APPENDIX 2

Cheltenham Borough Council
HRA Business Plan 2012 to 2042
draft version: January 2012

CONTENTS

1 EXECUTIVE SUMMARY AND INTRODUCTION

1.1 executive summary

This document outlines our plans for the Council's housing stock for the 30 year period from 2012 to 2042. It has been produced at a time of unprecedented change for social housing which includes:-

- Fundamental reform of council housing finance, moving from a national subsidy system to a self financing model
- Wide-reaching welfare reform
- The development of alternative financing models for the delivery of new stock

Our financial projections indicate that the move to self financing will produce significant additional funds for investment in the stock and improvements to tenant services. In the first 10 years we estimate that up to £13.8m could be available. In the longer term it is anticipated that annual surpluses will continue to increase allowing for both further investment and the repayment of debt.

Our strategy is to use these additional funds in three ways:-

- Invest in new build, recognising that that the scale of the programme may be restrained by the availability of land and affordability
- Improvements to the existing stock above the decency standard, priorities to include measures to address fuel poverty (particularly in non traditional stock), external areas and a review of sheltered housing
- Increased support for tenants to address issues of anti-social behaviour, financial exclusion and unemployment

We have consulted with our tenants and other stakeholders to establish their priorities and the feedback will be used to inform both the type and balance of future investment. We have asked our managing agent, Cheltenham Borough Homes, to produce detailed proposals for each of the above spending areas.

The delivery of our plans will require robust monitoring to ensure successful outcomes and we will undertake periodic reviews to identify any changes that may be required as a result of either external or internal factors.

1.2 introduction

1.2.1 background

The Council currently owns just under 4,600 units of social housing, split 50/50 between houses and flats. All of the stock is at least 30 years old as Government policy has been to direct funding for new build through Housing Associations since the 1980's. Our stock numbers have been reasonably stable for the last 5 years as annual losses from Right to Buy sales have diminished.

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) to manage and maintain the stock. In 2003, CBH was successful in achieving a "good" rating for its services from the Audit Commission which resulted in additional funding of £31m from the Government. When added to local resources this enabled an investment programme of £70m to deliver the decent homes standard for all the stock. This was completed in December 2008, 2 years ahead of schedule and within budget

CBH was re-inspected by the Audit Commission during 2007: the Audit Commission awarded it the highest possible rating, *three stars for excellent services and excellent prospects for improvement*. CBH remains a top performing ALMO.

The Council has extended the CBH Management Agreement until 2020 and CBH has developed its Business Plan which provides a framework for consistent delivery on agreed objectives and an appreciation of resources to meet them. This sets out its strategic goals and operational priorities in detail for five years and then more generally to 2020. It has 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.

The main focus of its work will continue to be the delivery of our core landlord services, ensuring it is performing to excellent standards and is 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.

1.2.2 the future

There is a large excess of housing need over supply in Cheltenham with ongoing high demand for council housing. Our experience of tenancy turnaround and lettings activity in our stock 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 which require investment to provide a long term, sustainable future for the stock.

Our homes currently meet the Government's 'decency standard' and 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 stock condition software and physical surveys. CBH will also continue the neighbourhood works programme which seeks to improve the external environment for our communities. Our financial projections provide for the cost of this expenditure over the period of the plan.

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 is a key partner in this regard, delivering services and supporting communities to develop cohesiveness and sustainability. CBH carries out many community development activities in some of the most deprived areas in the borough. It 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. It will adopt a flexible approach to working with tenants responding to local circumstances and needs.

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 a settlement of additional debt. The payment of an annual subsidy to Government will, therefore, in part be replaced by the cost of interest charges on that debt. 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 draft determinations issued by DCLG in November 2011 show a settlement figure of £27.881m for Cheltenham. This is derived from a net present value calculation of 30 year notional cashflows of Cheltenham's rent income and expenditure.

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 - 5.6%
September 2012 to 2014 - 2.75%
Thereafter at 2.5% per year

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 in the previous September) plus 0.5%.

We have therefore assumed rent increases as follows:-
April 2012 6.4%
April 2013 3.6%
April 2014 3.6%
April 2015 3.6%
April 2016 onwards at 3% p.a.

