Appendix A

Housing Revenue Account (HRA) 30 Year Business Plan 2018-19

Contents Page

Foreword

This business plan describes the ambitions and targets for future housing growth and council housing investment over the next five years and how it affects the long term health of the business plan over 30 years. I hope you will find the plan accessible and informative, and useful in helping to inform you of our priorities for council housing and how we have arrived at them.

Feedback from tenants and residents will be crucial to the ongoing development of this plan. It is tenants who live in the homes and neighbourhoods and tenants who use the services that this HRA Business Plan describes. We have listened to what tenants and residents have said over the past year, including at the Annual Tenants Conference, and through all our engagement routes.

Over the last year the government have made some policy changes which have had a positive impact on the business plan. Highlights of the plan include:

- Investing over £50m in new council and affordable housing over the next five years.
- Investing over £100m over the next five years in maintaining and improving existing council housing and the communities in which they are located. This includes commencing a programme to refurbish the communal areas of flats, completion of upgrades to District Heating systems and maintaining the Rotherham Decent Homes Standard.

We expect tenants to continue to play a key role in shaping the future of council housing investment and services. There is great scope for tenants to influence this plan as we continue in this period of self-financing. I hope to see more tenants and residents getting involved in making choices that affect them so that council housing in Rotherham is able to continue delivering the outcomes we need for tenants and delivering our ambition to be the best housing provider in the country.

Cllr Dominic Beck

Cabinet Member for Housing

Executive Summary

This is Rotherham Council's business plan for the Housing Revenue Account (HRA) over the next 30 years.

As of April 2017 the Council had £304 million housing debt and a borrowing limit set by the Government of £336 million. Total HRA Operating expenditure for the year 2018-19 is projected to be £75m. Income for the year is forecast to be £83.5m. Appropriations to support capital investment will total approximately £8.5m.

The objectives of this business plan are to ensure the HRA has balanced budgets for the next five years, support housing growth, continuing stock investment that will satisfy tenant expectations and targeted investment in key services that will improve services to tenants.

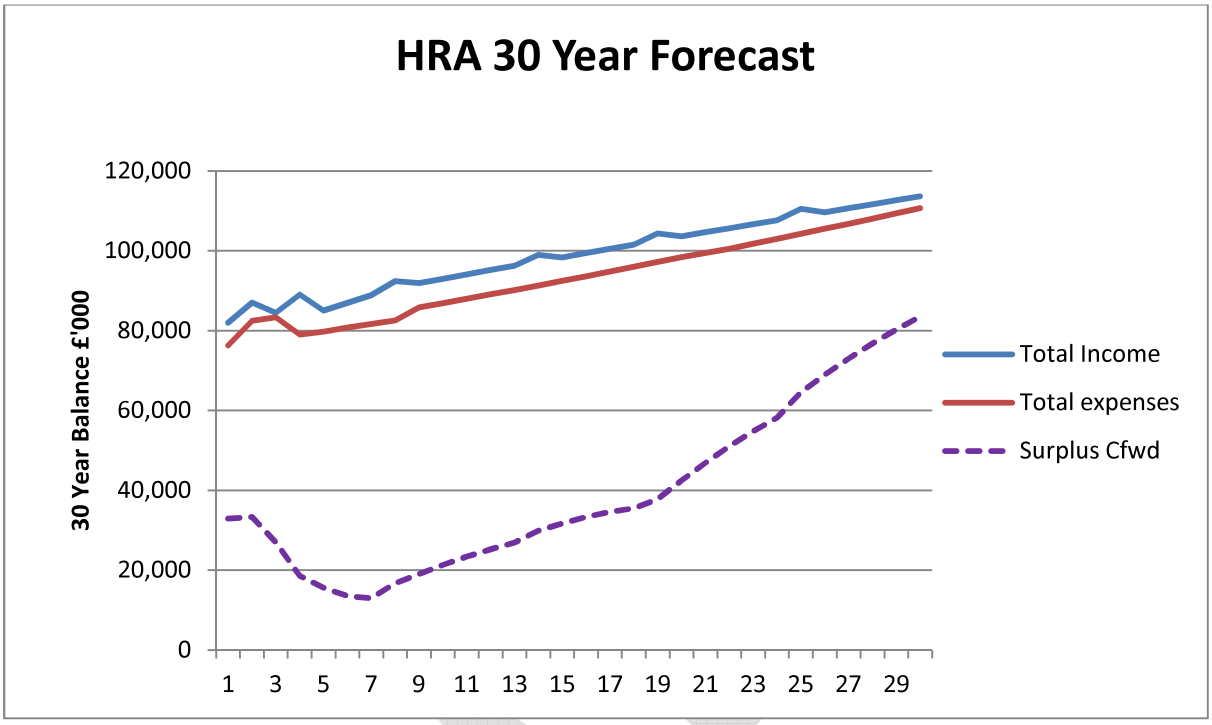
The main areas of investment in the early years will be:

- Supporting housing growth where we plan to spend over £50m by 2023
- Activity to mitigate the impact of welfare reform
- Ensuring we prioritise the completion of essential investment associated with our statutory duties including but not limited to the Regulatory Reform (Fire Safety) Order 2006.

The main source of funding for the business plan is from tenant rents which will continue to be set in line with the Government's national social rent policy.

The chart on the next page represents the current forecast. This shows that all planned activity is affordable over 30 years.

HRA 30 Year Forecast



It is important to note that all 30-year forecasts serve only as indicative guides from a point in time and these will continually change as progress and long term planning assumptions are reviewed.

1. Introduction

The Housing Revenue Account Business Plan

This is the Housing Revenue Account Business Plan 2018-19 for Rotherham Council.

The purpose of this plan is to set out how the Council will manage the financial aspects of Council Housing in Rotherham from the income raised locally. The plan sets out the rent, charges and forecast budgets for 2018-19, together with an outline budget for the remaining period of the plan.

This business plan:

- Sets out how the Council will manage and monitor delivery of the business plan
- Outlines the Council's income strategy for council housing
- Sets out the Council's aims and objectives for tenant services and investment in our housing stock
- Explains the Council's approach to treasury management
- Describes the Council's approach for ensuring value for money

Details the main financial assumptions in the plan

Sets out the main risks to the business and how they will be managed.

Rotherham MBC owns 20,475 council homes which are home to over circa 25,000 tenants and make up around 19% of overall housing in Rotherham. The Council also owns 3,375 garages and has management responsibility for 534 leasehold properties.

The plan incorporates anticipated income and projected expenditure for the next 30 years and sets the long term direction for council housing investment and services in Rotherham. The business plan focuses on income and expenditure for 2018-19 to 2022-23 and assumes full recovery of leaseholder contributions to capital works.

The Housing Revenue Account

The Housing Revenue Account is the financial account used by the local authority for council housing income and expenditure. The HRA is ring fenced for income and expenditure on council housing and funds services for council tenants and investment in council homes. Interest repayments of outstanding council housing debt are also funded by the HRA.

Financial summary

The closing Net Book Value of the HRA assets owned by the council as at 31 March 2017 (adjusted for Social Housing Adjustment Factor) was £653m. Rotherham Council's total housing debt as at April 2017 was £304.125 million with a further borrowing potential of £32m.

Over the life of the business plan total income is expected to be £2,900m and total planned expenditure will be £2,800m. Cumulative surpluses by year 30 of the plan will be £83 million. Over the first 10 years of the business plan there is the potential for there to be significant financial pressures to overcome as a result of loss of income due to ongoing welfare reforms. Throughout the period it is planned to maintain a minimum reserve balance of £3m which will mitigate risks associated with welfare reform.

Over the 30 year business plan period total debt will remain at £304.125 million and costs of servicing this debt will be approximately £402 million over the 30 years. A copy of the 30 Year Operating Account are attached at Appendix A.

Business planning principles

Since self-financing was introduced in 2012 it has required the Council to think differently for two reasons:

- The Council bears the responsibility for the long term security and viability of council housing, rather than Government

- Key risks are now managed by the council, these include inflation, interest rate fluctuation and Right to Buy numbers.

These factors mean the council has to be more business minded and commercial in its approach to managing its council housing portfolio. Being business-minded means ensuring we have the means to make the right investment in our homes and the services that support them. This investment needs to be made at the right time in order to keep homes lettable. It also means we make best use of our homes by charging for them fully and fairly, by collecting all income owed and by keeping them in use as much of the time as possible. Being business minded also means ensuring we continue to maximise value for money of our expenditure.

The Council's business principles are as follows:

1. **Providing good quality homes at a reasonable cost.**

a. Homes are in a safe and sound condition

b. Neighbourhoods are places where people want to live

c. Homes and services are charged for fully and fairly

d. External investment is levered into the business

2. **Tenants can influence the council housing service**

a. Ensure our homes are attractive to existing and prospective tenants

b. Homes are kept in use as much as possible

c. Provide services that meet tenant's reasonable expectations

d. All income owed is collected

3. **Efficiently manage running costs**

a. Using the Council's purchasing power and long term view to get the best deals for tenants

b. Management of known hotspots of expense in the business

c. Keeping overhead costs under control

d. Seek added value for benefit of tenants through contracts we award

These business principles are the criteria we use to inform how investment decisions are made.

These business principles have been used to help determine what the priorities are for the council over the next five years. For example, making the best use of homes applied to council housing means allocating properties quickly to new tenants and minimising turnover of the property. This links to sustaining tenancies and working with tenants to support them to stay in their home. This would reduce the time that properties are empty which in turn increases rental income.

In relation to council housing, being business minded does not mean generating a profit as it does in the private sector. Any surplus generated by council housing under self-financing is ring-fenced for re-investment in council housing in Rotherham.

It is the Council's intention that under self-financing council housing will continue to be owned by the Council, the HRA ring fence will continue to be in place and any surpluses will continue to be invested in supporting housing growth, reinvested in services or maintaining and improving the condition of the homes for the benefit of tenants. We need to be business minded to secure the long term future of council housing and we must balance this with what is best for tenants and for the residents of Rotherham.

Rotherham's priorities for the next five years

The key priorities for the next five years of the HRA business plan are:

1. **Supporting housing growth**

The investment in new housing will contribute to the Council's housing growth target of 900 new homes per year. A total of £57m of HRA resources have been allocated to housing growth over the next five years. This will lever in HCA grant of at least £6.8m and the sale of private homes are expected to generate surpluses of £2m to be re-invested into the acquisition of new council homes. The table below details the total investment over the next five years:

	2017/18		2018/19		2019/20		2020/21		2021/22		TOTAL	
	Units	£	Units	£	Units	£	Units	£	Units	£	Units	£
Strategic Acquisitions/ New Build Programmes	14	1,673,602	29	3,189,495	30	2,611,750	27	2,459,000	15	1,890,000	115	11,823,847
SOAHP & Bungalows	0	556,311	42	5,405,187	43	6,171,694	33	4,673,808	0	0	119	16,807,000
Site Clusters	0	3,930,395	72	13,654,703	110	10,446,742	35	738,755	0	0	217	28,770,595
TOTAL	**14**	**6,160,308**	**143**	**22,249,385**	**183**	**19,230,186**	**95**	**7,871,563**	**15**	**1,890,000**	**451**	**57,401,442**

2. Investing in our homes

The investment programme provides the most scope for allowing projected spend to fit within the resources available. This is because the programme is the largest area of expenditure for council housing in Rotherham and is constructed based on the resources available. The programme also provides opportunities for efficiencies through procurement.

