Stroud District Council

HRA DELIVERY PLAN

Period 1: 2017/18

This is a ‘live’ document; it will be reviewed regularly to identify and address emerging and existing risks, opportunities and challenges and to close down any of these since resolved. It will be revised on a six monthly basis with data on actual income and expenditure and related trends. This will include: income levels, interest and inflation levels, RTB sales, higher value ‘levy’ sales, debt, etc.

This plan links to our medium term financial plan and 30 year financial model, which will be updated accordingly to ensure its continued relevance, and effectiveness as a business decision making tool.

This is the first of our delivery plans in this format it has within it a number of actions which will set the foundations for the future development of our service. Future iterations of this document are likely to contain less but more specific delivery focussed actions, within an overall shorter document.

This version 1.0, is for the period April 2017 to March 2018, to be reviewed in October 2017.

Introduction

Our housing service delivers a variety of services to tenants and plays a key role in supporting the strategic aims of the Council, including: housing, economic development and health and well being. It operates in a changing business environment influenced by economic, social, political, legal and other factors; in response to which we have developed this business plan to set out robustly our considered direction and priority for the service enabling it to focus on the delivery of our stated priorities, manage and respond to business risks and opportunities and have appropriate contingencies in place.

This plan brings together our analysis, setting out our service objectives, the management of our housing asset as well as supporting our thirty year financial model, developed in 2012. It will be revised six monthly to ensure that it remains relevant and supports our ability to meet local needs, statutory and regulatory responsibility and will set out plans which balance our financial (borrowing and debt repayment) commitments, stock investment and management objectives (decent homes) and service delivery, (tenancy management and sustainment) objectives, as well as ensuring that it remains sustainable.

This is our first delivery plan linked to a significant programme of change within our housing service, one in which we have redefined and will reposition the service in line with our external and internal business environment setting challenging and far reaching objectives for the service to have a positive impact on the housing provision in our district, asking the question: 'what sort of a housing service do we want to provide?' and defining this as 'one which provides not only a safety net for those in need, but which also supports our wider community by giving housing options to those on a variety of income levels, making the best use of our stock, whilst considering other options; including: shared ownership, for those can afford not to rent, whilst remaining a major provider and key strategic landlord within our District'.

This document incorporates the work we have undertaken in:

- Analysis of our operating environment, identification of risks (threats) and opportunities
- Analysis of our business, its resources, housing stock condition and strengths and weaknesses, to enable us to identify gaps and investment requirements
- Set out our short and medium term objectives, in the form of an action plan
- Update the financial model with any revised assumptions and investment and income expectations, to enable future plans to be effectively costed and modelled.
- This business plan will be revised annually and inform the annual review of the 30 year financial model.

Mattie Ross
Chair of Housing Committee

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Key to abbreviations used

ASB:	Anti Social Behaviour
CIH:	Chartered Institute of Housing
CAMP	Corporate Asset Management Plan
GF:	General Fund
HACT:	Housing Association Community Trust
HCA:	Homes and Communities Agency
HMT:	Housing Management Team
HRA:	Housing Revenue Account
ICT:	Information & Computer Technology
LHA:	Local Housing Allowance
MTFP:	Medium Term Financial Plan
NPV:	Net Present Value
PEST Analysis:	Political, Social, Economic & Technology
ROI:	Return On Investment
RP:	Registered Provider (generally refers to a housing association)
RTB:	Right To Buy
SCS:	Stock condition Survey
SHMA:	Strategic Housing Market Assessment
'STAR' Survey:	Satisfaction of Tenants and Residents
VFM:	Value For Money

Executive Summary

To provide quality housing that meets local need, offering variety in both type and tenure, with routes to home ownership which do not undermine our stock asset's ability to meet need. Through our housing provision we want to optimise access to schools, transport, employment, community, health and other aspects contributing to the 'quality of life'	**What type of landlord do we want to be?**
Through effective management of our assets, partnership working and building new homes, we will provide quality housing for our tenants and future tenants. We will recognise and support the needs of tenants by balancing issues of income and affordability, under/over occupation and other housing need to provide a fair and responsive service for the benefit of our community	**How do we intend to achieve this?**
• To maintain a house building programme even in the absence of HCA grant • To extend and support strong partnership working supporting the provision of housing and services to our community • To maintain our existing stock to a decent home standard which is realistic and recognises that some sale of assets may be needed to achieve this • To maximise income to the service • Contribute to the development of strong, effective and sustainable communities	**What key issues can we deliver on, that will make the most difference?**
To remain the main social landlord within the district To ensure the efficient and effective use of resources, backed by effectives delivery plans and a detailed understanding of our impact using regular and critical reviews of progress and sound measurable data Effective consultation with tenants and stakeholders A culture of constant improvement, recognising and supporting the contribution of staff and systems, including ICT	**How can we best ensure that we succeed?**
• Establish a clear, 'one Council' vision for the service, which links with; and is mutually supported by, key Council strategies • Consolidate our knowledge of our stock and resources with need to support realistic decisions on provision • Develop and implement clear and achievable priorities that are consistent with the above	**The key steps to our success**

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1. Our Vision and Mission

The foreword to our corporate housing strategy (2015) states:

"We recognise that many of the residents in the Stroud District face challenges in accessing appropriate housing, and the provision of affordable and decent housing is a key corporate priority for Stroud District Council. However, we recognise that the solution doesn't lie with any one particular type of housing, so in our strategy we consider all types of housing in the district – whether it's our own council housing stock; whether it is rented from a housing association or a private landlord or whether it is owned and lived in by the householder and family

Cllr Chris Brine
Chair of Community Services and Licensing Committee"

The Housing strategy has set four key priorities for the Council, which are:

1. Making the best use of existing housing
2. Delivering affordable homes to meet the needs of our communities
3. Preventing homelessness and supporting vulnerable people
4. Developing inclusive, sustainable and healthy communities

In supporting the above corporate strategic aims, we are committed to the belief that we have a clear objective to remain a social landlord and to own, manage and provide quality rented housing and associated services to the community we serve.

Through this commitment we also seek to control the quality of homes we provide and to influence, where we can, the quality of homes provided through our partnerships, enabling us to support the provision of quality homes to those living within our District who cannot afford to live in other tenure options.

In achieving the above we will take a strategic and long term overview of housing provision to our community and be a good landlord accepting our responsibilities to our tenants.

Our housing service must provide a variety of options to our community and not only be a provider of last resort. To help us achieve this we have identified the following concepts which influence our strategic objectives:

- Strong financial management to ensure the long term sustainability of the housing service. The medium term future presents us with significant financial challenges.
- Effective management of our stock assets. Given the considerable changes with which we are faced our priorities must remain flexible so we can best respond.
- Engaging with our tenants and other relevant stakeholders over the quality of our services and use their feedback.

- Strong and effective leadership at both political and officer level to reinforce this Vision and Mission.

From the above we have developed the following:

Our vision for our housing service

We will support our corporate vision in the following way:

"To provide quality housing that meets local need, offering variety in both type and tenure, with routes to home ownership which do not undermine our stock asset's ability to meet need. Through our housing provision we want to improve access to schools, transport, employment, community, health and other aspects contributing to the 'quality of life'".

Our mission as a landlord

"Through effective management of our assets, partnership working and building new homes, we will provide quality housing for our tenants and future tenants. We will recognise and support the needs of tenants by balancing issues of income and affordability, under/over occupation and other housing need to provide a fair and responsive service for the benefit of our community".

2. Our key challenges

The housing sector faces considerable challenge, which we must consider in order to effectively analyse, prepare and respond to any opportunities and risks, presented to us. As a local authority we moved, in 2012, from a subsidy (or negative subsidy) based finance model based on short term planning to a subsidy free, self-financed system with the freedom to make plans of 30+ years ahead.

Unfortunately, the model created in 2012, was based on an assumption that rents could rise by RPI+1% (later amended to a ten year CPI+1% increase put in place by government from 2015/16), but which lasted only until 2016/17, with the government's decision that a 1% rent reduction would be imposed for the period 2016-2020, resulting in a reduction of projected income to the HRA of £9 million.

The new Housing and Planning Act 2016 (HPA 2016), which received Royal Assent on 12 May 2016 posed further challenges to our HRA financial model, moving the national housing focus, in terms of subsidy to registered red providers, away from rented housing and onto the new priority of affordable home ownership. The Act also introduced a number of key policy measures which we have assessed and will be covered later in this section.

However, the announcement in November 2016 by the minister for housing of a change to national policy and which affects some areas set out in both the Act and in government investment and which have been welcomed by the housing sector, has been incorporated into the analysis of this delivery plan.

