



HOUSING REVENUE ACCOUNT

BUSINESS PLAN

2015 – 2025

Developed by HCG Consultants

FINAL

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1 Background

- 1.1 In April 2012, the Localism Act 2011 introduced a new financial regime for local authority housing. A new self-financing system replaced the previous subsidy system, giving Council's more freedom to borrow money and spend the income they receive from rents. To achieve this, Arun District Council made a substantial single payment of £70.9 million to the Government, which it financed with loans from the Public Works Loans Board. The financial projections within this Business Plan demonstrate that the new financial regime has enabled the Council to service these loans and generate surpluses which it is investing in its housing, services and new homes.
- 1.2 The Housing Revenue Account Business Plan 2012-22 set out how the Council intended to manage, maintain and invest in its housing and deliver services to its tenants and leaseholders. The self-financing regime presented opportunities for investment in the existing housing stock, in services for tenants and in new homes. The business plan therefore set out the Council's expenditure priorities for the next 10 years and was prepared in the light of its strategic goals and in consultation with tenants and other stakeholders. It was originally proposed to review the Business Plan in 2017.
- 1.3 The self-financing regime was just one of a number of significant changes occurring at a national level which have impacted upon the Business Plan. The Localism Act 2011 introduced a range of other housing reforms including to social housing regulation, allocations and tenure reform, which affected tenants of both local authorities and registered housing providers. Major changes occurred to the way new social housing is funded. The welfare benefit system is also undergoing significant changes which are impacting upon the Council's income recovery.
- 1.4 Other changes have occurred since 2012 in relation to assumptions within the Business Plan, including the impact of the level of Right to Buy sales and trends in inflation. These have potential to impact upon the Council's major investment plans, particularly the development of new homes, improvement of its sheltered housing and other planned maintenance programmes. In August 2014, the Cabinet therefore agreed that the HRA Business Plan should be reviewed every 2 years, more frequently than originally envisaged, to address any major changes.
- 1.5 This HRA Business Plan 2015-25 reflects the outcome of that review. It reports on progress in implementing the objectives of the 2012-22 Business Plan, sets updated key objectives for the next 10 years and establishes the strategic, financial and operation framework within which these objectives will be delivered. It will be reviewed again in 2017.

Introduction

- 1.6 Arun District covers 85 square miles and is located between Brighton and Portsmouth on the coast of West Sussex with the South Downs to the north and the English Channel to the south. The main urban developments are on the coast with the main centres of population in Littlehampton, Bognor Regis and Arundel. The north of the district is predominantly rural, forming part of the South Downs National Park. It is an area of contrasting economic fortunes; prosperous by national standards but with significant areas of poverty and housing need. Five of the most deprived wards in West Sussex are found in Littlehampton and Bognor Regis.
- 1.7 As at January 2015, the Council owns 3,363 homes, 54 shared ownership and 461 leasehold properties. It aims to deliver a comprehensive, integrated housing management service to all tenants and leaseholders. More information about the housing stock and housing need in the District is detailed later in this Business Plan.
- 1.8 The Council's Housing Strategy, Raise the Roof, was approved in December 2010 and outlines the main strategic priorities for the period 2010 – 15, as follows:
1. To develop balanced and sustainable communities in the Arun District;
 2. To ensure through a range of housing options that everyone has somewhere to live;
 3. To meet the housing and support needs of vulnerable people;
 4. To improve the condition and energy efficiency of the private housing stock;
 5. To manage, retain and improve the Council's own housing stock.
- 1.9 The Council is currently developing a Council Vision for 2015-20 and this Business Plan aims to contribute to the delivery of its strategic priorities and to the delivery of other Council strategies including :
- Corporate Priorities 2013-17
 - Community Strategy
 - Homelessness Strategy
 - Local Offer to Tenants
 - Corporate Anti-Social Behaviour Strategy
 - Asset Management Strategy

How the business plan will contribute to these strategies and their delivery are discussed later in this Business Plan.

- 1.10 The financial analysis, detailed in section 7 of the plan, demonstrates that the Housing Revenue Account (HRA) makes a small annual surplus in 2015-16 followed by gradually reducing deficits for the next

5 years, due to increased provision for repairs and improvements. The HRA is projected to make a surplus of £1.3 million in 2021-22, increasing to £4.1 million by 2024-25. In addition the Council is giving consideration to investing up to £22.5 million in its proposed Capital Programme to achieve the delivery of 150 new homes and a programme of major improvement works to its sheltered housing during the first 5 years of the Business Plan. This will be funded by a mixture of loans and capital receipts, principally from proceeds from Right to Buy sales. However, there are significant risks and uncertainties associated with delivery of the plan, including future levels of inflation, interest rates and Council house sales. These are discussed in more detail in section 7 of the Business Plan.

- 1.11 A SWOT analysis of the Strengths, Weaknesses, Opportunities and Threats facing the Housing Service was undertaken in 2012. This has been reviewed and is detailed in Appendix B to this business plan. A PESTLE analysis of the Political, Economic, Sociological, Technical, Legal and Environmental factors likely to impact on the Business Plan is discussed in Appendix C.
- 1.12 The keys objectives of the Business Plan are summarised in Section 2. Its highest priorities are to establish and fund a 5 year capital investment programme, including the development and acquisition of 150 new homes, planned programmes to upgrade central heating boilers and to improve sheltered housing. The business plan also includes a range of other priorities to ensure ongoing improvements in the maintenance and management of the housing stock, as well as the efficient and prudent management of resources.
- 1.13 An action plan for delivering these objectives is detailed in section 8 and this will enable progress with implementing the key areas of the plan to be subject to regular monitoring and review. A detailed review will be undertaken every 2 years.

2 Key Objectives for the Business Plan

2.1 Introduction

This section summarises the key objectives which the Housing Service aims to achieve during the period of the business plan. These objectives are discussed in more detail in later sections of the plan.

2.2 Progress with implementing the key objectives from the 2012-22 HRA Business Plan

The 2012-2022 HRA Business Plan included key objectives and an action plan to achieve them. Effective progress has been made in a number of areas, while in others implementation is still in progress. For some objectives, plans have changed as a result of other developments. More detailed analysis of progress with implementing these objectives is included in later sections of this plan.

2.3 Key objectives for the 2015-25 HRA Business Plan

The key objectives for the business plan have been developed in the light of the Council's strategic objectives for both housing and the wider community. They will be subject to consultation with tenants, leaseholders and other stakeholders.

The priorities were considered by the Cabinet on 18 August 2014. The following issues have been identified as the highest priorities for the Housing Service:

- The development and acquisition of 150 new homes by March 2020;
- A 5 year programme of boiler replacements to communal heating systems within sheltered housing schemes, beginning with a £600,000 programme to upgrade boilers to 4 schemes in 2015-16;
- A 5 year programme to improve and develop the Council's sheltered housing, estimated at £1million per annum;
- Establishing appropriate funding mechanisms to ensure the delivery of the above capital programme.

Other key objectives for the Housing Service are outlined below.

