

Cheltenham Borough Council
***DRAFT* Summary HRA Business**
Plan 2012 to 2042

draft version: October 2011

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1 EXECUTIVE SUMMARY AND INTRODUCTION

1.1 introduction

Welcome to Cheltenham Borough Council's Housing Business Plan for 2012 to 2042. This plan sets out our plans for council housing over the next 30 years to the long term future for the housing service and stock. This document explains how we listen to our customers in establishing our plans for improving housing services and getting investment into tenants' homes.

In 2001, the Government introduced the requirement for all council homes to be brought up to the Decent Homes Standard by 2010. Following a detailed consideration of the options available to us, the Council decided to establish an Arms Length Management Organisation, Cheltenham Borough Homes (CBH). In 2003, CBH was successful in achieving a "good" rating for its services from the Audit Commission and additional investment resources of over £26m became available from the Government to help meet the Standard. (In 2004 this was increased to £31m).

CBH have now completed the "Creating Better Homes" investment programme which concluded in December 2008 with all homes achieving the Decent Homes Standard 2 years ahead of schedule and on budget.

CBH were re-inspected by the Audit Commission during 2007: the Audit Commission awarded them the highest possible rating, *three stars for excellent services and excellent prospects for improvement*. CBH remains a top performing ALMO. Over time CBH have demonstrated consistent improvement and have made a difference to the lives of thousands of people living in council homes and the communities that they work within.

CBH is a key vehicle in the delivery of services. The delegation of functions is laid out in Schedule Two in the current Management Agreement, which runs until 2020. CBH have developed a CBH Business Plan to 2020 which provides a framework for consistent delivery on agreed objectives and an appreciation of resources to meet them. This sets out their strategic goals and operational priorities in detail for five years and then more generally to 2020. They have consulted widely with tenants in formulating this plan which ensures that current and developing customer need is married to local strategic priorities: helping to deliver the ambitions in the Community Strategy; the aims in the CBC Corporate Plan and the developing Housing and Homelessness Strategy.

1.2 Executive Summary

This plan is published at a time of unprecedented ongoing change for social housing. The Council and CBH need to take stock of past progress and begin to set out plans to meet the challenges of the future. These include; fundamental reform of the council housing finance system, wide-reaching welfare reform and the development of alternative models for the delivery of new stock, following a reduction in direct government grant.

One of the major changes, and the one with the most direct impact on this business plan, is the move from the HRA subsidy system to a self financing regime. This is to be welcomed as it will provide both an increase in resources and greater local control of those resources. We will not receive final details of the self financing arrangements until later this year but our current financial projections suggest that, after funding existing service levels and the costs of keeping our homes to the decent homes standard, there could be additional resources of approximately £15m. This could be used to repay debt; or invest in the existing stock to provide better quality

homes; or establish a programme of new build; or improve our services to tenants or a blend of all these approaches could be taken.

There is a large excess of housing need over supply. There is ongoing and buoyant demand for council housing through the Housing Needs Register. Our experience of tenancy turnaround and lettings activity suggests continued high demand for all but a very limited number of properties and property types. There are, nonetheless, some areas of council housing at risk of changing patterns of demand and need and which require investment to provide a long term, sustainable future for the stock.

The services delivered by CBH are high performing and customer satisfaction is also high. CBH are committed to maintaining this level of performance into the future and ensure that customers are fully involved in the delivery of these. Since 2003 our ALMO has drastically improved performance in all aspects of housing related services. Key indicators for rent collection, repairs and re-letting homes consistently occupy the upper tiers of national comparison tables.

The main focus of their work will continue to be the delivery of our core landlord services, ensuring they are performing to excellent standards and are able to respond to meet changing customer expectations and need. Maintaining excellent performance, high customer satisfaction and efficient services will be supported by effective monitoring, benchmarking, customer involvement and scrutiny. Coupled with the involvement of customers to ensure relevant focus and service user-scrutiny will ensure this continues.

We are developing an updated Community Modelling capability, which analyses a suite of indicators by location to support new investment programmes to help deliver regeneration. We will continue to refine the modelling as part of the development of our investment plans. In the meantime we will play a key partnership role in helping to deliver and facilitate existing schemes in St Paul's, as well as complete local appraisals for stock reinvestment and redevelopment for the sheltered stock and other specific property types.

Looking forward to 2020 we expect no dramatic change in council-owned stock and no change in demand, which will remain high. Our homes currently meet the government's 'decency standard': we are committed to maintaining this level of decency into the future. Future investment will be proactive, identifying and replacing components and maintaining building elements before they fail. These will be identified by the use of developing stock condition software and physical surveys. CBH will investigate retrofitting homes to improve their environmental footprints, taking into account new technologies to reduce energy use.

CBH will continue to build new, affordable homes as funding allows; these new build properties will take account of the ongoing discussions relating to minimum build standards. They will also continue their 'Neighbourhood Works' programme, which improves external communal environments for CBC tenants, helping to combat anti-social behaviour and promote community cohesion.