In identifying the housing services' environmental challenges, we have undertaken analysis using the PEST approach through which we have identified the following:

	Issue	Comment
Political	• It is important that clear focus and direction, both locally, regionally and nationally is provided in order to ensure we have a stable environment to operate in, given that significant long-term decisions are required along with clarity on our medium term service priorities	The move to all out elections every 4 years within SDC will provide greater stability locally. This document will form part of our medium term service planning with members to set objectives and plans for the coming 5 years
	• The refocus of national housing policy towards homeownership ha been relaxed, with £1.4Bn set aside nationally to support housing associations in building for any tenure.	This change, does not remove the risk the ending of HCA grant funding presented to our plan, as this new funding does not apply to local Authorities. We do; however, recognise that it will assist our housing association development partners and we will

		work with them to jointly achieve the development of new affordable housing on HRA land/assets, where the council is unable to develop itself
Economic	• Our Medium Term Financial Plan (MTFP) has been affected significantly by the rent reduction, reducing the resources available to deliver on priorities, with un-quantified future risks also applying with reference to Universal Credit and the RTB Levy	This is a key threat to the service, as is the uncertainty on what will happen post 2020, after which point, should the reduction be continued, we believe that the impact on the HCA and our ability to maintain services will be seriously affected
Social	• We need a greater insight into how the data in the SHMA[1] can best inform our understanding of housing need and the requirements for future provision • We believe that our current service planning, which focuses on current tenants and services, fails to adequately consider future need, demographic trends and challenges • Our service's policy & procedures have in the past tended to evolve in response and not be sufficiently planned. As a result, our systems tended to undertake work beyond the landlord responsibility, be too aspirational and less cost effective	• This will be provided by the new Housing Strategy, which this business plan will be linked to • Again this will be addressed with direction from the housing strategy • We believe that we must refocus and rationalise our approach, which will mean that certain services provided will either have to change, cease, or be provided by others, whilst others, may be enhanced
Technical	• Service wise, we have tended to avoid risk but recognise now that we must in some cases face and take managed risks, where we can apply effective risk assessment and management controls, this will impact on our changing organisational culture • Our ICT services, have not been used to the fullest capacity and not enabled to support greater levels of efficiency	• A strong and effective risk management culture is essential, and will be culturally ensured. However, we seek to create a service focussed on outputs and outcomes (underpinned by good risk management principles), but where perceived risk, or fear of failure or repercussions, does not stop service delivery progress • The creation of a specialist systems team, to drive the effective use of our IT systems, ensure that they are updated and fit for the challenges we face, is expected to address this concern

[1] Strategic Housing Market Assessment

From the above analysis, the Opportunities and Threats we face, can be identified:

Opportunities

A more commercial and business like approach, but which supports and continues to maintain and our focus on providing quality services to tenants, will enable us to generate higher additional sources of income to support the strategic priorities of housing supply and investment. These opportunities are limited, and include garage sites, other land assets, and some parts of our housing stock, which cease to have even a medium term viability and which may be included into a business case supporting their sale to fund redevelopment and/or regeneration.

Technology offers us long term savings through higher levels of efficiency, automation, mobile working and ‘channel shifting’ – moving our interaction with customers onto me efficient platforms such as the greater use of on line services. A new ICT strategy is to be developed supporting our approach to the better use of ICT.

Threats

The uncertainty in terms of the impact of recent legislative change, in the Housing and Planning Act 2016 and which limited our ability to make well informed decisions with ‘prediction certainty’, has to some degree been lifted. However, we still believe that we face significant change as a landlord within the social housing sector, with the need to ensure that our service delivery plan is intuitively responsive to the challenges, updated regularly and effectively maintains a balance between income projection and planed expenditure. Our external business environment will evolve rapidly requiring us to continually review and revise our analysis of it and its impact on our service, making changes as appropriate, in response to these and in the best interests of our service and its sustainability.

We are pleased that the introduction of the HPA 2016 for ‘Higher Income Social Tenants’ to pay a higher rent level, commonly referred to as ‘*Pay to Stay’*, has been removed and now represents a voluntary policy for social landlords, which we have decided that currently, we will not take.

The requirement in the HPA 2016 for landlords to offer ‘Fixed Term Tenancies’, still remains, and we will be offering these in line with legislation once guidance and a timetable has been published. In the absence of this, at present, we do predict risks to both the HRA and our housing service, with the potential for this policy to create unstable communities and encourage higher RTB sales (albeit less than feared when higher income tenants on market rents were part of the model).

The requirement on the HPA 2016, for us to pay a levy to government to support the RTB for housing association tenants, funded almost certainly in our case by the sale of our ‘higher value’ housing stock on the open market, is regarded as a risk in that it will to lead to an accelerated loss of our housing stock, many of which are likely to be in popular and high value areas within the district, where few council homes remain and which are unlikely to be irreplaceable. We do; however, welcome the decision by government to delay any implementation of this policy to 2018/19, in order to allow an extended pilot to operate and the analysis of findings be completed.

Reduced funds due to the loss of HCA grant funding to support new build and the 1% rent reduction, which reduces our planned budgets by £9 million over 4 years, with uncertainty on what will happen post 2020.

Housing need assessment is set out in the SHMA. The Housing Strategy identifies a need for some 464 new homes per year to meet demand for affordable rented housing, current delivery (by all social housing providers, including SDC), given constraints of limited land and funding availability is 120 per year.

Our housing policy must be reviewed and focussed on what we realistically should do, and in doing so, remove unnecessary and wasteful effort which is not the landlord's responsibility or in the interests of the landlord to do, is the responsibility of or should otherwise be done by others. We recognise the benefit of greater partnership working in achieve this efficiency.

We intend to change our organisational culture, focussing the service on more efficient ways of working, embedding an approach of systemic challenge into all areas of our service, making far better use of ICT, supporting channel shift and building the service around the achievement of effective outcomes.

The above, will determine our ability to deliver services, which in themselves present new challenges, such as stock investment, repair service delivery, estate regeneration, etc. These are key outputs for the service, and will be addressed in section 7.

3. Our ability to meet the challenge

We have undertaken an internal assessment of the service and its organisational structure and culture, enabling us to assess how well we are able to respond to the opportunities and threats set out in section 2 of this document.

Looking internally to establish our ability and readiness to respond, our analysis, has identified the following:

We currently lack a single, coordinating and central housing service strategy, one which: prioritises and allocates resources, coordinates our objectives and helps us to determine our response parameters to meet any challenge. The service; however, has been restructured, with new plans being developed (including this business plan), ensuring that we are more effective and able to resolve the above issue. We have also completed a business process mapping exercise which is now beginning to shape how we plan and deliver services more effectively.

We will hold our organisational culture under continued internal scrutiny as we actively seek to change it, and in so doing focus on the reinforcement of strong shared values amongst all staff, which recognise the importance of the tenant and getting our service to the customer 'right first time' and that we work in an environment that does not hide behind procedures and which positively challenges the way we do things at all levels, recognising that what we are employed to do is to deliver 'outcomes' and 'outputs', delivering wherever possible the very best return on our investment. This does not mean that we forget the importance of having a good systematic approach which is underpinned by effective risk management.

In achieving the above, we recognise and will ensure that our management style supports this new culture, being 'result' focussed and supporting continual systemic challenge, to deliver continual improvement and efficiency, supporting and empowerment staff in this aim. We will invest in management and staff development to support the achievement of this.

In addition to the above we have also looked at other issues internally in order to gain a better level of self awareness.

Undertaking an analysis of our strengths and weaknesses, we can identify the following:

3.1 What are we good at?

We recognise that almost anything can be considered a resource if it contributes to performance and the achievement of goals, this includes: equipment, staff, formal structures all of which are classed as 'tangible resources', but we also recognise that 'intangible resources' can also play a part and probably more so. These include those things we might simply be good at and which support effective service performance.

These include:

Working together: the housing service has become increasingly effective at joint and shared working, moving away from its teams having a single issues focus, 'silo' working, etc. The service is migrating towards a shared approach and shared objective.

Dealing with poor performance: this issue has been targeted over the past year, with a change in approach, actions and results seen by all

Change: the service has undergone considerable change recently, with a whole service redesign being introduced successfully, a result achieved primarily because staff have accepted and supported the need for change

Effective management: our management team work effectively and closely together in an increasingly shared value and supportive manner. They have demonstrated a high standard of leadership and achieved good results in doing so.

Customer focus: the star survey for 2016 demonstrates high levels of customer satisfaction, which we will build upon and improve further

3.2 What do we need to improve upon?

Our ***commercial approach***, but perhaps more specifically, our willingness to translate commercial awareness into commercially based strategy: having identified this as an opportunity, we need to ensure we are able to make the best use of it.

Maximising the ***benefit we get from our IT system***: which although it may have issues we recognise is not being used to its fullest potential to support business objectives.

Culturally, we need a ***greater 'business like' focus***: with more effective and business based assessment made on projects, activities and actions, before we take them forward. Return on Investment and Value for Money must be key concepts in the management and operation of our service in future

Whilst the concept of 'challenge' has become more established, we need to ***challenge what we do and why we do it***, far more (linked to the point above)

Setting ***clear priorities and sticking to them***: we have many priorities, which have in the past been added to without basis in sound business principles. This Delivery Plan intends to change this.

Developing stronger links with the Council's other housing functions, e.g. housing strategy, housing advice, private sector housing, etc.

3.3 Financial Resilience

It is important to understand the level of our financial strength. Whilst some stress testing has been undertaken on our 30 year financial model, the main stress is will face, beyond the rent reduction, will be felt when the HPA 2016 is implemented and the full introduction of universal credit occurs.

The main challenges and uncertainties are:

1. 'Fixed Term Tenancies', which will grant a new tenancy for generally 5 years, (potentially renewable, subject to circumstances). This is likely to mean that, RTB applications increase, as the RTB discount becomes applicable after 3 years.

Impact: Higher RTB numbers, loss of stock and long term rental income, poorer quality 'void' properties, as incentive for tenant to invest in it, may be reduced.

2. LHA cap (now postponed until 2019), which caps HB payable to sheltered housing, at a level below that to which 535 or our current sheltered homes are charged.

Impact: likely increase in arrears, which we can reduce the risk of by remodelling some sheltered housing schemes to reduce chargeable services/service costs, to a level under the LHA cap. This however, will increase our stock alteration/modernisation costs.

3. Stock condition survey, which has highlighted a higher level of stock investment as being required than we had planned for.

Impact: potentially higher stock investment costs or the need to reschedule work programmes over a longer period, or charge to investment priorities and the virement of funds into the stock investment programme or a combination of these.

4. Welfare reform and Universal Credit, which will remove the direct payment of housing Benefit to the landlord, and increase the amount of rent we must collect from tenants by over £6,000,000, with this new cohort facing financial and budgeting challenges, that present a threat to our income stream.