The value of the investment programme (excluding Repairs & Maintenance and new build) will initially be around £20m per annum for the first five years. Within this funding the Council has started to set out what its priorities are for investment in homes. Alongside this, resources are prioritised for the completion of other investment schemes that must be concluded. These include works to ensure compliance with Health and Safety legislation and the Regulatory Reform (Fire Safety) Order 2005.

3. Mitigating risks of welfare reform

Tenant services will play a key role in mitigating the risk of welfare reform, for example the work of the Income Management team will be critical, as will links with Rothersave Credit Union, debt advice partners and continuing the Smart Move project which supports tenants who might choose to move to a more suitably sized and affordable homes.

Ongoing support of the Council's digital inclusion strategy is also essential as this will support tenants to move towards accessing Council services online and enable them to apply for benefits online as the roll out of Universal Credit throughout Rotherham continues in July 2018.

4. Efficiency savings

Ongoing efficiencies from services will contribute to reducing costs over 30 years. There are opportunities to review key services where the greatest spend on services exist - rehousing and estate management - to ensure value for money and contribute to an overall reduction in costs. The Council will also explore how we can work with partner organisations to better support tenants to remain longer in their tenancy thereby reducing costs and maintaining a rental income.

Linking management and overhead costs to the size of the housing stock will allow us to mitigate some of the effects of the 1% rent reduction for the life of the business plan. We have therefore proposed to link fifty percent of the cost of Supervision and Management to the size of the housing stock. This in real terms means there will be a saving of circa £100m over that period. Other efficiencies will come from improved asset management, contract management and procurement.

Key facts and figures

Our homes

20,475 homes are owned by the Council (19% of all homes in Rotherham)

The Council is responsible for 534 leasehold properties

24% of homes are 1-bedroom, 32% 2-bedroom, 43% 3-bedroom

24% of properties are flats or maisonettes and these are contained in over 500 blocks

99.8% of council homes currently meet the Decent Homes standard

Around 1,730 homes were let to new tenants in 2016/ 17

Approximately 600 acres of Green space is managed by the HRA

3,375 garages are owned by the council

Our contractors complete around 90,000 repair and servicing visits per year – an average of 246 per day

We spend £19m per year on day to day repairs and maintenance – an average of £52,000 per day.

Our customers

We have over 25,000 tenants (this is more than the number of homes as we offer joint tenancies)

2.8% of our tenants are from BME communities compared to 3.9% across all tenures

2.4% of our tenants are under the age of 24 compared to 1.5% across all tenures

22.4% of tenants are 75 years old or more compared to 15% across all tenures

56.8% of council tenants classify themselves as having a disability compared to 30.6% across all tenures

66% of tenants receive housing benefit

6,462 people are currently on the housing register, of which 1,209 are current tenants wishing to transfer.

Challenges for Rotherham

Whilst the Council's initial long term financial forecast under self-financing showed a significant surplus in resources, this has now come under increasing pressure due to ongoing welfare reforms meaning we now have higher rent arrears, a decrease in rent for a four year period and increasing essential investment costs.

The Government's plans for welfare reform are a key risk to this plan because of changing rules which mean that:

- All working age tenants, including those currently on housing benefit, will be responsible for paying their rent when they transition to Universal Credit. This commenced in December 2015, the final tranche of working age tenants will start transitioning from July 2018 onwards when they experience a change in circumstances.

- Tenants who are deemed to be under-occupying only receive benefit for the size of property they need.

- Capping and restrictions on eligibility for housing benefit across multiple age groups

Welfare reform has the potential to have a significant impact on the business plan which is based on 95% of income coming from rents. All tenant services will therefore need to be reviewed to ensure that they are best able to mitigate the effect of welfare reform on the business plan.

The next five years

Funding our priorities

The main areas of investment in the early years will be targeted at:

- Support housing growth
- Activity to mitigate the impact of poverty and welfare reform
- Making the best use of the homes we have by ongoing improvements to the rehousing process and supporting tenants to sustain their tenancy
- Managing the impact of the Housing and Planning Bill, in particular the requirement to sell or pay a determination based on the value and vacancy rate of Higher Value Properties owed by the Council and the introduction of mandatory fixed term tenancies.

Later sections of this business plan (sections 3-7) serve to provide an overview of how we will manage each element of the service to maximise housing growth, investment and drive efficiency.

It is important to note that these long term forecasts are the products of a series of assumptions based on information available at a point in time. Extended over 30 years any inaccuracies are magnified and as it is impossible to know the exact financial environment (interest rates, cost inflation etc.) in future years, or the housing needs of future tenants (housing standards, welfare arrangements) so the forecasts we make about future costs and income can only ever serve as an indicative guide which must be subject to regular review.

How does this plan fit with Council's strategic objectives?

The HRA Business Plan will not sit in isolation but will be influenced by and itself influence the Council's wider aims and objectives. Council housing is a significant asset to the town and the business plan is a powerful tool for maximising the benefits of that asset for the citizens of Rotherham.

The business plan's wider benefits are linked to the four priorities in the Council's Corporate Plan 2016-19. The table over page explains how the HRA will support delivery of these priorities:

<table>
<tr>
<td>Every child making the best start in life

Children require safe and warm homes to grow up in if they are to learn and fulfil their potential. Housing cuts across each of themes identified to ensure Rotherham is a child centred borough, for example:

-The HRA funds three workers within the Early Help team to support families with children

-Staff and construction partners are trained in safeguarding and tackling child sexual exploitation so they can spot the early signs and make referrals</td>
<td>Every adult secure, responsible and empowered

Decent housing underpins positive physical and mental health and can help older people to remain in their own homes for longer, potentially reducing costs in health and social care services.

During 2018-19 the Housing service will see the construction of 11 disabled persons bungalows commenced on site.</td>
</tr>
<tr>
<td>A strong community in a clean, safe environment

Housing can have a significant impact on one's feeling of well-being, and sense of security and community. In 2018-19 we plan to invest over £20m in improvements to our estates and the properties we own.</td>
<td>Extending opportunity, prosperity and planning for the future

The delivery of the housing growth plan will contribute significantly to the overall economic growth of Rotherham, by providing homes for people, meeting local need and creating jobs and training opportunities. Over the next five years the Housing service will invest over £50m in new housing throughout the borough.</td>
</tr>
<tr>
<td colspan="2">A modern, efficient council

The housing service is ranked in the top 25% of council's in the country for the cost of managing Council Housing.</td>
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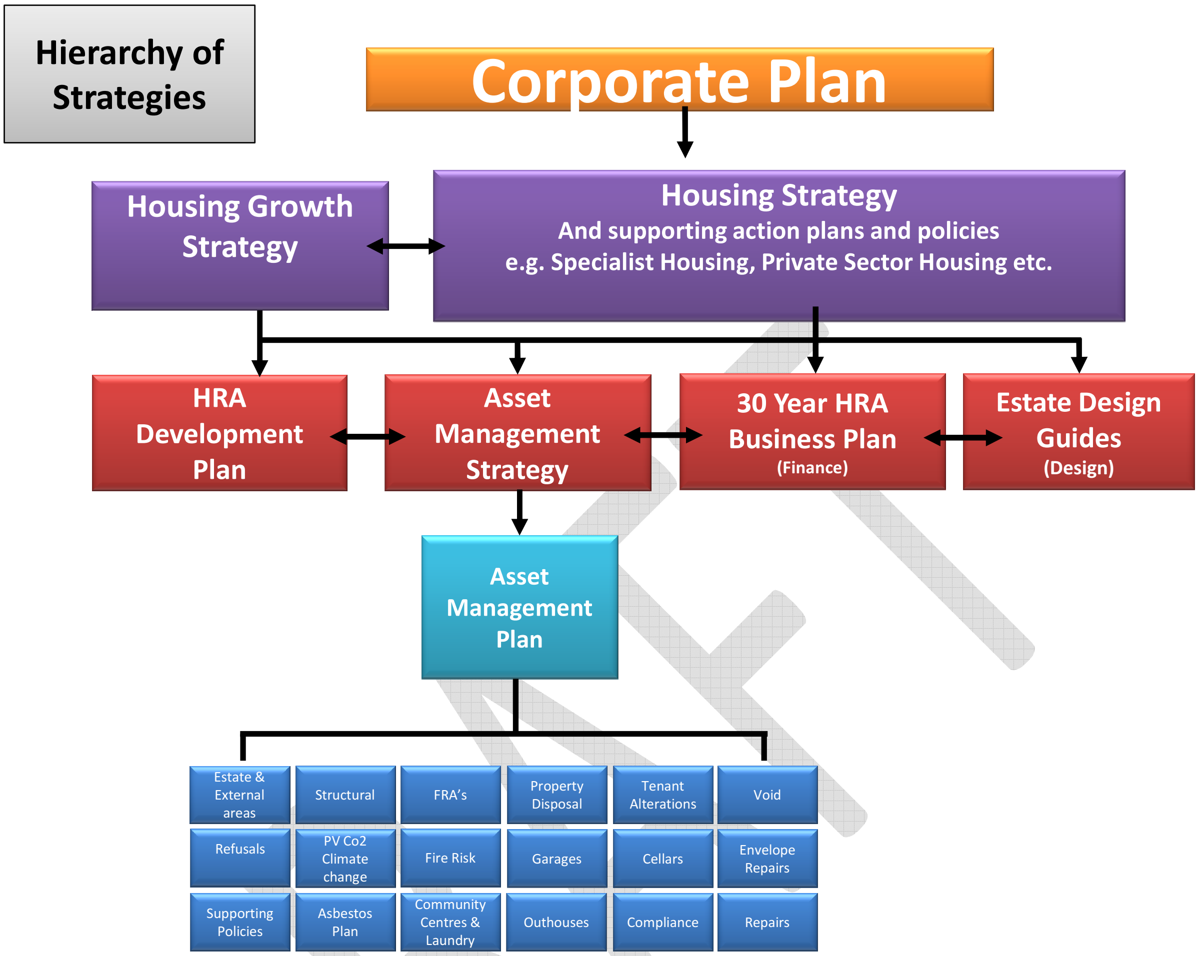
</table>

Alongside delivering against the Council's Strategic Objectives the plan also links into delivering key aims of The Housing Strategy. The HRA Business plan supports the vision for the Housing by 2019 in the following ways:

Enough social rented homes available for local people	The council will continue to purchase new properties to ensure we minimise the impact of Right to Buy on the existing social housing stock owned. This will ensure we continue to have sufficient houses available for those residents in most housing need. Over the next five years the Housing service will invest over £30m in new housing throughout the borough.
High levels of resident satisfaction	The council will continue to invest in services that tenants want through regular consultation. We will monitor tenant satisfaction with the services we offer bi-annually through the industry recognised STAR survey. Our latest STAR survey showed 83% of tenants were satisfied or very satisfied with our services.
Nobody trapped in housing that fails to meet their needs	A robust business plan will allow funding for Housing Options to continue offering advice to residents on the most appropriate housing for their needs
Better more joined up working between RMBC Housing, Adult Services and Children and Young People Services	We will continue to work with Adult Services to expand the housing offer for elderly and vulnerable residents so they remain independent for longer so reducing the burden on social care budgets. We will continue to fund family Support workers in Children's and Young People Services to support families in crisis.
Continuing to alleviate fuel poverty for our most vulnerable households	Between 2018-19 and 2023-24 we plan to invest over £100m in improvements to our housing stock that will alleviate fuel poverty.