CBH is striving for service excellence. The future of social housing regulation is changing: it will be essential that development of self assessment continues and that customers are involved in the review and monitoring of services. The 'co-regulation' approach prescribed by Government as a more efficient and effective form of regulation has already been embraced by CBH. The integration of a 'customer excellence group' into the governance structure will continue: ensuring a high degree of customer scrutiny; making sure that services meet customers' need; that decisions are made with customers' input; and activities are accountable to customers. Our plans incorporate the need to make savings in expenditure in day-to-day services every year.

We understand the importance of healthy communities and we are committed to continue to improve these, and the lives of the people living within them, by working together with residents and partners. CBH are a key partner in this regard, delivering services and supporting

communities to develop cohesiveness and sustainability. CBH carry out many community development activities in some of the most deprived areas in the borough. They will continue to support several of the key aims as set out in the developing Housing and Homelessness Strategy and Corporate Plan by:

- ▶ improving opportunities to engage with education, training and employment
- ▶ reducing the impact of Welfare Reform
- ▶ promoting safer estates
- ▶ reducing fuel poverty
- ▶ reducing financial exclusion
- ▶ promoting healthy living
- ▶ carrying out projects supporting older people, often with health and mobility problems
- ▶ carrying out projects supporting young people, often with support needs

The Council and CBH have a strong track record of tenant involvement through a wide variety of mechanisms including meetings, conferences, focus groups and through newsletters and surveys. We are committed to continue to explore new, innovative and more effective ways of engaging with more of our customers. This contact enables us to understand views and gauge satisfaction; improve services; reflect customer needs and aspirations; and increases accountability to the people and communities we serve.

Tenants have played a key role in the successful development of our housing services; it is vital that this continues and that tenants play an increasing role in shaping both services and the ALMO business to 2020 and beyond. CBH will continue to offer and actively promote a range of engagement, involvement and development activities that will appeal to the widest possible audience. They will adopt a flexible approach to Community Involvement, responding to local circumstances and needs.

Our updated financial planning demonstrates that, with appropriate action to manage and reduce costs and through effective procurement of large scale expenditure programmes, the council, with CBH as its key delivery partner, is able to sustain the housing stock for the 30 year term of this plan, whilst placing both the council and CBH in the best possible position to take advantage of any future opportunities that arise from the move to self-financing.

2 FINANCIAL PROJECTIONS

2.1 The move to self financing

The Government has now confirmed its intent to abolish the existing HRA subsidy system and move to a self financing regime for local authority housing from April 2012. Our projections reflect the anticipated impact of this very significant change.

For those authorities such as Cheltenham who currently pay into the subsidy system (£3.2m in 2011/12), the change will be accompanied by the take on of additional debt. The payment of an annual subsidy to Government will therefore, in part, be replaced by the cost of additional interest charges. It is currently estimated that those debt costs will be significantly less than the subsidy thus increasing available resources. Furthermore existing operating surpluses are expected to rise as the yield from future rent increases exceed cost inflation.

The actual level of additional debt to be taken by Cheltenham will not be known until draft determinations are issued by DCLG in November. The most recent estimates, published in February 2011, showed a figure of £28.4m. This is derived from a net present value calculation of 30 year notional cashflows of Cheltenham's rent income and expenditure. The assumptions used in the model are to be updated by DCLG prior to settlement and the figure is expected to increase to reflect higher than anticipated rent levels. Our projections assume a further £10m to be paid increasing the settlement to £38.4m. This may be a cautious estimate but that acknowledges the potential volatility in the model.

2.2 The key variables and our assumptions

2.2.1 Base Inflation

Using the retail price index as a measure for inflation our projections assume:-
September 2011 5.2%
September 2012 3.5%
Thereafter at the government target of 2.5%

2.2.2 Rents

Government policy is that the rent for each property should continue to move incrementally to the figure derived from a national formula. This rent restructuring should be completed by 2015/16. Thereafter the formula rent will increase by inflation (as measured by the retail price index) plus 0.5%.

We have therefore assumed rent increases as follows:-

April 2012 6%
April 2013 4.3%
April 2014 3.3%
April 2015 3.3%
April 2016 onwards at 3%

2.2.3 Management & Maintenance costs

We require our managing agent (CBH) to continue to seek value for money in the delivery of their services. Our projections for the cost of existing service levels in the early years of the plan target real terms savings in the range of 1% to 2.5%. For 2016/17 onwards cost increases are currently shown at base inflation but these will be subject to further review.

2.2.4 Interest Rates

The additional debt to be taken on for self financing increases the impact of interest rate variations. As detailed in section 3 of our plan the initial cost will reflect both the rate paid on existing HRA debt and that on new borrowing to finance the settlement. We have estimated the overall average rate at 4.5%.