Impact: Universal Credit Pilots, have demonstrated that an increase in arrears of some 2%, can result from full UC engagement.

Until the impact of these is satisfactorily assessed, and modelled, will we not have a complete and reliable picture of our financial ability to deliver on priorities.

As it stands, our 30 year financial model is primarily focussed on meeting our self financing requirement to repay debt. However, we need to improve its sophistication enabling it to be better used to support decision making in the evaluation of the viability of projects, opportunities and management of risks. This is being done through the development of this delivery plan, and the linking of it to the 30 year financial model.

4. Our key Strategic Objectives

The service has set four key goals as its objectives for the medium term, these are:

a) Meeting the need for new affordably rented homes within the district

The SHMA has calculated the need for additional new affordable homes to be 464 units per year, to meet housing need. We wish to make use of our status as a social landlord to contribute to the delivery of new homes beyond the end of our current funded new build programme, which ends in 2017.

b) Sheltered Housing

Delivery of a sheltered housing asset improvement plan to modernise our sheltered stock and the quality of the 'sheltered housing offer' we can make to current and prospective new sheltered tenants. We will also redevelop a small number of schemes, either directly or via sale to a developer, which have been identified as no longer viable, where new homes will be built, either for sale, shared ownership or rental.

c) Estates/Stock investment

We will invest in our existing housing stock, to ensure that works to maintain and modernise it continue, with replacement of components, such as kitchens, bathrooms, boilers, etc., being undertaken on a systematic basis, and ensuring that our stock remains fit for the long term future.

d) Service to our customers

We will make all reasonable efforts to have a detailed understanding of the needs of our current and future tenants and through this, ensure that our services are influenced by this insight and can be effectively tailored, where appropriate to meet these needs.

In achieving the above, we will consult over significant improvements or changes to our service, seeking feedback on the quality of our service and take appropriate action in response.

Ensure that our service to customers is outcome and output focussed, i.e. that we seek to resolve problems or concerns in the most effective manner, and that processes which hinder a culture of succeeding in this, are challenged. This has been the central factor driving the cultural change we are making to the service, and which is a key part of our staff competency framework.

Recognise that our service is a tenant focussed one, that its success, which must clearly be measured in terms of key performance information, such as: financial, productive, technical, compliance and other indicators, will also and ultimately have to pass the test of customer satisfaction, an issue we will ensure all staff understand and are committed to delivering.

In delivering the above, we recognise the need to respond to the external challenges and manage the risk that is presented by them, an issue which essentially, becomes a fifth key objective, and the need to change the way we work, an issue covered in section 5.2 of this plan.

We remain aware that these priorities compete for limited resources and we must find the right balance for delivery of these, in terms of allocating resources. The future is hard to predict and it is likely that each of these, and further new issues will be highlighted as either priorities on non priorities, by: political, community, officer, legislative, economic and other factors, an issue we must in be more effective at addressing in order to avoid unnecessary 'mission creep'. This awareness has in part, led to the development of a clear business plan.

4.1 Analysis of and response to challenge

We have undertaken a SWOT assessment to determine how, with reference to section 3.1 to 3.3, using our strengths and addressing our weaknesses, we can respond to the opportunities and threats we face.

This analysis has shown us that whilst many of the threats identified are quantifiable, this is only as a worst case scenario, and whilst they can be financially modelled on this basis, we cannot gain an accurate picture of what might be the case, were the future to unfold in a less than worst case basis. As a result, financial planning, were it to be based on a rigid, worst case basis, could be well off the true position, with under funding of projects the result of a very, risk-averse, 'play-it-safe' approach.

As a result, we must plan to be more responsive. In doing so, we recognise that:

- Some challenges are long-term and thus we can prepare; for example: demographic changes will influence the direction of the sheltered housing asset review, but over a ten year project.
- Some are easily quantifiable; for example: the LHA cap is known, it will affect the design of communal areas and support systems provided (and charged for) and must be addressed in the sheltered housing asset work (retained stock)
- Some offer a known potential in terms of outcome, and their financial and service benefits can, in time be accurately modelled; for example: the potential offered by ICT to provide a more flexible, mobile, customer focussed, automated and intuitive approach, whereby we can remove uneconomic staff/customer interaction.

The above said, we also face considerable challenges as we revise long term resource allocation priorities, in light of the stock condition survey and develop stock investment priorities, the impact of which will conflict with business objectives (a) and (b), covered in section 4 of this plan.

4.2 Gap analysis and issues related to delivery of objectives

Identifying our aspirations v our resource and ability to deliver against these, a look at our three main priorities illustrates our current service delivery aspiration as follows:

a) New build programme 2013/14 to 2017/18 and beyond

As a landlord our contribution in the period 2014-2018, will be 236 new homes, of which 150 represent a net increase on stock numbers, not including the impact of the RTB. However, during this time, the right to buy has and is projected to lead to sales of 100 homes, meaning we have added a net contribution of 50 homes over this period, with RTB sales, predicted to continue at a rate in excess of 25 sales per year beyond 2018/19. The cost of this programme being £19.5 million.

We recognise the very real threat that RTB and the sale of high value homes will have on stock numbers, but also accept that with a number of homes in our stock that may be regarded as either hard to let or uneconomical to maintain (sheltered housing bedsits and non traditional constructed homes, the latter of which we have 600), we will loose additional numbers as these are redeveloped, albeit that we will deliver on an equally important target, namely that resultant stock quality will improve.

Delivering new homes beyond this date will be very challenging, as HCA grant has stopped, and the use of RTB receipts only covers 30% of any new build. Further construction is unlikely to be viable without the use of current asset, e.g. sale of land or stock to provide funds. We anticipate that there will develop an increasing gap between our ability to provide numbers to meet need.

Key action in response to this challenge

We will therefore seek; wherever possible, to deliver new homes, by making best use of our non financial assets (land and stock asset sale, to fund new build, partnership working with registered providers, community land trusts and other options, in order to facilitate the building of new housing outside of HCA grant. A detailed assessment of options will follow on from the production of our Asset Management Plan.

b) Sheltered Asset Review

We have identified a budget of £4.7 million for the MTFP to support a project for the refurbishment of 23 sheltered sites over a project which may run for up to ten years. A further 6 sites have been identified as being or becoming unviable over the same project period, these will be redeveloped, with tenants relocated to alternative accommodation, with considerable support provided to help their relocation. We have set aside £300,000 to support the relocating of tenants and any works to prepare the first two sites for redevelopment, which will involve their sale and the building of a smaller amount of new social housing on one site. The receipt from their sale will be ring fenced to support the sheltered housing asset project, reducing contributions needed from an already limited HRA.

As we improve and deliver an overall better quality of sheltered housing asset, there will be a net reduction of our sheltered housing stock. Over the medium term, this will be the net loss of 100 units being redeveloped (disposal of 120 units, - new build of 20), plus the loss of 40 unpopular and unsuitable bedsits in modernised and retained schemes, where we will convert bedsits into flats (either 2 into 1 or 3 into 2), but this will result in a significant improvement in the quality of remaining stock as a consequence, and will address a problem identified in a previous review of our sheltered stock, namely that we have too much of the wrong stock type, resulting in long term and hard to led voids and inappropriate lettings, changing the demographics and community on our sheltered stock. This project will enable us to make a far better offer to new prospective tenants and support our wider strategic aim (page 2), to 'make the best use of existing stock' by giving real alternatives for older tenants to make the choice to vacate a larger family homes to move into high quality sheltered flats.

This programme is fully resourced for the duration of the MTFP, but post 2020/21, however, when we reach further stages of it, the position, is less certain, although it must be made clear, that if our financial assumptions are correct, there will remain, no gap. Please see section 3.3, to understand financial challenges, assumptions and resilience issues.

c) Estates/Stock investment

Following the completion of a stock condition survey and the revision of asset management plans for our own housing stock, we believe that investment and repair costs to our housing stock over the Medium term, 2016-2021, are as illustrated in table 1, below.

Works	**Projected cost**
Catch up repairs	£9,000,000
Major works (DHS)	£15,000,000
Cyclical Planned	£2,500,000
Void Works	£7,500,000
Adaptations	£1,500,000
Responsive	£9,000,000
Related assets	£800,000
Total	**£45,300,000**

Table 1
Source: stock condition survey, April 2016

We also recognise the importance of, and wish to prioritise works to improve the environment of our estates, in areas such as: parking, green areas, play facilities, security, access, etc.

However, challenges on the HRA, set out in section 3.3 of this plan, and which affect the whole social housing sector, make the resourcing of the above a considerable challenge.

Another factor adding to our challenge, is the re profiling of budgets in Q3 of 2016/17, as reported to housing committee in September 2016.

The HRA budgeted MTFP for 2015-2020, is therefore limited to an expenditure profile tied to a reducing income stream (due to the annual rent reduction) and if we factor in the redevelopment of sheltered housing schemes and RTB and 'higher value' stock sales, an eventual net loss of stock numbers, we face a deficit in excess of £1,000,000 between income and what might be referred to as an aspirational level of expenditure, each year over the term of the MTFP, if action were not taken.

Key action in response to this challenge

As a result, our objectives must be reprioritised over a longer time scale in order to be afforded, and a more innovative approach to our stock management taken in order to address this. This may include taking a similar approach to that being applied in our sheltered housing improvement programme, when we address the challenges presented by our 600 non traditionally constructed houses, which may, in some cases involve stock asset disposal in order support replacement, where HRA investment in not possible.

As a result, investment has been profiled over a longer period, which is shown in table 4 in section 5.1.2.

d) Services to our customers

Feedback from customer surveys, including the STAR survey, show a positive response, with 86% of tenants[2] satisfied or very satisfied with the service they receive. However, we recognise that in making efficiencies in, and changes to the way we deliver service, there is a risk that this level of satisfaction will be affected.

