



BUSINESS PLAN FOR THE HOUSING REVENUE ACCOUNT

2008 - 2013

PRODUCED SEPTEMBER 2008

HRA BUSINESS PLAN

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1. INTRODUCTION

The Housing Revenue Account Business Plan is an important document and performs the following functions -

- It is a long-term plan for managing the authority's housing assets and financing the necessary investments
- It is a key element in ensuring the effective long-term management and maintenance of the council housing stock
- It supplements and is consistent with the authority's wider objectives for housing set out in the Housing Strategy
- It shows how the Council intends to manage its housing (HRA) assets in the context of
 - stock condition
 - demand for social housing
 - the availability of resources

Our first HRA Business Plan was produced in 2001. In 2003 it was revised to reflect tenant involvement in areas of priority and the additional information obtained from further stock condition survey inspections. During 2004/05 a Stock Options Appraisal exercise was undertaken in line with government guidance. This Appraisal considered our ability to meet the Decent Homes Standard and whether alternatives to us keeping the stock should be considered. The preferred approach of councillors and tenants was for the Council to retain management of our stock.

This 2008 version has been revised to report progress against the Decent Homes target and against other priorities identified in the earlier plans.

This plan covers the period 2008 to 2013. We recognise that changing demands and circumstances, both locally and government led, will mean that we will have to revise and update our plans at regular intervals. However, we believe that this Plan will provide a firm basis for medium and long term planning for our housing stock.

2. THE BUSINESS PLAN – STRATEGIC CONTEXT

The Business Plan sets out the Council's mission, objectives and targets for our housing stock. It also details the most significant areas for action. A separate Housing Service Plan is also available that lists all of the Council's targets for individual housing services.

The Business Plan is one of many plans that the Council has. Aspects of the Business Plan impact on, and are influenced by, the following plans and strategies:

Internal Influences on the Business Plan



3. AIMS AND PRIORITIES

The principle aim of the Council's overall Housing Strategy is to:-

“Assess the housing and community needs of residents and provide good quality, cost effective services that meet those needs.”

In order to meet this broad aim, the Council has set a number of objectives within the Housing Strategy. Those most relevant to the HRA Business Plan are those that aim to :-



provide good quality services to its tenants



ensure that private and social housing is fit and of an acceptable standard



develop safe and sustainable communities where people will want to live.



provide services fairly to all sections of the community



ensure that homelessness is kept to a minimum

The Council's main priorities for its housing stock over the next five years are to:-

- Ensure all homes meet the Decent Homes Standard by 2010
- Upgrade older kitchens and bathrooms
- Complete a range of major works to existing stock e.g. work to Surrey Towers
- Consider the future of Bemonds – an older sheltered scheme with shared facilities.
- Ensure the type and quality of temporary accommodation matches needs
- Undertake an options appraisal for the remaining PRC homes in New Haw
- Implement a Choice Based Lettings (CBL) scheme in partnership with neighbouring Boroughs
- Continue to take measures to reduce carbon emissions and improve energy efficiency
- Provide our management services effectively and assist in meeting government efficiency targets

The current position in respect of these priorities is detailed later in this Plan under specific headings.

4. ENVIRONMENT & CONTEXT

Location and population

Runnymede is a prosperous area in the north-west of Surrey. It comprises the towns of Chertsey, Addlestone and Egham and a number of smaller communities. The Borough covers 19,333 acres (approx. 7,800 hectares). The population is estimated recently at 81,400 and comprises 33,400 households.

The ethnic background of households within Runnymede is mainly white British. The 2001 Census however, shows that 5% of households are from ethnic minority backgrounds and that the ethnic population has grown by 2.5% in the last decade. This is primarily due to the large ethnic student population in Englefield Green who were included in the census for the first time. If the student population is set aside the percentage of households from ethnic minority backgrounds reduces to 3%.

The most significant changes in the population over the last decade have been the decrease in the number of people between state retirement age (60) and 74 years (reduction of 3.45%) and the increase in the age range 30 – 60 (increase of 4%). There is now a tendency for pensioners to live alone as well as a two-fold increase in the number of lone parents with children under 16. There has also been a significant rise in the population with limiting long-term illness, both in households and in communal establishments.

The above factors will invariably impact on the expectations and demands of our current and future tenants and the way that we manage our housing stock.

Affordability, employment and the local economy

Affordability of housing in the private sector remains a major issue within Runnymede and heightens the demands for our housing stock. Home ownership continues to be the preferred tenure amongst those looking for accommodation but research has indicated that although 84% of people still aspire to own their own home the ability of many households to purchase accommodation on the open market is now very limited. Although house prices have recently fallen from their previous high levels, they would have to drop significantly more to ease the affordability issue. Nervousness amongst lenders is also likely to restrict the numbers of people who can access private housing, again increasing the demands on affordable housing.

The lack of affordable housing places pressure on the Council to ensure that our housing stock is properly allocated and utilised and that void times are kept to a minimum. We will continue to employ measures that are aimed at encouraging tenants to downsize and release family homes for those in need, and keep void times to a minimum.

Government statistics show that nationally unemployment is highest amongst council housing tenants. However the situation in Runnymede is different from the national trend and although over 50% of tenants are on benefits, the

majority of these are of retirement age. Only 14% of working age tenants are in receipt of Income Support¹.

Many of our tenants play an important role in the local economy by delivering essential services, both in the private and public sectors.

The Government is keen that social landlords should consider initiatives designed to help tenants into work. High employment levels in the Borough mean that many tenants are already employed. However, we will consider if policies or initiatives are required to sustain or promote tenant employment.

Housing Needs

The Council is currently in the process of completing a Housing Needs Survey and Strategic Housing Market Assessment for the Local Development Framework (LDF), and the results of this are not available for this Business Plan. However, the previous Housing Needs Survey undertaken in 2005 showed quite clearly that the demand for virtually all types of social housing remained high. It is likely that the current research will reach the same conclusion and the demands for vacancies amongst the current stock are likely to remain high for the foreseeable future.

The one slight exception to this is the older sheltered schemes within the stock, where the sharing of facilities and the bed-sitting room accommodation makes them relatively difficult to let. The larger units within Surrey Towers (the Council's only Tower Block) are also less popular. However for the moment it is possible to attract applicants for these units from other Boroughs and the proposed Choice Based Lettings (CBL) scheme should also assist in a wider take up of these properties.

Housing demand by area, tenure and size

The 2005 housing needs survey looked at demand across four areas of the Borough, and found it high in all four, but particularly in the north and south. The table below is taken from census data and shows the estimated distribution of social housing stock (i.e. Council and RSL) in Runnymede.

SOCIAL RENTED HOUSING IN RUNNYMEDE – 2001 census plus new build schemes since 2001

Area	Hectares	Total Households	Social Rented Housing Units
Chertsey	1,169	6,826	1,068
Egham	455	5,294	979
Addlestone	487	4,863	698
Englefield Green	921	3,302	614
Woodham & New Haw	601	4,438	403
Foxhills	1,835	2,319	265
Thorpe	856	2,262	77
Virginia Water	1,479	2,355	76
Runnymede Borough	167,004	31,656	3,779

¹ February 2008 Housing Benefit records.

More recently data compiled for the Government's Housing Strategy Statistical Appendix has shown that as at April 2008 there were 3,021 council units, 1,453 RSL units and 104 other public sector units in Runnymede. This makes a total of 4,578 social housing units to rent. In addition to this there are many units of shared ownership in the Borough.

Despite our efforts and that of our partner RSLs to increase affordable housing supply there remains 2,247 people on the Housing Register (1,962 Register and 285 transfer) as at 1st April 2008.

There are shortfalls in all sizes of accommodation but the greatest shortfalls are for 1 bedroom units for people below retirement age and 2/4 bedroom family homes.