2.2.5 Bad Debt Provision

This has been increased over the early years of the plan (to 2% of rent income) to reflect the impact of the introduction of direct benefit payments to tenants.

2.5.6 Reserves

The projections assume a minimum contingency of £1.5m.

2.3 Our projections

This plan covers the 30 year period to 2041/42 and the full term projections are attached at *Appendix 1*. These give assurances to the sustainability of our plan and suggest very significant additional resources will be available in the long term.

However it is more appropriate to concentrate on the short to medium term and the following table shows our summarised financial projections for the next 10 years. These are presented on the assumption that all surplus resources, after meeting current service level costs and essential investment needs, are used to repay debt.

Over the 10 year period those surpluses are estimated at £15.4m. If these funds were used to finance further investment instead of debt repayment the available resource would be £12.2m over the same period (this reduction recognises additional interest payable).

The level of annual surplus is restrained in years 5 to 9 by an increase in programmed investment during that period. From year 10 onwards the additional sums available for either increased investment and/or debt repayment show rapid growth.

Table 1 CHELTENHAM BC - HRA PROJECTIONS 2012/13 to 2021/22**Key assumption - All surplus resources, after meeting essential investment needs, used to repay debt**

Year	1	2	3	4	5	6	7	8	9	10	Total
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
Revenue Account	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rents	17,651	18,743	18,975	19,580	20,145	20,727	21,325	22,363	22,574	23,226	
Interest receivable	47	39	39	40	38	38	37	37	37	37	
Other income	1,154	1,183	1,213	1,243	1,274	1,306	1,339	1,372	1,406	1,442	
Gross income	18,852	19,965	20,227	20,863	21,457	22,071	22,701	23,772	24,017	24,705	
Management	6,197	6,303	6,410	6,500	6,532	6,695	6,863	7,034	7,210	7,390	
Maintenance	4,012	4,072	4,133	4,237	4,343	4,451	4,563	4,677	4,794	4,914	
Bad debt provision	225	275	368	379	392	403	415	426	439	451	
Other	156	121	102	83	88	98	100	102	104	107	
Depreciation	4,820	4,941	5,064	5,191	5,320	5,453	5,590	5,729	5,872	6,020	
Interest payable	2,545	2,478	2,399	2,320	2,265	2,232	2,192	2,133	2,064	1,959	
Capital contribution	0	0	0	382	1,884	1,933	1,984	2,036	2,090	598	
Gross costs	17,955	18,190	18,476	19,092	20,824	21,265	21,707	22,137	22,573	21,439	
Surplus	897	1,775	1,751	1,771	633	806	994	1,635	1,444	3,266	14,972
HRA reserve b/fwd	1,897	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
	2,794	3,275	3,251	3,271	2,133	2,306	2,494	3,135	2,944	4,766	
Debt repayment	-1,294	-1,775	-1,751	-1,771	-633	-806	-994	-1,635	-1,444	-3,266	-15,369
HRA reserve c/fwd	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
Capital programme											
Expenditure	4,551	4,521	4,661	7,065	7,304	7,486	7,674	7,865	8,062	6,718	65,907
Financed by:-											
Capital Receipts	100	100	100	100	100	100	100	100	100	100	
Major Repairs Reserve	4,451	4,421	4,561	6,583	5,320	5,453	5,590	5,729	5,872	6,020	
Revenue Account	0	0	0	382	1,884	1,933	1,984	2,036	2,090	598	

Key assumption - All surplus resources, after meeting essential investment needs, used to repay debt