Key action in response to this challenge

This Delivery Plan has been developed to ensure that we have a clear focus on our priorities and that we have dedicated resources appropriately to them, ensuring that we maintain the ability to keep our promises.

4.3 Options available in responding to this gap

The above will be affected both positively and negatively by the following:

a) The considerable financial threats presented to us, by both the implementation of the Welfare Reform Act 2012 (WRA 2012) and HPA 2016, these, result in the potential but as yet un-quantified loss of significant planned funds and discussed in section 3.3. Our response can only be to maximise collectable income and reduce expenditure. Issues to be considered here are:

[2] STAR survey January 2016

- We have restructured the housing service, refocusing staffing on front line activities, removing some administrative support, making better use of ICT, reducing management layers, and devote greater resources to specialist function and priority of income collection. The service redesign has reduced staffing budgets by some £200,000 per annum against budgets pre 2016/17.
- We have assessed the potential costs of the changes presented by the WRA 2012 and HPA 2016, using learning outcomes from DWP universal credit pilots and also analysis of the revised policy approach to be taken by DCLG for the implementation of HPA 2016 in a letter from the minister dated 24 November 2016

b) The extent to which we are able to operate commercially, particularly with reference to the innovative use of land assets to support strategic housing objectives and new build works. This could potentially, remove some HRA budgeting pressure, enabling more resources to be directed to stock investment and estate/regeneration works.

c) We are exploring and assessing option for different and more efficient ways to manage our stock asset and the contracts we let in supporting the effective management of this.

- The use of stock condition data to best manage our planned investment, i.e. investing where the need genuinely is, and not on properties which still have a viable 'shelf life' and working to an appropriate and effective building quality standard based on a realistic and sustainable application of the decent home standard
- The cost v benefit analysis; in appropriate cases, of consider further stock disposal, where stock has been identified as unviable via; for example, an NPV assessment, if it will lever resources to support investment elsewhere, and where possible to replace stock lost
- We have already let a new maintenance contract which offers greater flexibility for us to vary the work issued so that we can either reduce costs if required, or increase works, if budgets allow

5. Delivering our priorities

5.1 Ensuring they are budgeted and resourced

This delivery plan is essentially a documented statement of what our medium term objectives are (referenced to linked strategies) and how we will deliver them (within a consistent, annually reviewed, sustainable and budgeted long term plan). It will identify external challenges and internal ability to respond to these in a manner that allows us to deliver service objectives to our tenants, manage risk, and be prepared for the future.

This section will now address our medium term service objectives, but first, will quantify our resource availability.

5.1.1 Financial model and MTFP

We have made a balanced set of assumptions, weighing up both the caution and optimistic based views, to decide upon the following MTFP assumptions:

a) Income related assumptions[3]

Rental increases are not expected to be based on anything more than CPI only after 2020, and of course we face an annual rent reduction of 1% until this time, which has reduced our budget by £9,000,000 over the coming 4 years.

Rental income we believe that the HRA faces risks caused by the wider roll out of universal credit; however, we believe that our restructured service and performance management plans, minimise this risk. The trend within universal credit pilots for rental income to fall by 2%, may in part be avoided as a result of the preparation we have put in place for its management and so whilst we expect income to fall initially, we believe that we can bring it closer to current performance levels over time. However, the current MTFP assumes a 99% collection rate, whilst actual collection over recent years has sustainably been held at 98.7%. for the purpose of our model, we believe that 98% would be a realistic assumption for collection for the period covering the first full financial year after UC roll out within the Stroud District.

RTB sales which have tended to quite consistently be 24 per year, are expected to increase as a result of fixed term tenancies. We have no implementation date for these yet, but believe that October 2017, might be a prudent estimate for their introduction. Given that the discount will not be available until 3 years has past, the impact of this will not be seen until October 2020. Sales in 2016/17 are predicted to reach 40 by March 2017, helped by wider economic factors including a favourable borrowing rate. Some uncertainty in the housing market exists for various reasons, including Brexit, but we anticipate that sales will continue at a level higher than their 2012-2016 trend of 24 per year, and so we assume sales

[3] These issues have been used to remodel our 30 year self financing model, a summary of which is shown in appendix 1

of 30 until 2020, after which point they may well increase, as a result of fixed term tenants purchasing.

The RTB levy: there is uncertainty over how this will operate, if it is introduced in 2018 or beyond. However, given that government assumptions were based on 5% of our stock being in this category, we have applied this to our calculation of what this might mean to us.

Estimates developed based on statements made on how it might be applied, and the number of empty (void) properties we average each year, suggest that the levy will be between £1.0 to £1.5 million per year, which we believe will be a worst case scenario. Of which we retain only the value attributable to the self financing debt and any admin costs. It is unclear whether we can also fund void to sale rent loss from the final receipt. We do not believe that we will be able to pay the RTB levy and retain these properties.

LHA Cap the application of this to supported and sheltered housing has now been deferred to April 2019, at which point we estimate that (subject to no change being made to our service charge arrangements), approximately £70,000 in income will transfer from HB to payment from tenants own funds. This may have an impact on arrears, as a result.

It should be noted that as part of our sheltered housing modernisation project and a separate service charge review, the services provided and how we charge for them, will be reviewed and actions taken to identify what is charged to the tenant and in other cases what options may exist to make no charge, this may involve either changing services offered or deleting them, and their associated cost. This may minimising the risk to our income of the impact of the LHA cap's application in 2019.

We estimate that these will have a negative impact as follows:

	2017/18	**2018/19**	**2019/20**
Impact Universal credit[4]	£100,000	£200,000	£200,000
Impact RTB sales[5]	£ 75,000	£ 75,000	£ 75,000
Impact RTB levy[6]	£ 0	£ 26,000	£ 76,000
Impact LHA cap[7]	£ 0	£ 0	£ 73,000
Income reduction (worst case)	£175,000	£301,000	£424,000
Income reduction (assumed)[8]	**£175,000**	**£301,000**	**£355,000**

Table 2
Estimated impact of risks identified

[4] Based in a 1% reduction in rent collection
[5] Based on the revenue rent loss of sold properties assumes an additional 15 per years
[6] Assumes RTB levy is funded by asset sale, but this figure assumes the revenue loss of those sales based on 10 sales per year
[7] This assumes 100% non payment by tenants of this cost and that no action is taken to minimise it's risk by 2019
[8] This assumes 50% of LHA capped services eliminated and 10% arrears on those payable

b) Expenditure related assumptions

The budgeted amount set for our full annual HRA income, and budget spending on new build, stock investment and sheltered modernisation, is set out below. These figures are taken from our 30 year HRA finance model, set out in 2012, and revised for approval by full council on 22 January 2016.

	2016/17	2017/18	2018/19	2019/20
Total HRA income	£31,397,000	£24,270,000	£22,694,000	£22,874,000
Budgeted spend on priority areas: responsive & planned maintenance, new build & sheltered housing (redevelopment and modernisation)	£21,069,000	£14,213,000	£ 11,963,000	£12,803,000
Other costs, including: supervision and Mgt., self finance debt mgt., bad debt provision, sheltered housing, corporate core charges, etc.	£10,328,000	£10,057,000	£10,731,000	£10,071,000

Table 3

Note: reduction in funding and spending in 2017/18 related to the ending of our current new build programme

However, since 2012, income pressures have changed, these include those set out in section 6.1, in addition to the ending of HCA grant funding for new build. Whilst the latter was not factored into future budgeting, the rent reduction alone has reduced budgets by £9,000,000 between 2016-2020. The fluid nature of priorities has also impacted on resource allocation, as: following self financing in 2012, other budget priorities emerged, which resulted in funds being diverted to our energy and new build programmes, leading to a reduction of some, £9,000,000 in stock investment between 2012-2016.

The following pages, set out how our current stock investment programme is funded, and how this will change in light of the new challenges, priorities and information we have been reviewing and which is identified in 3.3 and assessed in 5.1.1 of this plan.

5.1.2 Expenditure model

Our starting budget position in April 2016 for planned and capital works (excluding new build), was as follows:

Heading	2016/17 (£'000)	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)
Refurbishment	500	500	500	500
External works	2,250	2,250	2,250	2,250
Kitchens	1,120	125	750	750
Bathrooms	1,120	125	750	750
Door entry	200	200	200	200
Electrical	200	200	200	200
Doors & windows	500	500	500	650
Central heating	670	670	670	670
Disabled adaptations	300	300	300	300
Asbestos	400	400	400	400
Environmental works	90	90	90	90
Non trad. properties	310	330	330	330
Other	210	100	100	100
Total	**7,870**	**7,790**	**7,040**	**7,140**

Table4
Note: above table taken from revised budget report to Housing Committee on 22 December 2015.
The total figures differ from those in table 3 because they do not include responsive repairs, whilst table 3 does

Analysis of this budget illustrates that the loss of HCA funding and the inability for further HRA borrowing to support new build, means that further new build after 2017/18, will be very limited, except in cases where we can self-fund projects, through asset sale, etc. One area where we expect to achieve some self funded new build is through our sheltered asset project, which is where our new build programme will focus from 2017/18 onwards. The use of RTB receipts to fund 1:1 replacement may support limited new build, but given that it will support only 30% of any new build, we are left with the challenge of funding the remaining 70%, which can only be found from funds allocated to other priority objectives or asset sale.

The sheltered housing modernisation programme (to retained stock), providing higher quality modern housing with a long term lifespan, will be funded through the sale of some sheltered stock assets and £4.7 million set aside within the HRA, it will also provide some new build housing, to replace that lost.