2.3.1 Maintaining the housing stock

The following key objectives have been identified for future maintenance programmes:

- Review and update the 2012-15 Housing Asset Management Strategy to ensure a consistent approach to the management of all Council assets;
- Providing new central heating installations in homes which lack an efficient system, to improve energy efficiency, contribute to carbon reduction programmes and assist in tackling fuel poverty;

- Investigating opportunities to develop “green” energy sources, such as may be provided by wind or solar power;
- A comprehensive planned maintenance programme to ensure value for money in the maintenance of the Council’s assets, including an ongoing programme to ensure continued compliance with the Decent Homes Standard;
- Agreeing a revised lettable standard for Arun’s housing to ensure consistent standards are achieved for all maintenance contracts, including works to vacant homes;
- Developing policies and procedures to support the partnership approach to working with the Council’s major contractors, including reactive repairs and gas servicing;
- Establish and implement a 5 year programme of improvements to sheltered housing schemes identified for upgrading, including heating systems, bathrooms and kitchens;
- Undertake detailed options appraisals for the future use of sheltered schemes identified for further consideration by the Sheltered Housing Review undertaken in April 2014.

2.3.2 Managing the Housing Service

The following improvements have been identified as key priorities for the Housing Service:

- Review and update the Anti-Social Behaviour Policy for the Housing Service during 2015 in the light of the Council’s corporate approach to implementing the Anti-Social Behaviour, Crime and Policing Act 2014;
- Evaluate the impact of the Anti-Social Behaviour Caseworker in managing anti-social behaviour within the housing stock with a view to establishing if there is need to retain the post by April 2016;
- Improve housing management processes and procedures in the light of the implementation of the new IT system with the aim of increasing efficiency and throughput and therefore customer service;
- Streamline the management of the Council’s garages under a single manager to enable decisions about the future use of garage sites to be made and implemented;
- Deliver ongoing training to Neighbourhood Officers to enable them to represent the Council effectively in legal proceedings, when it is appropriate for them to do so;
- Review the provision of specialist legal advice to the Housing Service to ensure cost effective, responsive arrangements are in place to support the housing staff with more complex legal action;
- Continue the development of the neighbourhood caretaking service to improve neighbourhood management on the Council’s estates, linked to the review of service charge policy;

- Undertake a pilot project to tackle tenancy fraud during 2015 via staff secondment with a view to analysing the potential impact a specialist post within the Housing Service might have on reducing this problem, prior to the transfer of the Housing Benefit Fraud Officers to the Department of Work and Pensions in December 2015;
- Implement the recommendations of the Tenant Scrutiny Panel's review of complaints during 2015 and continue to support their ongoing programme of reviews;
- Establish mechanisms for undertaking improved customer profiling and satisfaction surveys in the light of facilities provided by the new IT system;
- Review the format of the Tenants and Leaseholders Newsletters with a view to improving communication, including evaluating the potential for using alternative media.

2.3.3 Meeting Housing Need

The development or acquisition of 150 new rented homes by March 2020 forms part of the Council's Corporate Plan objectives. To achieve this ambition the following key tasks have been identified to establish a robust 5 year development programme that can be successfully delivered on time. The Council is also considering options for the structuring and funding of new homes outside the HRA, which is subject to a separate report.

- Agree a 5 year development strategy and development programme to enable the building or acquisition of 150 new homes, subject to a continuous assessment of affordability;
- Agree a rent and service charge policy by September 2015 for new homes considering both affordability and maximising the supply of new homes;
- Review and stress test the affordability of the development programme considering both the impact on the HRA and the viability of individual development schemes, including acquiring the necessary software for the purpose;
- Make a start on site by no later than October 2015 to develop 22 new homes on the Wick site in Littlehampton for which planning permission has already been obtained;
- Formally continue discussions with West Sussex County Council for the purchase of 16 new homes at social rents on the Angel's nursery site in Barnham, estimated for completion at the end of 2015;
- Undertake new homes development appraisals of the sites identified in the land audit with an estimated capacity to deliver about 40 new homes, subject to planning permission;
- Submit planning applications for Council owned sites, prioritising those sites which are the most practical in terms of deliverability

and linking the timing of applications to enable building contracts to be let for multiple sites;

- Explore the potential of utilising other Council owned General Fund land for new affordable homes;
- Establish the Council as a development partner to secure new homes, to be let at Social Rent, on appropriate development sites where the inclusion of such homes is a planning requirement;
- As part of the review of the Allocations Scheme, review and revise as necessary the Nominations Agreement with Registered Provider partners;
- Consider the further acquisition of second hand homes (particularly former Council homes acquired under the Right to Buy) to ensure the Council's development target is met;
- Establish and put in place the financial and management resources necessary to implement and manage the development programme (see 2.2.4 below);
- Review and revise as necessary the role and responsibilities of the Council's Development Agent;
- Review the effectiveness of the Under Occupation Policy which includes a range of incentives offered to encourage people to move into smaller accommodation.

2.3.4 Managing Resources

It will be essential that the resources available within the business plan are managed efficiently and effectively to continue to maximise the benefits to tenants and future tenants from the self-financing regime. The following objectives have therefore been identified:

- Ensure that sufficient financial provision continues to be made to repay the PWLB loans totalling £70.9m;
- To agree, subject to a continuous assessment of the affordability of the loan servicing costs, additional borrowing of up to £18.1 million to enable the Council to fund the building or acquisition of 150 new homes (the remaining funding coming from capital receipts and/or revenue contributions);
- Maximise the application of 1 for 1 Right to Buy receipts to enable new homes to be delivered to replace homes that have been sold under the Right to Buy;
- Give consideration to utilising receipts from Section 106 Agreements and Right to Buy sales to fund the Council's new housing development, when it represents good value for money to do so;
- Continual monitoring of rent collection performance to maximise income in the light of the difficult financial climate and ongoing changes to welfare benefits;
- Continue to analyse the financial implications of welfare reform for the HRA and develop strategies in response;

- Continue to dispose of HRA assets that are uneconomic to retain and/or do not contribute to HRA core objectives and ensure that receipts from such disposals are reinvested in new assets that do meet new housing need;
- Establish clear procedures for collecting leaseholder contributions to major repairs;
- Revisit proposals to review Rent and Service Charge Policies during 2015 with a view to implementing any agreed changes in April 2016 to ensure an appropriate balance between maximising income and maintaining affordability;
- Complete the implementation of phase 2 of the new IT system for the Housing Service in the first quarter of 2015-16;
- Reviewing central support service quality standards and charges to ensure they continue to meet the needs of the Housing Service.

2.3.5 Capacity Building

The self-financing regime resulted in major changes for staff, tenants and Council members. It will continue to require effective leadership, new technical skills, properly resourced and sustainable ways of working, as well as cultural change to ensure the potential benefits are maximised. It will be necessary to review the staffing resources available to ensure the Council is able to deliver its main priorities, as outlined in paragraph 2.3 above. In addition training requirements need to be identified and a training programme developed for staff, tenants and Council members.

