performance Monitoring

Performance Management Framework

Housing's key actions and outcomes are contained within the overarching Service Plan for Housing and Community Safety. The actions and outcomes have been aligned to show how the Housing Service contributes to the ambitious outcomes and priorities set out in the Council Plan.

The actions and outcomes have been identified to address challenges the service faces from government and legislative changes, local priorities, budget and staffing considerations, and to strengthen areas of weak performance. Customer expectations are an essential source in driving improvement.

Customer influence is channelled through a number of sources including the annual Tenant Satisfaction survey, service specific customer satisfaction surveys, complaints, findings from Tenant Inspector reviews and feedback from the Resident Panel, Housing Tenant Scrutiny Panel, Resident Associations, Customer Panels and Focus groups.

The Housing Service has a three year Service Plan which is reviewed annually and contains the following service priorities:

1. Get York Building including maximising affordable homes
2. Make the best use of housing assets and improve decency
3. Helping residents into employment & training
4. Support independent living

5. Improve Community Cohesion
6. Widen and Extend Resident Involvement
7. Improve access to advice and services
8. Address financial inclusion

Weekly and monthly operational reports are provided to Housing Managers to monitor performance concerning particular service areas. In addition a quarterly Service Plan performance status report including the status of performance indicators together with budgetary information is presented to Housing's Management Team and Housing and Community Safety Senior Management Team. Quarterly performance reports are also presented to Housing's Cabinet Portfolio Holder.

Performance updates has been presented to the Resident Federation. The recently established Housing Tenant Scrutiny Panel will undertake this role in the future. Service Managers are invited along to these meetings to discuss performance concerns with residents. Performance issues are also discussed by Estate Managers attending Resident Association Meetings.

Benchmarking

The Housing Service has been a member of Housemark benchmarking club since 2009. This allows robust, comparable spend data and performance analysis in relation to a range of landlord activities covering:

- Overheads
- Responsive Repairs and Void works
- Major Works and Cyclical Maintenance including Gas Servicing

- Housing Management
- Lettings
- Rent Arrears and Collection
- Anti-social Behaviour
- Resident Involvement

The key findings from the analysis are plotted on the Value for Money Matrix and inform service plan priorities and Housing's Value for Money approach. A full benchmarking report is presented to Housing Senior Management team. The newly established Housing Tenant Scrutiny Panel will oversee future benchmarking results.

Value for Money

In 2010 Housing adopted a three year Value for Money strategy. This was supported by a programme of Value for Money training for all Housing Managers.

The aims of the strategy include:

- Ensuring continuous service improvement which operates in a sound financial environment
- Understanding costs, how they relate to performance and how they compare to others
- Strengthening the approach to procurement and partnership working
- Embedding an effective Value for Money and Performance Management framework
- Developing ICT management systems

Community Impact Assessments

Community Impact Assessments are carried out in respect of individual service area delivery and policy review. Self-financing is a change in a major financially driven process and therefore it is not appropriate to undertake a CIA in respect of the introduction of the Business Plan in its own right. However, CIAs will be carried out in respect of any potential changes in policy or service delivery that may result from this different financial process.

Reviewing the Business Plan

The business plan is a dynamic, working document. Consequently it is essential that it is reviewed and updated on an annual basis.

The plan will be monitored throughout the year by officers, Housing & Community Safety Management Team, the Housing Portfolio Holder and the Cabinet as appropriate.

Treasury Management

The HRA Self Financing reform detailed in the Government White Paper in November 2012 resulted in City of York Council paying £121.550m to Department of Communities and Local Government (DCLG). This removed the Council from the HRA subsidy system from 1 April 2012 and the payment made on 28 March 2012 was effectively the debt which relates directly to the HRA.

The self-financing valuation of the local authority's council housing stock was made by the Government using a discounted cash flow model for the authority's social housing. The model was based on assumptions made by Government about rental income and expenditure required to maintain the council's housing stock over 30 years. It determined the amount paid to the Government of £121.550m and also the upper limit on housing debt that the Council may hold under the HRA self-financing reform.

In order to finance the £121.550m, significant exploration of the funding options available to the Council were undertaken with the final decision being made by the Director of Customer Business & Support Services in accordance with the delegated powers as approved by Council in the Treasury Management Strategy dated 23 February 2012.

Considerations in Constructing a Loan Portfolio

The following key factors were considered when constructing the loan portfolio for the HRA:

- Source of Borrowing
- Type of Loan
- Loan Portfolio

Source of Borrowing

The options investigated for the source of borrowing including:

- Internal borrowing
- Borrowing from North Yorkshire County Council pension fund
- Borrowing from other local authorities
- Borrowing from the Public Works Loans Board (PWLB)
- Raising funds through bond issuance (either individually or as part of a club)
- Raising funds through private market placement

The work undertaken also considered the benefits of adopting a mix of the above funding options.

Then, in October 2012, the Government announced a reduction in the interest rates to be offered by the PWLB for the HRA self-financing settlement transaction. Therefore, borrowing from the PWLB was the most favourable option.

Type of Loan

The two key consideration in determining the type of loan were

- (i) fixed or variable interest rates - it was financially advantageous to the HRA to take out fixed rate loans, which gave access to historically low rates and provided the advantage of greater certainty for financial planning purposes
- (ii) the repayment basis – considered maturity, Equal Instalments of interest & principle or Annuity loan. Maturity loans were taken as the best fit with the financial projections of the business plan and offered the greatest degree of flexibility, in terms of the potential to release resource during the life of the business plan to facilitate additional investment in service developments.

The proposal not to internally borrow at this point in time, does not preclude the possibility that it may be advantageous to undertake such borrowing at a future point, i.e. when the business plan requires additional borrowing against the headroom available, at which point the standard PWLB rates may compare less favourably against the rates which the General Fund would seek to charge for any internal loan.

Loan Portfolio

The objective of creating the HRA loan portfolio was to keep interest rates to a minimum, mitigate risk as much as possible and create flexibility within the portfolio.

In considering the risks associated with the proposed borrowing strategy, a key factor was the implications of repaying the initial loans at a point earlier than their natural maturity. This may be required for treasury management purposes or to provide greater flexibility within the business plan for future developments.

The prudent approach to scheduling multiple loans was to ensure that the HRA business plan was capable of repaying debt at the point where loans were scheduled to mature and could seek opportunities to further invest in the level and quality of social housing.

Based on the PWLB's interest rate information at the time the loans were taken on 28 March 2012, rates did not significantly vary for maturity loans from periods of 25 years to 50 years. Given this, the portfolio of 21 maturity loans was constructed taking loans with varying amounts, at a variety of interest rates, across different maturity periods in line with the HRA business plan.