Work to modernise our general needs housing stock to address the investment issue covered in 6.1(a), has been profiled, with expenditure set to the maximum available within budget constraints. Whilst this facilitates less than we would like to invest, our stock condition survey and refocusing of decent homes replacement works, on actual replacement need and not a set replacement date, means that we will replace items such as bathrooms, only when they need to be, which, with good maintenance, we expect to be beyond, in some cases, the set decent homes, target dates, and thus reduce pressure on budgets.

However, it is apparent that the income pressures referred to in 6.1, allied to the expenditure priorities in 4, cannot be easily balanced, and that resources are insufficient to support the meeting of objectives. Actions taken to addressing this gap include: an already completed service redesign, reducing management costs by some £200,000 p.a. with further options involving a review of service charges, to ensure that no internal subsidy of service costs is occurring and that we are recovering all costs, the de-pooling of service charges from rents and the re-letting of all voids at target (formula) rent levels.

We have re-profiled our investment in stock and modernisation, as well as the use of capital receipts and have developed the following funding model for the MTFP

Heading	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)
Refurbishment	500	4000	350
External works	1,650	1,650	1,650
Kitchens	750	750	500
Bathrooms	750	750	500
Door entry	200	200	200
Electrical	200	200	200
Doors & windows	500	500	500
Central heating	670	670	670
Disabled adaptations	300	300	300
Compliance incl. Asbestos	440	440	440
Environmental works	120	120	120
Non trad. properties	330	330	330
Other	0	170	30
Total	**6,410**	**6,480**	**5,790**

Table 5
Re-profiled expenditure for 2017-2020

Comparing table 4 with table 5, and discounting new build and the sheltered housing project we can see that investment in stock 'decent homes' (DHS) re profiled, has changed as follows:

	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)
Original budget	£7,790	£7,040	£7,140
Revised budget	£6,410	£6,480	£5,790
Reduction in budget	**£1,310**	**£ 560**	**£1,350**

Table 6
Reduction in budget between table 4 & 5, made to meet revised available financial resources

5.1.3 Income options to reduce impact on stock investment

We have considered a number of options to increase income and minimise the reduction in investment made in our stock. These, and the potential income variation they offer, as listed in table 7.

	2017/18	2018/19	2019/20
All voids let at target rent	£ 23,000	£ 46,000	£ 69,000
De-pooling of service charges[9]	£ 0	£ 60,000	£200,000
Rent revaluation of modernised properties applied on relet	£51,000	£102,000	£153,000
Total potential increase	**£74,000**	**£208,000**	**£422,000**

Table7
Potential additional income not included in original 2016/17 MTFP

This has not yet been reconciled with our MTFP or 30 year financial model, as committee approval is required for the above and further work is needed to develop and actualise this potential income. However, it has been updated with the assumptions identified in 6.1, to ensure that we have a viable financial plan, which takes into account income risk and support it being robust and stress tested.

5.1.4 Assumptions made in projecting future income within the MTFP

A projection of what these assumptions will have on our income is included in table 9, (italics), whilst our MTFP is shown in table 10. A full copy of the 30 year plan is attached as appendix 1. This MTFP includes the assumptions stated in 5.1.1., as follows:

	2017/18	2018/19	2019/20	2020/21
Rent increase	1% ↓	1% ↓	1% ↓	CPI+½% ↑
Rent collection	98.7%	98%	98%	98%
RTB sales	40	25	30	30
RTB Levy	N/A	x12 sales £26K income loss	x12 sales £76K income loss	x12 sales £125K income loss
LHA Cap	N/A	N/A	£4,000 arrears	£4,000 arrears

Table 8: Assumptions made relating to impact on income by govt. policy and related economic issues

It does not include the additional income assumptions shown in table 7, which have yet to be approved and investigated. However, they will be remodelled into the MTFP, as appropriate, from 2018/19.

Income	2017/18	2018/19	2019/20	2020/21
Dwellings rent	-£220,000	-£222,000	-£224,000	+£ 520,000[10]
Non dwellings rent	-£ 12,000	-£ 20,000	-£ 10,000	-£ 10,000
RTB sales income lost[11]	-£ 65,000	-£190,000	-£375,000	-£435,000
RTB Levy income lost[12]		-£ 26,000	-£ 76,000	-£125,000
LHA cap assumed arrears			-£ 4,000	- £ 4,000
Total	**-£297,000**	**-£458,000**	**-£689,000**	**-£ 102,000**

Table 9: Estimated impact (-/+) in income resulting from the above assumptions

[9] Assumes £1 de-pooled for 4000 properties
[10] Assumes rent increase CPI+½%
[11] Rent lost through assumes sale of 30 units per year
[12] Rent lost through assumed sale of 12 properties to fund levy

The impact of this on income, can be demonstrated in table 10 below.

Income	**2017/18 (£'000)**	**2018/19 (£'000)**	**2019/20 (£'000)**	**2020/21 (£'000)**
Dwelling rents	21,181	20,880	20,548	20,950
Non dwelling rents	392	402	412	422
Shared ownership receipts	533	0	0	0
HCA Grant	325	0	0	0
Capital receipts (non RTB)	1100	1150	1750	0
RTB receipt 30% contribution to new build	0	350	0	0
Borrowing	0	0	0	0
Total	**23,531**	**22,782**	**22,710**	**21,375**

Table 10: overall impact of assumptions in table 9 on income

Income through rents, can be seen to reduce through the period up to March 2020, this is in part due to the 1% rent reduction, but also the cumulative impact of stock loss through RTB and RTB Levy sales.

Referring to section 5.1.3, this can be mitigated in part through the application of optional measures identified in table 7.

It is important to note that a significant contributor to the HRA's income in the period 2017 to 2020 is that of capital receipts (non HRA), this includes the sale of Queens Court and sheltered sites designated for redevelopment on the sheltered housing review ('red' schemes). These disposals represent a key contributor supporting the delivery of housing service priorities during this period.

5.1.5 Medium Term Financial Plan

Our resultant MTFP is shown on the next, page 25, of this document.

HRA MTFP	2016/17 Original (£'000)	2016/17 Revised (£'000)	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)
Supervision and Management	4,985	4,774	4,618	4,618	4,618	4,618
Sheltered Housing service (Net)	903	1,021	1,010	1,010	1,010	1,010
Sheltered Housing Modernisation Project		494	425	462	472	425
Revenue Repairs and Maintenance	3,283	3,098	3,551	3,541	3,546	3,541
Corporate and Democratic Core	330	322	315	315	315	315
Revenue carry forwards						
HRA Service Revenue Expenditure	**9,501**	**9,709**	**9,918**	**9,945**	**9,960**	**9,908**
Technical Accounting Adjustments						
Provision for Bad Debts	100	100	100	100	100	100
Self Financing Debt Management	3,520	3,440	3,451	3,451	3,451	3,451
Repayment of HRA capital receipts (Interest)	177	50	50	50	0	0
IAS19 Retirement Benefits	(428)	(307)	(193)	(193)	(193)	(193)
Employers Pension Contributions	500	500	519	590	661	733
Subtotal	**3,869**	**3,783**	**3,927**	**3,999**	**4,020**	**4,091**
Adjusted Budget	**13,370**	**13,492**	**13,845**	**13,944**	**13,980**	**13,999**
Inflation			0	0		
Revenue Contract/Non-Pay Inflation	0		107	213	319	425
Capital Works Contract Inflation	0		192	387	560	727
Pay Inflation (1% increase)	0			50	100	150
Subtotal	**0**	**0**	**299**	**649**	**980**	**1,303**
Base Budget	**13,370**	**13,492**	**14,144**	**14,593**	**14,959**	**15,302**
Budget Pressures						
Extension of RTB to RPs (Rent loss)				26	76	125
Extension of RTB to RPs (Levy)						
Impact of Universal Credit roll-out				100	100	100
Subtotal	**0**	**0**	**0**	**126**	**176**	**225**
Budget & Efficiency Savings						
Future budget and efficiency savings						
Action Plan savings/adjustments						
Subtotal	**0**	**0**	**0**	**0**	**0**	**0**
Standstill Budget including Pressures	**13,370**	**13,492**	**14,144**	**14,719**	**15,135**	**15,527**
Capital Expenditure						
New Build and Development Programme	9,266	6,957	4,514	0	0	
Sheltered Housing Modernisation Project - Capital		176	1,366	691	784	463
Capital Repairs and Maintenance	7,870	5,280	6,410	6,480	5,790	5,560
Subtotal	**17,136**	**12,413**	**12,290**	**7,171**	**6,574**	**6,023**
HRA MTFP	**2016/17 Original (£'000)**	**2016/17 Revised (£'000)**	**2017/18 (£'000)**	**2018/19 (£'000)**	**2019/20 (£'000)**	**2020/21 (£'000)**
Proposed Net HRA Budget	**30,506**	**25,905**	**26,434**	**21,890**	**21,709**	**21,550**

Table 11: MTFP for period 2017/18 to 2020/21

Funding for which we expect to be as follows:

Proposed Net HRA Budget	30,506	25,905	26,434	21,890	21,709	21,550
Funded By:						
Dwelling Rents	21,769	21,600	21,106	20,785	20,433	20,811
Non-Dwelling Rents	382	380	390	398	406	414
Other income and contributions	433	419	433	433	433	433
Shared Ownership receipts	2,003	2,105	533	0	0	0
Pooled Right to Buy Capital Receipts	550	290	362	0	0	
HCA Grant	991	839	325	99	0	
HRA capital receipts and other financing		0	700	1,250	1,700	0
HRA capital receipts and financing (Sheltered)				350		
HRA Borrowing	3,762	3,762				
Net transfer to / from (-) Earmarked Reserves	(1,050)	(724)	(503)	(1,539)	(1,266)	743
Subtotal	**28,840**	**28,670**	**23,346**	**21,776**	**21,705**	**22,401**
Use of / addition to (-) working balances	1,666	(2,765)	3,088	114	4	(851)
TOTAL Funding	**30,506**	**25,905**	**26,434**	**21,890**	**21,709**	**21,550**

Table 12: anticipated and budgeted funding for the HRA

6. Strategies this plan is linked with and supports the delivery of

The delivery of key service outputs in terms of stock investment, repairs, refurbishment works, income collection and others objectives, are set out in other service strategies and plans. These are listed below.