3 Who are our Customers?

- 3.1 Close to 4,000 households currently rent or lease a home from Arun equating to approximately 5% of all households in the Arun District. The majority of customers (87%) rent their homes; the others are leaseholders who are predominantly tenants who have exercised the Right to Buy their Council flat on a long lease. Approximately 850 individuals rent Council garages.
- 3.2 As at October 2014 45% of all tenants received full Housing Benefit and a further 26% received partial benefit, representing 71% of all tenants of Council homes. There has been a 5% reduction in the number of residents receiving full Housing Benefit and a 5% increase in the numbers receiving partial Housing Benefit since 2012 but no change in the numbers receiving Housing Benefit overall.
- 3.3 Knowing and understanding who Arun's customers are now and in the future will ensure the Council is best placed to meet their needs, increase levels of satisfaction and reduce costs, particularly by getting service delivery 'right first time'. Furthermore whilst affordable housing is in short supply in Arun and demand is high, there are some homes which are much less popular than others.
- 3.4 This section therefore focuses on understanding more about Arun's customers, their housing needs and service requirements. Current and future demand for homes is considered and the need to hold comprehensive and current data about customers is also highlighted in Section 5.8.

3.5 Housing need and demand

- 3.5.1 Arun is an area of high housing need with demand for affordable homes far greater than supply and a private rented sector that is unable to meet demand for short and long term housing. There are approximately 1,000 applicants on the Council's housing register all with a proven housing need. By comparison, the Council let 149 Council homes between April and September 2014 (including mutual exchanges) averaging around 25 per month. Projected forward, in the region of 300 homes will be let in 2014/15 representing 9 % of the Council stock. The number of Council homes let is anticipated to be broadly similar to 2013/14 when 313 homes were allocated. This position inevitably means many residents find themselves in very difficult housing circumstances (including being homeless) which they cannot improve without assistance.
- 3.5.2 Arun's Housing Strategy, Raise the Roof, confirms that 'the demand for affordable housing is at a record high and even the cheapest housing is out of the reach of many in our community. Affordability of housing is considered a major issue, people in Arun now need nearly ten times the average income to buy an average-priced house in the district – far

more than mortgage lenders will provide.’ The strategy expires at the end of 2015. At present there is a desire to produce a new strategy but this is no longer a statutory requirement. Evidence of housing need in Arun is found in the West Sussex Strategic Housing Market Assessment (SHMA) and from the Council’s Housing Register.

3.5.3 Strategic Housing Market Assessment

Arun District Council, together with the other West Sussex local authorities, commissioned consultants, GL Hearn to update the SHMA (originally published in May 2009) in November 2012.

3.5.4 The SHMA housing needs analysis provides a snapshot of the requirements for affordable housing in accordance with Government guidance. A net housing need for 2,891 affordable homes was identified for Arun over the 2011-16 period, equating to an average of 578 per annum across the District, if all households in housing need were to be housed in an affordable home. The evidence of need in the report supports a strategic tenure mix of affordable housing, delivered through new developments of 80% rented and 20% intermediate housing.

3.6 New Tenants and the Housing Register

3.6.1 New tenants are identified from the Council’s Housing Register with applicants prioritised for housing in accordance with the Council’s published Allocations Scheme. As at September 2014 approximately 1,000 applicants were registered compared to 4,876 applicants registered in November 2011. A review of the Allocations Scheme resulting in the deletion of Band D (no immediate housing need e.g. applicant’s adequately housed in the private rented sector but with no long term security) is the main reason for this significant reduction in applicants. However the strengthening of the requirement to have a local connection with Arun and changes to Housing Benefit has also impacted on the numbers. As housing allocations were seldom made to applicants registered in Band D the change should not be interpreted as a reduction in real demand for homes.

3.6.2 Applicants are prioritised in one of 3 bands on the housing register. Applicants placed in Band A have urgent need, Band B high need and Band C moderate need. The number of applicants registered in each band is shown in the table below:

Applicants on ADC Housing Register as at September 2014

Band	Number Applicants	% Applicants
A	130	13
B	210	21
C	658	66
Total	998	100

- 3.6.3 The average waiting time for applicants in Band A and B who are housed is about a year, Band C applicants who are rehoused wait on average closer to 2 years. Many Band A and B applicants will wait much longer for housing. Waiting times for applicants seeking 1 bedroom properties are about twice as long those seeking two and three bedroom accommodation. However, waiting times are a complex equation reflecting a number of factors, including housing need, applicant preferences and the number of applicants for different types of stock.
- 3.6.4 In January 2015, 93 (approximately 2.8%) of all Arun tenants had registered an application to move to alternative housing, a significant reduction in numbers compared to November 2011 when 10% of all tenants were registered. The deletion of Band D, as referred to in paragraph 3.6.1 above is the main reason for this.
- 3.6.5 Allocations are made using choice based lettings. The Council is currently a member of Homemove, the Sussex wide choice based lettings scheme but during 2015 it is proposed to leave Homemove and operate an Arun District choice based lettings scheme. It is believed this will improve value for money, efficiency and accountability to local residents.
- 3.6.6 Housing allocations feedback given to applicants in September 2014 showed that the number of 'bids' for individual properties varied from as low as 6 for a 1 bedroom flat to 238 for a 1 bedroom bungalow. The average number of bids was 75 per property.
- 3.6.7 The cost of maintaining the housing register and running the allocations scheme to deliver an effective and transparent service to applicants is split 80 / 20 between the HRA and the General Fund. In 2013/14, out of a total of 414 allocations, 296 (71%) allocations were to Council properties, 118 (29%) to housing association properties. The number of housing association allocations is expected to be higher in 2014/15, reflecting the completion of a number of new developments and then to reduce again in 2015/16.

3.7 Profile of Current Customers

- 3.7.1 Information about the profile of customers is principally sourced from data collected when a housing applicant accepts a Council Tenancy and from surveys, including the Status Survey which the Council last carried out in 2008-9. Additional information may also be available from the 2011 Census. There are however significant gaps in the data currently held about many existing customers.
- 3.7.2 Mechanisms are expected to be established to undertake improved customer profiling and satisfaction surveys utilising the functionality

provided by the new IT system as discussed in more detail in paragraph 5.8 below.

3.8 CORE Returns

3.8.1 The Continuous Recording of lettings and sales (CORE) system records information about all housing applicants accepting the tenancy for a Council home or one provided by a Registered Provider (RP) in the Arun District. In 2010/11 the CORE returns showed that up to a third of homes were allocated to existing tenants transferring to alternative accommodation and a further third to applicants living in the private rented sector before becoming a tenant of a RP or the Council. The number of homes allocated to applicants accepted as homeless was 16% of all those housed.

3.8.2 Other key findings from the 2010/11 CORE returns relating to new Arun Council tenants were as follows:

- Single persons or adults with children together accounted for approximately two thirds of those housed (compares to 56% District Wide as at 2001);
- 29% of those housed were working full or part time (compares to 44.8% District wide as at 2010);
- 3.1% of those housed were from a BME group (compares to 1.5% District wide as at 2001);
- 95% had no disability related requirement (compares to 95.7% District wide as at 2010);
- Average net weekly income was £170 (compares to £420 District wide as at 2011);
- 6.5% of households contained someone over the age of 65 years (compares to 0.8% as at 2001).