2.2.3 Management & Maintenance costs

We require our managing agent (CBH) to continue to seek value for money in the delivery of its services. Our projections for the cost of existing service levels in the early years of the plan target, in 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. Given that the Government is now offering a discounted rate on borrowing for the settlement, we have estimated the overall average rate at 4.25%.

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 additional resources, after meeting current service level costs and essential investment needs, are used for further investment (the only exception being the repayment of an existing debt at normal maturity date in 2013). Funds available for additional investment are estimated at £13.8m during that period.

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 used for further investment

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	17,716	18,330	18,960	19,613	20,179	20,762	21,361	21,978	22,612	23,265	
Interest receivable	35	61	84	113	101	93	88	83	82	84	
Other income	1,242	1,196	1,227	1,257	1,289	1,321	1,354	1,388	1,422	1,458	
Gross income	18,993	19,587	20,271	20,983	21,569	22,176	22,803	23,449	24,116	24,807	
Management	6,347	6,454	6,564	6,656	6,691	6,859	7,030	7,206	7,386	7,571	
Maintenance	3,845	3,903	3,961	4,060	4,162	4,265	4,372	4,482	4,593	4,708	
Bad debt provision	225	275	367	379	392	403	415	427	439	452	
Other	151	114	95	76	81	90	92	94	96	99	
Depreciation	5,127	5,255	5,386	5,521	5,659	5,801	5,946	6,094	6,247	6,403	
Interest payable	1,951	1,922	1,922	1,922	1,922	1,922	1,922	1,922	1,922	1,922	
Capital contribution	0	514	593	2,897	3,034	3,113	3,194	3,276	3,360	1,900	
Gross costs	17,646	18,437	18,888	21,511	21,941	22,453	22,971	23,501	24,043	23,055	
Surplus	**1,347**	**1,150**	**1,383**	**-528**	**-372**	**-277**	**-168**	**-52**	**73**	**1,752**	
HRA reserve b/fwd	2,712	2,667	3,817	5,200	4,672	4,300	4,023	3,855	3,803	3,876	
	4,059	3,817	5,200	4,672	4,300	4,023	3,855	3,803	3,876	5,628	
Debt repayment	-1,392	0	0	0	0	0	0	0	0	0	**-1,392**
HRA reserve c/fwd	2,667	3,817	5,200	4,672	4,300	4,023	3,855	3,750	3,876	5,628	
Capital Expenditure											
Core	5,192	4,521	4,662	7,064	7,304	7,487	7,674	7,865	8,062	6,717	**66,548**
Additional Investment	0	1,383	1,417	1,454	1,489	1,527	1,566	1,605	1,645	1,686	**13,772**
Financed by:-											
Capital Receipts	100	100	100	100	100	100	100	100	100	100	
Depreciation Reserve	5,092	5,290	5,386	5,521	5,659	5,801	5,946	6,094	6,247	6,403	
Revenue Account	0	514	593	2,897	3,034	3,113	3,194	3,276	3,360	1,900	

