

Thank you Mayor,

Since Cheltenham Borough Homes (CBH) was set up in 2003 there have been significant improvements in services, tenant satisfaction and levels of engagement; millions of pounds have been awarded and invested into homes; new services have been developed to meet the needs of local people and are successfully delivering great outcomes that help change lives for the better. CBH are working in collaboration with this Council to significantly increase the number of quality, affordable homes available to the great communities of Cheltenham, it is worth mentioning that CBH already manage almost 1 in 10 homes in our town, and through the joint commitment to invest £100 million will deliver an additional 500 homes over the next four years and enable the supply of homes in the private rented sector.

The current year marks the successful completion of a four-year plan to mitigate the rent reduction policy imposed by Government. The new social rent policy of allowing annual rent increases of CPI + 1% p.a. for five years before a further review. The CPI for September last year was 1.7% giving a rent increase of 2.7% for 20/21, the new rent policy will commence in April 2020. The rent change together with the abolition of the debt cap, leaving the level of borrowing to be controlled by the prudential code, will allow a significant increase in the new build program subject to the identification of appropriate sites and financial viability. This is reflected in the capital program proposals at Appendix 4.

The 30 year HRA Business Plan has been updated to reflect, anticipated revenue outturn for 2019/20, the proposed development and acquisition program for the period from April 2020 to March 2023 which is forecast to deliver 500 new affordable units.

A contingency budget of £5.5m for regeneration projects based on the assumption that there will be no additional revenue benefit from the investment.

A refreshed assessment of the 30 year “need to spend” on existing stock for both capital and revenue expenditure.

The plan confirms the financial viability of the proposed investment program detailed at Appendix 4, with sufficient resources available to repay debt in the longer term.

The revised forecast for 19/20, at Appendix 2 shows a reduction in operating surplus of £95,700 compared to the original budget. Significant variations (greater than £30,000) within the 2019/20 revised forecast have been identified in budget monitoring reports and are summarised in the table at 5.1.

Under the budget proposals at 6.1 significant changes to the HRA (greater than £30,000) in 2020/21 as compared to the revised forecast for 2019/20 are itemised in the table at 6.4. There is a reduction of £115,000 in the operating surplus for the year when compared with the 2019/20 forecast.

Revenue contributions totaling £1,350,400 will be used to fund capital expenditure in the year, leaving revenue reserves at the contingency level of £1,500,000 at 31st March 2021.

The revised capital program for 2019/20 reflects variations identified during the year, most notably the acquisition of land in West Cheltenham (£11.5m) to enable the future development of new affordable housing.

The detailed capital program for 2020/21 and indicative programs for the following two years are shown at Appendix 4. These reflect both the investment requirements for existing stock, and a recent review of the 30 year capital program. The sum set aside for component replacements each year will vary in line with anticipated lifecycles.

The program includes: ongoing funding to complete the replacement of windows and doors through most of the stock.

A new showers program - currently approximately 2,500 homes have either an over bath shower or shower cubicle/wet room leaving a further 2,000 homes without such a facility. The program will fit over bath showers to these properties over a period of 10 years at a total cost of £2.4m. This expenditure and the subsequent cost of maintenance and renewal will total £7.7m over 30 years, which can be accommodated within the business plan. A replacement warden call system for sheltered schemes is also planned.

The capital program also includes an ambitious program of new build and acquisitions delivering a further 500 affordable homes by 2023/24. A range of tenures will be provided with units developed for social rent, affordable rent and shared ownership. The mix and number will be dependent on the financial viability of each site, but an emphasis will be placed on affordability. A contingency of £50,000 has been included in the revenue budget to support the delivery of this enhanced program.

There are currently 996 universal credit claimants (November 2019) with 1,050 being anticipated by March 2020. Under present regulations there could eventually be up to 2,000 claimants, potentially placing considerable pressure on rent arrears which currently sit at 1.6%. CBH is conducting a proactive campaign to provide support to all tenants affected by these changes. The impact on arrears will be closely monitored and the budget proposals reflect an increasing provision for bad debts.

This Council has declared a climate emergency with an aspiration of being carbon neutral by 2030.

Areas that CBH will be focusing on include: - Moving towards a housing portfolio that is carbon neutral, Retrofitting existing stock to use as demonstrators and to educate homeowners in the Borough and a Carbon zero fleet. In consultation with the Council, CBH will develop a strategy and delivery program to meet these challenges and a sum of £50,000 has been included in the 2020/21 budget to commence this work. It is anticipated that it will require a very significant investment in the existing stock but that has not yet been quantified for inclusion in the HRA Business Plan. The program will also impact on the unit cost of new build and acquisitions.

The significant project to install new windows and doors across all properties has already made a difference to tenants use of heating, together with the installation of a further 400 new boilers, which will further improve the average SAP rating of the stock – this has already increased year on year for the past 3 years. There will need

to be further improvements in energy efficient heating and insulation as part of a comprehensive review of all major component replacements.

It is important to look behind the numbers to see what has been delivered through the HRA for the last financial year I would like to highlight a few, 10 new Council owned houses built, 7 new homes acquired from the open market making good use of money received from properties sold under the right to buy, 99.6% of homes meeting the decent homes standard, 99% satisfaction from approx 400 new tenants of the sign up process, in the 3rd year of a six year program 873 new doors and 930 windows have been installed.

This councils housing provider is much more than landlords, it also provides added value to people with support and advice, in the last year 68 people have been helped back into work & 225 into education and training, alongside the housing options team securing 2 million pounds in unclaimed or backdated benefits & a further 1.2 million secured to help those who are struggling in one form or another.

They also provide for communities across our whole town through the delivery of 5 community investment plans, supported by a diverse range of partners and connecting with over 2,000 residents per quarter. Supporting community projects and initiatives – through sourcing external funding and ‘in-kind’ support from our partners, procurement activities, and making best use of the resources and support provided by community organisations to increase capacity.

Enhancing their role as a local community builder – to work with partners to deliver locality based community investment

Partnership working – Complimenting the direct delivery approach with benefits offered by partnership working
Reporting and monitoring our Social Value – to demonstrate the social value they deliver for our communities.

Thank you to everyone at CBH and congratulations on the Thrive scheme success and the awards won at No Child Left Behind.