3.9 Tenant Satisfaction ‘Status Survey’

3.9.1 The survey, which was last undertaken in 2009 and covered Council tenants only, had a 61% response rate. It revealed that only 15% of households had children under 16 years of age. A large proportion were single person households with the occupant being aged 60 or over (44%), and 19% were two person households where at least one is aged over 60.

3.9.2 Over half of all respondents identified that there was someone in their household who has a long term illness, health problem or disability which limits their daily activities or the work they can do, including problems which are due to old age (55%). In 12% of these households there was someone who used a wheelchair. Such illnesses/disabilities were more prevalent amongst those in sheltered housing (65% compared with 51% of general needs tenants), and there were more wheelchair users amongst those living in sheltered housing (17% compared with 11% in general needs housing).

3.9.3 The data confirming the ethnic profile of tenants is unreliable since so many tenants omitted to answer the question on ethnicity. However information is gathered for new or transferring tenants via the CORE returns discussed above.

3.10 Future trends

The Council Report 'Working towards a Council Vision for 2015 to 2020 sets out what the Arun District may look like in around 5 – 6 years:

- There will be 75,348 households in Arun in 2020¹, up from 66,706² at the 2011 Census, an 8,642 (12.9%) increase. Given population growth is projected to rise by 6.6%, average household size will drop to 2.14 in 2020, down from 2.23 at the 2011 Census;
- Using ADC's 5 year housing land supply April 2014 - March 2019 figures, wards are projected to grow at different rates. Whilst the figures suggest district population growth of 6.3% between 2012 and April 2019, many wards may grow by less than 5%. In contrast, Wick with Toddington (33%); Felpham East (31%); Bersted (14%); Yapton (11%); Barnham (11%); and Angmering (10%) are expected to experience double digit growth. These wards are home to major housing developments;
- Population is projected to reach 161,400 (up 6.6% from 151,400 in 2012);
- Arun will have an older population than nationally (7.3 years older). An aging population is projected to lead to an increase in residents with health problems,
- 48% will be males, 52% females;
- Historically the 'natural' population of Arun declines as deaths exceed births; however international and, especially, internal migration accounts for the population growth;
- There are apparent variations by age group, caused by two main factors: the existing population is aging and there is net inward migration of older people retiring to the district.
- There is a projected rise in households, up 8,500 to 75,300;

¹ Department for Communities and Local Government Household Projections model (2011-based).

² 66,706 households (i.e. with at least one usual resident). N.B. 70,472 household spaces.

- Single person households will still account for 34% of all households; adults with no children 38% and households with dependent children just 22%;
- Economically, Arun's working age resident population is projected to grow just 0.9%;
- Economic activity will be heavily dependent on the service sector, currently 87% in Arun.

4 Our Homes: Maintaining the Housing Stock

4.1 The Housing Stock

The Council owns the following properties (as at October 2014):

Dwelling type	Rented	Shared ownership	Leasehold	Total
Bedsit	169		1	170
Bungalow	361	1		362
House	1266	36		1302
Flat	1456	18	416	1890
Hostel	50			50
Maisonette	80		46	126
Dwellings Total	3382	55	463	3900
Garages	851			851
Grand Total	4233	55	463	4751

4.2 Approximately 85% of the stock was built after 1945 and over 50% after 1965. The Council has no high-rise stock and only 27 non-traditional units. Details of the geographical distribution of the housing and garage stock are included as Appendix A of the business plan.

4.3 The Housing Asset Management Strategy 20012-15 identifies the following objectives for maintaining its housing stock:

“To provide Decent Homes in a pleasant and safe environment and to manage the utilisation of operational stock in the best interests of our customers and the Council’s HRA. This will be achieved through:

- Meeting the Government’s target to continue to maintain all units up to the Decent Homes Standard;
- Meeting all relevant statutory and regulatory requirements;
- Implementing Environmental Improvement projects;
- Delivering an excellent Repairs and Maintenance service within the constraints of the current budget;
- Ensuring void properties are returned to occupation with the minimum of delay through Choice Based Lettings;
- Carrying out all necessary property adaptations as assessed against individual customer needs, including Disabled Facilities Grants works;
- Matching demand to supply in the provision of both general needs and special purpose accommodation (e.g. Sheltered Housing) – within the constraints of funding and new development opportunities;
- Offer appropriate support for older people (via the Council’s appointed provider, In Touch) and vulnerable households as well as those with particular needs.”

- 4.4 Reviewing and updating the 2012-15 Housing Asset Management Strategy to ensure a consistent approach to the management of all Council assets is a key objective of the 2015-25 Business Plan. This will be linked to establishing an agreed lettable standard for all Arun's housing, as discussed further in paragraph 4.12 below.
- 4.5 The 2012–2022 HRA Business Plan contained a number of key objectives for the maintenance of the housing stock and progress with their implementation is included in the following paragraphs.
- 4.6 The proposed expenditure on repairing and maintaining the housing stock over the 10 years of this Business Plan is detailed at Appendix D. The criteria and assumptions used to develop the expenditure plan are outlined in the following paragraphs.
- 4.7 **Delivering Decent Homes**
Decent Homes programmes have been undertaken since 2005 to those properties that failed to meet the standard, mainly due to the condition of kitchens and bathrooms, to ensure that all properties meet the required standard. Ongoing expenditure will be necessary as older kitchens and bathrooms reach the end of their life and approximately 5% of the stock will require work to be undertaken each year to achieve continued compliance with the Decent Homes Standard. £400k per annum has been included in the planned maintenance budget for this work.
- 4.8 To ensure the accuracy of stock condition data, a 5 year rolling programme of property surveys has been introduced, with surveys undertaken by the in-house planned maintenance team. Stock survey information has been used to develop the 30 year Planned Maintenance Programme, details of which are included in Appendix D. The new IT system offers opportunities to introduce the use of more mobile technology to capture stock survey information.
- 4.9 The emphasis of future planned maintenance programmes will be upon central heating installations, improving energy efficiency and tackling fuel poverty through increased insulation and energy saving measures. A new Mechanical and Electrical Manager (M & E) was appointed in December 2014 to lead this programme.
- 4.10 A 10 year programme to replace 250 older gas boilers each year has been included in the recently awarded Gas Maintenance Contract which begins in April 2015. There is also an urgent need to upgrade older electric heating systems and a programme to address this is currently being planned. Where it is possible and cost effective to do so, this may include installing a gas supply to those properties which currently lack it. As part of a five year planned programme, the Capital Programme for 2015-16 includes funding of £600K to upgrade the communal boilers in 4 sheltered housing schemes.