The majority of family applicants want a house rather than a flat and many want a property owned by the Council, rather than a tenancy with a Registered Social Landlord. However, sales of houses through the Right-to-buy scheme means that our stock of houses has been gradually diminishing and houses now only represent 52% of the Council's stock.

Asset Management

The Asset Management Plan produced by Runnymede Borough Council provides the foundation for developing property management across all services. It supports the Council's principal aims and objectives and is linked to the Community Strategy and the Capital Strategy. It creates the corporate process for optimising the contribution that property makes to the delivery of quality services to the community, including housing services. A Corporate Property Group considers our land holdings and ensures that possible use for affordable housing is considered for all sites. This has led to some very positive outcomes, one being the use of vacant allotments at Painesfield to resolve the Decent Homes/PRC difficulties on the neighbouring Roakes Avenue estate.

Pepper-potted Right to Buy (RTB) purchases make wholesale redevelopment difficult to consider on most of our estates. However it has been possible to regenerate deprived areas of the Borough through selective redevelopment of the stock. A prime example of this was the Wapshott/Bowes Road redevelopment.

As part of the drive to produce 3 million new homes by 2020, the Government is encouraging the use of innovative models, involving both the public and the private sector. One of these is the development of local housing companies to enable the provision of more affordable housing. Fourteen pilot authorities have been identified and are developing arrangements for the provision of more affordable housing by Councils. However there are some significant challenges that need to be addressed before the local housing company models can begin to deliver large amounts of affordable housing.

New affordable housing is currently delivered in Runnymede through partnerships with registered social landlords (RSLs). This arrangement works well

because RSLs are able to attract funds from the Housing Corporation and are also able to borrow from financial institutions against their asset base to finance developments.

The Housing Corporation are now able to give grant to local councils but until recently this was only those that have established arms length management companies (ALMOs). The Government are now encouraging other local authorities to set up Special Purpose Vehicles to provide new housing however it is currently unclear as to whether these arrangements deliver greater benefits than the current system using RSLs.

In order to deliver large amounts of affordable housing councils also have to have a ready supply of land. Runnymede has for many years been very proactive in utilising redundant land and now has very few sites that it can redevelop. However there is still a system-built housing estate in New Haw (Parkside/Braeside) which, due to its construction, will need to be reviewed during the life of this Plan. During the appraisal of options for this estate consideration will therefore be given to the possibility of using a Special Purpose Vehicle.

Crime and antisocial behaviour

The number of victims of crime in Runnymede has halved over the last six years. Comparatively, it is a very safe place to live with low numbers of crimes committed. This means however that a small number of additional crimes can create a disproportionate percentage increase with an unnecessary increase in the perceived fear of crime. However these increases often reflect the activities of one individual or one team of criminals who have moved into the area.

The Council works very closely with the police and Surrey County Council on the production of its Community Safety Strategy and has set a number of targets to reduce crime and the fear of crime. Those that are relevant to this plan are as follows:

1. To reduce fear of crime, as shown by independent public survey, from 22% to below 20%.
2. To increase interventions to tackle anti social behaviour by 4% per year.
3. To reduce dwelling burglaries recorded by police by 4% per year.
4. To reduce the total number of burglary offences from 357 to 312 by 2008.
5. To reduce drug related crime by 6% by 2008.
6. To reduce alcohol related crime by 6% by 2008.

7. To ensure a system is in place which records individuals and locations that come to notice, how these issues are addressed and what outcomes are achieved (CIAG and JAG schemes).

Anti-social behaviour (ASB) is not a significant problem within the Borough but individual cases can cause substantial problems from time to time. In recognition of the importance the Council places on resolving cases of ASB, a specialist Officer has been appointed to deal with serious cases.

We have also signed up to the Respect Standard for Housing Management and we sponsor a mediation service for resolving more minor disputes. Applicants on the Housing Register are not housed if there has been recent action for antisocial behaviour and all new tenants are subject to introductory tenancies. Policies and procedures are also regularly reviewed to ensure good practice is adopted.

Supported Housing issues

The Surrey Supporting People team pay us supported housing grant towards our sheltered housing, Careline (community alarm) and floating support services. However the level of supported housing grant available to the County is set to diminish in the long term and already grant for sheltered housing has been cut.

The reducing supporting people grant also means that there is unlikely to be a significant growth in the number of supported housing units in the Borough. This is at a time when the need for more supported housing is at its greatest.

The Housing Needs Assessment undertaken in 2005 demonstrated that 9.8% of the Borough's households (3,116) contained people with a support need. The Runnymede Referral Panel (RARP) that assesses the needs of people with learning disabilities, physical disabilities and mental health problems has also identified a need for more supported housing.

The various sources of information available have confirmed that additional supported accommodation is needed for the following:

- Vulnerable homeless young people
- Frail older people
- People with mental health problems
- People with learning disabilities

Providing specific schemes for each of these groups is difficult because of the problems with land supply. However a new unit of supported housing has been provided by A2 Housing Group at Holloway House in Egham. A floating support service for 30 Council tenants was also established in 2003. More recently this service has passed on to Guildford Homefirst and as a result it has been possible to increase the number of tenants supported in existing housing. This service remains an important element of the support provided to the Council's more vulnerable tenants.

The Runnymede Assessment Referral Panel also remains an important part of our management of supported housing. This referral panel helps to assess the support needs of any applicants coming through the Housing Register and ensures that the needs of the individual applicants are identified and resourced before the individual is re-housed. This in turn ensures that the tenancy is sustainable.

Management of RSL Stock

In addition to managing our own stock, we also manage 150 properties owned by A2 Housing Group. The numbers managed will increase to approx 250 when the Roakes Avenue and Wapshott Road schemes are completed.

There are many benefits that result from the management of the A2 units. The management fee paid by A2 contributes towards our management costs and enables us to deliver services more efficiently. There are also benefits for applicants and tenants as they are able to deal with a single organisation for housing issues.

There is a detailed management agreement in place with A2 Housing Group for the management of their stock and regular dialogue between the two organisations to ensure that the partnership is effective.

Carbon Emissions and Energy Efficiency

The Government wishes to reduce carbon emissions by 60% by 2050. Much of the Government's current policy is aimed at ensuring that new housing is carbon neutral. There is also a growing emphasis on plans to ensure that social housing providers also minimise carbon emissions from existing stock.

We have been improving the energy efficiency of our 3,000 homes for sometime by enhancing insulation in lofts and cavity walls, the provision of UPVC windows and condensing boilers, along with thermostatic valves on radiators.

Property types that are difficult to bring up to the required energy performance ratings and other decent homes standards, such as those at Wapshott Road, have been demolished and the sites redeveloped with modern standard housing.

We have performed well in terms of the standard assessment performance (SAP) that is used as a target for energy consumption. The average SAP rating in our stock is now 76 and this performance is upper quartile when compared to other social housing providers.

A local government select committee has recently produced a report entitled Existing Homes and Climate Change and is now urging the Government to do more to help householders radically reduce their carbon emissions from existing homes. Although we have already made good progress this new report may result in additional requirements for social landlords.

5. TENANT & RESIDENT CONSULTATION

We want our tenants and leaseholders to play an active part in the development of this Business Plan and housing policies generally. Since 2003, resident involvement has been enhanced further. The old Tenants' Services Group, (TSG), has been strengthened with new members, encouraged to participate by the Stock Options Appraisal process. Our new initiatives include:-

- Creation of the Runnymede Council Residents' Association (RCRA)
- Recognised and funded area groups
- Targets for borough-wide Compact revised annually and sent to all residents
- Local Compacts developed and revised regularly
- RCRA Chair co-opted onto Housing & Community Services Committee
- Mystery Shopping by residents introduced
- Estate agreements being developed
- Community Warden introduced to one estate

This Business Plan, as with previous plans, has also been scrutinised by the RCRA and members of the area residents' groups.