This Business Plan will be reviewed annually against the Housing Strategy and other legislation and corporate policies so that the changing needs and expectations of tenants can be reflected in the plan.

The chart below illustrates the policy framework within which the HRA 30 year Business Plan operates.



2. Governance

The Council needs a robust HRA Business Plan in order to ensure resources are optimised over the next 30 years for the benefit of all Rotherham citizens. Strong governance of the business plan will be the key to its success and must be led by Councillors. Strong governance must also include; tenant and leaseholder scrutiny, and officer responsibility, and the council as systems in place to ensure this occurs.

Governance of the HRA Business Plan includes three key structures; political governance, tenant governance & scrutiny and the officer structure. This section sets out arrangements for governance of the plan which will be further developed during the course of 2018-19 in partnership with Councillors, tenants and stakeholders. This will be set out fully in the next update of this plan.

i. Councillor governance

The Cabinet and Commissioners will monitor performance against the HRA Business Plan and make decisions on matters relating to strategic service and service planning, contracts, partnership & consultation and property.

A financial report will be reported to Cabinet, these reports will include both revenue and capital aspects of the business plan.

The Cabinet will be involved where there is a need to discuss and take decisions on the most significant issues facing the Council. These include issues about the direction of the Council, its policies and strategies, as well as Rotherham wide decisions and those which affect more than one Council service.

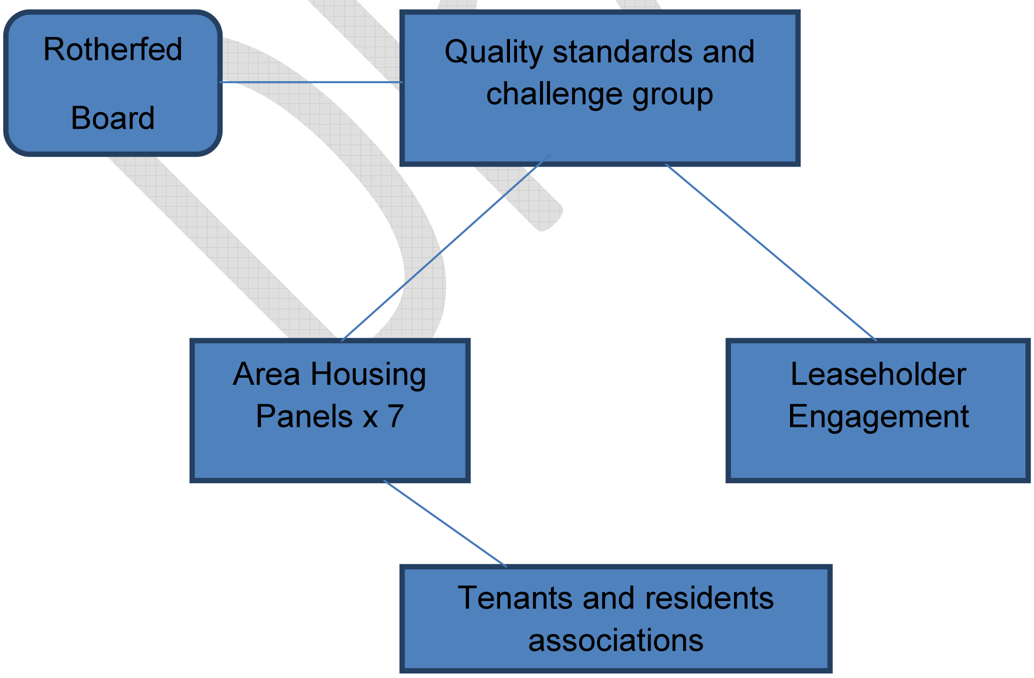
The Improving Places Select Commission will undertake scrutiny of the Business Plan. The scrutiny committees help to ensure that local government is effective and accountable. The central purpose of scrutiny is to monitor and examine services provided by the Council and its partners, as well as to carry out in-depth reviews into specific service areas. The aim of these scrutiny functions is to continuously improve the delivery of local public services to residents.

The Audit Committee may also wish to review the HRA Business Plan in performing its remit to ensure effective corporate governance of the HRA Business Plan.

iii. Tenant and resident involvement and scrutiny

Tenants and resident involvement is key to ensuring the Business Plan reflects the priorities of our tenants and leaseholders. Below is an outline of our current engagement structure with tenants and leaseholders:

Tenant and Leaseholder Engagement Structures



In the future, tenant priorities will be fed into the HRA Business Plan through our Local Offers that will continue to be reviewed and developed in partnership with tenants, leaseholders and residents at service level through the Area Housing Panels and Leaseholder engagement. Performance against the Local Offers will continue to be monitored with and reported to tenants through the structure detailed.

Customers must be able to monitor and challenge performance against the business plan in the spirit of co-regulation.

The Annual Report to Tenants will continue to be agreed each year and will set out the targets including key performance indicators, the risk management plan, improvement plans, customer satisfaction measures, service review updates and information on tenant and resident involvement.

The Annual Report to Tenants will be available on the Council's website for tenants and residents to monitor performance.

The Annual Report to Tenants will provide feedback to all tenants on the performance of the Council against the Government's regulatory framework and the HRA Business Plan. The Annual Report will be published each year.

iiii. Officer governance

Responsibility for the HRA Business Plan will sit with the Assistant Director of Housing and Neighbourhoods in consultation with the Assistant Director of Finance. The Business and Commercial Programme Manager will support the governance of all activity relating to council housing under the HRA Business plan.

The Business and Commercial Programme Manager is responsible for monitoring performance against the plan, updating the plan together with annual budget and performance setting. The Assistant Director of Housing and Neighbourhoods and the Assistant Director of Finance will be responsible for monitoring and challenging the use of council housing resources, ensuring value for money and monitoring risks.

There will be scrutiny of revenue and capital monitoring and target setting under the business plan's key themes:

- Income and Resources
- Investment
- Housing and Estate services
- Value for money
- Treasury management, and
- Risk management.

Performance against the business plan will be monitored through the HRA Business Plan monitoring report.

Contract and Service Development team will provide contract advice and support to both the revenue and capital teams on the repairs, maintenance and investment contracts.

The HRA Business Plan will be updated on an annual basis so that changes such as rent increases/ decreases, charges, cost savings, budget pressures and policy can be reflected in the plan. The updated business plan will be approved by Full Council in January/ February each year. Any in-year policy changes will be approved by Cabinet as required.

The HRA Business Plan will include revenue and capital resources and activity. The Council Housing Investment Programme will continue to be part of the Council's overall Capital Programme which will be approved by Commissioners and Full Council in February each year.

Within the Council, aspects of the Housing Revenue Account will also be reported routinely to the officer groups responsible for day to day delivery and management of the plan.

3. Income and resources

i. Overview

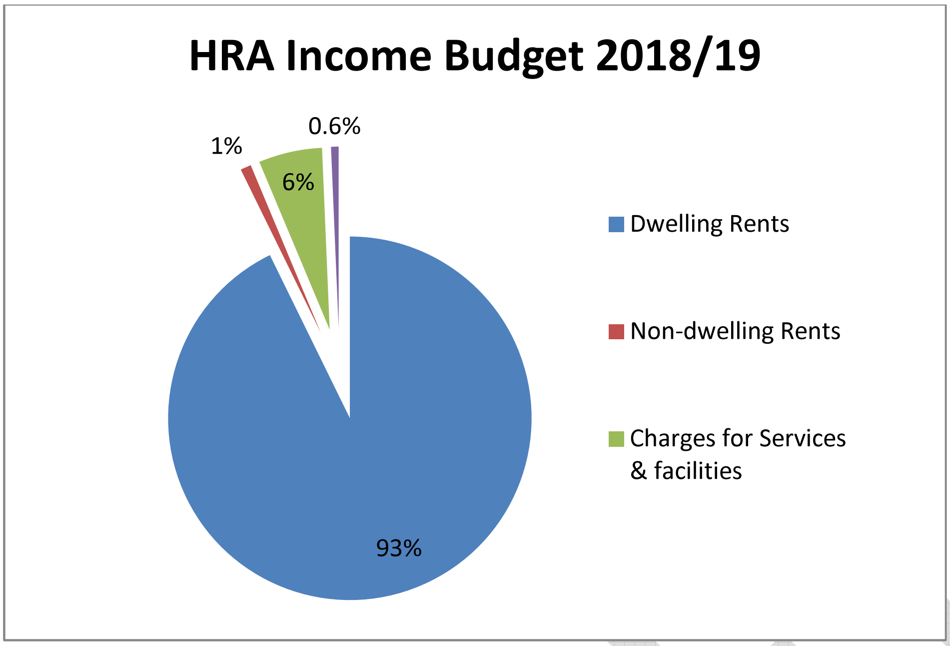
This part of the business plan is concerned with income into the Housing Revenue Account. It includes rent setting, service charges, re-charges and other charges payable by tenants to the Council as landlord.

All aspects of council housing delivery - services, investment, support costs, debt interest payments etc. - must be funded through the income the Council is able to raise locally. Therefore, it is important to ensure our income is at the right level to provide the right services, support housing growth and the investment needed to Council homes.

ii. Income breakdown

The following chart shows the items which make up the £82m income expected into the HRA in 2018-19. The chart shows that over 93% of income into the HRA is rental income from council homes. The chart does not include capital receipts (for land or Right-to-Buy sales) which are reviewed annually as part of the wider Capital Programme.

HRA income breakdown 2018-19



iii. Key risks

1. **Welfare Reform**

Benefits Cap

The Welfare Reform Act was passed by Parliament in March 2012 which introduced the concept of a Benefits Cap. The amount at which the cap would be introduced was reduced as part of the Summer Budget 2015, the details of how groups are affected is below:

	£ per week	£ per week Autumn 2016	£ per annum now	£ per annum Autumn 2016
Single	350.00	257.69	18,200	13,400
Lone Parent	500.00	384.62	26,000	20,000
Couple	500.00	384.62	26,000	20,000
Couple with children	500.00	384.62	26,000	20,000

Housing benefit is the first payment to be cut if a household is affected by the benefit cap. From data provided by the DWP (Department of Work and Pensions), 142 council tenancies are currently affected in Rotherham which have an average arrears balance of £433.06 per tenancy.

Whilst the benefit cap does not directly affect the HRA, it means that a number of tenants have no immediate means to pay their rent, which may cause significant strain on bad debts over the medium term as well increase in void rates as tenants seek to move to smaller properties.