- 4.11 It remains a key objective of the 2015-25 Business Plan to investigate opportunities to develop “green” energy sources, such as may be provided by wind or solar power. The installation of solar panels at the sheltered housing scheme at Hastings Close, Bognor Regis was included in the planned maintenance programme.
- 4.12 Developing an updated property standard for Arun’s housing stock in consultation with residents, which the Council would aim to achieve over time for all its homes, was a key objective of the 2012-22 Business Plan and was strongly supported in 2012 consultation events by both tenants and staff. Some work was completed on this in partnership with the Council’s reactive maintenance contractor in 2013 but further work is needed to agree a revised lettable standard for Arun’s housing to ensure consistent standards are achieved for all maintenance contracts, including works to vacant homes. This has therefore been included as a key objective for the 2015-25 Business Plan.
- 4.13 The planned programme ensures compliance with legislative requirements including asbestos, the Health and Safety Rating System (HHSRS), legionella and fire precaution works, as well as revised responsibilities under the Construction (Design and Management) Regulations, with updated regulations coming into force on 6 April 2015.
- 4.14 Cyclical maintenance contracts focussing on external redecoration and associated repairs have been extended from a 5 year to a 7 year cycle. Future programmes are being updated to incorporate a range of works to the exterior of the property based on stock condition data, including replacing fascias, soffits and gutters with low maintenance products, repairing paths and gates, as well as re-roofing and asbestos removal programmes.
- 4.15 This will include programmes of works to blocks of flats where some have been sold under the Right to Buy. The Council has had some difficulty in progressing these programmes when leaseholders object to the cost of the works and are reluctant to pay their contributions. It is therefore a key objective of the Business Plan to establish clear procedures for collecting leaseholder contributions to enable major repairs programmes to proceed in a timely manner.
- 4.16 Disabled Adaptations**
Funding for disabled adaptations of £400k per annum has been included within the 10 year Planned Maintenance Programme, which is assessed as being adequate to meet anticipated demand for adaptations from Council tenants.

4.17 Planned and reactive maintenance

Expenditure on planned and reactive maintenance in 2013/14 achieved a 74:26% split, in line with recommended good practice for the affordable housing sector. This is a significant improvement in performance achieved since the 2012-22 HRA Business Plan.

- 4.18 The Council remains committed to developing a partnership approach to working with its main contractors over the coming years, notably its Reactive Maintenance and Gas Servicing contractors. Some progress has been made in working arrangements for the Reactive Maintenance contract, with the contractor now based within the Housing office. However the contract is still currently based on the schedule of rates. It is therefore proposed to appoint a temporary Policy Officer whose responsibilities will include developing policies and procedures which can support the further development of partnering arrangements with the Council's maintenance contractors.

4.19 Servicing

The Gas Servicing contract has recently been re-tendered and the new contractor has been appointed from April 2015. The M&E Manager is developing programmes for smoke detector testing, carbon monoxide protection and replacing older smoke detectors.

- 4.20 Servicing contracts for door entry and CCTV systems have been established until April 2016 and will be established for communal TV installations during 2015-16.

4.21 Sheltered Housing

The 2012-22 HRA Business Plan included a key objective to update the 2008 review of sheltered housing and develop proposals and a time scale for schemes identified for redevelopment or remodelling. As reported to Cabinet in August 2014, a Sheltered Housing Review was completed in April 2014 by an officer working group, which identified:

- Schemes which continue to meet the desired criteria for sheltered housing and are therefore recommended for retention and improvement to ensure they remain fit for purpose;
- Schemes which offer few sheltered facilities and which are recommended to be decommissioned and returned to the general needs stock following resident consultation;
- A small number of schemes where other options, including redevelopment potential, should be evaluated through a detailed options appraisal.

- 4.22 A key objective for the 2015-25 HRA Business Plan is therefore to obtain Member approval for a 5 year programme to improve and develop the Council's sheltered housing, for which initial funding of £1million per annum has been included in this business plan. The programme will include:

- Establishing and implementing a 5 year programme of improvements to sheltered housing schemes identified for upgrading, including heating systems, bathrooms and kitchens;
 - Undertaking detailed options appraisals for the future use of sheltered schemes identified for further consideration, including agreeing schemes which are no longer fit for purpose and should be converted to general needs accommodation.
- 4.23 A budget of £1million per annum for five years from 2016-17 has been included in the proposed capital programme and it is therefore essential that work begins in the near future to establish and implement a programme of improvements to those schemes identified for upgrading, in consultation with residents.
- 4.24 When developing the improvement programme for sheltered housing, it will be essential to plan for the long term requirements of an ageing population to ensure the sheltered housing stock will meet the demand for this type of accommodation in the future, as well as the changing needs and aspirations of older people. This may include exploring opportunities to work in partnership to develop extra care facilities at some of the sheltered schemes.
- 4.25 The Council's sheltered housing schemes do not have dedicated Scheme Managers but tenants may qualify for floating support from West Sussex County Council's appointed provider, In Touch (part of the Family Mosaic Group). Arun District Council employs a Supported Housing Team who perform a range of tasks to ensure the safety and efficient day to day management of the schemes. As part of implementing the recommendations of the Sheltered Housing Review it will be necessary to consider the future provision of support and caretaking services within sheltered accommodation and how these services are financed.

5 Our Services: Managing the Housing Service

- 5.1 The Council is committed to providing high quality services that meet tenants' needs and aspirations. The Council aims to deliver the services that tenants want, in the way they want, within the resources available, by working with tenants and actively encouraging feedback and involvement.
- 5.2 All social landlords have been required to comply with the Regulatory Framework for Social Housing in England from April 2012 and a revised Framework will be implemented in April 2015. Prior to the introduction of the Regulatory Framework, in 2011 the Housing Service carried out a major consultation exercise. All tenants and leaseholders were asked to rate the delivery of the service against the new regulatory standards and identify areas for improvement. The information gathered from the consultation contributed to the proposals for more tailored services, known as the Local Offer. The Local Offer, which was agreed with tenants and leaseholders, complements the Service Standards and its key objectives were included in the 2012-22 HRA Business Plan. Progress with implementing the Local Offer was last reviewed in September 2013 and it would therefore benefit from a comprehensive review to establish how far its objectives have been achieved and whether its priorities remain relevant for tenants, leaseholders, staff and Members in the light of the updated Regulatory Framework being implemented in 2015.
- 5.3 The 2012-22 Business Plan identified 3 areas from the Local Offer as a priority for improving the Housing Management Service, namely neighbourhood management including responding to anti-social behaviour; developing opportunities for tenant involvement and scrutiny; and tenancy support. Positive improvements have been achieved in all these areas and these will be detailed in the paragraphs below, as well as outlining key objectives for the 2015-25 Business Plan.
- 5.4 **Housing Management, including managing anti-social behaviour**
- 5.4.1 **Managing anti-social behaviour**
The need to improve the management of anti social behaviour was seen as a priority during consultation with tenants and staff about both the Local Offer and the 2012-22 Business Plan goals.
- 5.4.2 A review of the Housing Service's anti-social behaviour policy was completed in September 2012, which meets the requirements of the Regulatory Framework for Social Housing in England from April 2012, which requires local authorities to publish a policy setting out how they work with partners to prevent and tackle anti-social behaviour. The

policy sets out how the Housing Service will respond to complaints of anti-social behaviour, support victims, intervene in cases as early as possible and use enforcement and legal powers where necessary.