Key assumption - All surplus resources used for further investment

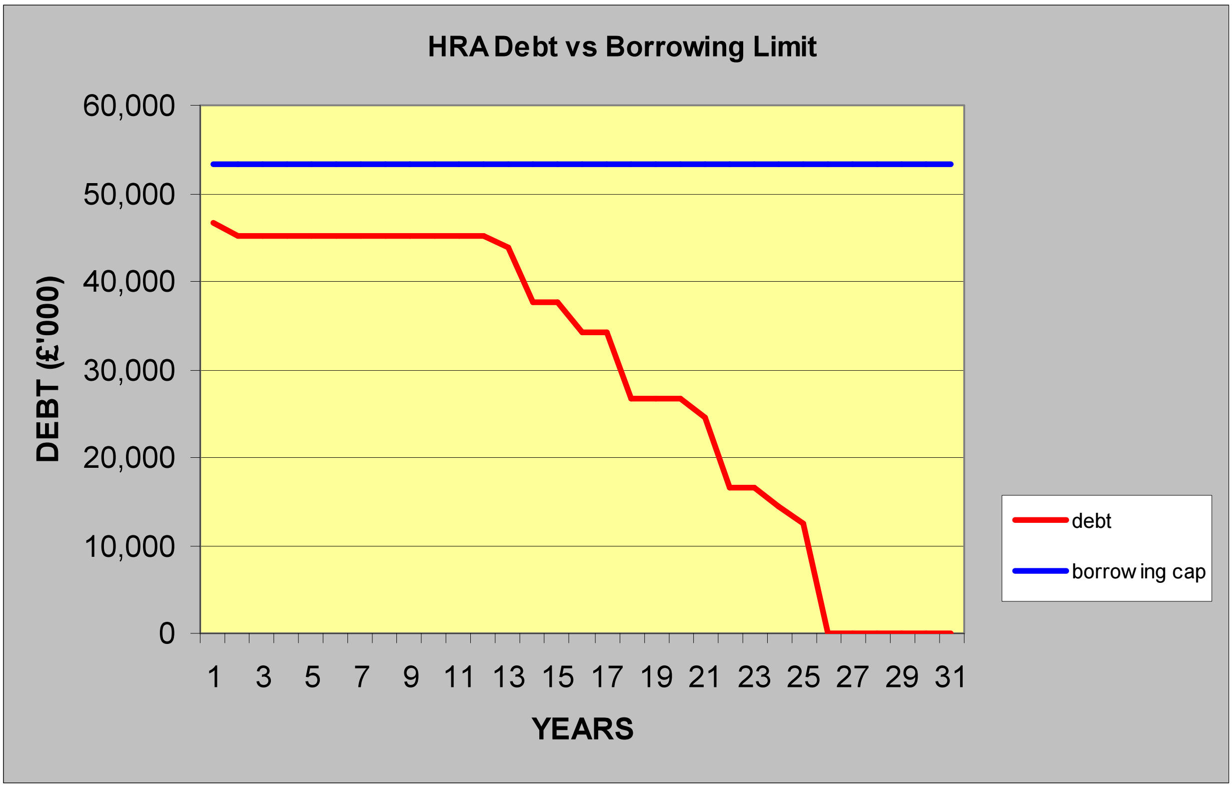
Year	1	2	3	4	5	6	7	8	9	10	Total
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Debt forecast											
Opening debt	**46,609**	45,217	45,217	45,217	45,217	45,217	45,217	45,217	45,217	45,217	
Repayment	-1,392	0	0	0	0	0	0	0	0	0	
Closing debt	45,217	45,217	45,217	45,217	45,217	45,217	45,217	45,217	45,217	45,217	

2.4 Debt profile

The current HRA debt is £18.728m and our estimates suggest this will be increased by a further £27.881m through the self financing settlement giving a revised total of £46.609m. The Government is setting a future borrowing limit for each authority at the sum of the current notional subsidy debt plus the settlement – for Cheltenham this is estimated as £53,328m. This means that there will be borrowing headroom of £6.719m at April 2012 which we could use if the HRA can meet the additional financing cost.

Table 2 below shows the profile for repayment in the 30 year projections using the strategy outlined in paragraph 2.3 above and Section 3. The initial debt of £46.609m would be fully repaid by year 30.

Table 2 HRA Debt profile – self financing



2.5 Sensitivity Analysis

Our draft projections are based on information available at January 2012 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
Interest Rates	+1% throughout period	-5.09
Rent Increases	-1% p.a. throughout period	-9.71

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. In future, the management of the HRA debt pool will be an integral part of the HRA business planning process.

Currently we maintain 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. This will result in an average interest rate of 4.32% being charged on the existing debt of £18.728m attributable to the HRA.

The cost of new borrowing subsequently taken for HRA purposes, particularly to fund the self financing settlement of £27.881m, will also be directly attributable to the HRA and will not impact on the General Fund. The Government has announced that local authorities will be allowed to borrow at a discounted rate from the Public Works Loan Board (PWLB) to pay for the settlement in March 2012.

A range of options are available in deciding the future balance between investment and debt repayment. Following discussions with our treasury management advisors our strategy reflects the following objectives:

- Debt repayment should not prejudice investment options i.e. given the long term nature of the plan the Council requires both flexibility for future decisions and contingency for adverse variation in the planning assumptions
- Debt interest should be minimised
- Debt should not be held unnecessarily

The financial projections assume that debt repayment in the medium term will be limited to normal maturity of existing debt. This will enable the majority of surplus resources in the first 10 years of self financing to be available for investment in new build and the existing stock.
As annual surpluses increase it is anticipated there will be sufficient resources to continue further investment and make significant debt repayments. This would suggest that borrowing taken in March 2012 to finance the settlement should have a range of maturity dates from year 16 onwards. Our projections suggest that all debt can be repaid before the end of the 30 year period without prejudicing investment options.