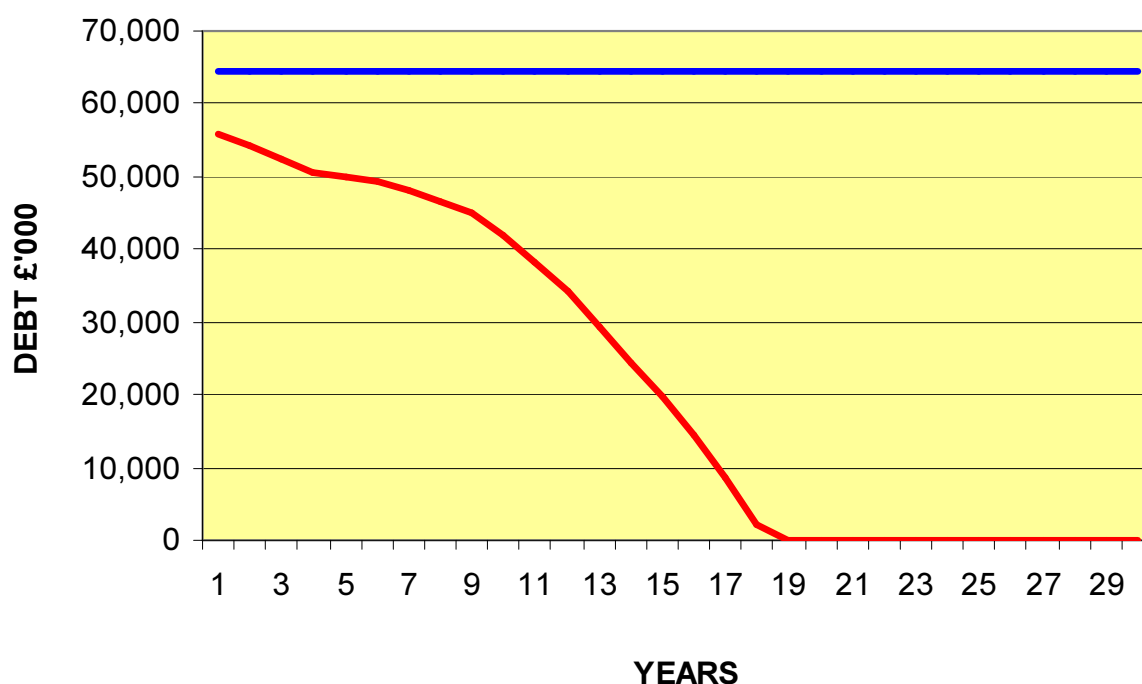
Year	1	2	3	4	5	6	7	8	9	10	Total
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
Major Repairs Reserve											
Balance b/fwd	0	369	889	1,392	0	0	0	0	0	0	0
Depreciation	4,820	4,941	5,064	5,191	5,320	5,453	5,590	5,729	5,872	6,020	
Capital Programme	-4,451	-4,421	-4,561	-6,583	-5,320	-5,453	-5,590	-5,729	-5,872	-6,020	
Balance c/fwd	369	889	1,392	0	0	0	0	0	0	0	
Debt forecast											
Opening debt	57,172	55,878	54,103	52,352	50,581	49,948	49,142	48,148	46,513	45,069	
Repayment	-1,294	-1,775	-1,751	-1,771	-633	-806	-994	-1,635	-1,444	-3,266	
Closing debt	55,878	54,103	52,352	50,581	49,948	49,142	48,148	46,513	45,069	41,803	

2.4 Debt profile

The current HRA debt is £18.7m and our estimates suggest this will be increased by a further £38.4m through the self financing settlement, giving a revised total of £57.2m. The Government is setting a future borrowing limit for each authority at the sum of the current notional subsidy debt and the settlement – for Cheltenham this is estimated as £63.9m. This means that there will be borrowing headroom of £6.7m at April 2012 which the Council could use if the HRA can meet the additional financing cost.

Table 2 below shows the potential for repayment in the 30 year projections if the strategy were to use all surplus resources to repay debt. The initial debt of £57.2m could be fully repaid by year 20.

Table 2 HRA Debt profile – self financing



2.5 Sensitivity Analysis

Our draft projections are based on information available at September 2011 and are still subject to significant change which may follow from a revision of the debt settlement and variations to interest rates and the retail price index.

The following chart quantifies the impact of changes in the key variables on the first 10 years of our plan:-

Variable	Change	Impact on 10 yr surplus £'m
Debt Settlement	£5m	2.83
Interest Rates	1% throughout period	8.57
Rent	1% throughout period	2.64

We have used cautious assumptions of these variables in the projections to minimise the risk of adverse variances.

3 DEBT MANAGEMENT

The move to a self financing HRA places a greater emphasis of the management of housing debt, ensuring that the costs of the HRA are clearly identified and do not impact on the General Fund.

Currently the Council maintains a single pool of debt for both HRA and General Fund purposes from which an apportionment of interest costs is charged to the HRA. It is now proposed that existing Council debt at 31st March 2012 will be split into two separate pools, one for the General Fund and one for the HRA. DCLG and CIPFA have made recommendations on how this is achieved but there will be some local discretion on the methodology to be used. The overriding principle is that there should be no detriment to General Fund. The Council's treasury management advisors (Arlingclose) have been asked to report on the options for doing this and their report will be considered by the Treasury Management Panel.

The costs of any new debt then taken for HRA purposes, particularly borrowing to fund the self financing debt settlement, will also be directly attributable to the HRA.

In future the management of the HRA debt pool will be an integral part of the business planning process. A range of options will be available in deciding the future balance between investment and debt repayment. Arlingclose will be asked to advise on the appropriate borrowing strategy for the debt settlement after the draft determinations are released in November and the Council's investment priorities have been established,

4 ASSET MANAGEMENT STRATEGY: summary

This strategy considers the current investment needs of the CBH-managed housing stock, with reference to recent investment (last 5 years), proposed mid-term investment (next 5 years) and the overall 30 year Investment Plan which supports the CBH Business Plan. It also reviews a related range of strategic, property data and sustainability issues in order to present an overall account of the aspirations of CBH in respect of the quantity, quality and robustness of housing stock under ownership and management.