Other potential factors that will impact the HRA Business Pan include:

- Households in private rented accommodation may apply for re-housing to more affordable council accommodation.
- Affected council tenants may require money advice to assist them with budgeting.
- Rent arrears may increase from larger households in receipt of welfare benefits

Spare Room Subsidy

The Spare room subsidy commenced in April 2013. There are currently 2,983 tenancies affected of which 1,908 tenants are in arrears with an average balance of £262. Total arrears balances for tenants affected have now begun to stabilise with an increase of 4% over the past 12 months.

Universal Credit

The way in which benefits will be paid to tenants in the future presents a risk. At the current time 64% of HRA income is received via direct payment of Housing Benefit, with the remainder paid direct by tenants.

Universal Credit commenced in Rotherham on 7 December 2015, at the current time there are 295 tenants claiming Universal Credit. Throughout 2017-18 the number of UC claimants has steadily increased following the roll out of Full Service Universal Credit in the neighbouring DWP areas of Barnsley and Doncaster. This roll out means over 1,100 working age tenants will transfer to Universal Credit when they have a change in circumstances if they are claiming any of the following benefits:

Income Support
Job Seekers Allowance
Employment and Support Allowance
Child Tax Credits
Working Tax Credits
Housing Benefit

The Council anticipate approx. 10 tenants a week in the area will be affected based solely on Housing Benefit data we hold.

During the past year the Council have written to all tenants that will be affected by the initial roll out of Universal Credit and offered support. Alongside this there have been regular articles in Home Matters magazine to raise awareness amongst all tenants. The remaining roll out in Rotherham will take place in July 2018. It is anticipated up to 150 tenants will transfer to Universal Credit each week to when this roll out takes place.

As at the end of October 2017 the arrears balance of tenants on Universal Credit stood at £212,000; an average balance of £720. This is approximately twice the average balance of tenants whose rent is paid by Housing Benefit or fully themselves.

In setting budget projections beyond the short term these changes to benefits make accurate estimation difficult. There is a lack of information to accurately assess the scale of bad debt provision required, which means over the coming years there is a need to regularly review the impact on:

- Rent payment levels
- Cost of collection
- Tenancy turnover

If tenants on Universal credit do not pay their rent, in addition to an Alternative Payment Arrangement, the landlord can also apply for a direct deduction of up to 20% for the non-housing element of their claim. This allows some degree of certainty that rent will be paid eventually so at the current time bad debt provision has been left at 1.72% up to year 10 of the plan.

Backdating of Housing Benefit

As of 1 April 2016 Housing Benefit claims commenced only being backdated by 4 weeks. This impact's on rent payments where a tenant was eligible for Housing Benefit but did not submit an earlier claim. As a result the Housing Income team now attend all tenancy sign up meetings to ensure that Housing Benefit claims are submitted at the start of a tenancy to minimise the detrimental impact this may have on income collection. Clearly this may also impact on existing tenants when there is a change in circumstances, which will be dealt with when identified through the arrears management process. Going forward this will reduce as tenants transfer gradually onto Universal Credit.

Restriction of Housing benefit for 18 to 21 year olds

From April 2018, 18-21 year olds submitting a claim for Universal Credit will not be automatically eligible for the housing cost element (equivalent of Housing Benefit). There will be some exceptions for:

- Parents whose children live with them
- Vulnerable groups
- Those who have previously been living independently and working continuously for six months

The HRA has 214 tenancies that fall into this category for which £10,592 income per week is received via Housing Benefit. Based on an average tenancy duration of 13 months for this client group it is inevitable there will be a risk that some of the £550,000 annual income would not be recovered from April 2018 onwards. This will lead to further pressure on HRA income and bad debt provision.

Local Housing Allowance

Previously announced plans to cap Housing benefit payments at the often lower Local Housing Allowance rates have now been scrapped following an announcement by the Prime Minister to Parliament on 25 October 2017. Whilst this would not have had a direct impact on the HRA Business Plan, it would have potentially led to a considerable increase in rent arrears amongst groups affected.

2. Housing and Planning Bill

Lifetime Tenancies

The Housing and Planning Bill has introduced the requirement for fixed term tenancies of up to 10 years for social housing with the aim of making best use of the stock so only people in housing need remain. Whilst this will not reduce income to the HRA, it will probably increase the turnover rate for stock so increasing housing management and void costs at a time when cost savings are required.

This policy would also apply to succession rights, with the exception of the partner or spouse inheriting the tenancy.

Higher Value Property Sales

The Housing and Planning Bill has introduced a requirement on Local Authorities to consider the sale of high value properties that become vacant.

This duty is a result of the introduction of Right to Buy for Housing Association tenants. Originally it was intended that this would be funded by the sale of high value council properties when they became vacant. As the bill has progressed it is now clear that Local Authorities will receive an annual determination from the DCLG which may or may not reflect the actual turnover of higher value properties.

It will be for Rotherham MBC to consider if it wishes to sell a higher value property when it becomes vacant. No guidance has been issued yet to define what is meant by higher value. Irrespective of whether the council chooses to sell or not, it will be required to make a payment from the HRA each year to the DCLG based on the determination it receives.

Previous estimates, assuming the 10% highest value properties by bedroom size would be subject to review and therefore captured by the levy/ determination this could cost the HRA up to £3.1m per annum.

As of November 2017 no detailed regulations have been issued. For planning purposes it has been assumed the HRA will incur a charge of £2m per annum under this policy. Once the regulations have been published a review of this assumption will take place. This is a significant risk to the HRA Business Plan.

3. Right to Buy

The final key risk to the income of the HRA is the Government's policy on Right to Buy receipts which continue to be pooled nationally. Whilst reducing numbers of dwellings and reduced rental income as a result of Right to Buy have been factored into the business plan, the number of sales over 30 years is only an assumption based on recent averages. If Right to Buy sales rise above their forecast numbers over the next 30 years, the business plan will be inadequately compensated for lost rental income. This risk is even greater given the Government's increase in Right to Buy discount, providing a 70% discount to many tenants.

iv. Income for 2018-19

a. Rent setting

In 2018-19 rent charges will decrease by -1%, resulting in an average weekly rent of £72.73 over 52 weeks.

The rent levels in the business plan for 2019-20 will reduce by a further -1%. Thereafter they increase by CPI + 1% for five years followed by CPI for the remainder of the plan. This is assumed to be 2% based on Office for Budgetary Responsibility forecasts. These assumptions will be reviewed at annual budget setting and HRA Business Plan update reports.

b. Target rent

The amended national social rent policy removed the Council's ability to achieve rent convergence.

The revised social rent policy does still allow for the Council to move rent to convergence at re-let. It is the intention for the council to continue implementing this guidance. It is anticipated this will help to raise an additional £70.5 million income to the HRA over the life of the business plan and sustain continued investment in council housing. If we had not chosen to take this approach it would have meant less investment in our housing stock and a deterioration in the quality of our homes over the life of the business plan as we would not have been able to afford the investment necessary to maintain our houses to the standards tenants want.

c. Rotherham Furniture Solutions

Tenants have the option to enter into a furnished tenancy as part of our housing offer. We currently have 3,868 furnished tenancies for which an additional charge is made. In 2018-19 these charges will reduce by -1% in line with the Government's national rent policy.

d. Garage Rents

Garage rents for 2018-19 will increase by 3% as per CPI for September 2017(the month used for determining increase in rent charges). By increasing garage rents the average weekly charge will increase to £4.89 per week.

e. Service Charges

Currently, the Council sets separate service charges for district heating and sheltered housing (which includes Rothercare alarms service and/ or communal area charge) because these are services that not everyone receives and so not everyone should pay for through their rent. Guidance from Government recommends that other types of service charges are separated from rents so that charges are more transparent and fair.

District Heating

For 2018-19 District heating charges will initially be maintained at a rate of 6.28 pence per kwh. Once full year costs for 2017-18 are known charges will be revised accordingly and any reduction in charge rate will be applied retrospectively from 1 April 2018. The council will continue to charge district heating based on cost recovery across all schemes, therefore some District Heating services may operate at a deficit and some at surplus but all tenants will pay the same unit rate irrespective of the scheme they are on.

Rothercare

In 2018-19 it is proposed charges for Rothercare are £2.77 per week.

Cooking Gas

The Council also charges for cooking gas facility at 83p per week. This is an increase of 3% the equivalent of 2p per week.

Communal Facilities

In line with other non-dwelling charges it is proposed to increase the communal facilities charge and the laundry charge by 3%. The communal facilities charge will increase by 14p to £4.64 per week and the laundry charge will increase by 5p to £1.55 per week.

f. Right to Buy Receipts

Under the Government's determination, 25% Right to Buy (RTB) receipts will continue to be retained by the local authority. The amount of receipt the authority keeps is ring-fenced by Government for use on regeneration or providing affordable housing, or for paying off HRA debt.

The Council has a total HRA debt of £304.125 million. This debt must be serviced from the rental income from council dwellings. As homes are lost from the HRA through RTB then so is the rental income from the property but not the debt that is associated with that home. Therefore under self-financing the first call on any income received from Right to Buy receipts should be a payment to the HRA equivalent to the HRA debt associated with that property.

g. Other Income

During the life of the business plan, the Council will continue to look at other ways of bringing in income. This will include potential contributions from our partner organisations, e.g. health, where they will benefit from outcomes from council housing projects. The Council will also consider ways of maximising our assets for example through short lease properties, neighbourhood centres and garages. Also where possible any grants available for council housing investment will be maximised.

Homes and Communities Agency

Within 2018-19 we anticipate receiving grant income from the Homes and Communities Agency of £6.8m for the construction of 227 new council houses.

v. Financial Impact of proposals

The proposals above will have a variety of different impacts on income coming into the HRA. For the year 2018-19 forecast income will be £1.1m less than in 2017-18.

As set out above, moving all properties to target rent at re-let and reviewing service charges are two options for additional income and it is the Council's intention that wherever possible all charges will be fair, reasonable and transparent.

4. Housing Investment

i. Overview

The Asset Management Strategy sets out how the Council will prioritise works to its homes and estates to ensure they are places where residents want to live while remaining cognisant of the financial policy and regulatory constraints that affect the housing sector.

Approximately £40 million is invested by Rotherham Council annually in maintaining and improving our properties. The budget is currently split £20m in Planned replacements and £19 million in Responsive repairs. Sound asset management is about providing a quality service whilst achieving value for money therefore it follows that the aspiration should be to further invest in planned works with a view to reducing the need for reactive repairs.

These fundamental changes will require the Council to continually review its assets, in order to make sure our homes are desirable, meet people's changing needs, and create increased value for money efficiency within our business.

The Council has pledged to improve the environment for the people of Rotherham where residents live in safe and healthy communities. This investment contributes to those pledges by seeking to improve the energy efficiency of our homes and ensuring the estates follow the latest design good practice for safety and the environment being free from trips and falls for example.