Consultation on policies/schemes

The RCRA was formed from the amalgamation of the TSG and a group specifically set up to look at the Stock Options Appraisal process. The Association consists of a core of residents who are keen to play an active part in several new areas. They form a very valuable part of our service.

In particular, RCRA members have been heavily involved in the selection of contractors for major projects, most notably the refurbishment of older kitchens and the new partnering contract for external painting. Now a well established process, it can be anticipated that residents will continue to assist Officers in contractor selection for all major contracts in future.

The Chair of the RCRA is keen to influence policy and service delivery and regularly attends the Council's Housing & Community Services Committee. She has also assisted in the selection and management of contractors and the appointment of a Tenant Participation Officer.

We are soon to implement a Choice Based Lettings (CBL) scheme in partnership with two neighbouring local authorities and two RSLs. The scheme is scheduled to 'go live' in 2009, and over the past year residents have been consulted at key stages of the development of the scheme. In particular, they were given the opportunity to comment on the common allocations policy drafted by the participating partners prior to its formal adoption.

Tenants were also at the forefront of our plans to address the problems of the Pre-cast Reinforced Concrete, (PRC), homes on the Roakes Avenue and Bowes Road/Wapshott Road estates. Tenants from the estates selected their independent, "Tenants' Friend", adviser. (TPAS) They formed 50% of a

working group established to select the RSL partner, (A2 Housing Group), and met regularly with officers from both organisations to develop plans for the estates. Tenants also assisted in the selection of the respective firms of architects and in the development of plans for the estates.

In 2007, responding to a request from a local area group, the Council, working in partnership with the Elmbridge Housing Trust, established a Community Warden scheme on the Garfield Road estate in Addlestone.

Resources for tenant participation

Our Tenancy Manager is the lead officer on Tenant Participation and has a team of officers who each support local tenants' groups.

A budget of £15,800 p.a. has been established to support tenants' groups with training, publishing and other expenses. This budget also used to provide residents with financial help with travelling expenses to meetings and child care costs to encourage younger residents to participate.

In addition to the budget for running expenses, an annual budget of £35,600 is available to undertake improvements on estates. Any projects considered are subject to full consultation with the respective residents' groups. The most recent example was a scheme to upgrade a play area for young children, incorporating new equipment to reflect the changing age profile of children living on the estate.

Tenants input to performance management

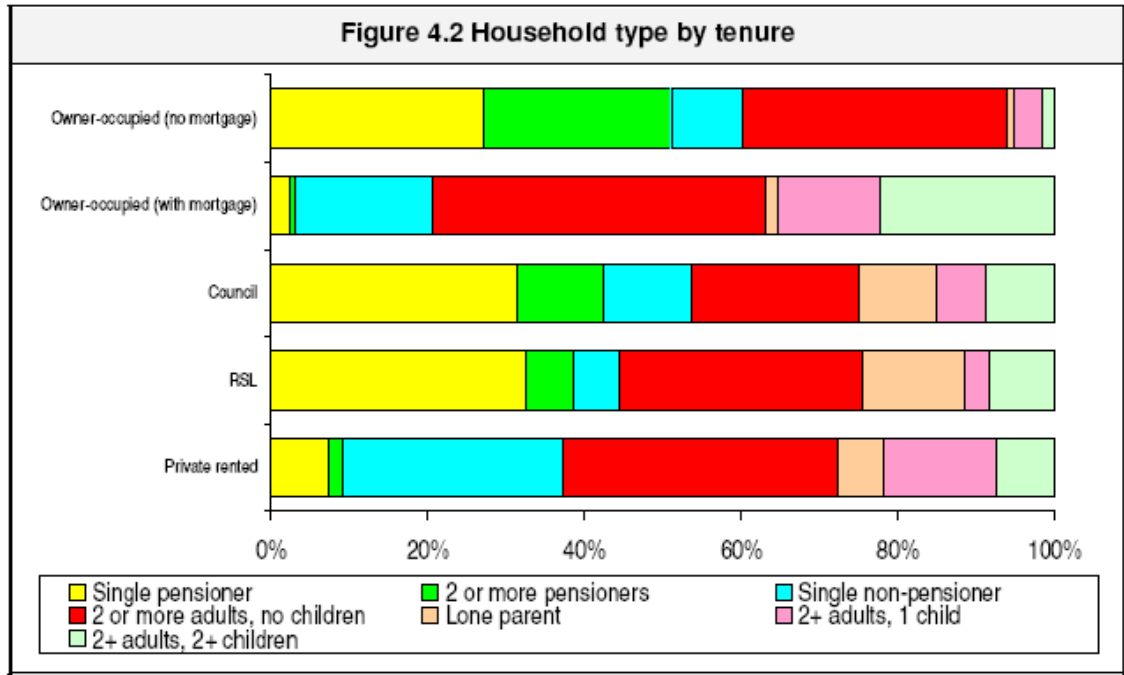
The RCRA and area groups receive regular feedback on progress made against Business Plan, Compact and Service Plan Targets.

The tenant participation Compact is reviewed annually, and new targets are set each year. Performance against the previous year's targets is incorporated into the revised Compact which is then sent to every tenant. Awareness of the Compact is increasing, as measured by the STATUS survey. In 2006 when the survey was last dispatched, 63% of tenants had heard of the Compact, compared to only 28% in 2000.

The tenants' magazine, "Streets Ahead", is now sent to residents twice a year and provides regular information about the Council's performance in respect of BVPI and other targets. Comparisons with other social landlords and previous years performance is provided so that the current figures can be seen in context.

6. TENANT PROFILE

The table below has been taken from the 2005 Housing Needs survey and it can be seen from this that 50% of tenants are over retirement age and just under 50% of RSL tenants are also pensioners.



Information on tenant household types was also gathered as part of the STATUS survey of tenants. This information has provided very similar results to the above –

Household composition – STATUS survey	
Pensioner households	52%
Single person below retirement age	12%
Couple below retirement age	7%
Single parent	7%
Couple with children	22%
	100%

The high proportion of older tenants has significant policy and service implications and our plans to develop our services to meet these challenges are set out in this Business Plan.

The Government have recently published a document highlighting the projected growth in the older population and pointing to a range of housing issues that this creates. The report is entitled 'Lifetime homes, Lifetime neighbourhoods' and we will consider the issues and challenges that this raises for this Business Plan.

7. STOCK CONDITION AND MAINTENANCE PROGRAMME

The table below summarises our current stock holding as at 1 April 2008.

Runnymede stock as at 1 April 2008	
Traditional Houses	1,462
Non-traditional houses	106
Flats	1,101
Bungalows	352
Total	3,021

Stock Survey & Maintenance - Plans

We conduct regular surveys on our stock to identify short and long term maintenance and improvement needs. All properties, both internally and externally, have been surveyed and regular partial surveys are undertaken to ensure the information we have on the stock is accurate. In addition to providing information about stock condition, the surveys identify those few homes that still do not meet the Decent Homes Standard. Currently these amount to less than 3% of the total stock.

From the stock survey, a programme of work has been established to ensure properties meet the Decent Homes Standard and that it is maintained over the lifetime of the 30 year plan (see Appendix B). We use 30 years because this is an appropriate timescale for planning repair and maintenance programmes that will keep our stock in a good condition for the foreseeable future. Being able to finance this programme is a critically important part of assessing the viability of our housing stock.