CBH has carried out stock condition surveys across 25% of homes in the last 12 months and has introduced new Asset Management software – PIMMS 4 Communities. These actions support both the collection of accurate property attribute data and the analysis thereof that informs robust property investment planning. This in turn contributes to the comprehensiveness and accuracy of both HRA and Business Planning. Below is a summary of the key points from the Asset Management Plan.

4.1 Need to Spend

Following the formation of CBH an investment plan was devised which had at its core the delivery of Decent Homes by March 2010. This target was met in December 2008 and since that time CBH has had a general investment programme based upon stock condition data and stock investment software which jointly inform the need to spend. In broad terms this can be summarised under the following headings:

- ▶ A Neighbourhood Works programme delivering environmental improvements to blocks.
- ▶ Works to void properties, including a small number of major voids.
- ▶ Investment in non-traditional housing to maintain its integrity.
- ▶ Works to improve the insulation standards in properties.
- ▶ The provision of level access showers and other aids & adaptations.
- ▶ Works to building fabric- maintenance of walls and roofs.
- ▶ Structural works as and when needs arise.
- ▶ Replacement of boilers and heating systems.
- ▶ The replacement of windows and doors.
- ▶ The testing and removal of asbestos where required.
- ▶ Upgrading and replacement of lifts to sheltered housing schemes.
- ▶ The replacement of door entry systems.
- ▶ Fire protection works as required.
- ▶ Maintenance of digital aerial systems to communal blocks.
- ▶ Electrical testing, upgrades and rewires.
- ▶ The completion of decent homes works to any omitted properties.
- ▶ The provision of transformational improvements to properties within St Paul's regeneration scheme.

Through a software programme (PIMMS 4 Communities) CBH is able to forecast the total need to spend over a 30-Year period. This is detailed in full in the Asset Management Plan and is supplemented by additional expenditure for items included above but outside of the capacity of the PIMMS calculation.

Over the next 30 years the need to spend totals £162m which is covered by funding available to CBH under the HRA Business Plan.

4.2 HRA Business Plan headroom

From April 2012 there will be significant changes to the HRA and new challenges for CBC and CBH. It is currently estimated that the HRA reform will generate capital for additional

investment over the next ten years. CBC and CBH have been jointly reviewing in a broad sense the options for utilising this available finance over coming years.

It has been generally agreed that there are three key themes for this investment, being:

- ▶ The maintenance of a programme for new build homes to address housing need in the Borough.
- ▶ The provision of additional funding to invest in existing housing stock.
- ▶ The enhancement of Neighbourhood Services through new initiatives..

4.3 New build homes

CBH has successfully delivered the first new homes development of 16 units at Brighton Road and is on site with a further 48 new homes within the St Paul's regeneration project. Despite the setback of not securing Social Housing Grant from the Homes and Communities Agency (HCA) in the recent funding round, CBC and CBH remain committed to delivering the balance of the regeneration scheme at St Paul's (Phase 2) and concluding the replacement of defective Tarran bungalows by redeveloping Cakebridge Place.

In addition there are currently four garage sites with planning consent for redevelopment under the garage site rationalisation programme.

CBH has now been mandated to review options for these sites and to consider alternative funding arrangements to capital grant from the HCA. CBH will report back to CBC in January 2012 with proposals for further consideration.

CBH also has a mandate to liaise with developers looking at other CBC land assets, with a view to fulfilling the role of social housing provider or manager. Option reviews will again be carried out for discussion with CBC as above.

4.4 Further investment in existing housing stock

A key aspect of the consideration being given to programme options is the increasing prevalence of fuel poverty, as energy prices continue to rise with significant increases forecast for the future. CBH is currently reviewing the optimum methodology for addressing fuel poverty, including the opportunities provided through the adoption of renewable technologies.

CBH recognises that some of the current sheltered housing stock is suffering from low demand arising from its bedsit nature. Conversion to flats is an expensive option and would result in an overall loss of units. CBH will however need to address the occurrence of bedsits within three of the sheltered schemes within the near future.

Whilst the worst of the non-traditional stock is being addressed through the redevelopment of the Tarran bungalow sites at Brighton Road and Cakebridge Place, there remain a core of 'Cornish' non-traditional properties that will require significant investment within the life of the current investment plan. This is most likely to take the form of a standard works programme for Precast Reinforced Concrete (PRC) homes.

Whilst the Neighbourhood Works programme has addressed (and will continue to address) the external environment of blocks of properties, there are estate-based homes that also merit environmental improvements. The Transformational Improvements at St Paul's will provide a demonstration of the benefits to be gained from such investment and will help inform investment decisions for other areas.

5 RISK MANAGEMENT

Below are general descriptions of key housing risks, as identified by the Housing Working Group. Many of these risks are shared with our ALMO. Details against these can be found in Section 6 of the associated information pack.