In summary the Asset Management strategy seeks to maintain:

- The Decent Homes Standard
- Various Health and Safety Legislation including compliance including but not restricted to:
- Gas Safety
- Asbestos Management
- Fire Safety

The 'Rotherham Standard' will:

- Meet all Health and Safety Standards
- Have repairs carried out in a timely fashion to a high standard
- Have key items such as kitchens and boilers replaced and updated based upon an enhanced industry standard

In addition we will also:

- Improve the energy efficiency of our homes
- Invest in the communal and external environment

Future Investment

It is our intention during 2018-19 to further refine the 30 year investment model so we can explore opportunities including:

- Maximise further opportunities for housing growth
- Review implications of the Care Act 2014 on the services we provide to support people living longer independent lives in their own homes

Given the significant changes to the policy environment in which the HRA operates there have been substantial reductions in resources available to invest in properties the council owns. Whilst the need to maximise investment in new homes to afford opportunities for housing growth so meeting the needs of local people waiting to get on the housing ladder. Appendix A details the proposed funds available for investment in the housing stock over the next 30 years.

ii. Cost breakdown

Proposals for 2018-19 to 2022-23

This section explains how investment will be prioritised over the next five years. The aim of the investment programme is to create an affordable plan to match expected resources.

Proposed 5 year investment programme

The table below sets out priorities for our investment strategy and costs over the next 5 years of this business plan. The plan will continue to be refreshed annually and does not yet account for circa £43m further investment in housing growth as plans are still be finalised at the time of developing this plan.

5 Year Housing Investment Plan

Area	Budget 2018-19 (‘000)	Budget 2019-20 (‘000)	Budget 2020-21 (‘000)	Budget 2021-22 (‘000)	Budget 2022-23 (‘000)	TOTAL
Repairs and Maintenance	19,954	20,566	19,022	19,363	19,662	**98,567**
Stock Investment (incl. Public Adaptations)	23,661	23,473	29,433	26,947	28,539	**132,053**
Housing Growth	22,249	19,230	7,871	1,890	0	**51,240**
Total	**65,864**	**63,269**	**56,326**	**48,200**	**48,201**	**281,860**

It is anticipated that with the continuing trends for welfare reform and the 1% year on year rent reduction until 2019-20, it will become increasingly challenging to deliver high quality services with the available funding.

We recognise that there is a risk of the available budgets not matching the amount we are predicting to spend on repairs and planned works. We must therefore manage our budgets to reflect the available budgets and if necessary smooth out peaks in demand by delaying some stock investment and replacements. In order to achieve this it is important that we are able to extend the life of a building component which can only be achieved by careful planning in advance.

In the future we aim to deliver a greater proportion of our investment in a planned way. Best practice suggests that the split should be 70:30 Planned to Reactive maintenance. Historically this balance has not been achieved as the policy has been to repair or renew components rather than maintain components for the future. It is proposed that to achieve this target we will increase the number planned cyclical maintenance programmes examples will include external painting and clearing of rainwater goods. The Council Housing Investment programme will be funded from a set charge from revenue plus an annual Revenue Contribution to Capital Outlay generated as a result of efficiency savings.

Full details of the approach to investment within the Council's housing portfolio is detailed in the Housing Asset Management Plan 2016-2019.

5. Housing Management

i. Overview

This part of the business plan is concerned with the services provided to tenants. It includes services such as tenancy management, income management and re-housing services together with tenancy enforcement (ASB), estate services, governance and involvement.

Good services are important to our customers and impact on our housing offer and ability to let homes. This business plan depends on our income from rents, so we need to collect as much of the rental income as possible. We also need to ensure that our most high cost services (estate services and rehousing) are as efficient and cost effective as possible.

ii. Cost breakdown

The pie chart below shows the proportion of the HRA budget spent on Supervision and Management including overhead/ support costs, split by service type. The chart shows that the highest cost area is Central Services. Each area as a key role in ensuring we deliver high quality services to our tenants and is expanded on below:

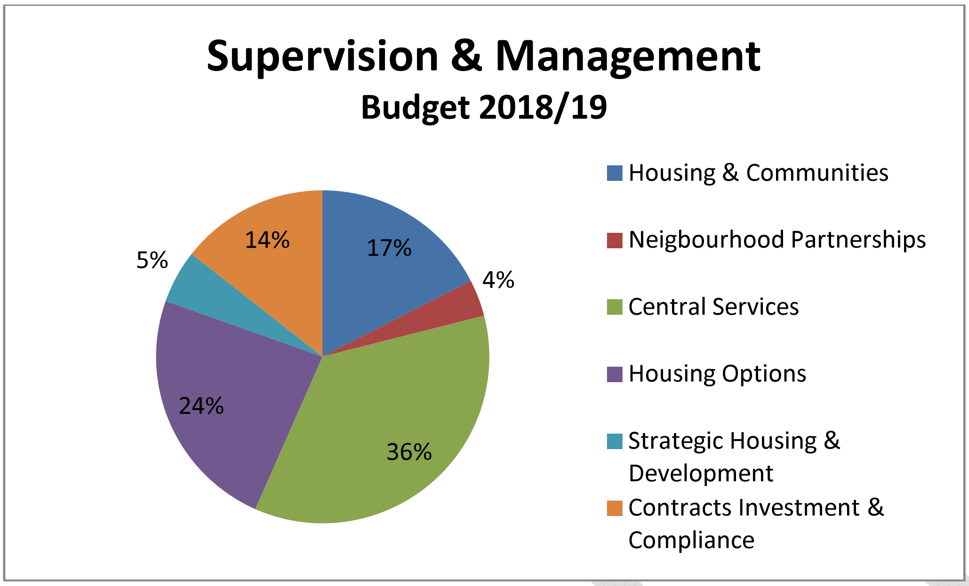
Housing Options is responsible for managing the housing allocation process, housing register and preventing homelessness.

Housing and Estates Services is responsible for post-letting tenancy and estate management functions, including tenancy enforcement and tenancy associated service requests (excluding repairs and maintenance), dealing with anti-social behaviour, management of the general estate environment and housing revenue account administered non-residential assets, such as garage sites. The service also supports the Safer Rotherham Partnership and community safety functions. The service also has close working relationships with the Safer Rotherham Partnership and community safety functions, particularly the Anti-Social Behaviour Team.

Central Services is the area of expenditure responsible for managing income to the HRA and commissioning other services that support effectively delivery of the Housing service such as accountancy support, ICT, Corporate Governance and Human Resources etc.

The Contracts, Investment and Compliance is responsible for the management of our housing assets, deciding how we will invest in our assets to ensure they are places tenants want to rent. Repairs Management is seen by tenants as one of the most important and is responsible for day to day management of the repairs and maintenance contractors ensuring repairs are carried out right first time.

HRA breakdown of proposed expenditure on Supervision and Management 2018-19



iii. Risks

There are a number of risks to this area of the plan, the most significant being welfare reform. As set out in section 3 on Income, the Housing Revenue Account is forecast to receive around 60% or £48.6 million income paid directly from housing benefit. This benefit will progressively be paid direct to eligible tenants under the housing cost element of Universal Credit. So far single new claimants are automatically processed as a Universal Credit Claim in Rotherham and more recently the full service role out extended to the Swinton area of Rotherham for all working age claimants. It is anticipated the full scale roll out of Universal Credit across the rest of Rotherham will take place in July 2018. In the first instance only claimants who have a change in circumstances and are claiming eligible benefits will be affected. It will be at least 2022 until the roll at of Universal Credit is fully complete and all legacy benefit claimants transferred nationally. The risk of increasing arrears and the impact on bad debt provisions has been factored into the business plan.

Under the continuing reforms more tenants are finding it harder to pay their rent because of the effects of the welfare reforms on household income. This has led to an increase rent arrears, which have increased by over 230% since the on-set of welfare reforms. Consequently this has also resulted in higher tenancy turnover. There is also a higher demand on the re-housing and tenancy support services, an increased demand for additional downsizing support and a growing need for early support for vulnerable tenants which includes money, debt and welfare advice.

Any additional demands on council housing as a partner in addressing vulnerability, safeguarding, preventing homelessness and in reducing demand for care services are likely to be exacerbated by the continued challenging local economic environment.

iv. Proposals for 2018-19

This section explains how tenant services will be developed over the next three years. The aim is to develop tenant services to ensure they align to the business planning objectives and also that they are tailored to meet emerging need, which includes the ongoing impact of welfare reform.

a) Tenancy Standard

Ensure all income owed is collected

A key priority is the ongoing work mitigating the impact of welfare reform. The Council is committed to minimising any effects of welfare reform on tenants and to do this through continuing early intervention and arrears prevention. Our efforts will continue to be in supporting tenants to continue to pay their rent; by offering additional support to vulnerable tenants to help with money, benefits and debt advice, this is being done through our Financial Inclusion team. We are also supporting the Advocacy and Appeals service through funding for Money Advice Officers to support tenants in rent arrears manage priority debts.

Following a restructure of the housing income service in 2017-18 which saw staffing levels more than double there continues to be a cultural transition to develop an approach which can be summarised as having a commercial mind and social heart.

We also have active partnerships with the following organisations and Directorates aimed at supporting tenants maximise income thereby increasing their ability to pay rent:

1. Age UK, Rotherham
2. Laser Credit Union
3. Children's and Young Persons Service

We have also offered and will continue to offer funding for vocational training and apprenticeships for tenants so improving their ability to successfully secure employment and become independent. These projects include:

1. HR Employability Project
2. Employability Support Officer

b. Neighbourhood and Estate Management

A key focus for the service in 2018-19 is developing support to sustain new and existing tenancies, this includes effective up front assessment of prospective tenants to ensure they meet the new allocations criteria and can afford the properties. To ensure this support is focused, achieves outcomes for tenants and is delivered as efficiently as possible a service review will be undertaken to agree how best to deliver the provision across Housing allocations, Tenancy Management and the Housing Income Service. The role of Area Housing Officers will continue to be reshaped towards a balance between enforcement activity and early intervention, prevention and support.

There will also be a review of Neighbourhood Working with key services, agencies and South Yorkshire Police. This will focus around the safer, greener, cleaner agenda and protecting the most vulnerable within our communities.

There is also a need to increase contact with vulnerable and older tenants so supporting them to live independent lives within their own homes and with their local support networks nearby. This will help reduce the pressure on Adult Social Care Services.

Delivering effective tenancy management will also be a foundation of our work in 2018-19 ensuring we continue to be responsive to key tenancy issues such as ASB.