- 5.4.3 The Anti-Social Behaviour, Crime and Policing Act 2014 introduced new measures to give victims a greater say in the way their reports of anti-social behaviour are dealt with and new injunctions and powers to tackle ASB. The Housing ASB Policy is due for review in 2015 and will be updated in the light of the Council's corporate approach to implementing the Anti-Social Behaviour, Crime and Policing Act.
- 5.4.4 The 2012-22 HRA Business Plan identified improvements which could be achieved through employment of specialist staff and additional investment in IT. In terms of staff, it proposed case management and communication could be improved with specialist staff trained to manage more serious cases, which require a multi-agency response. The introduction of an appropriate IT system was identified to support improved case management and monitoring.
- 5.4.5 To support the achievement of these objectives, a Housing Anti-Social Behaviour Caseworker (ASB) was appointed in March 2014 on a 2 year fixed term contract within the Neighbourhood Team of Housing Services. The post holder undertakes ASB casework in Council housing areas. This includes managing cases from the initial complaint as well as taking over the management of complex cases from the Neighbourhood Housing Officers. The role involves partnership working with colleagues in the Safer Arun Partnership and other statutory and non-statutory agencies.
- 5.4.6 Between March and November 2014 the Caseworker managed 70 cases of ASB, of which 54 cases have been resolved and 19 remained open for ongoing resolution or further action. A key objective of the 2015-25 Business Plan is to evaluate the impact of the ASB Caseworker in managing anti-social behaviour within the housing stock with a view to establishing if there is a need to retain the post beyond April 2016.
- 5.4.7 The new Housing IT system includes new case management and workflow software which will support the work of the ASB Caseworker. There is also an opportunity to improve housing management processes and procedures in the light of the implementation of the new IT system with the aim of increasing efficiency and throughput and therefore customer service.
- 5.4.8 **Taking legal action**
The Housing Service has been developing its Neighbourhood Housing Officers to represent the Council in court in some legal matters, particularly more straightforward tenancy matters. This can be a cost effective and efficient use of resources in appropriate cases and it is an objective of the 2015-25 Business Plan to deliver ongoing training to

the Neighbourhood Housing Officers to enable them to fulfil this role. However, for more complex cases, specialist legal advice will continue to be required and it is therefore a further objective of the 2015-25 Business Plan to review the provision of specialist legal advice to ensure cost effective, responsive arrangements are in place to support the housing staff with more complex legal action.

5.4.9 Tenancy fraud

The Prevention of Social Housing Tenancy Fraud Act 2013 makes subletting the whole of a social rented dwelling a criminal offence and strengthens the powers of landlords to tackle this type of tenancy fraud. Audit Commission research in 2014 entitled “Protecting the Public Purse” estimates tenancy fraud takes place in 3% of cases nationally.

5.4.10 Arun District Council currently employs 2 part time Housing Benefit Fraud Officers who can investigate tenancy fraud when it applies to a tenancy where housing benefit is being paid. One of the Neighbourhood Housing Officers also specialises in this area. They have had success in a small number of cases but there has not yet been an opportunity to use the new powers. The 2 Housing Benefit Fraud Officers are due to be transferred to the Department of Work and Pensions in December 2015 with the introduction of Universal Credit.

5.4.11 A key objective of the 2015-25 HRA Business Plan is therefore to undertake a pilot project by staff secondment to establish the potential extent of tenancy fraud in Arun and agree the processes and resources which might be needed to tackle it effectively. A successful approach to tackling tenancy fraud would have a range of benefits including increasing the available housing stock and reducing the use of temporary accommodation, thus reducing costs and helping to meet genuine housing need. It is hoped to undertake this pilot project prior to the transfer of the Housing Benefit Fraud Officers to the Department of Work and Pensions in December 2015.

5.5 Neighbourhood Management and Improvement

5.5.1 The Council recognises the importance of neighbourhoods to residents' quality of life and aims to work with tenants and leaseholders to build and support successful communities. The 2012-22 Business Plan aimed to improve Neighbourhood Management by a range of initiatives and progress with these is discussed in the following paragraphs.

5.5.2 Proposals to develop an environmental improvements programme have progressed well, with an agreed budget of £100k in 2014-15, which is planned to reduce to £60k in 2015-16 to reflect ongoing demand. A panel of 5 tenants has been established to consider tenant requests for environmental improvements, with the support of the Senior Tenant Participation Officer as well as grounds maintenance and property maintenance staff. The panel decides which improvements will be funded based on value for money, whether the

proposed improvement will solve the problem identified, how many tenants will benefit and in what way they will benefit from the improvement.

- 5.5.3 Estate inspections are proceeding on some estates, notably with regular monthly inspections on two large estates which are attended by residents and staff from the repairs, grounds maintenance and neighbourhood management teams. However, the proposed development of neighbourhood plans has not proceeded following the failure of a pilot project in Pevensey.
- 5.5.4 A new pilot project aimed at improving neighbourhood caretaking services has been undertaken in early 2015. Early outcomes are seen as positive and the continuing development of neighbourhood caretaking services to improve neighbourhood management on the Council's estates is seen as a key objective for the 2015-16 Business Plan, linked to the review of service charge policy, as discussed in section 7 below.

5.6 Tenant Involvement and Scrutiny

- 5.6.1 Tenant involvement in the development, monitoring and scrutiny of services is essential for the delivery of services that meet tenants' needs and aspirations. The Housing Service has made good progress in implementing its key objectives for tenant involvement and scrutiny identified in the 2012-22 Business Plan.
- 5.6.2 A Senior Tenant Participation Officer (STPO) was appointed in 2013 to lead the development of resident involvement and scrutiny and has been successful in a number of areas. The size and diversity of the membership of Arun Tenants and Leaseholders Organisation (ATLO) has been expanded with 30-50 people now regularly attending 6 weekly ATLO meetings. The STPO also supports 3 Residents' Associations and the Environmental Improvements Panel discussed in paragraph 5.5.2 above.
- 5.6.3 Tenant scrutiny of services, whereby tenants monitor the performance of their landlord, is an integral part of the Regulatory Framework for Social Housing in England from April 2012. The Council has successfully established a Tenant Scrutiny Panel of 8 residents. Training and support was initially provided by the Tenant Participation Advisory Service (TPAS) and the Scrutiny Panel has recently completed its first review of the Complaints Procedure. The findings of the review were endorsed by the Housing and Customer Services Working Group and it is an objective to implement the recommendations during 2015.
- 5.6.4 The Scrutiny Panel is now beginning a review of the Voids Procedure and aims to complete 3 evidence based reviews each year.

5.6.5 It is also a key objective of the 2015-25 Business Plan to review the format of Tenants and Leaseholder newsletters with a view to improving communication with residents, including evaluating the potential for using alternative media such as web-based technology and social networking.

5.7 Tenancy support

5.7.1 Sustaining tenancies and preventing homelessness are important objectives for the Council. One of the main causes of homelessness is financial difficulty leading to rent arrears and eviction. Although the Council's current rent arrears performance is good, the present difficult financial climate and fundamental Government changes to welfare benefits are a risk for the Council.