This delivery plan, will not set out specific service outputs, rather it is intended to set in place, the leadership, management, resources and environment to support the delivery of the targets set out in the following documents. It will also serve to co-ordinate between these documents, ensuring that a balance in the deployment of resources can be achieved to maximise their ability to achieve objectives.

1. Corporate Delivery Plan

This sets out the councils key objectives, which the housing service provides support in achieving. Those we have a link to are:

- **Resources**: 'providing value for money ... and quality service to our customers', which includes the "investment in projects and assets that deliver a return, generate income or deliver savings, so enabling us to continue to fund essential public services"
- **Affordable Housing**: 'provide affordable decent and social housing, the priorities for which (2015-2019) include: delivery of 172[13] new affordable homes, maximise our new homes bonus to deliver innovative ways to increase affordable homes in the district and support our jobs and growth plan, ensure that a tenant determined decent home standard is met by 2017
- **Health and Wellbeing**: 'promote the HWB of our communities and work with others to deliver the public health agenda', which includes: reducing poverty and inequality and helping vulnerable people cope with welfare reform

2. Housing Strategy

We play a key role on meeting this corporate strategies objective to provide new affordable housing. As discussed previously, the SHMA identifies a need for some 464 units per year in the district. The strategy also expects this housing service sustains a decent home standard throughout its stock.

3. Asset Management Plan

Sets out how we will assess our existing stock, assess its individual viability and make appropriate business and service focussed decisions that support the best management of this asset

[13] This target has been exceeded, with 234 homes being built (150 net additions, if demolitions are taken into account)

4. Housing Stock Investment Programme

This sets out the requirements for stock for investment in sustaining the DHS and other investment requirements, profiled over the duration of the MTFP and projected over the life of the 30 year plan. We do not intend to deviate from this, as to reduce spending in any single year will increase the pressure on future years with a compounded need for additional investment

5. Sheltered Housing improvement and Asset Strategy

This sets out our plans with cost and budget projections, for the improvement and modernisation of most of our sheltered housing stock, the remainder of which being assessed as not having a long term viability and therefore identified as sites we intend to redevelop for new housing, generally by selling them on to approved developers and using the capital receipt to modernise remaining sheltered sites and where possible to build new homes.

6. Income Strategy

Sets our how we will maximise income to the service through our key income streams of: rent, service change, leaseholder service charges as well as the recovery of debts: former tenant arrears and sundry debts and how we respond to the challenges set out in section 3.3 of this plan. It forms the bedrock of this business plan by providing the funding required, to deliver it.

7. Tenancy policy

Required initially as part of the Localism Act, this sets out how we will apply fixed term tenancies (applying any discretion permitted), and will make best use of our tenancy policy to maximise efficiency, income and positive outcomes for tenants, in terms of: the best use of stock, freeing up family sized housing, and links to investment plans for our stock, etc.

8. Resource Management Strategy

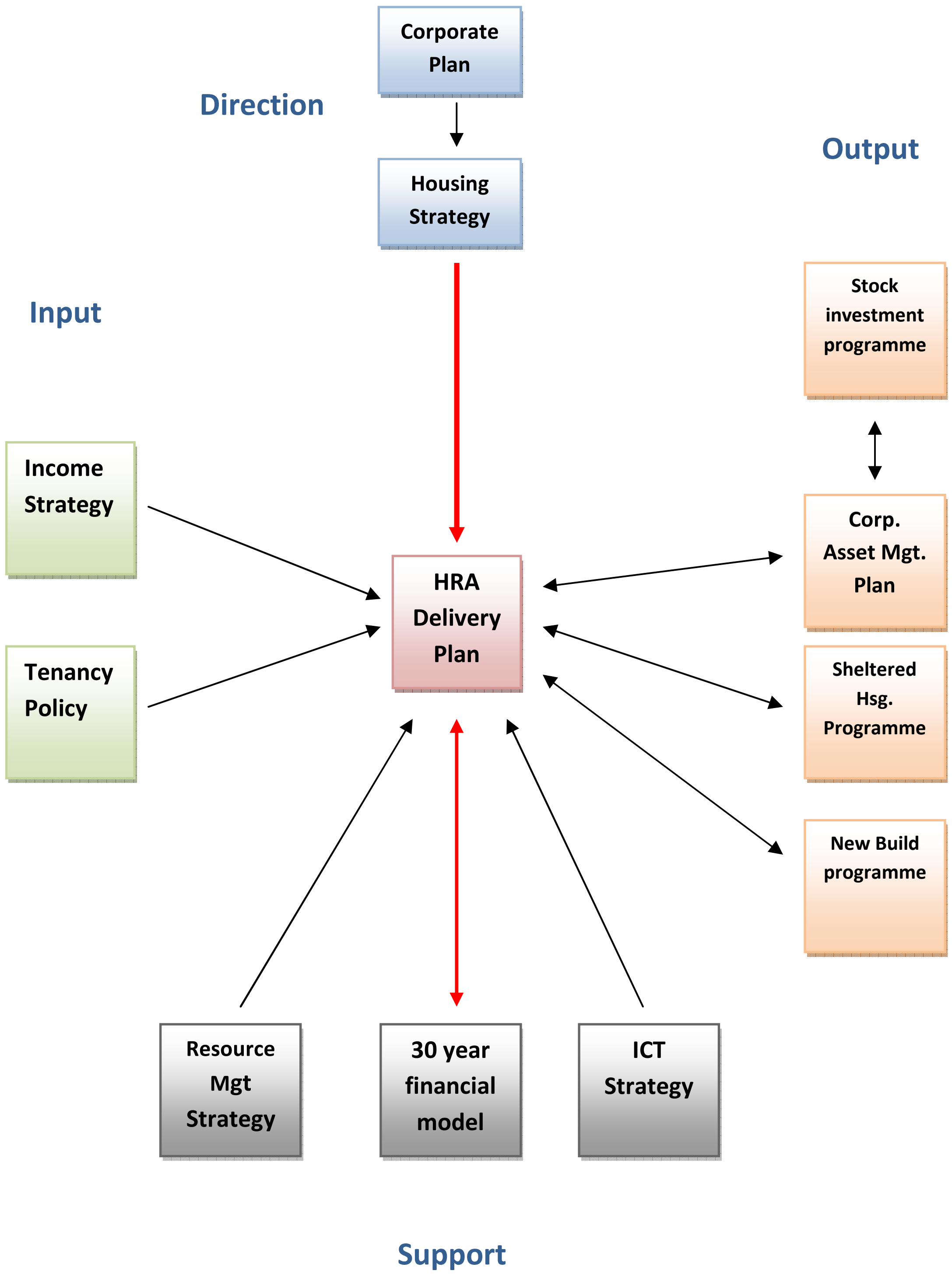
This includes the services workforce plan, and sets out how we will ensure that we are operating at the most efficient level possible. The service will monitor performance in terms of outputs, and link these to staffing cost units, to provide a productivity calculation. Over time, this will be honed in order to achieve as sophisticated a measure as possible, enabling us to make key workforce planning decision based on impact on service delivery, as well as identifying where our highest value staffing assets are.

9. ICT Strategy

Our IT strategy, 2015, follows a similar process as that stated above, indicates that, whilst our current ICT meets our present need, changes in how we will work in future suggest that we will need to review, by 2019, our future ICT provision, looking for the best, most business relevant and cost effective solution.

10. 30 Year Financial Management Plan & Medium Term Finance Plan

Originally developed in 2012 with our advisors, Capita, as part of the government's self financing regime to demonstrate that we were capable of taking on the self financing debt allocated to us by the government, together with £20 million in headroom, it demonstrated our ability to service and repay this debt. This plan has now been revised to create a more sophisticated model which can be used by the Council as a tool to provide accurate information through a financial model calculated over a 30 year period, which can inform business decision on: investment, new build, asset disposal, income and expenditure changes, etc., and will form a central role in the housing service's busies planning, risk management and financial management activities.


Direction
Corporate Plan
Housing Strategy
Output
Input
Stock investment programme
Income Strategy
Corp. Asset Mgt. Plan
HRA Delivery Plan
Tenancy Policy
Sheltered Hsg. Programme
New Build programme
Resource Mgt Strategy
30 year financial model
ICT Strategy
Support

7. Performance monitoring and risk management

An effective suite of performance indicators that tell us more than 'how we did in the previous period', and also tell us where concerns lay, what trends are occurring, can be effectively and accurately extrapolated from and which minimise error, is vital to the new service.