The work programme is categorised into the following parts:

- Responsive repairs: These are the routine repairs required to our stock for items such as internal doors, fences, stairs, sanitary work etc.
- Cyclical contracts: These comprise our regular inspection regime and maintenance contracts. These works include the vitally important gas and electrical maintenance contracts.
- Empty property repairs: This is work to bring vacant properties up to a good standard for new tenants. It is often a good time to carry out a thorough overhaul of facilities whilst the property is vacant. On occasions we also provide a package of improvements to empty properties to encourage tenants to move to properties that are more suited to their needs.
- Facilities and improvements for disabled tenants: These works enable our more vulnerable tenants to continue to live independently in their homes. The cost of these works is currently met from within the HRA.
- Exceptional extensive works: This is a programme that enables us to take measures to meet the decent homes standard and to undertake works required following (for example) a risk management exercise.

- Programmed renewals and repairs: This is a critical part of our stock condition plan. It comprises the major works (such as central heating, window replacements, roofing works) that enable our stock to be kept to a good standard over the long term.

The following is a summary of the planned expenditure, at today's prices, for each element of our 30 year plan:

Summary of 30 Year Asset Management Plan (at current prices)		
	£m	%
Responsive repairs	22.0	14%
Cyclical contracts	29.7	20%
Empty property repairs	14.9	10%
Facilities and improvements for disabled tenants	6.2	4%
Exceptional extensive works	8.7	6%
Programmed Repairs and Renewals	70.4	46%
Total	151.9	100%

More detailed information of our Programmed Repairs and Renewals can be found in Appendix B, which shows the year by year breakdown of this expenditure over the next 30 years. The £70.4m allocated for programmed repairs and renewals includes a figure for contingencies (5%) and preliminaries (10%). The main features of the programme are:

- The current major improvement programme is the upgrading of kitchens. Once completed we plan to upgrade older bathrooms.
- Now that all properties have central heating, future programmes will concentrate on upgrading older systems.
- £1m has been earmarked for rewiring over the next two years.

Only 14% of the total is spent on responsive repairs and 10% on empty properties, emphasising the success of targeted planned work and robust but fair maintenance policies.

Being able to pay for this programme over the 30-year timescale is a critical factor in determining the feasibility of keeping our housing stock. The section in this Plan on Resources sets out the challenges we face in making the HRA financially viable.

We anticipate meeting the decent homes standard for all of our properties by the 2010 deadline. We have always been confident that this target could be achieved, and as far back as 2003 we surveyed residents to establish what additional improvements they would like to see. The survey revealed that kitchen, and to a slightly lesser extent, bathroom refurbishment, were priorities. Consequently, the programme of refurbishment was established to reflect this, with kitchens being attended to before bathrooms.

Improved security was also an issue identified by residents. In response to this, we have improved the specification of new doors fitted to properties, provided door entry system in some locations. Consideration is also being given to what additional measures can be afforded within the constraints of the Business Plan.

Health & Safety

There are a wide range of health and safety measures that we are required to take in order to ensure the wellbeing of our tenants. These include measures to control the risk to health from asbestos and legionellas. More recently, the Health & Safety Executive have published advice following an incident in Taunton which led to the death of a child from scalding water from a faulty immersion heater.

We have implemented the advice of the Health & Safety Executive in relation to immersion heaters. Procedures are also in place to deal with legionella and the presence of asbestos in dwellings. An annual health and safety audit is also undertaken by consultants (Croner).

8. CURRENT PERFORMANCE

We use a number of comparisons to assess our performance, including Best Value Performance Indicators, Audit Commission statistics and figures from a benchmarking group.

Benchmarking is facilitated by Housemark, an organisation supported by both the Chartered Institute of Housing and the National Housing Federation. Housemark is the largest benchmarking organisation in the country, and enables us to benchmark against similar sized organisations in the south east, thus given the results far more credence than more nationally centred comparisons.

We are also a member of the Housing Quality Network, (HQN) an organisation which aims to disseminate good practice amongst its membership.

The following table illustrates performance in respect of a number of service areas and compares this with the previous year to illustrate whether or not performance is improving.

Activity	Upper Quartile 2007/08	RBC 2007/08 Score	RBC 2006/07 Score
% of Rent Collected	98.68%	101.6%	101.7%
Arrears as a % of debit	2.88%	1.54%	1.88%
% of tenants owing > 7 weeks arrears	4.65%	3.25%	4.09%
Relet times in days	24	26	23
Routine Repairs completed on time (%)	97%	97%	96.5%
Time taken to complete routine repairs (days)	20	12	14
% of homes non-decent	3%	2%	5%
Overall tenant satisfaction (%) **	82%	86%	86%

In seven of the eight categories our performance is in the upper quartile, i.e. amongst the best 25% of all social landlords, and performance has also improved or been maintained in 6 of the 8 categories since 2006/07.

Benchmarking costs from within the Housemark group also indicate that our costs are competitive. Benchmarking against 21 similar sized organisations operating in the south-east, the Council's overall costs per property for 2006/07 are 5th lowest, and once again upper quartile. Bearing in mind our close proximity to London, there is a case for suggesting Runnymede has more in common with outer London authorities than it does with district councils in rural Sussex and Kent. When Benchmarking against London based organisations, our costs are lowest overall.

During 2002 the Audit Commission undertook an inspection of the Council's Housing service and awarded a 2 star (good) rating, with promising prospects for improvement. This was followed up with a CPA inspection in 2003/4, when the Council were assessed as being 'excellent'.

The Government have recently published a national indicator set with specific targets that the Council will need to report upon and which relate to this Plan.

They are:-

N155 – Number of affordable homes delivered

N156 – Number of households living in temporary accommodation

N158 – Percentage of non decent Council homes

N1160 – Local authorities' tenants satisfaction with landlords' services

Reporting mechanisms are in place to ensure that performance on these indicators is regularly monitored.

The Council, in partnership with Surrey County Council and other local public service agencies, has developed a Local Area Agreement and the specific targets relating to that Agreement will be included within our Housing Service Plan.

Our Housing Service Plan is a separate document which consolidates the specific targets for the Housing Service. It is updated on a regular basis. The Plan has "SMART" targets and performance is regularly reported to our Housing and Community Services Committee and to members of the RCRA.

The Government have announced in the Community Empowerment, Housing & Regeneration Bill that they propose to establish a new body to be known as the Tenant Services Agency to oversee services provided by social landlords. The Agency will undertake all of the regulatory functions previously undertaken by the Housing Corporation in relation to the management of Registered Social Landlords and it is intended that this function will also be extended to local authority housing providers. It will therefore be important that our landlord policies and practices are consistent with the objectives set by the new body.

9. ACHIEVEMENT AGAINST PREVIOUSLY IDENTIFIED PRIORITIES

We set ourselves some challenging targets in our previous HRA Business Plan and its subsequent updates. The following paragraphs explain how we have performed:

PRC Housing – Roakes Avenue & Bowes/Wapshott Road

In our 2003 Business Plan proposals for the redevelopment of these two PRC estates were well advanced, but vital decisions were awaited.

In the case of Roakes Avenue, approval from GOSE for the utilisation of the adjacent Painesfield allotments was yet to be granted. This approval was eventually obtained, which enabled a 58 unit scheme of flats and houses to be built. These were used to rehouse the remaining families from Roakes Avenue. The first families moved to Painesfield in the autumn of 2005, with the final moves taking place in January 2006.

The old Roakes Avenue site was subsequently demolished, and a mixed housing development of private sale and affordable rented homes is currently being built. The Council will have nomination rights to all of the first lettings of the affordable units on this site, all of which will be for rent.

Progress with the Wapshott/Bowes Road scheme was delayed following objections from the Environment Agency, which resulted in a Public Inquiry in the summer of 2006. The Secretary of State found in favour of the Council, and work commenced on site in 2007.