Localism Bill

▶ **Allocations and Transfers**

If existing tenants are to be given priority outside of the allocations system our ability to make best use of stock to meet housing need and support stronger communities may be detrimentally affected

▶ **Flexible tenancies**

Fixed term tenancies may create a range of issues such as disincentivising households to improve their financial situation, generating more demand for social housing from those coming to the end of their fixed term tenancies, increasing homelessness, and producing bureaucratic and costly challenges for Registered Providers (RP's) in enforcing the termination of these tenancies

As the localism bill is still in development, there is a risk to the local authority in setting its strategic direction or policy whilst there is an opportunity for emerging legislation to change it.

Affordable Homes Programme

▶ **Affordable rents**

If affordable rents on new build and % conversion rates from social rents to affordable rents are calculated without sufficient regard to local market forces, there is a heightened risk of households experiencing affordability issues, falling into arrears and becoming homeless. RPs may experience an increase in void times, with a resulting loss in revenue, plus an increased risk of crime/anti-social behaviour in these areas.

▶ **New Build**

RPs are not obliged to generate new build in this district using any increase in revenue they receive from affordable rents. Market forces may put pressure on them to finance new build outside the district.

Welfare Reform

▶ **Local Housing Allowance changes**

If existing tenants that are to be affected by the changes are not aware of the impact on them and their requirements than we will see an increase in people struggling to afford their properties and conversely an increase in debt issues and homelessness cases

▶ **Affordability of the Private Rented Sector**

Changes to the LHA and other welfare reforms will lead to private rented accommodation becoming less affordable and less accessible. This will create more demand for social housing and will lead to increased homelessness and use of temporary accommodation, leading to increased financial costs to the Local Authority

▶ **The implementation of the Universal Credit**

This will heighten the risk of vulnerable households mismanaging their financial affairs, as lump sum payments will be made directly to them. It is expected that all will have access to basic bank accounts.

▶ **Changes to HB calculations**

Changes on bedroom entitlement in the social housing sector will lead to accommodation being less affordable for those under-occupying social housing

▶ **Houses in multiple occupancy**

There is likely to be an increase in houses of multiple occupation as under 35s become affected by the single room rent, which heightens the risk of lower accommodation standards within the district

Low income households who do manage to access private rented accommodation are more likely to be forced into poorer standard accommodation, which will be compounded further by the loss of Private Sector Renewal Funding

Self-financing

- ▶ DCLG reserves the power to re-open the settlement in the future but says it will only be used if there is a major change in policy which would have a substantial, material impact on the value of the business.
- ▶ There are significant treasury management implications arising from these proposals and it is essential that early advice on funding decisions is obtained.
- ▶ Rental income is still subject to Government policy. The surpluses shown are primarily driven by rent increase assumptions in line with current policy.

Supporting People

The failure to agree a county wide approach to implementing the strategy would result in an inability to manage the budget pressures and result in reduction of services and/or failure to provide appropriate and integrated housing related support services which would then impact disproportionately on the most vulnerable members of our community and may increase demand on homelessness budget.

6 COMMUNITY ENGAGEMENT

We wish our plan to be informed by the opinions of our tenants and other stakeholder partners. A wide ranging consultation exercise will be undertaken in the development of this Business Plan over a period of two months in late 2011. Feedback from this will then be used in the preparation of our final HRA Business Plan to be published in February 2012.

Involving people in the decisions we make which affect them is important to us. Council tenants have played a key role in the set up and the continuing successful development of CBH, helping the ALMO to achieve recognition as a '3 star excellent' organisation.

6.1 tenants and the development of this business plan

During October and November 2011, CBH will use a wide range of tenant consultation methods in order to raise awareness of the new self financing model and to obtain local views regarding new services and support provisions. This will support the development of the HRA Business Plan.

CBHNews, a quarterly newsletter sent to all tenants has already raised awareness about the development of the HRA Business Plan, the changes to the subsidy system and what this may mean for tenants. It also introduced the idea of tenant participation in designing the response to these changes.

Further awareness raising will take place through flyers, our website and meetings promoting the proposed events and ensuring everyone understands where, when and why CBH are consulting on the HRA Business Plan. In addition we will feedback to tenants relevant information after the events.

Aims

- ▶ To capture feedback and engage with a wide audience including 'need to reach' groups (for example, younger people)
- ▶ To capture honest, unbiased opinion directly from CBC tenants in a relaxed, comfortable environment
- ▶ To be able to go to the tenants rather than the tenants coming to CBH.

6.1.1 Consultation methods and locations

During this process CBH will provide a range of opportunities to engage with tenants, enabling tenants to have a say on future services and investment. The consultation will provide a consistent approach and will strive to engage the highest numbers of participants possible.