Housing Allocations

Key priorities for the service in 2018-19 are:

Review of Temporary Accommodation

1. Set up and finalise processes for 6 “Step up Step down” Crash pads which will be utilised by Adult Care.

2. Explore the use of transitional tenancies

3. Explore alternative options for charging arrangements for supported housing

4. Set up crash pad provision for Adult and Children’s services

5. Set up additional provision for victims of Domestic abuse

6. Develop a Housing First Model

Reduce Homelessness and Rough Sleeping

1. Review and implement a revised Homelessness Prevention Strategy 2018 – 2020

2. Review processes and Structure in readiness for the Homelessness reduction Act

3. Undertake an actual Rough Sleeper Count

Void Re-let times and Sustainable tenancies

1. Review the Allocation Policy for people with complex needs

2. Implement mandatory pre tenancy workshops people for people with complex need including online access for those applicants who live out of the Borough

3. Reduce the number of 'Hard to Let' properties

4. Implement a revised transfer process to improve standards of voids

5. Increase referrals for support to help people into Employment

6. Help to set up Shared Tenancies for those who cannot afford a tenancy

c. Tenancy involvement

We have made significant improvements in our strategic approach to tenant involvement in the last 2 years which is enabling tenants to have more say in our services e.g. TI (Tenant Involvement) Strategy, TPAS Accreditation , STAR Survey, Home Matters (Tenants Magazine), Training etc. We have been confirmed as a Tpas (Tenant Engagement Experts) accredited landlord for Resident Involvement Excellence from 2016 for a period of three-years. We will continue to build on this success and continue to deliver our Tenant Involvement Strategy) to :

• Make tenant involvement an integral part of our business by involving and consulting tenants to shape services to best meet their needs

• Ensure that we are fully inclusive and provide opportunities to widen engagement by offering a range of ways that tenants can get involved, at a level and pace that is accessible to all

• To provide and support training and development opportunities to enable all tenants to make a difference

• To maximise accountability and value for money to ensure that tenants have confidence in our services.

We will seek to improve tenant involvement widen and improve opportunities such as digital inclusion for tenants including under-represented groups such as younger tenants and working tenants to make a positive difference to the services they provide. We have already seen some success with this approach such as the Tenants Conference, Garden Competition and young tenants scrutiny review undertaken by Rother Fed on our behalf. We currently have a contract with Rother Fed (Tenant Federation) to deliver some of the Tenant Involvement activities on our behalf supporting and developing TARA’s and working with us to deliver our TI objectives.

We will seek to improve how we performance manage and capture the impact of our tenant involvement activities such as the Housing Involvement Panel, Area Housing Panels, Quality Standards Challenge Group, strategic housing consultations and Rother Fed activities e.g. scrutiny reviews. This will ensure that tenants have involvement that is meaningful, accessible and which allows them to influence services at both a local and strategic level. This will enable us to:

- Monitor and evaluate the impact of the Tenant Involvement Strategy
- Implement the recommendations from the Tpas Accreditation to further improve accountability and performance with regards to tenant involvement over the next 2 years and beyond, so we can achieve the reaccreditation in 2019.
- Improve how we act on and feedback to tenants to improve our performance on the performance indicator 'Listen to views and act upon them' on the back of the recent STAR Survey results

d. Housing Management Systems & Digital Inclusion

The focus for ICT system developments will be supporting omni-channel customer and staff access to ensure services are available at a time to suit customers.

Moving transactions online will free more officer time to support customers and mobile and remote working will ensure that services can be agile and more responsive.

Business requirements have been identified ready for soft market testing and procurement of a replacement system for Housing. These business requirements include a system that will be:

- agile and responsive to business changes
- customer friendly allowing staff and customers to access this through many different channels including a simple customer friendly website
- accessible through a variety of mobile devices for customers and staff
- link business intelligence and sharing data across the business with an integrated platform

Digital Inclusion

We are working hard to widen and improve opportunities such as digital inclusion for tenants, leaseholders including under-represented groups to make a positive difference to the services we provide. The Council is seeking to go digital by default and improve our digital offer. We want to ensure that our tenants and customers do not become excluded from the digital era and the opportunities available to them. The introduction of Universal Credit does require people to be online and computer literate. The application process for the Credit can only be completed online and we want to make sure customers are prepared for these changes. For many social landlords, the use of technology is becoming an increasingly important way of delivering their services, supporting tenants to apply for their housing benefit and universal credit online, from online repairs reporting, reporting ASB and rent accounts to using social media to engage with tenants. Systems that support some form of choice – including accessing services outside office hours – are important if tenants are to be fully engaged, while self-service will further reduce costs for us. Essentially it's about giving tenants access to information and enabling them to do something with it at their desired level of involvement. Good examples of this kind of electronic interaction mean that it doesn't take up as much of tenants' time as traditional meetings that could involve travel and tenants can participate in them at any point over a period instead of a meeting that takes place on a fixed date and time that may be inconvenient.

As part of our contract with Rother Fed, they have established a Digital Inclusion Network which is made up of partner organisations who share information and good practice with regards to digital inclusion. Rother Fed have also trained up over 10 Digital Champions who are a resource to empower and support tenants to get online and access services on our using self-service for paying rent, reporting repairs, universal credit etc. Working with Rother Fed and other partners such as Job Centre Plus, we will seek to:

- To break down barriers to digital & social inclusion amongst the council tenants.
- To support and develop tenants' self-confidence, digital skills, access to online services, complete benefit forms online e.g. Your Account, universal credit and housing benefit, employment opportunities, and further learning opportunities.
- To develop more Digital Champions to test online services and support tenants and residents to engage with and access online services and improve our digital offer.
- To enable council tenants to engage with our services through online tools.
- To continue to develop positive engagement with a wide range of stakeholders and share best practice.

6. Debt and Treasury Management

The financing of the HRA's asset base critically underpins the delivery of the Business Plan.

Therefore the HRA's debt portfolio will be actively managed to minimise the financial risks associated with past and future financing of the HRA's asset base.

When self-financing was introduced on 1st April 2012 the HRA's borrowing need/ debt level was £303.959m and was £304.125m at 31st March 2016. The HRA's maximum borrowing limit is £336.623m.

i. Overview

One of the principles of self-financing is that the HRA is responsible for managing its debt portfolio without Government support and will bear all of the risk and also the opportunity.

It should be borne in mind that even with the new freedoms under self-financing, the debt of the HRA remains the debt of the authority and all treasury management decisions are still ultimately the responsibility of the section 151 officer. Decisions on debt, funding and cash flow investment are therefore those of the authority not the HRA alone.

Treasury management is the term used to describe the way a council manages the cash it needs to meet both its day-to-day running costs and the borrowing for capital expenditure.

ii. Capital Programme

The Capital budget (programme) covers the money spent on investing in buildings, infrastructure and expensive pieces of equipment and to count as capital expenditure, new assets or improvements to assets must have a life of more than one year.

Councils finance capital spending in a number of ways, including:

- Use of revenue funds – known as direct revenue financing
- Capital receipts – money received from the disposal of capital assets can only be used for debt repayment or to finance new capital expenditure
- Grants and contributions – can come from central government or other organisations
- Major Repairs Reserve – this is a special reserve that provides capital funding for the Housing Revenue Account
- Borrowing – councils can borrow money to pay for capital assets, this was traditionally the most important source of financing

iii. Prudential Code

April 2004 saw the introduction of CIPFA’s Prudential Code for Capital Finance in Local Authorities. It is given statutory backing, which means that councils are required to ‘have regard’ to it, by the Local Government Act 2003 (in England and Wales)

The Prudential Code provides a framework to judge whether capital investment is affordable, prudent and sustainable in the year in question and in future years and it requires thought about six things when agreeing the capital programme. Relating this to the HRA these would be:

- The HRA's service objectives – are the capital spending plans consistent with the local council's strategic plan and its future plans for its services?
- The stewardship of the council's assets – is the capital expenditure being spent on new assets at the cost of maintaining existing assets?
- The value for money offered by the plans – have all the options for investment been considered and do the benefits outweigh the cost?
- The prudence and sustainability of its plans – can the HRA afford the borrowing now and in the future?
- The affordability of its plans – what are the implications for housing rents?
- The practicality of the capital expenditure plan – does the HRA have the resources to manage the project and does the total programme look sensible?

Councils prove that they are complying with the Prudential Code and this is done through a series of prudential indicators that are set locally and approved at the same time as the Council sets its budget for the following year.

The Key Prudential Indicators as they affect the HRA are:

- Estimate of the ratio of the capital financing costs to the net revenue stream of the HRA over the next three years
- Actual ratio of the capital financing costs of the HRA's net revenue stream - the current value of the indicator above
- Estimates of the incremental impact of the capital investment decisions on housing rents for three years, or longer - because all HRA borrowing is secured against future income
- Debt compared to the capital financing requirement

iv. Capital Financing Requirement & Borrowing

The Capital Financing Requirement (CFR) indicates the theoretical need to borrow and the HRA has a share of this need but it will be no more than the borrowing cap. At 31/03/16 the HRA's CFR was £304.125m and in the short-term is not expected to increase. Over the longer-term the CFR is expected to rise up to the level of the borrowing limit (cap) of £336.623m as new capital investments are made.

The HRA's share of the Council's loans outstanding stood at £260.384m at 31/03/16, borrowed from the Public Works Loans Board (PWLB) and Market sources (e.g. Banks, Pension Funds, etc.), but this is less than the CFR/borrowing need. The 'under-borrowing' of £43.741m is funded by borrowing internally from the General Fund, i.e. the HRA is assumed to be fully borrowed at its CFR/borrowing need level.

The rate of interest on the internal borrowing is calculated by reference to the annual weighted average of the Council's overall debt portfolio.

This is considered to be an equitable approach as the Council's existing debt portfolio reflects the Council's investment in the HRA's asset base pre self-financing whilst also sharing any future interest rate risk between the General Fund and HRA arising out of the Council's existing 'under-borrowed' position.

The HRA's debt portfolio at 31st March 2016 was as follows:

HRA DEBT PORTFOLIO AS AT 31ST MARCH 2016

	Maturity, EIP or Annuity	Fixed, Variable or LOBO	Total	< 12 Months	12 Months to 2 Years	2 to 5 Years	5 to 10 Years	10 to 20 Years	20 to 30 Years	30 to 40 Years	40 to 50 Years	Above 50 Years	Not Known
Public Works Loans Board													
Apportioned Loans													
	Maturity	Fixed	121,520,253	3,204,037	12,816,150	16,020,187	16,020,187	0	18,134,851	36,100,618	19,224,223		
	EIP	Fixed	6,408,075	1,281,615	1,281,615	3,844,845							
	Maturity	Variable	6,408,075	6,408,075									
			134,336,403	**10,893,727**	**14,097,765**	**19,865,032**	**16,020,187**	**0**	**18,134,851**	**36,100,618**	**19,224,223**	**0**	**0**
HRA only Loans													
	Maturity	Fixed	15,188,000					10,000,000	5,188,000				
			15,188,000	**0**	**0**	**0**	**0**	**10,000,000**	**5,188,000**	**0**	**0**	**0**	**0**
			149,524,403	**10,893,727**	**14,097,765**	**19,865,032**	**16,020,187**	**10,000,000**	**23,322,851**	**36,100,618**	**19,224,223**	**0**	**0**
Market													
Apportioned Loans													
	Maturity	LOBO - Callable 16/17	45,497,330				640,807				9,612,112	35,244,411	
	Maturity	LOBO - Not Callable 16/17	65,362,362								6,408,075	58,954,287	
			110,859,692	**0**	**0**	**0**	**640,807**	**0**	**0**	**0**	**16,020,187**	**94,198,698**	**0**
			260,384,095	**10,893,727**	**14,097,765**	**19,865,032**	**16,660,994**	**10,000,000**	**23,322,851**	**36,100,618**	**35,244,410**	**94,198,698**	**0**
Un-funded CFR - Internal Borrowing			43,740,905										43,740,905
Maturity Structure based on debt maturity dates			**304,125,000**	**10,893,727**	**14,097,765**	**19,865,032**	**16,660,994**	**10,000,000**	**23,322,851**	**36,100,618**	**35,244,410**	**94,198,698**	**43,740,905**
			304,125,000	**3.58%**	**4.64%**	**6.53%**	**5.48%**	**3.29%**	**7.67%**	**11.87%**	**11.59%**	**30.97%**	**14.38%**
Adjusted for Market Debt with possible calls in 16/17				45,497,330			-640,807				-9,612,112	-35,244,411	
Maturity Structure based on interest rate risk				**56,391,057**	**14,097,765**	**19,865,032**	**16,020,187**	**10,000,000**	**23,322,851**	**36,100,618**	**25,632,298**	**58,954,287**	**43,740,905**
				18.54%	**4.64%**	**6.53%**	**5.27%**	**3.29%**	**7.67%**	**11.87%**	**8.43%**	**19.38%**	**14.38%**

Strategic borrowing considerations take account of the level of debt, the type of debt (short/long-term, variable/fixed rate) and whether it is affordable, sustainable and prudent to borrow. The debt strategy also impacts on level of investments i.e. if the Council borrows its investment levels will be temporarily inflated.