The original plan was to redevelop the site in three phases, but progress with decanting has enabled the plan to be truncated into two. Phase one demolition was completed in 2007, and handover of the first of the phase one properties is due in the summer of 2008. Phase two decanting will then be completed, and by the autumn of 2008 all residents on the estate living in properties that fail the Decent Home Standard will have been moved. Completion of phase two is scheduled to be in February 2010.

The redevelopment of these two estates has been a long and, at times, difficult process. However, the Council stuck to the task, and has as a result achieved the elimination of approximately 180 non-decent homes, the regeneration of two previously poor quality estates, an increase in affordable rented housing, increased cemetery provision, and a range of other community benefits.

The success of these two projects is due to the support of our tenants and partner RSL, A2 Housing Group, who have devoted considerable resources throughout the process of regeneration of both these estates. The support of both has been integral to the success of these projects.

Decent Homes

The redevelopment of Roakes Avenue and Bowes/Wapshott Road dealt with several non-decent properties. Whilst those schemes were ongoing, programmes to address other failures have also been pursued. At the time of writing, Decent Homes failures account for less than 2% of the stock (58 properties), and when the final decanting of Wapshott Road takes place in the summer this figure will fall even further. Programmes are in place to address the remaining properties requiring attention, and the Council remains on course to achieve the elimination of all non-decent homes before the 2010 deadline.

Central heating and Insulation

The programme of central heating installation and property insulation is now complete and we are concentrating on upgrading older systems. The only homes now without central heating are the few where the resident has declined the opportunity of having a system installed. These properties will be attended to when they next become vacant.

Increase average SAP rating to 65

This target was set in our original Business Plan. Average SAP ratings continue to increase year on year, and now stand at 76 points as at April 2008. This has been achieved by our programmes of insulation and boiler replacement, using condensing boilers.

Tenant Participation

The issue of resident involvement is addressed in more detail in section 5. Building on the Stock Options Appraisal process undertaken in 2004/05, the Council has been able to strengthen its main Resident Group, the Runnymede Council Residents' Association – the RCRA.

RCRA members attend Housing Committee meetings, assist in the selection of contractors, have contributed to the development of Service Standards, policies and procedures and generally have taken a more extensive role in developing the way in which the Housing Service is delivered.

Best value targets

We have carried out a number of reviews comprising all elements of our housing service and set improvement targets. Our performance is set out in the previous section.

Stock surveys

We have completed a survey of all our properties and are undertaking validations on a regular basis. This information is fed into our housing systems and our 30-year maintenance programme is therefore continuously updated. We have good information on the condition of our stock and on the works needed to maintain our stock.

Rent restructuring programme and service charges

The governments rent restructuring regime was being introduced when our original Business Plan was compiled. Our management system now contains detailed information that allows us to set rents that will achieve the government target rent level. The government changed the rent formula for local authorities in 2006, and this change has been accommodated. We have also introduced a set of modest property service charges in accordance with government guidance. Most of our properties continue to have rents that are lower than the formula rent, and the necessary increases continue to be phased in.

10. NEW PRIORITIES FOR ACTION

Our priorities for action are based upon Government requirements, tenants' priorities and many of the emerging factors outlined in section 4 of this Plan. The availability of resources also influences our plans and information on the extent of resources is given in the next section.

The most significant priorities for the next 5 years are as follows:

Decent Homes

Although significant progress has been made in meeting the Decent Homes Standard, ensuring that the few remaining failures are addressed before the 2010 deadline remains the Council's overriding priority.

As the previous section outlined, the redevelopment of Roakes Avenue and the progress with Wapshott/Bowes Road has reduced the number of Decent Homes failures. As at April 2008, 58 properties fail to meet the standard and programmes are in place, (mainly rewiring), to ensure these homes comply by 2010.

Kitchen and Bathroom Refurbishment

Consultation with residents confirmed that there was an overwhelming preference for kitchens to be attended to before bathrooms.

The second phase of kitchen upgrades has recently commenced, with residents from the RCRA assisting in the selection of contractors. Learning points from the first contract have been incorporated into this second phase, hopefully eliminating some of the issues previously encountered.

The Council continues to procure kitchen units through the London Housing Consortium, enabling a quality product to be purchased at the most competitive price.

Kitchen and bathroom refurbishment is an ongoing programme throughout the life of the business plan. Each property can anticipate having its kitchen and bathroom being replaced at least once.

Choice Based Lettings (CBL)

The Government wish to see CBL schemes in operation at all authorities by 2010. Working in partnership with two neighbouring authorities and two major RSLs, the Council are developing a CBL scheme to cover allocations within the sub-region. The scheme is scheduled to become operational from late 2008.

All vacancies will be allocated through the scheme with initially 30% of lettings from each of the areas being offered up to residents throughout the region. It is proposed to increase the proportion of lettings offered up for all residents

across the region as residents become familiar with the scheme and any initial issues are resolved.

A very detailed partnership agreement is being drafted to ensure that the scheme is operated within budget and that the number of allocations made to local residents is not diminished.

The new arrangements will offer applicants and tenants a wider choice of units. However, the system may also impact on re-let times and this will need to be kept under review.

Bowes Road/Wapshott Road Estate

As indicated in section 9 of this Business Plan, significant steps have been taken to resolve the unsatisfactory housing conditions that existed on the Wapshott/Bowes Road estate.

The current position is that phase one homes should be completed in the summer/early autumn of 2008. Residents remaining in phase two have been allocated their new homes, have been consulted on issues such as bathroom and kitchen colour choices, and are eagerly awaiting confirmation of their moving date. Once completed, this will result in all non-decent homes on the estate being vacated prior to demolition. Phase two building will commence later in the year, scheduled for completion in early 2010.

There remain 12 flats in Coopers Close which were not included in the redevelopment. Their close proximity to the River Thames, the Environment Agency's disquiet at the redevelopment overall and the 100% wish of all 12 residents not to be included led to their withdrawal from the programme. Although these units remain as PRC housing they have been provided with insulation and central heating and no longer fail the decent homes standard.

Remaining PRC Housing

The Council has only one PRC estate remaining. This is the Parkside/Braeside Estate in New Haw.

Unlike Roakes and Wapshott, the New Haw properties are nearly all houses, and having been upgraded with heating, insulation and double glazing, do not fail the Decent Homes Standard. Unlike the two other estates they also remain popular, situated as they are in a pleasant area and enjoying large gardens.

Despite their PRC construction, approximately 20% of the estate has been sold under the provision of Right to Buy, again demonstrating the popularity of the estate.

Whilst in the short to medium term this estate poses few problems, the Council recognises that longer term it will have to address the issue of the estate's PRC construction. Over the next few years, an appraisal of the options will therefore be undertaken. This appraisal will of course take into account the

aspirations of tenants on the estate and should consider the potential for redevelopment by the Council.

Beomonds Sheltered Housing Scheme, Chertsey

In line with many local authorities, the Council has an issue with older, less popular sheltered housing. Two schemes were identified as unpopular, with bed-sitting room flats and shared facilities. These were Pinefields in Addlestone and Beomonds in Chertsey.

In 2004 Pennington Consultants undertook a stock options appraisal for the two schemes and concluded that Pinefields should be demolished and redeveloped.

During 2007 the Council successfully decanted Pinefields enabling the site to be redeveloped, which leaves the Beomonds scheme in Chertsey as the Council's remaining less popular sheltered housing unit.

The location of Beomonds, within the centre of a housing estate, and the fact the area is within the River Thames flood plain, does create problems with a redevelopment option. A possible alternative may be to consider remodelling and/or the refurbishment of the existing scheme. This option will be considered further and the views of existing tenants will of course be taken in to account when plans are being established.