This suite assesses performance on:

Indicator	Performance measures	Management information
Income	Collection rates, arrears rates, HB turnaround, patch performances, legal action, evictions, arrears trends, tenant/estate profiling issues	Enables effective service management decisions including the deployment of resources to be made so that we can maximise income
Empty Home Management	Re-let times, lettings trends (demand/hard to let), average void cost, budget control	Enabling us to both minimise void times and rental loss, but have a clear perspective on the options available for stock rationalisation, where appropriate
Tenancy Management	ASB cases reported/closed, vulnerable person protection cases identified, notices serviced, legal action taken, community engagement commenced, outcomes, average case cost, budget control	Prioritising our focus on viable cases and to bringing these to a rapid conclusion. Diverting resources to community based solutions. Having a clear grasp of resource management and the balancing of this against outcomes
Repairs & Maintenance	Repairs in target, emergencies on target, gas servicing compliance, H&S issues reported, customer satisfaction levels	Identification of issues and problems, compliance with risk and legal requirements, quality and customer service
Programmed works	programmed works delivery, budget spend, customer satisfaction levels	Works completed within programmed target and budget, contractor performance, quality and customer service
Staffing	Sickness levels, trends, productivity, vacancies, budget control	Informs us on future staffing level needs enabling decisions to be based on optimised efficiency and keeping our staffing structure relevant but appropriately 'Lean'
New build	Contracts let, progress against project target, completions, cost per unit, sale/shared ownership income yield & contribution to rental new build cost, budget control	Informs on return on investment, sale/rental % split per scheme, enabling decisions to be made on best value/return per scheme

7.1 Performance Management Process

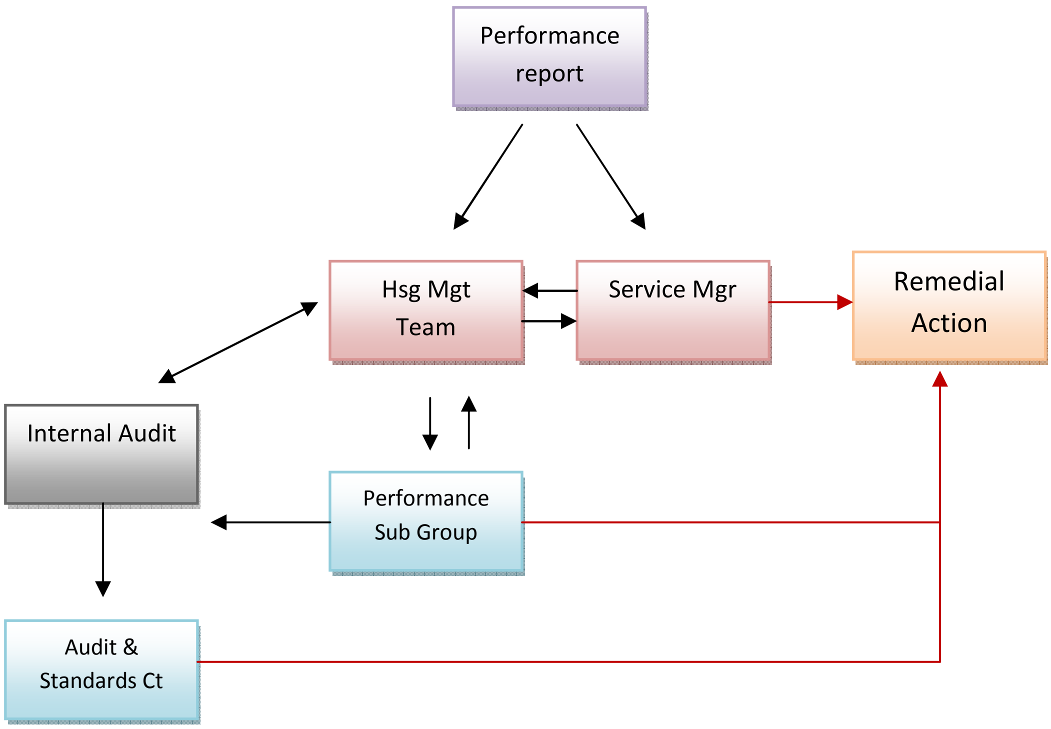
In terms of the performance of the service and the performance indicators on the previous page, this information is reported to relevant service managers with information on their service, whilst the whole suite of indicators is also reported to the Management Team together with commentary on reasons, remedial action taken and recommendations.

A Performance Sub Group of the Housing Committee also meets quarterly, prior to housing committee to review performance, enabling members to review, question and challenge performance, presenting their findings to Housing Committee.

A series of performance audits are undertaken throughout the year by the Council's internal auditors, these focus on a range of issues but seek to identify areas needing attention and the management of risks. These audits are selected based on identified service priority throughout the year: one area we focus on in prioritising these is performance or risk to and under performance.

Audit reports are also presented to the Audit and Standards Committee and reported to the Housing Committee to ensure effective governance and notification of risk, actions recommended, actions taken and related control measures.

Through the above process, illustrated graphically below, challenge at: Service (officer), Governance (member) and Independent (auditor) levels are applied, putting in place a strong and robust process to ensure that not only the performance of the service but the delivery of the deliver plan, and the linked plans and strategies we have, is achieved.



With regard to this delivery plan and the actions contained in section 9, which are designed to ensure that we are in the best position to deliver the objectives set out in section 6 (and reported on in section 7), a regular report on progress will be reported to each quarterly housing committee as well as a detailed annual report presented to the committee at year end.

8. Future review and updating of this document

This document will be revised annually and approved at the first Housing Committee of each calendar year.

In order that it remains business relevant and makes a genuine contribution to the quality security and sustainability of the service, it will remain under ongoing review, taking into account emerging external and internal environmental threats and opportunities. These will be reviewed by the Housing Service Management Team, who will take any necessary action in response, with reference to Corporate Team and Housing Committee where appropriate.

The annual review of this document will revise our understanding of the business environment, consider changes needed, identify and make best use of learning gained over the previous year and to close target actions completed over previous year, updating the document with new actions required for the next year.

Document Control

Action	Responsibility	
Approval	Housing Committee	Governance
Sponsor	Allison Richards	Strategic Head T&CS
Delivery Managers	Tim Power Kevin Topping Allison Fisk Andy Nash	Head of Hsg Mgt Head of Hsg Contracts Head of Corp Assets Head of Corp Assets
Editor	T&F Group	Delegated from governance level
Administrator	Tim Power	HHM

9. Action Plan

Objective	Key Activities	Contribution to Strategic Business Objectives	Measure of Success	Target Delivery Date WHEN
Theme 1: Leadership and a clear direction to ensure we deliver our priorities				
1. Establish a clear vision and mission for the housing service	Approval of this Delivery Plan and its links with other key strategies listed in section 6	Set a clear focus for the service	Agreement and implementation of this plan **Measure**: no additional priorities added to work flow during 2017/2018	This plan implemented from April 2017
2. Develop a forward-looking Corporate Asset Management Strategy that sets out the Council's long-term strategic approach to ensuring sustainable council housing	Review, develop and cost plans setting out redevelopment, rationalisation,, new build and other priorities for our stock, defined by NPV, housing demand and other measures	Enable us to develop a long term view and associated strategy of having the right homes in the right place to meet need.	Reduced long term average maintenance and modernisation costs for our stock. **Measure**: CAMP targets delivered	April 2018
3. Clearly define and set out our approach to the sustaining the Decent Homes Standard. Setting out realistic component lifecycles, our programmes that will replace these, when and what work we will do, and defining a decent and non decent home within Stroud.	Set a component standard with systems to extend lifecycle and reduce replacement costs	More efficient use of resources, reducing overall modernisation costs per unit	As above. **Measure**: reduction in modernisation costs per unit of 5% in 2017/18 compared to 2015/16	In place by April 2017 and implemented throughout year
4. Work with residents to define our local '**offer**' to residents, i.e. what will we do and to what standard, balancing: the '*people*' issues, i.e. the needs and aspirations of residents with the '*property*' issues, i.e. the investment need for homes and	Consult with tenants on the development and delivery of strategy and policy through our road show events. Model and review service deli very against findings to ensure alignment	The delivery of an efficient and effective service that is as responsive to customer needs as possible	Evidenced influence of tenants in service design and improved service efficiency achieved. **Measure**: Increased levels of customer satisfaction	Tenant survey after end of 2017/18

neighbourhoods and the '*commercial*' issues, i.e. getting best use of resources by focussing on priorities and diverting resources from non-priority areas.	of service with need and key drivers			
5. Produce regular review and impact assessments of the future sustainability of the Housing Revenue Account Delivery Plan and 30 year financial model, to support all decision-making.	Heads of Housing Mgt., Contracts & Assets, working with finance to undertake regular reviews of this plan in response to internal and external environment changes	Risk management Sustainability	Risks and issues identified with measures put in place to manage them and ensure this plan's sustainability **Measure:** Review by internal audit of process	Review to take place every six months in April and October of each year
6. Revise management team meeting structures & agendas to ensure that delivery of the delivery plan is a central thread linked to other key strategic plans (identified in s.(6), ensuring we take an integrated approach to monitoring and risk management and have a joined up approach to the delivery of these	Reconciling plans and priorities, identifying common and competing themes. Addressing these. Agreeing on going performance management	'Joined up', 'one service' approach to meeting objectives. Greater likelihood of success with risks and barriers overcome.	Improved performance **Measure**: Audit of minutes of meeting to demonstrate greater linked working	Start Jan 2017
Theme 2: Developing a solid base on which to build effective plans				
7. Use the findings of the new stock condition survey and accurate real-time unit costs to test the MTFP assumptions and reconcile these to assess our ability to maintain the Decent Homes Standard.	From SCS model annual investment costs to substance decency. Balance these with other investment priorities against MTFP. Achieve medium term investment budget which delivers new decency target	Sustained investment in stock and ability to delivery on promises to tenants. Ability to set and deliver a 5 year plan	Investment plan approved by HC is delivered **Measure**: Annual performance report showing targets met. Will also form part of quarterly performance assessment	Quarterly from April 2017. Annual report April 2018
8. Produce a detailed investment	Using SCS data, identify	A statement of objectives,	**Measure**: Data published	May 2017