In previous years the Council has taken the opportunity to reschedule debt by repaying more expensive debt and replacing this with cheaper debt. However in the current climate it is unlikely that these opportunities will be available. A change in the October 2010 Comprehensive Spending Review which affected on-going PWLB rates combined with the current market conditions means previous advantages which could be gained from rescheduling PWLB debt are no longer available. In addition the market conditions also mean the Banks are less willing to consider rescheduling Market debt.

The Council is required to provide an amount in its General Fund revenue budget for the repayment of debt and this is referred to as the Minimum Revenue Provision (MRP). Whilst the debt is not physically repaid as this will occur when debt matures, the amount set aside reduces the Council's underlying need to borrow (i.e. the CFR). The HRA is not required to provide for MRP although it can budget to repay debt if this is so desired and thereby reduce the CFR.

v. Investment of Surplus Funds

Surplus funds available to the Council are invested to achieve a return. This is principally over the short-term but can be longer if cash projections indicate this may be possible and advantageous.

The primary governing principle remains security of the Council's investments and this takes precedence over liquidity (i.e. having funds readily available) and the return on investments. The criteria for selecting investment counterparties reflect this principle.

Current investment counterparty risk has been minimised further by adopting a stricter operational guidance. Investments are currently restricted to the Debt Management Office, top rated Banks and other large Local Authorities. As a consequence investment returns remain low and are unlikely to increase in the near future.

The HRA is paid interest on its notional cash balances as these would be available for investment thereby partially reducing the rate charged on internal borrowing (unfunded CFR).

vi. Forecasts

It is difficult to forecast debt costs for the HRA over the course of the business plan as borrowing rates will fluctuate and the regulatory and operating environment will change. The financial impact of fluctuations in borrowing rates is mitigated through the effective management of the debt portfolio and control of risk (see vii below).

The weighted average rate of interest for 2015/16 was 4.33% and this is expected to remain low over the short-term as a result of low interest rates generally. In 2016-17 the currently forecasted rate of 4.30% will equate to an interest charge of around £13.650m.

However for modelling purposes which covers the long-term it has been forecast that the average rate of the HRA's borrowing over the course of the 30 year plan will be approximately 4.75%. This rate, which will be subject to continual review, takes account of both the current average rate of existing borrowing and the forecast rate at which new debt will be taken on to refinance maturing debt and to fund any new capital expenditure over the longer-term.

vii. Managing Risk

The HRA will face four principal types of risk in relation to its treasury-management activities over the course of its business plan:

- Credit risk;
- Liquidity risk;
- Interest rate risk; and,
- Default risk

(a) **Credit risk –** the HRA will face the possibility that other parties might fail to pay amounts due to it. Credit risk arises from deposits of cash balances as well as credit exposures to its customers.

(b) **Liquidity risk –** the HRA's cash balances are identifiable on an on-going basis to ensure the impact of positive and negative cash-flows can be readily determined and factored into the financing of the business plan.

(c) **Interest-rate risk –** the debt portfolio will be managed so as to ensure interest rate risk is effectively controlled. Maturity dates will be chosen to ensure the amount of debt falling due for re-financing is manageable when set against the portfolio as a whole and the uncertainty of re-financing rates in the future.

Exposure to the possible impact of interest rate fluctuations arising on variable rate debt including Market Lender Option, Borrowing Option (LOBO) loans will be controlled by ensuring at any one point in time less than 30% of the debt portfolio is subject to the possibility of interest rate change in the 12 months from that point in time.

Uncertainty over the borrowing cost of un-funded CFR will be mitigated by using the average rate on the debt portfolio which will equate more closely to average rates over the longer-term.

(d) **Default Risk –** The primary governing principle remains security of the cash investments and this takes precedence over liquidity (i.e. having funds readily available) and the return on investments. The criteria for selecting investment counterparties reflect this principle. Investment counterparty risk will be minimised further by adopting a stricter operational guidance when circumstances dictate.

7. Value for money

i. Overview

This section on value for money underpins all aspects of the business plan. The section also reviews overheads and support costs such as management, accommodation and support services.

Overheads and support costs are an essential part of running a business which directly supports frontline services. However, we need to continue to ensure these costs are value for money. Within the HRA ring-fence, the costs incurred of running council house activity have to be charged to the HRA.

Ongoing support costs include:

- Management and support staff costs e.g. Accountants
- Support services such as Legal, Contact Centre and ICT
- Accommodation costs such as Riverside House
- The pension valuations from ex-council staff who transferred to Mears and Fortem in 2010.
- Other costs including supplies and services e.g. public liability insurance etc.

Given the significant changes to the operating environment in which the HRA now operates, there has to be a renewed focus on ensuring all services offer value for money. To provide assurance that the services we offer provide value for money the HRA benchmarks annually through Housemark. This provides an overview of how costs compare to those of our peers within the sector.

ii. Cost breakdown

The following table illustrates the total costs of running the Council Housing Service, including fixed costs such as interest charges on debt for 2016-17:

Description	**Outturn £**
Contributions to Housing Repairs	18,382,096
Supervision and Management	19,227,860
Rents, Rates and taxes	230,170
Provision for bad debts	1,139,528
Cost of Capital Charge (Interest payable on debt)	13,554,808
Depreciation of fixed assets	19,975,350
Debt Management Costs	115,810
Revenue Contribution to Capital Outlay	5,465,685
Total	**78,091,305**

iii. How does Rotherham compare?

Changes to the operating environment may impact on costs and performance in a number of ways. The table below gives some indication of how well Rotherham is facing up to those challenges compared to our peers against a number of industry standards.

Cost comparison of the Housing Service 2015-16

Measure	**Rotherham Outturn**	**Peer Group Average**	**Quartile**
Costs			
Overheads as a % of adjusted turnover	4.7%	7%	Second
Total Cost Per Property of Housing Management	£249.61	£355.09	First
Total Cost Per Property of Repairs & Maintenance and Voids Management	£648.48	£736.62	First
Total Cost Per Property of Major Works and Cyclical Maintenance	£1,784.79	£2,051.52	Second
Performance			
Tenant satisfaction	83%	85%	Third
Rent collected from current and former tenants	98.2%	99.7%	Fourth
Average re-let time of standard lets	37 days	30.38 days	Fourth
Rent loss due to empty property as a % of rent due	1.51%	1.39%	Third
Tenancy turnover rate	8.04	7.41	Third
Average number of days to complete a repair	7.99 days	8.04 days	Second
Percentage of repairs completed at first visit	96.66	94.1%	First
Average SAP rating	65.9	70.33	Fourth
Percentage of	100%	100%	First

dwellings with a valid gas safety certificate			
Staff sickness absence, average number of working days lost per employee	11.21 days	10.2 days	Third

Key findings and actions:

Rotherham has a Housing Service that is low cost compared to its peers

Repairs and Maintenance performance is good

Investment is required in stock that is not well insulated, hence the low SAP rating, we have a programme to address these issues from 2018-19 onwards

Rent collection performance is poor, proposals were approved in October 2016 and the transformation of this service has commenced, with early signs of improving collection rates

Tenancy sustainability is lower than our peers. Therefore we incur additional cost through the lettings process. A review of the transfer process is under way to ensure we provide further support to prospective tenants who have not managed a tenancy before.

Sickness is high in comparison to our peers. We will continue to performance manage sickness in accordance with corporate policies.

Tenant satisfaction has declined in comparison with our peers. We will work with Rotherfed and the Housing Involvement panel to understand the reasons for and act upon these findings.

iv. Risks

Risks to achieving maximum value for money include:

- External economic factors, including fluctuating inflation and interest rates, are a risk which will be taken on by the Council
- Support service savings are challenging because there are external contractual obligations to achieve and competing priorities to protect services due to reductions in General Fund budgets
- Savings to support costs would lead to staffing reductions and may reduce capacity to deliver business as usual.

v. Proposals for 2018-19

Given the significant changes to the operating environment a quarterly update to the Housing Involvement Panel will take place throughout 2018-19 which will ensure tenants retain oversight of the Housing Service. As a service we will continue to

a. Greater value for money from support costs

We will continue to ensure that the Council's support costs are value for money.

We will continue to seek efficiency savings where the service is being restructured in view of the current budget pressures to the wider Council General Fund. Where these reductions result in a reduced service to the HRA decisions will be made about whether this is in tenant's interests.

Every three years there is an actuarial review of the HRA's pension liability. The costs of known pension liabilities have been included within the Supervision and Management costs of the service.

b. Greater value for money from Mears and Fortem

During 2018, discussions will continue with our contract partners to determine how additional efficiencies can be delivered from the remainder of the contract. We will continue with the same principle as in previous years, in that any cost savings generated through the contract mechanism will be re-invested into council housing. There have been efficiency savings of over £1.7m returned to the HRA since the start of the Repairs and maintenance contracts. These savings have so far been invested in

- The construction of four disabled person units
- Contribution to the relocation and refurbishment of new facilities for the SHILOH project which supports homeless and vulnerable adults.
- We plan to refurbish part of a residential Facility to provide permanent accommodation for elderly and vulnerable adults.
- We plan to invest further savings in developing further disabled person units.

It is also recognised that tenants of Rotherham also receive other indirect benefits through the council's partnership with Mears and Fortem via their Corporate Social Responsibility (CSR) Programmes operating within the borough. Recent activity supported through these programmes include the re-modelling and refurbishment of Kimberworth Park Resource Centre and the installation of fencing at Dinnington allotments.

c. Procurement Strategy for Construction contracts

The R & M Contracts currently run until April 2020 at which point a new arrangement will need to be put in place. This arrangement was procured in 2009-10 under an EU Competitive Dialogue process and involved the transfer of the then internal workforce to the private sector. While the contract gave no guarantee of value or volume an obligation does exist to provide work for the 350 staff that transferred out of the Council's workforce on 1st November 2010. The current approach to this is one of seeking to maximise the use of the existing partnership where it is reasonably possible, offers VfM and remains within the scope of the original OJEU notice. We anticipate when the contracts are renewed there will be potential costs savings to be generated through lower staffing as the TUPE'd work force numbers continue to reduce and replacement staff are employed on lower cost terms and conditions.