Temporary Accommodation

The Council has a legal duty to provide assistance to families in priority need who are homeless. The type of assistance given is prescribed by the Government and more recently legislation was introduced that said that Councils could not use Bed & Breakfast for homeless families for longer than 6 weeks.

To avoid the use of Bed & Breakfast the Council has a stock of temporary accommodation which is accounted for within the Housing Revenue Account. In addition to temporary accommodation the Council uses a Rent Deposit Scheme to help people into private rented units. This is funded from the General Fund with help from a specific government homelessness grant.

The Council's current level of temporary accommodation provision is as follows:

Ashdene	– 25 units
St Jude's	– 13 units
Heathervale	– 24 units (soon to be reduced to 15 units)
Total	– 62 units (53 once mobile units are reconfigured)

The Government set a target to reduce the use of temporary accommodation by 50% by 2010. This target was set in March 2005 and the Council met the target within a year of its introduction. However more recently there has been

a steady growth in the number of people using temporary accommodation. This is due to a range of factors including shortfalls in private sector vacancies.

If expensive bed & breakfast charges are to be avoided then the Council must maintain an adequate stock of temporary accommodation. However it is very difficult to predict the level of temporary accommodation that might be needed. As a minimum it is envisaged that the Council will need to retain 40 units. These must be suitable for a range of households and comply with the required standards.

A report on temporary accommodation use was submitted to the Council's Housing & Community Services Committee in September 2007 and it was agreed that changes should be made to the mobile homes at Heathervale to provide larger units for families. Consequently, a number of older, two bedroomed mobile homes have been replaced with a smaller number of three bedroomed units.

One of the hostels (St Jude's) is also currently empty, and it is proposed that this should be disposed of. However this is linked to the future use of Queen Elizabeth House and until this is settled a temporary use for St Judes is being sought.

The remaining hostel, Ashdene, is a large converted building, and many of the rooms have shared facilities. In the last 12 months work has been undertaken to ensure its compliance with fire regulations and the Housing Health and Safety Rating System. It is proposed that the unit be retained however further work may be required to address problems with the shared bathrooms and to provide access for the disabled. The extent of work is yet to be quantified. The cost of any improvements will need to be met from the housing capital programme.

Reduction of carbon emissions

From October 2008 arrangements will be made for energy certificates to be provided for new tenants. Other initiatives designed to reduce carbon emissions and improve energy efficiency will also be explored and the impact of pursuing the Government's EcoHomes X B scheme (see below) assessed.

EcoHomesXB is a self assessment tool which has been designed for social landlords as an easy to use desk based assessment using data already to hand. It has been developed by the Housing Corporation and the Building Research Establishment and provides a method of identifying additional energy efficiency measures.

Targets

Measurable targets for each of the above actions have been set and are contained in Appendix A. These will be included in the Housing Service Plan and regularly reported to Committee and the RCRA.

11. RESOURCES

Introduction

Every council that owns or manages housing is required to maintain an HRA, which is a “landlord account” for council housing income and expenditure. The HRA is separate from the council’s general fund revenue account and there is a complex set of statutory rules and associated guidance that govern the operation of the account.

The resources assessment in this HRA Business Plan uses information derived from a financial model that projects income and expenditure over a 30-year period. The model takes in data from the costed stock condition survey (see section 7 of this Plan), forecasts of management expenditure and rent income, and assumptions about HRA subsidy. Its main objective is to ascertain whether our programme for maintaining stock is affordable.

The use of the 30-year period is to match the cycle for major repair, replacement or maintenance of the main elements of buildings. Therefore, the financial model includes the projected spending on these elements over the 30-year period and years of relatively high and low spend can be seen in context.

However, 30 years is a long timescale. There is invariably greater confidence in the first few years of the model, with greater uncertainty as time goes by.

Previous HRA Business Plan financial models

The 30-year model constructed for the 2003 Business Plan demonstrated that sufficient resources were available to pay for an estimated stock maintenance and investment profile calculated from best estimates of attribute condition and known work outstanding using information taken from the stock condition survey. Since then the information from stock condition surveys has become more comprehensive, and this has been used to update our maintenance plans and subsequent financial models on a regular basis.

A major revision of the model was undertaken in 2005 as part of the stock options evaluation process. Again, it was forecast that there were sufficient resources over the 30-year period to maintain our stock at a good level.

Assumptions used in the financial model in this HRA Business Plan

The financial model used in this revised 2008 Plan takes into account information obtained from:

- The latest stock condition survey which is further informed by the experiences of delivering programmes of repairs and improvements over the past five years.
- Our budget for 2008/09 which provides base information on our spending on management services.

- Rent income which is based on implementation of the rent restructuring regime by 2013 in line with the government programme. Rent income assumptions are consistent with HRA Subsidy assumptions. Other income sources are projected using the 2008/09 budget.
- Assumptions on HRA Subsidy which are based on the 2008/09 subsidy determinations, with future movements informed by experience of previous HRA Subsidy settlements.
- Assumptions about stock changes. After the completion of the Wapshott Road estate redevelopment, no major stock changes have been assumed. Sales of properties under Right-to-buy are assumed to continue at only 2 sales a year.

As far as possible, we have made consistent assumptions in the financial model about real movements in prices and inflation. The financial projections also assume that existing management policies and practices will be continued.

The most critical assumptions in the model are for spending on repairs and maintenance, and in levels of HRA Subsidy. We do have a modest measure of control over the level and timing of our major maintenance programme. However, we are completely dependent on the government for adequate resources being allowed in our HRA Subsidy settlement. Therefore, key to the financial viability of our housing stock is a fair settlement of HRA Subsidy.

Government review of HRA Subsidy

For most local authorities, the term HRA Subsidy is a misnomer. Most authorities pay “housing surpluses” to the government, in cash. The HRA Subsidy for a local authority is the difference between the government assumptions for (mainly rent) income and assumptions about spending. For Runnymede Borough Council, for 2008/09 we estimate that we will pay £5.958m of HRA Subsidy in cash to the government.

Assumptions about rent income are based on local authorities implementing rent restructuring in line with the government programme. Therefore, a local authority that follows the government assumptions for rent will not lose out in terms of its HRA Subsidy entitlement.

However, the assumptions the government makes about spending are based on notional spend on different stock types, scaled back to national spending control totals. These assumptions do not adequately reflect the amount that is needed to maintain the stock in good condition, the need for improvements, or provide for adequate increases in inflation. These concerns, amongst others, have recently led to the HRA Subsidy system being called into question.

In response to these criticisms, the Housing Minister announced in December 2007 that the CLG and the Treasury would undertake a review of the HRA Subsidy system. This review is currently taking place and the report to ministers is expected in spring 2009. The report will be followed by a period of consultation. The principles of the review are that:

- a) Tenant involvement in local decision-making about the homes in which they live should increase, with greater choice and mobility introduced into the system.
- b) Minimum standards and services at similar costs should be provided to all tenants regardless of which landlord (local authority or housing association) owns the property.
- c) Similar properties should have similar rents regardless of landlord and we should work towards achieving this in a timescale which maintains affordability for tenants.
- d) Where appropriate, the system should incline towards more devolution to the local level, supported by some degree of control and appropriate safeguards.
- e) The system of funding council houses should not work against the broader policy of helping more tenants into work.
- f) Local authorities will continue to be landlords.
- g) There will be a single cross-domain regulator.

It is possible that the outcome of the review will have a very significant impact on this Business Plan. This uncertainty makes modelling the HRA particularly difficult at this time. The approach we have taken is to assume that no major changes to the HRA Subsidy system are made. However, as this section will illustrate, without change we will not be able to afford keeping our stock in the medium to long-term without the use of new resources. A statement outlining the impact of any changes on this plan will be produced when the Government's final intentions are known.