To make best use of the consultation this exercise will be looked upon as an opportunity to gather information beyond that required for the HRA Consultation. This will also be an opportunity to:

- ▶ Collect up to date personal information on our customers to support the next stage of work to ensure CBH achieve our target of 90% customer data
- ▶ Raise awareness of Community Services activities and events

In order to engage with high numbers and 'need to reach' groups CBH will need to make use of means other than the regular Community Involvement events during October and December. Proposed activities include:

- ▶ CBH Surveys (Repair & Community Involvement*)
- ▶ Neighbourhood Meetings
- ▶ Community Development events*
- ▶ Community Representatives to survey their local areas*

- ▶ Working groups
- ▶ Focus groups*
- ▶ Learning curve workshops
- ▶ Receptions areas*
- ▶ Community House & Hub
- ▶ Website*
- ▶ Telephone surveys*
- ▶ Public events*
- ▶ Community Centres*
- ▶ Customer Excellence Group (CEG)

*extra consultation methods

6.1.2 Timescales

To be carried out during the months of October and November to ensure there is an overlap with the school half term holidays and CBH and CBC Committee dates.

The end date for all consultation, allowing time for consolidation of results will be December 2011.

6.1.4 Staffing

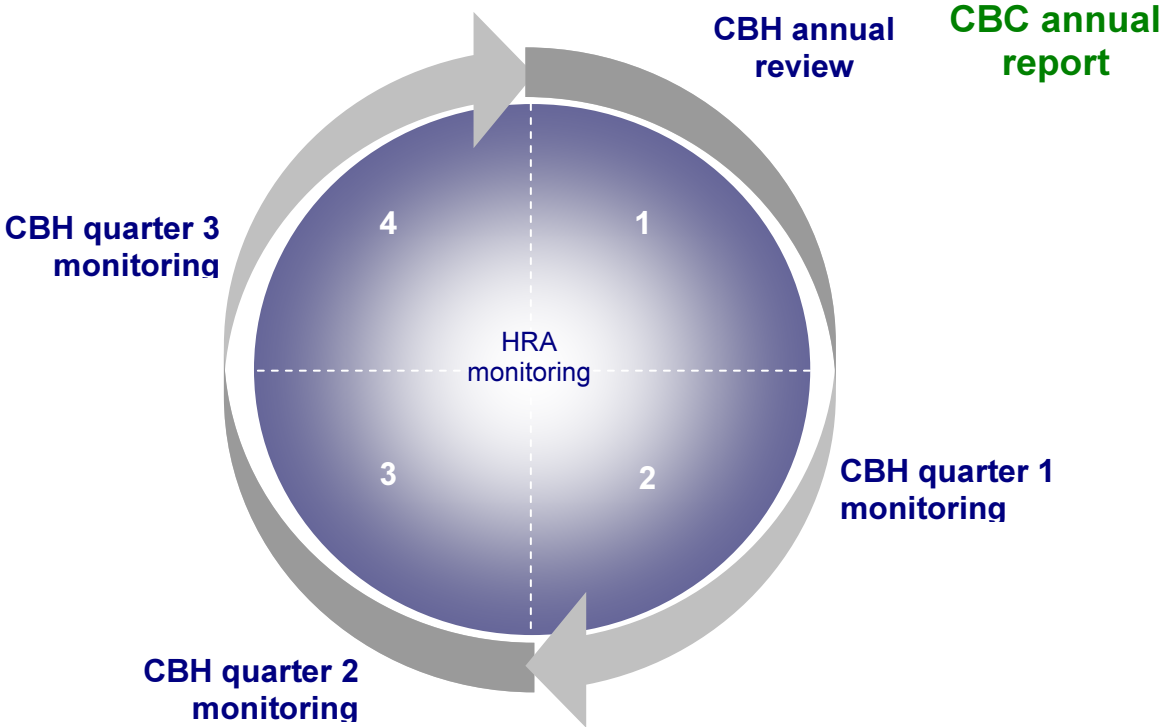
To ensure the successful delivery of the HRA consultation events it is anticipated that the CBH Community Involvement Team will lead with the support of the Tenant Participation Advisory Service (TPAS). Each event or session will be fully supported by members of CBH staff from a cross section of CBH teams. The number of staff required will vary depending on individual events and locations.

6.1.5 The Results

The responses from all surveys and events undertaken will be collated, analysed and feedback into the development of the HRA Business Plan.

7 MONITORING AND REVIEW

The HRA Business Plan will be monitored quarterly, looking at variations against budgets and reviewed annually, generating a report for the council. It is anticipated that it will require substantial review after three years followed by further reviews every five years.