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.

4.2 Additional investment

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 resources for additional investment. 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 February 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 remains 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. Further details are contained within our risk register.

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; they may discourage 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 (RPs) 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 funding decisions are taken with the benefit of specialist advice
- Rental income is still subject to Government policy. The surpluses shown are primarily driven by rent increase assumptions in line with current policy
- There are a range of other assumptions used in our projections which are subject to external factors. Timely and robust monitoring will be required to identify variations and take corrective action

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 could result in reduction of services and/or failure to provide appropriate and integrated housing related support services. This 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 range of consultation exercises were undertaken in the development of this Business Plan over a period of two months in late 2011. Involving people in the decisions we make which affect them is important to us. Council tenants have played a key role in the setting up of 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 to December 2011, CBH used a wide range of methods in order to both raise awareness of the new self financing model and to obtain local views regarding new services and support provisions.

In order to engage with high numbers and 'need to reach' groups, CBH used means other than the regular Community Involvement events including:

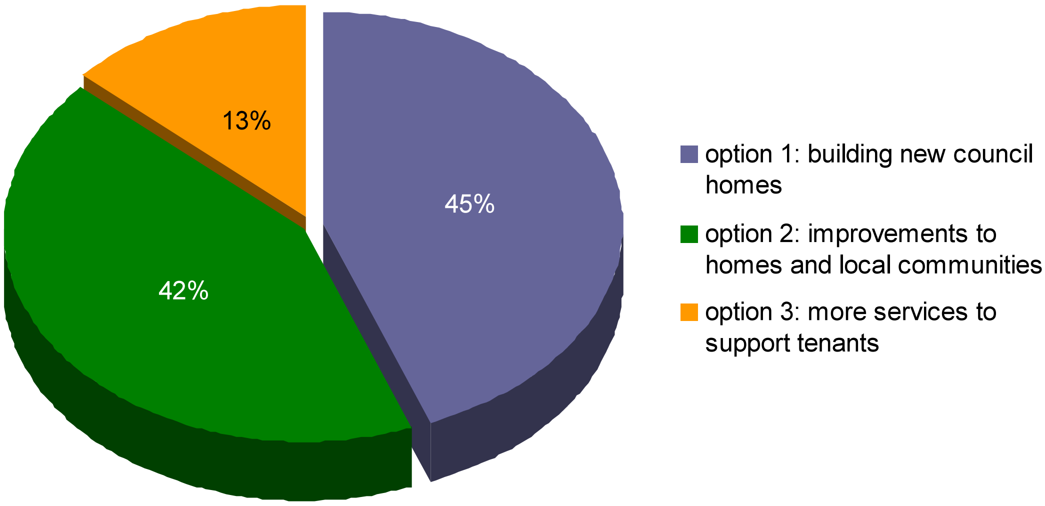
- CBH Surveys (Repair & Community Involvement)
- Neighbourhood Meetings
- Community Development events
- Community Representatives to survey their local areas
- Working groups
- Focus groups
- Learning Curve workshops
- Reception areas
- Community House & Hub
- Website
- Telephone surveys
- Public events
- Community Centres
- Customer Excellence Group (CEG)

6.2 consultation results

In total, 591 people responded to the survey during the period of consultation. One of the key questions asked of people in the consultation exercise sought to extract opinion as to what was the most important way to spend any additional money arising as a result of the self financing regime.