5.7.2 Increasing costs, high levels of unemployment and major welfare benefit reforms are likely to increase the financial, social and emotional pressures on tenants and their families. Specialist debt advice provided at an early stage can help tenants with budgeting and managing debt. With the benefit of specialist advice tenants are often able to maximise their incomes, reduce outgoings and avoid falling into rent arrears. In addition to the benefits to tenants and their families' specialist debt advice can often produce savings in rent arrears and legal costs that more than cover the cost of providing the service.

5.7.3 Evaluating the business case for tenancy support, including specialist debt advice, was an objective of the 2012-22 Business Plan. In the light of the likely impact of welfare reform, a Debt Advisor has been appointed to support tenants with money management, debt advice, maximising income (including access to welfare benefits) and to support understanding of the Welfare Reform Act 2012.

5.7.4 Other tenancy support is being provided by the Housing Service's Temporary Accommodation Officer who provides intensive tenancy support to vulnerable homeless households when they move from temporary to permanent accommodation, with the aim of reducing the risk of future homelessness and promoting tenancy sustainment.

5.8 Customer profiling

5.8.1 For an organisation to deliver excellent customer services, it needs to understand its customer base. Improved information is being collected from new tenants at sign up but limited resident profiling information is held about longer standing tenants. Improved information gathering would support initiatives to tailor services to local areas and needs.

5.8.2 The Council last undertook a Status survey to assess customer satisfaction in 2008-9 and it may be cost effective to link the collection of customer profiling information to a new satisfaction survey.

5.8.3 This area has not been progressed since the 2012-22 Business Plan but the new Housing IT system includes the functionality to enable customer surveys to be undertaken in house. It is therefore an objective of the 2015-25 Business Plan to establish mechanisms for undertaking improved customer profiling and satisfaction surveys in the light of facilities provided by the new IT system.

5.9 Management of Garages

5.9.1 The Council currently owns 832 garages (Appendix A refers); in addition it is estimated that 332 garages (over a quarter of the original stock) have been sold.

5.9.2 The potential income from the Council's 832 garages is currently around £429,000 in 2015/16, representing a significant revenue stream. Garage rent arrears are very low at around £1,500 in February 2015, a reduction of 50% since 2011. However annual void loss income is currently estimated at around £65,000 (15%). 107 garages are void and a further 24 are not fit to be let. Many garages have been void for a substantial period of time.

5.9.3 Streamlining the management of the Council's garages under a single manager to enable decisions about the future use of garage sites to be made and implemented is therefore an objective of this Business Plan.

6 Meeting Housing Needs

- 6.1.1 Arun's Community Strategy - Our Kind of Place 2008-2026 states that a 'Properly Housed Community' is a principal objective with the aim that in 20 years time Arun will be a 'place where everyone has a home which meets their needs and is of a decent standard, with community facilities available locally'.
- 6.1.1 The Council's Housing Strategy "Raise the Roof" established a target to build 1,000 new affordable homes in the Arun District between 2010 and 2015. The strategy expires at the end of 2015 and it has been agreed a new strategy will be produced, although this is no longer a statutory requirement.
- 6.1.2 As discussed earlier in section 3.5, the Strategic Housing Market Assessment (SHMA) updated in 2012 confirms a net housing need for 2,891 affordable homes for Arun over the 2011-16 period, equating to an average of 578 per annum across the District, if all households in housing need were to be housed in an affordable home.
- 6.1.3 The new HRA regime which commenced in 2012 provides the Council with the opportunity to contribute directly to achieving these objectives by:
- (i) Developing new Council homes;
 - (ii) Making best use of the Council stock;
 - (iii) Reducing under occupation.

6.2 Developing new Council Homes

- 6.2.1 The development of new affordable homes is currently undertaken principally by Arun's Registered Provider (RP) partners. The Homes and Communities Agency (HCA) 2011-15 Affordable Homes Programme introduced Affordable Rent as a new social housing product and the main type of new housing supply for the future. Affordable Rent housing has the same characteristics as established social housing but is required to be offered to eligible households at a rent of up to 80% of local market rents. Traditional social housing rents are lower at closer to 50% of local market rents. RPs have the choice whether to offer Affordable Rent on fixed term Assured Shorthold tenancies referred to as 'flexible tenancies' or periodic 'life time' Assured tenancies. Arun's Registered Provider partners have opted to use flexible tenancies.
- 6.2.2 The Council is concerned about the affordability of homes let at Affordable Rent levels. Average incomes in Arun are relatively low compared to elsewhere in the South East with many people working in horticulture or tourism. Higher rents mean that larger numbers of residents will become reliant on benefits to enable them to pay their

rent. Some households, particularly single person and larger families, due to the implications of the new Universal Credit regime, may find it difficult to meet all their basic living costs if they are required to pay an Affordable Rent. Feedback from the letting of Affordable Rent schemes in Arun indicates that some applicants are put off from bidding because of the higher rent levels and analysis of those who have successfully bid for these homes shows that they are not always in the greatest need.

- 6.2.3 The principal reason for developing or acquiring new Council homes is therefore to provide homes at rents which are lower than Affordable Rents. Developing Council Housing at Affordable Rent levels is not considered appropriate on both affordability grounds and due to the fact that RP partners are well established to provide this role.
- 6.2.4 Establishing a Rent and Service Charge Policy for new homes is an early objective for 2015/16. Whilst it is considered important that rents are lower than affordable rent levels, whether rents should be set at a level equivalent to current Council rents requires further consideration. Setting rents at a level equivalent to Council rents will maximise affordability and ensure parity. However by setting rents at a higher level, income to the HRA will be increased enabling more homes to be acquired /developed overall. Furthermore a rent premium may be justified as an applicant is being offered a brand new home.
- 6.2.5 Between 2013 and 2014 Arun purchased 7 former Council homes on the open market to add additional rented homes to the Council's existing stock and to contribute to reducing the impact of the right to buy. Whilst 7 homes were acquired, a total of 20 homes were sold under the Right to Buy during the same period. These property acquisitions were funded from the HRA and by utilising Right to Buy receipts, see section 7.3 below. A summary of the properties acquired is shown below:

Former ADC Homes purchased April 2013 to May 2014

Location	Property Type	Purchase Price
Rustington	2 bed house	£40,000*
Bognor	2 bed flat	£142,500
Littlehampton	2 bed house	£149,999
Littlehampton	3 bed maisonette	£115,447
Arundel	2 bed flat	£57,502*
Arundel	2 bed flat	£167,718
Bognor	3 bed house	£31,500*
Total		£704,666