8 CONCLUSIONS

Our emerging strategy is to use additional resources in three ways:

- ▶ **New Build** - we will ask our managing agent, Cheltenham Borough Homes (CBH) to identify delivery models for the provision of new housing at St Paul's Phase 2, Cakebridge Place and various garage sites. Our aim is to establish a continuous programme of new build, recognising that the scale of that programme may be restrained by availability of land and affordability.
- ▶ **Existing Stock** - our priorities will include: measures to address fuel poverty, the improvement of external areas through a continuation of the neighbourhood works programme, a review of sheltered housing.
- ▶ **Services to tenants** - CBH will be requested to invest in further community services to address issues of anti-social behaviour, financial exclusion, vulnerability and unemployment

APPENDIX 1 CBC HRA PROJECTIONS 2012/13 TO 2041/42

Key assumption - All surplus resources, after meeting essential investment needs, used to repay debt

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
	2012/13																												2041/42		
Revenue Account	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Rents	17,651	18,743	18,975	19,580	20,145	20,727	21,325	22,363	22,574	23,226	23,897	24,586	25,782	26,026	26,777	27,550	28,345	29,163	30,582	30,870	31,761	32,677	33,620	35,255	35,588	36,615	37,671	38,757	39,875	41,025	
Interest receivable	47	39	39	40	38	38	37	37	37	37	38	38	38	38	38	38	38	38	38	153	322	502	693	896	1,126	1,383	1,654	1,941	2,244	2,563	
Other income	1,154	1,183	1,213	1,243	1,274	1,306	1,339	1,372	1,406	1,442	1,478	1,514	1,552	1,591	1,630	1,672	1,713	1,756	1,800	1,845	1,891	1,939	1,987	2,037	2,088	2,140	2,193	2,248	2,304	2,362	
Gross income	18,852	19,965	20,227	20,863	21,457	22,071	22,701	23,772	24,017	24,705	25,413	26,138	27,372	27,655	28,445	29,260	30,096	30,957	32,420	32,868	33,974	35,118	36,300	38,188	38,802	40,138	41,518	42,946	44,423	45,950	
Management	6,197	6,303	6,410	6,500	6,532	6,695	6,863	7,034	7,210	7,390	7,575	7,764	7,959	8,158	8,361	8,570	8,785	9,004	9,229	9,460	9,697	9,939	10,188	10,442	10,703	10,971	11,245	11,526	11,814	12,110	
Maintenance	4,012	4,072	4,133	4,237	4,343	4,451	4,563	4,677	4,794	4,914	5,036	5,162	5,291	5,424	5,559	5,698	5,841	5,987	6,136	6,290	6,447	6,608	6,773	6,943	7,116	7,294	7,476	7,663	7,855	8,051	
Bad debt provision	225	275	368	379	392	403	415	426	439	451	465	478	492	516	521	536	551	567	583	612	617	635	654	672	705	712	732	753	775	798	
Other	156	121	102	83	88	98	100	102	104	107	109	111	114	116	119	122	124	127	130	133	136	139	142	145	149	152	155	159	162	166	
Depreciation	4,820	4,941	5,064	5,191	5,320	5,453	5,590	5,729	5,872	6,020	6,170	6,324	6,482	6,644	6,811	6,981	7,155	7,334	7,518	7,705	7,898	8,095	8,298	8,505	8,718	8,936	9,159	9,388	9,623	9,864	
Interest payable	2,545	2,478	2,399	2,320	2,265	2,232	2,192	2,133	2,064	1,959	1,805	1,633	1,432	1,210	991	764	516	244	51	0	0	0	0	0	0	0	0	0	0	0	
Capital contribution	0	0	0	382	1,884	1,933	1,984	2,036	2,090	598	616	634	652	671	1,272	1,306	1,341	1,377	1,414	1,140	1,171	1,203	1,236	1,269	0	0	0	0	0		
Gross costs	17,955	18,190	18,476	19,092	20,824	21,265	21,707	22,137	22,573	21,439	21,776	22,106	22,422	22,739	23,634	23,977	24,313	24,640	25,061	25,340	25,966	26,619	27,291	27,976	27,391	28,065	28,767	29,489	30,229	30,989	
Surplus	897	1,775	1,751	1,771	633	806	994	1,635	1,444	3,266	3,637	4,032	4,950	4,916	4,811	5,283	5,783	6,317	7,359	7,528	8,008	8,499	9,009	10,212	11,411	12,073	12,751	13,457	14,194	14,961	
HRA reserve b/fwd	1,897	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	6,785	14,313	22,321	30,820	39,829	50,041	61,452	73,525	86,276	99,733	113,927	
Debt repayment	2,794	3,275	3,251	3,271	2,133	2,306	2,494	3,135	2,944	4,766	5,137	5,532	6,450	6,416	6,311	6,783	7,283	7,817	8,859	14,313	22,321	30,820	39,829	50,041	61,452	73,525	86,276	99,733	113,927	128,888	
HRA reserve c/fwd	-1,294	-1,775	-1,751	-1,771	-633	-806	-994	-1,635	-1,444	-3,266	-3,637	-4,032	-4,950	-4,916	-4,811	-5,283	-5,783	-6,317	-2,074	0	0	0	0	0	0	0	0	0	0	0	
HRA reserve c/fwd	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	6,785	14,313	22,321	30,820	39,829	50,041	61,452	73,525	86,276	99,733	113,927	128,888