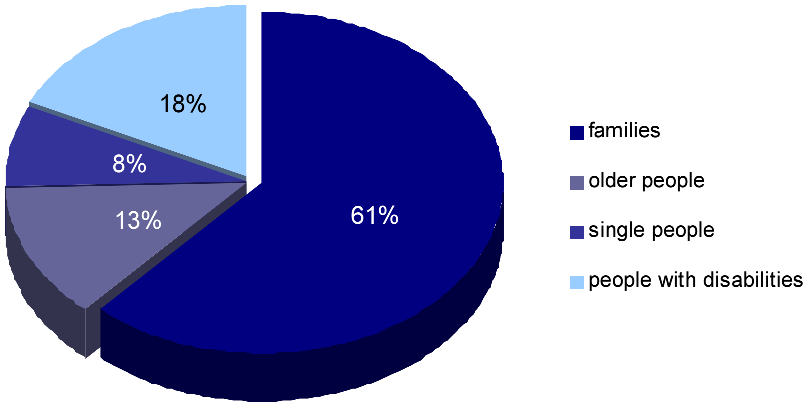
Three options were provided and the following pie chart shows the results. It shows the choices made by respondents for the 'most important' category only as a percentage of all choices against that category. It can be seen that there is a clear steer from respondents that both 'building new homes' and 'carrying out improvements to existing homes and communities' were of the most importance. Building new homes was indicated as most important slightly more frequently than improvements to existing homes and communities at 45% and 42%, respectively. The 'more services to support tenants' option was indicated as being the most important the least number of times, gaining a 13% proportion of the responses.

What is the most important way to spend additional money?



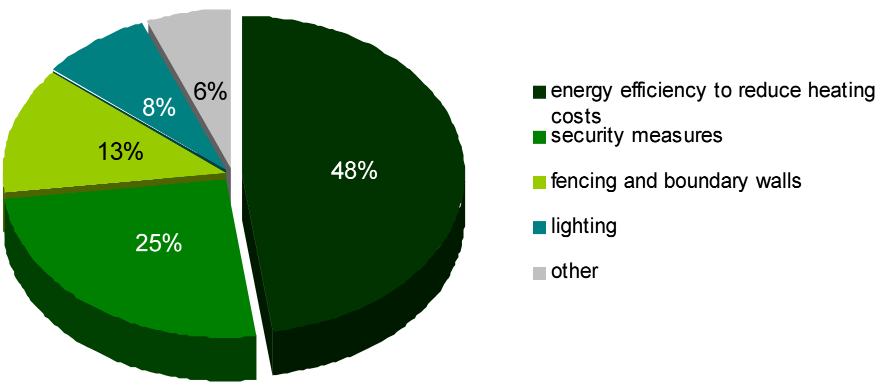
The following charts show the responses linked to each of the three options.

Linked to Option 1: for whom should new homes be built?



Should new homes be built, 61% of respondents ranked that they should be built for families. This was followed by people with disabilities at 18%, older people at 13% and single people at 8%.

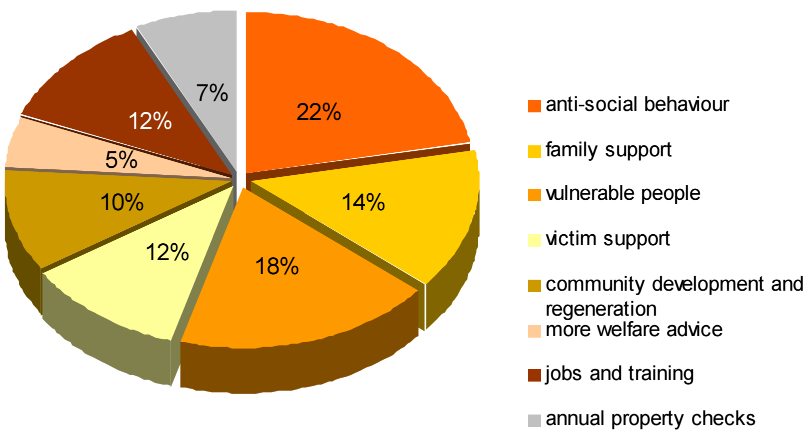
Linked to Option 2: what additional improvements should be considered inside and outside of homes?



Should additional improvements be made inside or outside of homes 48% of respondents indicated that it would be most important to carry out works to improve energy efficiency and reduce heating costs. 25% indicated that security measures would be most important, followed by fencing and boundary walls at 13% and security measures at 8%. Some respondents indicated specific works that fall within the above categories, these included:

- Works to windows
- Cycle stores
- Heating improvements
- Cavity wall insulation
- Damp reduction works
- Solar panels to all properties

Linked to Option 3: which do you consider to be the four most important additional services?