Currently approximately £30m is spent on planned works though the Repairs and Maintenance Framework and a further £10 million is procured through competitive tender each year. This is the largest area of expenditure and is therefore the area of spend that will need to generate the most savings to fund future housing growth proposals. Total savings required over the next 5 years from this area of the business total £6.5m which will be used to fund the development of new council housing throughout the borough. This will be kept under review so that any further cost savings from other parts of the business will also be invested in housing growth.

By 2020 we will:

1. Complete the procurement of the repairs and maintenance contracts to lever significant savings and investment into housing growth.
2. To seek to work with existing framework agreements let by other authorities / organisations where these can be shown to offer VfM and a suitable route to market.
3. To put in place a Rotherham based framework for housing growth alongside our existing contracts with Wates Construction.

Any other unique or specific requirements will be procured in line with RMBC Standing Orders and Financial Regulations.

We recognise as the Council becomes more sophisticated in managing is housing assets, through understanding the Net Present Value of our assets further efficiency savings should be generated.

d. Review of Tenant services

Over the next five years a number of initiatives are planned to reduce costs these include:

1. Decommissioning of garage sites as part of the development of the Garage strategy- this will reduce not only repairs and maintenance costs but also costs associated with management of these tenancies within the Housing Management service and provide opportunities for Housing growth.
2. Communal area upgrades will be an invest to save in automated lighting, windows and heating systems to reduce long term running costs of communal areas.

3. Land disposals that are currently of low amenity value on estates will be pursued. This will reduce ongoing maintenance costs to the service and also where possible generate capital income to fund future acquisition of new council housing.

vi. Financial impact of proposals

The table below summarises the planned cost of value for money savings over the three years of this business plan. Each figure in the tables represents a one off saving (negative numbers) or cost (positive numbers) compared with the 2017-18 budget and does not take into account inflation.

Description	2018-19 £'000s	2019-20 £'000s	2020-21 £'000s	2021-22 £'000s	2022-23 £'000s	Total
Repairs and Maintenance	0	0	-2,095	-2,131	-2,167	-6,393
Repairs and Maintenance 'Shared savings'	-250	-250	0	0	0	-500
Total	-250	-250	-2,095	-2,131	-2,167	-6,893

These savings will ensure the forecasts in the HRA Operating statement are achieved.

8. Risk Management

Self-financing involved a significant transfer of risk from Central Government to the Council. Variables such as interest rates, cost inflation, number of homes owned etc. are all risks managed by the council.

Any adverse changes in rental income (for example as a result of welfare reform or changes in the number of Right-to-Buy sales) must be managed locally.

The risks associated with the HRA Business Plan demand a smarter approach to risk management. The Council will closely monitor the viability of the HRA Business Plan; through the governance structure described in section 2, by building a HRA Business Plan monitoring report to monitor key variables such as:

- Number of homes
- Rental income
- Rent arrears and bad debts
- Voids and void rent loss
- Debt levels and repayment
- Reserve levels, and
- Maintenance backlog.

The risk management plan for the HRA Business Plan is attached at Appendix C. The plan follows the Council's risk management methodology and approach. It includes a clear description of the risk, an assessment of probability and impact of the risk, a summary of controls and cost consideration and information on when the risk will be reviewed.

The risk management plan is updated, tracked and monitored through the governance structure described under the Governance section. The management plan will be revised as the situation changes - especially regarding interest rates and inflation - in light of Government announcements such as continuing welfare reforms as part of process of monitoring changes in variables and performance.

Significant risks will be placed on the Corporate Risk Register and risk issues will be escalated through the Council to Departmental Leadership Team and Senior Leadership Team as necessary.

The Council has risk based reserves to ensure that HRA reserves are maintained at the appropriate level. The reserves will be maintained at the appropriate level to fund potential future financial pressures from risks such as welfare reform and investment requirements.

The detailed financial model behind the HRA Business Plan includes a number of assumptions we have used to understand what resources will be available for council housing over the next five years in the context of the next thirty years. These baseline assumptions are detailed at Appendix B.

9. Conclusion

The HRA 30 year business plan demonstrates we have a well-run and efficient business. Over the life of the plan we are able to meet the needs of our tenants whilst generating significant surpluses. These surpluses provide the council with enormous opportunities to invest in new council housing over the next five year's, improve the well-being of our tenants and further enhance our housing stock and neighbourhoods.

Over the life of the business plan total income is expected to be £2,966m and total planned expenditure will be £2,800m. Cumulative surpluses by year 30 of plan will be £83m. Over the first two years of the business plan there are financial pressures from the ongoing reduction in rents whilst inflation in projected to remain at or above 2%. In addition there continues to be pressure on income due to welfare reform. These pressures are being managed by making costs savings in property investment and repairs & maintenance budgets. Throughout the period it is planned to maintain a minimum reserve balance of £3m which will mitigate risks associated with welfare reform and is a reflection of the day to day financial pressures facing the HRA.

Appendices

HRA Financial Information Appendix A

Housing Revenue Operating Account – 30 year projections

HRA 30 Year Investment Plan

HRA Financial Assumptions Appendix B

HRA Risk Management Plan Appendix C

Glossary of Key Terms

Term	Definition
Housing Revenue Account (HRA)	The Housing Revenue Account is the financial account used by the local authority for council housing income and expenditure. The HRA is ring fenced for income and expenditure on council housing and funds services for council tenants and investment in council homes. Interest repayments of outstanding council housing debt are also funded by the HRA.
Consumer Price Inflation (CPI)	Consumer Price inflation is the speed at which the prices of the goods and services bought by households rise or fall. Consumer price inflation is estimated by using price indices. One way to understand a price index is to think of a very large shopping basket containing all the goods and services bought by households. The price index estimates changes to the total cost of this basket. Most ONS price indices are published monthly.
Retail Price Inflation (RPI)	Calculated using the Retail Price Index (RPI). It is a measure of inflation published monthly by the Office for National Statistics. It measures the change in the cost of a representative sample of retail goods and services.
Interest Rates	An interest rate is the rate at which interest is paid by borrowers (debtors) for the use of money that they borrow from lenders (creditors). Specifically, the interest rate is a percentage of principal paid a certain number of times per period for all periods during the total term of the loan or credit. Interest rates are normally expressed as a percentage of the principal for a period of one year
Income	Income is increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.
Capital Expenditure	Capital Expenditure (under the Local Government Act 2003): Expenditure that falls to be capitalised in accordance with proper practices. The secretary of state may by regulations provide that expenditure may or may not be treated as capital expenditure by authorities (or that particular expenditure is capital expenditure for a specific authority).
Surpluses	Total value of income remaining after all costs (expenditure) have been accounted for.
Deficit	A deficit is an excess of expenditures over revenue in a given time period

Reserves	Unrestricted cash available to fund business costs as required e.g. in periods when the HRA is forecast to operate at a deficit or to mitigate any future risks to the HRA such as welfare reform.
Net Book Value	The value of HRA assets on the council's balance sheet.
Social Housing Adjustment Factor	The percentage reduction in the value of housing assets owned by the council to reflect that properties have sitting tenants, rent increases are subject to social housing regulations and tenants have a Right to buy the freehold on the property.
Self Financing	The objectives of this reform to council housing finance are to give councils the resources, incentives and flexibility needed to manage their own housing stock for the long term and to drive up quality and efficiency; as well as giving tenants the information they need to hold their landlord to account.
R & M	Repairs and Maintenance
Service Level Agreements (SLA)	Agreements with other Rotherham MBC departments for the supply of goods and services to assist in the management of council housing.
Audit Committee	The Council has established an Audit Committee comprising five non-executive members of the Council. The Committee will be attended by a representative of the Council's external auditors as well as senior officers of the Council. The Committee's remit is – Revised May 2014 to consider all issues relating to audit matters, both internal and external; to monitor and review the effectiveness of risk management systems, including systems of internal control; to consider the preparation and monitoring of the internal audit plan; to consider summary reports of each internal audit and value for money study undertaken; to consider the external audit plan; to consider reports from the external auditor, including value for money, systems and final accounts audits; to review and monitor the performance of internal audit; to review and monitor the anti-fraud strategy and initiatives; to ensure the receipt of 'Best Value' from all audit resources; to review and monitor corporate governance matters in accordance with audit guidelines. The Audit Committee will consider the external auditor's annual report on the Council's statement of accounts income and expenditure and will also consider the SAS 610 report from the external auditor. However, the external auditor's management letter will be presented to the full Council.
Self Regulation Select Commission	A council committee which locally elected councillors sit on. The remit of the Overview and Scrutiny boards are as set out in Procedure Rules to discharge between them the functions conferred by section 21 of the Local Government Act 2000, namely –

	to review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the executive; to make reports or recommendations to the Council or the Cabinet with respect to the discharge of any functions which are the responsibility of the executive; to review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are not the responsibility of the executive; to make reports or recommendations to the Council or the Cabinet with respect to the discharge of any functions which are not the responsibility of the executive; to make reports or recommendations to the Council or the Cabinet on matters which affect the borough or the inhabitants of the borough.
Housing Excellence Plan	A plan for improving services offered to tenants and leaseholders by Rotherham Council's housing services department.
Dwelling Rents	Income charged on a weekly basis to tenants who reside in council properties and have a tenancy agreement with Rotherham MBC.
Non Dwelling rents	Rent received for land, garages, commercial property etc.
Service Charges	Additional charges to be paid by tenants for additional services such as District Heating.
Furnished Tenancy	A tenancy where furniture is provided for an additional charge.
Right to buy	The regulations that allow council tenants to purchase the leasehold or freehold of their home.
Capital Financing Requirements	The measure from April 2004 used to calculate capital charges. It is introduced and defined in the CIPFA Prudential Code
Revenue Contribution to Capital Outlay	The total value of revenue funding being used to support Capital Expenditure in a given year.
OJEU	Official Journal of the European Union – commonly used for advertising public procurement contracts.
Decent Homes Standard	A government target to ensure that all social housing met set standards of decency by 2010, by reducing the number of households living in social housing that did not meet these standards. A decent home was defined as one that meets the following four criteria: A: It meets the current statutory minimum standard for housing B: It is in a reasonable state of repair C: It has reasonably modern facilities and services Dwellings failing on this point are those that lack three or more of the following: „„ a reasonably modern kitchen (20 years old or less) „„ a kitchen with adequate space and layout „„ a reasonably modern bathroom (30 years old or less)

	„„ an appropriately located bathroom and WC „„ adequate noise insulation (where external noise/neighbourhood noise is a problem) „„ adequate size and layout of common areas for blocks of flats. D: It provides a reasonable degree of thermal comfort.