HRA Business Plan Model – Financial Appraisal

The financial model provides a HRA operating account for each year. A summary of the 30-year operating account is provided in Appendix C. The HRA operating account shows that income is sufficient to meet forecast spending demands up to the 2016/17 financial year. Thereafter, resources are not sufficient to meet the current spending plans. The amount of the shortfalls is disclosed in the penultimate column in Appendix C.

However, the shortfalls are relatively modest when compared to the overall turnover of the HRA and the sums paid to the government for HRA Subsidy. Furthermore, the HRA remains affordable up to 2017, comfortably beyond the 5-year timescale of this Business Plan.

By far the most significant reason for the shortfall is that the resources available for our planned major repair and improvement programme are not sufficient. This is because the element in the HRA Subsidy system that is designed to allow local authorities to carry out major repair and improvement programmes – the Major Repairs Allowance – is insufficient. Appendix D shows the cost of our planned maintenance and improvement programme,

and compares this to the resources available (both sets of figures allow for the impact of inflation).

This is not a problem that is particular to Runnymede Borough Council, as the inadequacy of the need to spend allowances is one of the major criticisms of the current HRA Subsidy system. The amounts involved are relatively modest for Runnymede (£11.7m shortfall over 30 years), especially when set in context of the HRA Subsidy payable to the government (£304m over 30 years).

There are a number of approaches to addressing this potential shortfall:

- Hope that the reforms to the HRA Subsidy system recognise more fairly the need to spend on major repairs and improvement. We should have a better understanding of the government position on this once the current HRA reform exercise is complete.
- Reduce spending on major repair and improvement works. It would be possible to defer certain improvement works, or adopt different replacement policies (e.g. replace only when broken). However, this runs the risk of not being sustainable and could lead to significant levels of failure in property elements eventually leading to an unsatisfactory service and increased overall maintenance costs.
- Use capital receipts to make up the shortfall. This could be possible, should there be sufficient receipts in hand. However, this would lead to lower resources being available for other housing priorities.
- Stock transfer: This would be the final step and may not be achievable given the previous endorsement of tenants to keeping our housing stock.

Although we will need to keep this plan under review the HRA operating account for the immediate 5 year timescale of this plan is affordable. A summary of the account is set out below:

HRA Operating Account for the period 2008/09 to 2012/13					
(expressed in money terms)					
	2008/09	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000	£000
Management expenses	2,923	3,005	3,102	3,202	3,302
Repairs & maintenance	6,242	4,861	5,034	5,379	5,445
Use of capital receipts	(1,716)	(415)	-	-	-
HRA "Subsidy"	5,959	6,475	6,874	7,434	7,624
Other expenses	193	194	200	206	212
Total expenditure	13,601	14,120	15,210	16,221	16,583
Net rent income	12,872	13,390	14,066	14,741	15,449
Other income	790	814	830	827	824
Total income	13,662	14,204	14,896	15,568	16,273
Surplus (deficit) in year	61	84	(314)	(654)	(311)
Balance at end of year	2,848	2,933	2,618	1,964	1,654

The Council is aware that the financial health of the HRA will rely on delivering improvements in line with stock condition surveys, good operational management, and positive financial management.

Housing maintenance and improvement plan

The following table sets out our proposed maintenance and improvement programme over the next 5 years:

Housing Maintenance and Improvement Programmes (expressed in money terms)					
	2008/09	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000	£000
Responsive repairs	1,271	1,295	1,334	1,374	1,413
Cyclical contracts	993	1,011	1,042	1,073	1,104
Planned maintenance	3,044	2,086	2,177	2,437	2,418
Improvements	934	468	482	496	511
Total expenditure	6,242	4,861	5,034	5,379	5,445

A schedule showing the maintenance and improvement programmed used in compiling the 30-year financial model is set out in Appendix B. Please note that Appendix B is shown at current day prices, whereas the figures from the financial model include an estimate for inflation. Therefore, the figures are not directly comparable, albeit they are consistent with each other.

Rent levels

Rent Restructuring is the government's system of calculating rents based on a formula that takes into account ability to pay, the size of the property, and the value of the property. The resultant rent is called the "formula rent". Rent restructuring covers both the local authority and registered social landlord sectors and is being phased in nationally over a ten-year period that started in April 2002. The government made significant changes to the formula in 2006. In November 2007 the government announced that, for 2008/09 only, the date for rent convergence under rent restructuring was extended to 2016/17 (i.e. another 5 years).

HRA Subsidy is based on local authorities implementing the government rent restructuring regime in accordance with their timetable. It is possible for local authorities to adopt different rent setting policies. However, the HRA Subsidy regime penalises local authorities that set rents above the rent restructuring levels through "rent rebate limitation" (not paying rent rebates on the "excess" rent charged). HRA Subsidy also makes no allowance for local authorities that set lower rents, and it is highly unlikely that any local authority could sustain rent levels significantly lower than the formula rent. Therefore, the HRA Subsidy system enforces the use of rent restructuring on local authorities and tenants.

The average formula rent in Runnymede for 2007/08 is £84.30 a week. The average rent in Runnymede is currently £78.30 a week (7.6% lower than the

formula rent). There are no tenants paying more than the formula rent for their home, and some tenants are currently paying substantially less than the formula rent. However, Runnymede rents will have to increase at an above inflation rate to converge with the formula rent. This Business Plan assumes that all tenants will be paying the formula rents for their home by 2013.

A table that shows the various rent levels used in the financial model is included at Appendix E.

Housing Capital Programme

The Runnymede Borough Council Capital Strategy sets out the Council's approach to meeting community and service needs through its capital programme. The Council's objectives are set out in its annual Strategic Plan. The Plan is supported by a set of service plans that are renewed each year. The Capital Strategy describes how the deployment of capital resources will contribute to the achievement of these aims.

The Capital Strategy is consistent with the Council's housing policies and programmes that are set out in our Housing Strategy and this HRA Business Plan.

The Housing Capital Programme sets out the allocation of resources between investment in the Council's housing stock, new housing and private sector housing renewal. The key aim of the programme is to deliver the Council's overall housing priorities. It is reviewed in line with the Housing Strategy at regular intervals, including when the Council's overall financial strategy is examined in the autumn, and again when setting annual budgets in February.

This Plan shows that sufficient resources will be available to finance major repair and improvement works over the next 5 years.

However, this is on the assumption that any improvements needed at Beomonds can be financed from receipts generated by the sale of Pinefields and that improvements required to Ashdene can be financed from receipts generated by the sale of the St Judes site. In the past we have been successful in generating sufficient receipts from land sales to meet such redevelopment costs. However, the current state of the property market will inevitably make this more difficult to achieve. If it is not possible to finance these redevelopments from associated land sales, we may need to fundamentally review this plan and the spending priorities set out in the Housing Capital Programme.

The government system of housing capital receipts pooling has been in place since 2004. Under these rules, local authorities with housing stock are required to pay a proportion of their housing capital receipts over to a government pool. From 2007/08, 75% of the capital receipts generated from right to buy (RTB) sales of council houses must be paid to the Government pool. Local authorities are able to retain receipts from other housing sales as long as they are used to finance affordable housing and regeneration schemes. The housing capital programme is based on retaining the maximum possible amount of locally generated capital receipts to use on housing and regeneration projects.

12. RISKS

A number of significant risks have been identified and commented upon throughout this Business Plan together with certain assumptions, which have been made. We have categorised our risks with a probability rating (5 being highly likely, 1 being unlikely) to help assess the highest priority risks.

Below is a table summarising them and possible implications.