programme showing a rolling 5 year plan which is published	investment priorities, budgets and future investment planning	transparency for customer and ability to make better short term decisions against medium term plans	on web site	
9. Develop a detailed understanding of the '*performance*': (costs / quality / sustainability, etc.) of our stock	Using SCS data and applying tools such as letting data, NPV, etc., we will identify best performing archetypes, investment needs and risks balanced against issues of social value	Ability to map stock by +/- contribution to HRA and ability to make effective investment or disposal decisions	**Measure**: A statement of stock performance produced identifying underperforming stock and further actions planned	May 2017
10. Carry out detailed option appraisals on all poorly performing or poor quality stock archetypes (including non-traditional properties) to identify the best future option including conversion, stock rationalisation, redevelopment, demolition or disposal.	Linked to above. Which are poor performers? What is NPV, are they/when will they be negative? What is best option? Plan to act before they are net cost to HRA	Understand effective lifecycle of poor performing archetypes with a plan in place to act before they become negative contributors	**Measure**: Detailed options appraisal of obsolete stock completed with options and recommendations available for decision	September 2018
11. Assess and explore options which may help the Council to maximise the number of new homes delivered, both by itself, and in partnership with other social landlords, with a preference for rented housing	HCA funding options are presently limited but will be under constant review. We will maximise the use of RTB receipts, consider mixed tenure development options, the sale of non performing asset & the maximisation of capital receipts to support the HRA and to fund new build	Ability to maximise new build opportunities, in an increasingly grant free, self funded environment, balanced with challenge of aged and increasingly obsolete stock	Continuation of new build programme for rented, shared ownership and affordable sale through both SDC and partners **Measure**: Maximising of affordable housing supply, minimising of overall net loss in supply taking into account obsolete stock disposal, RTB and Levy disposals	Annual stock balance report to Housing Committee from March 2017. Housing Strategy Group to produce report to Housing Committee by June 2017.

12. Conduct a fundamental review of all non dwelling assets, identifying sites suitable for disposal or redevelopment including any pockets of land identified as liabilities	Identify land held and recorded in asset register, consider maintenance costs, social value and future potential	Opportunity to make best use of asset to develop new homes with priority to maximising capital receipt to HRA. Disposal preference to an RP, subject to reasonable market value of asset being achieved.	Increase overall housing provision **Measure**: Net new homes contribution to Housing Strategy	Review of garage sites completed by April 2017. Reconciliation of all other potential estate land sites with asset register by April 2018
13. Undertake a customer profiling review to improve understanding of our customer base, the value of services we provide and enable us to better target resources to meet need	Using existing demographic, economic, etc., data we will profile our tenant base to identify key local issues in terms of ASB, poverty, employment, children' s and vulnerable persons support issues, etc., so that we have a detailed understanding of need and can make the best & most informed decisions in terms of actions	Better customer understanding and ability to deliver more efficient and responsive service. Minimise waste in terms of resource allocation and measure outputs against inputs to determine a ROI	Service design to be more effectively need driven with investment prioritised against impact **Measure**: All strategies, reports and plans contain reference actual need and impact of decision. Tested against actual impact measured against: asset improvement, community benefit, saving and CBA	All policies reports and plans, where resources are invested to be informed by community data and their impact assessed. A library of base data to have been researched, made available and in use by December 2017
14. Review our policy on management of shops held by the HRA	Review location, community value, income contribution, etc. Is HRA best landlord, do they contribute to HRA, community, council, etc.? Are any better transferred to GF?	Effective management of resources	**Measure**: All commercial premises make a positive economic and social contribution to the council's objectives	June 2017

Theme 3: Working efficiently, effectively & delivering on our promises				
15. Develop a new 'suite' of performance indicators focusing on our key priorities (covering resident satisfaction, value for money and programme delivery). The suite will support informed decision-making and the delivery of key strategies including this and linked plans.	Identify the real and key drivers of the service, which give both an insight to performance but also enable early warning of future issues. To be agreed with CT and HC, and meet needs of service, members and corporate performance and governance issues	To give an effective, useful and real time insight into performance, on which we can base decisions to take the right action, where appropriate	**Measure**: Agreement on an effective and challenging suite of indicators, reviewed and supported by internal audit	January 2017
16. Make best use of process mapping exercise completed in 2015, to ensure operations are most effective and with task ownership delegated to the lowest practicable level of structure.	Ensure that policy, and processes developed, make use of systems mapping data.	Efficient working is embedded in our systems, this includes manual operations being aligned to ICT	Measure: roll out of policy development, linked to systems mapping data. **Measure**: % of policies reviewed/level of changes made	All policy and processes reviewed by September 2017
17. Improve the quality and timeliness of financial monitoring and reporting ensuring that there is up-to-date information at an appropriate level available to all decision-makers. Ensure there are adequate resources to provide appropriate financial support.	HRA a/c embedded within housing. Greater a/c links between finance and housing IT systems and awareness of £ commitments	Better financial management and more confidence in decisions made as a result	More accurate budget setting, tested against real spend. Budget information used more effectively as a mgt. tool. **Measure**: Positive internal audit report	Monthly HoS/Finance meetings to review finances and closer HRA a/c link to housing started September 2016. HRA performance against MTFP reviewed regularly and revised; where necessary, in April and October of each year.
18. Review the provision of all support services provided to the Housing Service and explore ways to deliver efficiencies	Understand what services HRA 'buys' from GF, their value, cost and effectiveness. Do they meet	Enhance strong corporate links, with clearly defined requirements for services	**Measure**: Analysis of defined service required v service received, with gap	April 2018

and improvements	need, are changes needed, how can we optimise?	ensuring they meet need, and thus ensuring long term sustainability of them for both GF & HRA	analysis	
19. Explore the options for greater integration across council services to deliver efficiencies and a more holistic approach to meeting the needs of residents and neighbourhoods.	Review service & cost. Is HRA or GF best provider, should we outsource any functions? Can we gain efficiencies and synergies through joint procurement, etc.?	Potential to delivery greater efficiency and use landlord service more strategically	Review completed, challenge applied. **Measure**: Value of savings delivered, targeting 1% saving	March 2018
20. Linked to the above, undertake regular benchmarking on service costs to challenge and explore ways to improve value for money and quality looking at the best way to deliver services, either: within housing, corporately or externally	Challenge activities performed and costs incurred. Do we need them? can we get them done cheaper or better? Embed this approach into service culture, a 'search for VFM'	Improve efficiency of service, through continual challenge	**Measure**: Reduction in service costs by 3% , service quality maintained or improved	April 2018
21. Building 2015 ICT review, maximise efficiency and effectiveness of current ICT usage to support the housing services objectives.	Existing system now upgraded, further work needed to meet key objectives, in terms of support for rent payments, reporting, mobile working, and other key business needs.	Increase efficiency and productivity by mobile working and use of IT to complete automated tasks, simple customer interactions, etc.	**Measure**: Northgate upgraded in November 2016. Mobile working operating by April 2017.	ICT projects plan delivered against targets. (See separate document).
22. Review delivery and benefits of our contractor's contribution to social value through the requirements set out in contract documents.	Contractors provide apprenticeships and contribute a share of profits to a social fund to support projects identified by SDC.	Creating employment opportunities and supporting projects identified by SDC which meet identified	**Measure:** Number of apprentices meets contractual target Projects invested in	Apprentice numbers to meet target throughout the year. Projects to be assessed and approved ad

		objectives.	demonstrate social value, agreed by members of Housing Committee	hoc
Theme 4 : Improving performance				
23. Conduct a review of HRA income issues, to include service charges and the option to de-pool these. Also a review of rent setting to ensure we have a uniform, and accurate assessment policy throughout. Remodel the findings of this, and changes in income that can be achieved into the 30 year financial model, to assess impact. Implement recommendations	External review of service charges and rent setting by CIH. Receive recommendations on options to maximise income opportunities, identifying hidden, unrecovered costs and application of a transparent and fare charging policy	Implementation of efficient income policy, allowing us to recover full actual costs, and avoid inadvertent subsidy or error in cost apportionment to customers	**Measure**: A farer income policy, identified as such by internal audit. Reduction in loss to HRA by recovery of 0.5% of HRA annually between 2017-2020	Project to start by March 2017 and be completed with implementation plan by December 2017
24. Develop an integrated approach to working with leaseholders ensuring effective consultation and appropriate support to maximise leaseholder contributions	Develop a leaseholder page on our web site providing appropriate information. Provide training to staff on leaseholder obligations to ensure that we consistently meet our legal duty	Meeting our obligations and enabling us to better maximise collection of service charges.	**Measure**: Re-launch of leaseholder forum Leasehold service charge income increased by 5%	October 2017 March 2018
25. Exploring the appetite for enhanced (paid) services as part of asset management activities for example, wider choice, higher quality fittings or services to leaseholders, provision of a 'handyperson'/care & repair, service, etc.?	Assess what services might fall within this, and the cost and benefit of such an approach	Improved customer service, customer choice and income, supporting service sustainability	**Measure**: Review of options and viability undertaken and reported to HC by June 2017	Report to HC June 2017

26. Review existing partnerships and potential new partnerships and identify 'gaps' where value could be added. Develop improved service options, from this learning	What partnerships do we have/should we have, where could we better deliver services through partnerships?	Delivering greater efficiency through partnership working	**Measure**: Complete review and report to HMT on options service improvements and cost savings	June 2017
27. Applying appropriate recharges for repairing damage and reviewing all high cost voids to identify the property or people related lessons that should be learned.	Income team have taken on the recovery of these costs. Improve sharing of information between repairs, voids and income teams	Increase income and service quality sustainability	**Measure**: Increase recovery of these debts by 10%	Monthly target from April 2017
28. Develop a procedure for identifying and managing high service users	Identify and quantify normal & high level usage. Define reasonable & unreasonable high usage. How do we manage unreasonable high cost, high volume service users?	Service efficiency and cost saving	**Measure**: Reduction in costs from these individual service users. Target value developed through the review	June 2018

Appendix 1

Copy of the 30 year financial model

This is not yet available but will be attached to the final approved document