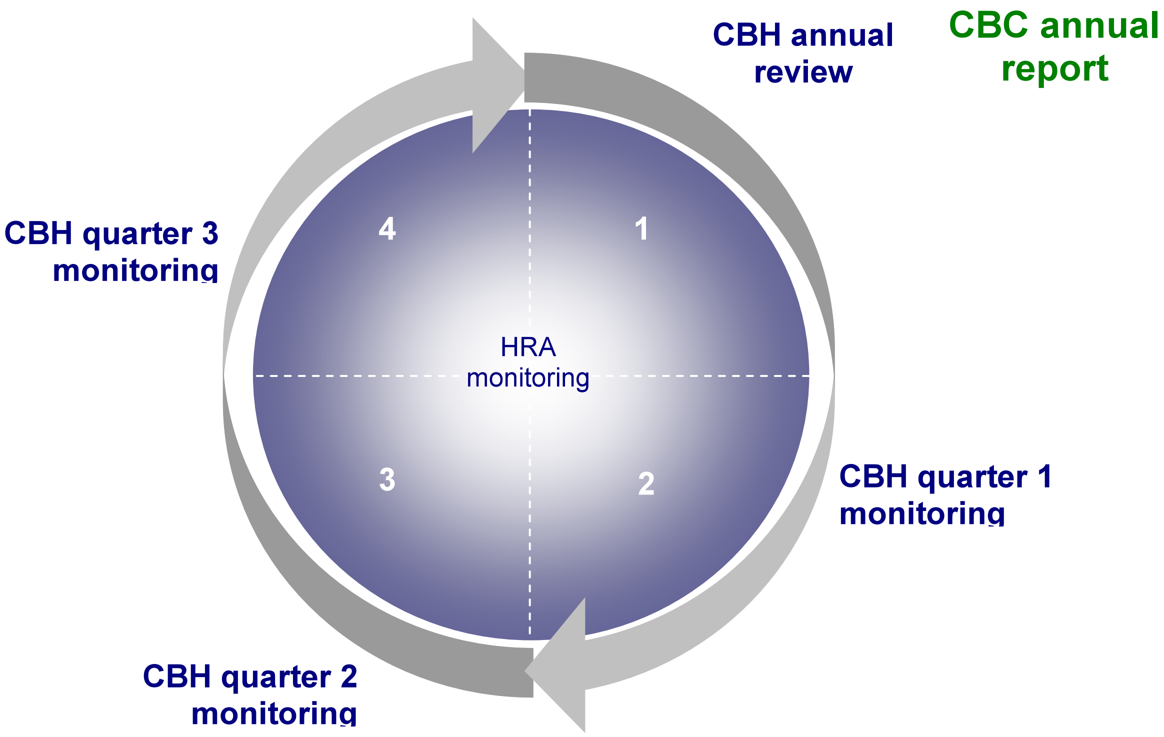


The distribution of responses as to which additional services should be considered is more varied, with the top five all within a 10% range of each other. 'Anti-social behaviour' emerged as the most important with 22% closely followed by services for vulnerable people at 18/%, family support at 14% and victim support and jobs and training at 12%. Community development and regeneration plus more welfare advice received 10% and 5%, respectively. Some respondents indicated that there were other areas to consider, these included:

- Help with looking after garden
- Finance support and guidance, e.g. money advice, how to live debt free, learning to save
- Young people services
- Childcare support, e.g. breakfast groups, playschools

7 MONITORING AND REVIEW

The HRA Business Plan will be monitored quarterly By CBH, 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

We welcome the move to a self financing regime as a significant opportunity for increased investment in social housing for Cheltenham. Our financial projections anticipate up to £13.8m available in the first 10 years of the plan. We intend to adopt a blended approach to the use of these resources with funds being directed to 3 spending streams:-

- Investment in new build, recognising that the scale of the programme may be restrained by the availability of land and affordability
- Improvements to the existing stock above the decency standard. Priorities to include measures to address fuel poverty (particularly in non traditional stock), external areas and a review of sheltered housing
- Increased support for tenants to address issues of anti-social behaviour, financial exclusion and unemployment

We have asked CBH to develop detailed plans, informed by tenant and stakeholder feedback, for the delivery of this additional investment.