RISK	Probability Rating	IMPLICATIONS AND POSSIBLE ACTIONS
Long-term affordability of the Business Plan	5	<p>The financial appraisal shows that the HRA operating account falls into deficit in 2017/18 financial year based on the current HRA subsidy regime.</p> <p>The current review of HRA subsidy offers an opportunity for fairer funding on, in particular, major repairs and improvements. Changes arising from the government review will have an impact on the Plan and will necessitate amendments to the proposed improvement programme for the stock.</p>
Increase/decrease in number of RTB sales	2	<p>The Business Plan assumes RTB sales remain at 2 a year. Any significant increase in sales would require a reappraisal of our management resources and our financial forecast to evaluate whether this reduces our financial and operational viability. This is because our fixed costs of providing services become too burdensome of a significantly smaller stock.</p>
Fall in demand	1	<p>There is an assumption that the existing level of demand remains for all units. The Council recognises that certain property types are less popular, i.e. sheltered bedsits, and has plans to address this. Should other properties prove difficult to let to the point that long term voids become a regular feature, then there might be implications for rent income. As mentioned above this would require a review of the proposed programme.</p>
Increase in real maintenance costs	4	<p>Inflation on labour and materials has been assumed at levels consistent with HRA Subsidy assumptions. Should real costs increase significantly this would impact on the financial viability of the HRA.</p>
Choice Based Lettings	4	<p>The introduction of CBL is a major change and may lengthen void times, thus reducing rental income. The time period for relets is being kept to</p>

		the minimum possible and it is hoped that if tenants choose their homes they may settle for longer and thereby reduce overall void numbers. If significant difficulties arise then the partnership agreement allows for some adjustments.
Increase in Homelessness	4	The current difficulties in the housing market are currently leading to a growth in repossessions and an increase in homelessness. This could in turn lead to the Council's temporary accommodation reaching full capacity and a subsequent need for additional temporary housing. The provision of additional affordable housing will be key to the management of homelessness and there are currently a number of units under construction that will be available within the next 18 months. Opportunities to provide other forms of temporary accommodation will also be examined.
Improvements to Beomonds and Ashdene	5	This Plan assumes that the cost of major redevelopment and improvement works at these locations can be financed from the proceeds of associated land sales. The current state of the property market makes this more difficult to achieve.
Government reforms to the HRA Subsidy system	4	Although the current review of the HRA Subsidy system indicates that there is a willingness on the part of government to consider a fairer system, a favourable outcome is not assured. The poor state of government finances means that the scope of the government to increase resources is limited in the short-term. The risk is that even future fairer funding is not delivered.
Supported housing	3	Funding from the Surrey Supporting People Team is further constrained, leading to facilities for vulnerable groups not being affordable.

Each of the above factors will be kept under review so that corrective action can be taken if required.

13. CONCLUSIONS

We have illustrated that we have delivered the set of improvements set out in our 2003 Business Plan.

Our housing stock is in good condition. We also perform well as a manager, with many of our Performance Indicators (PIs) in respect of rent collection, repairs delivery and general management in, or close to upper quartile performance. This is in addition to overall costs being competitive.

We now have a new set of key challenges to meet and these are:

- Completing improvements to meet the Decent Homes target
- Delivering our kitchen and bathroom refurbishment programme
- Introducing choice based lettings effectively
- Completing the redevelopment of the Wapshott and Bowes Road estate
- Developing proposals for the Parkside/Braeside estate in New Haw
- Establish proposals for the remodelling or refurbishment of Beomonds
- Develop proposals to address the current problems with disabled access and shared facilities at Ashdene

There are a number of risks that we will continue to monitor and address as they develop.

The financial model shows that the HRA is able to sustain stock retention up until the 2016/07 financial year. This is comfortably beyond the 5-year life of this Business Plan. However, from 2016 there is a relatively modest shortfall in resources available within the HRA to fully finance the major repairs and improvements programme.

It may be possible to finance the shortfall from capital resources, or from re-phasing the programme, but the long-term solution requires fairer funding from the government through the HRA Subsidy system. The outcome of the current government review of the HRA Subsidy system will be critical to the long-term viability of our housing stock.

ACTION PLAN

Target	Lead Officer(s)	Implement By (including milestones)	Barriers to implementation	Resources required/identified	Success Indicators
<p>1. To complete the plans to replace PRC flats at Wapshott Road.</p>	<p>Head of Tenants Services (HOTS)</p>	<p>Phase 1 by September 2008 Phase 2 by early 2010</p>	<p>No obvious barriers Decanting complete and phase one on target for completion in September 2008</p>	<p>No additional resources required</p>	<p>Redevelopment of PRC homes to provide new Decent Homes for exiting and future tenants.</p>
<p>2.To ensure that all properties meet the Decent Homes Standard.</p> <p>This is to be achieved through the following –</p> <ul style="list-style-type: none"> ▪ Redevelopment of Bowes/Wapshott Road (flats) ▪ ▪ Provision of central heating and insulation 	<p>HOTS</p>	<p>2010 - Phase 1 to be completed September 2008 Completed</p>		<p>No additional resources required Upgrading of existing systems. Funding identified in BP.</p>	<p>All homes meet the standard Completion of the redevelopment Installation programme completed. Programme now concentrates on replacing older systems.</p>

Target	Lead Officer(s)	Implement By (including milestones)	Barriers to implementation	Resources required/identified	Success Indicators
<ul style="list-style-type: none"> ▪ Programme of improvement work to provide new kitchens and bathrooms ▪ Programmes to address individual failures due to disrepair or fitness 		<p>Programme commenced 2006/07</p> <p>Ongoing</p>	None identified	<p>Funding identified in BP.</p> <p>Funding identified in BP.</p>	<p>Kitchens and bathrooms upgraded</p> <p>Individual failures addressed.</p>
<p>3. To increase the SAP ratings in traditionally built properties to a minimum of 73.</p> <p>4. Undertake feasibility study in respect of the Parkside PRC estate in New Haw</p>	<p>HOTS</p> <p>DH&CS/HOTS</p>	<p>July 2010</p> <p>Start process during 2009/10</p>	<p>Some properties without cavities, may require expensive over-cladding to achieve this standard</p> <p>This will be a large scale project which will require significant resources – both financial and personnel. Also significant number of RTB sales which will require repurchasing.</p>	<p>Additional sums may be required to achieve target for non cavity wall properties.</p> <p>It may be necessary to employ consultants during the early stages of assessing feasibility.</p> <p>There will also be a need for extensive tenant consultation and a tenants friend will need to be appointed as was the case at Wapshott Rd.</p>	<p>Average SAP rating for all traditionally built RBC homes is above 73.</p> <p>Proposals are established for the future of the estate.</p>

Target	Lead Officer(s)	Implement By (including milestones)	Barriers to implementation	Resources required/identified	Success Indicators
5.Undertake an assessment of the Eco Homes XB requirements and consider implementation	HOTS	Start assessment during 2008		To be identified	An assessment of any additional measures that can be provided to achieve greater energy efficiency is completed.
6. Establish proposals for the future use of Beomonds	DH&CS/HOTS	Complete assessment of remodelling costs by December 2009	It should be possible to establish proposals but it will be necessary to identify funding for these and the Capital required has not yet been identified	It may be necessary to employ an architect to draw up proposals for the building. If Extra Care is to be provided it will also be necessary to identify additional supporting people grant.	The unit is brought up to current day standards and provides accommodation that meets current needs.
7. Undertake and assessment of the changing demographic profile of tenants and consider the implications of this for the future of the housing stock. Also assess the impact of the Lifetime homes, Lifetime neighbourhoods publication	DH&CS	Complete review by April 2009	None identified		The Council has policies and plans that take account of the tenant profile and the ageing population.
8. Complete the assessment of any refurbishment works needed to Ashdene and produce plans for approval and implement.	DH&CS/HHN &PSH	By April 2009	Capital funding may be required and has not yet been identified		Plans are put in place to improve the facility for disabled people and reduced shared facilities.