* indicates purchase from a shared owner

- 6.2.6 Over the next 5 years the Council aims to substantially increase its development /acquisition of new homes and plans to develop 150 new Council Homes. This will be achieved by;
- (i) Developing land held within the HRA and possibly some held within the General Fund;
 - (ii) Working with development partners including West Sussex County Council and private developers to enable a proportion of new Council homes to be included as part of larger residential developments;
 - (iii) Acquisition of former Council Homes.
- 6.2.7 Potential HRA development sites were identified as part of the 2008 Land Audit; these were principally small sites, typically underused estate land, parking areas and garage sites. Those sites considered to have the best potential have been prioritised first. The first planning permission was obtained in 2015 for the development of 22 new homes on a site at Wick in Littlehampton. A start on site will be made in the latter part of 2015.
- 6.2.8 Further sites are considered to have development potential for about 40 new homes, taking account of both planning policy (recently revised to require more generous space standards) and the practicality of delivery. Planning permissions will be sought for these sites taking account the need to 'package' some sites together for development purposes.
- 6.2.9 The Council is currently in advanced negotiations with West Sussex Council as the affordable development partner for the WSCC owned Angels Nursery Site in Barnham. The site is expected to include 16 new Arun Council homes to be completed by late 2015.
- 6.2.10 Establishing the Council as an affordable housing development partner on other residential development sites in the district will need be explored, as will the further acquisition of former Council homes sold under the Right to Buy, to ensure the Council's development target is met. It is also proposed to review the Council's Nominations Agreement with Registered Provider partners, to ensure opportunities to nominate housing applicants to other housing providers are maximised.
- 6.2.11 To achieve its development ambitions the Council has allowed £22.5 million as part of a new 5 year Capital Programme discussed in the following sections and attached as Appendix D to this Business Plan. A Development Strategy (making reference to the Rent and Service Charge Policy referred to above) and development programme will also be adopted in 2015.
- 6.2.12 To ensure the affordability of the programme for the Council individual schemes will be stress tested to consider both the impact on the HRA

and the viability of individual development schemes. Specialised software will be acquired for this purpose in 2015.

- 6.2.13 The Council will evaluate the internal and external staff management resources it will require to deliver the Development Programme including evaluating the role of its Development Agent.

6.3 Making best use of the Council Stock.

- 6.3.1 The Council has ceased the practice of offering life time tenancies to applicants under pensionable age and now offers fixed term tenancies of no more than 6 years. The housing need of a tenant(s) will be evaluated approximately a year before the end of the fixed term. A tenancy may then be renewed, or alternative accommodation offered to meet current need, or ended. The first evaluations will start in 2017.
- 6.3.2 As indicated in paragraphs 5.4.9 – 5.4.11 above, it is proposed to undertake a pilot project in 2015 to tackle tenancy fraud. This will contribute to making best use of the housing stock.

6.4 Reducing Under Occupation

- 6.4.1 The Council has adopted an Under Occupation Scheme which offers an additional priority award of £1500 to support some residents to 'downsize' from larger to smaller accommodation. 11 residents were helped to downsize in 2013-14 under the scheme. The effectiveness of the scheme will be reviewed in 2016.
- 6.4.2 The Council has recently reviewed its Disabled Adaptations Policy and best use of housing stock will be taken into account when considering major adaptations, whilst also considering the needs of the individual client. If the current property is under-occupied, the Council will consider the current demand on the housing register for the property type & size of the client's under-occupied home. Where there is demand for this property size, particularly from applicants in Bands A & B on the housing register, the client will be asked to consider a transfer to a right-size property, either with existing adaptations or where adaptations can be installed. The individual circumstances of the client will be considered when determining whether adaptations will be refused in an under-occupied property.

7 Financial Analysis

7.1 The draft HRA 10 year financial model is detailed below:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Expenditure</i>										
Supervision & Management	4,622	4,669	4,715	4,762	4,809	4,858	4,907	4,955	5,005	5,055
Repairs & Improvements	6,530	7,658	7,803	7,949	8,097	7,928	6,643	6,740	6,839	6,939
Provision for debt repayment	3,614	3,711	3,858	4,005	4,102	4,149	4,149	1,970	1,970	1,970
Net interest	1,715	1,808	1,840	1,980	2,094	2,003	2,014	1,808	1,793	1,778
Total expenditure	16,481	17,846	18,216	18,696	19,102	18,938	17,713	15,473	15,607	15,742
<i>Income</i>										
Net rent	16,307	16,506	16,889	17,275	17,985	18,066	18,403	18,666	18,932	19,201
Other income	610	616	622	628	635	641	648	654	661	667
Total Income	16,917	17,122	17,511	17,903	18,620	18,707	19,051	19,320	19,593	19,868
(Surplus)/Deficit	-436	724	705	793	482	231	-1,338	-3,847	-3,986	-4,126
Balance Brought Forward	-4,899	-5,335	-4,611	-3,906	-3,113	-2,631	-2,400	-3,738	-7,585	-11,571
Balance Carried Forward	-5,335	-4,611	-3,906	-3,113	-2,631	-2,400	-3,738	-7,585	-11,571	-15,697

- 7.2 The financial assumptions used to develop the Business Plan are outlined in Appendix E and sensitivity analysis in Appendix F. Their implications are discussed in following paragraphs.
- 7.3 The draft financial model demonstrates that the HRA makes a small annual surplus in 2015-16 followed by gradually reducing deficits for the next 5 years, due to increased provision for repairs and improvements. The HRA is projected to make a surplus of £1.3 million in 2021-22, increasing to £4.1 million by 2024-25. In addition the Council has included £22.5 million in the model to invest in its proposed Capital Programme to achieve the delivery of 150 new homes and a programme of major improvement works to its sheltered housing during the first 5 years of the Business Plan. This will be funded by a mixture of loans (paragraph 7.7 refers) and capital receipts, principally from proceeds from Right to Buy sales as discussed below.
- 7.4 The Council has entered into an agreement with the Government to retain the additional receipts generated by the relaxation of the Right to Buy discount rules ("1 for 1" receipts) subject to these receipts being used for the provision of new social housing and Arun matching every £30 of receipts with £70 of its own expenditure must take place within 3 years of receiving a "1 for 1" receipt. "1 for 1" receipts defrayed in this way were utilised to buy 7 former Council homes referred to in paragraph 6.2.5 above. However some 20 homes were sold during the same period as discussed in paragraph 7.6 below.
- 7.5 The tables below illustrate that up until 31.12.2014 the Council has invested £734,000 from a combination of RTB receipts and the Council's own resources in new homes on a 30/70 investment, 1 for 1 replacement basis. Arun is currently committed to spending a further £3.8 million in the same way to ensure compliance with the Government's rule that receipts must be used within 3 years. The second table illustrates the phasing of expenditure required between September 2016 and December 2017 to ensure no loss of receipts available for new home provision. The completion of 22 new homes on the Wick Estate (see paragraph 6.2.7 above) will largely ensure the remaining investment requirement is made. However "1 for 1" receipts will continue to accrue increasing Arun's investment commitment.

Arun's investment requirement on new homes for retention of additional RTB Receipts (1 for 1 replacement)	£'000
"1 for 1" receipts accrued to 31st.December 2014	1,362
Arun's 70% contribution (70/30 x £1,362K)	3,178
Total investment requirement	4,540
Less amount invested to 31.12.2014	734
Remaining investment requirement	3,806

Phasing of remaining Investment Requirement	£'000	Assumed no. of new dwellings *
By 30/06/16	153	1
By 30/09/16	70	0.5
By 31/12/16	873	5.8
By 31/03/17	430	2.9
By 30/06/17	1,193	7.9
By 30/09/17	490	3.3
By 31/12/17	597	4
TOTAL	3,806	25.4

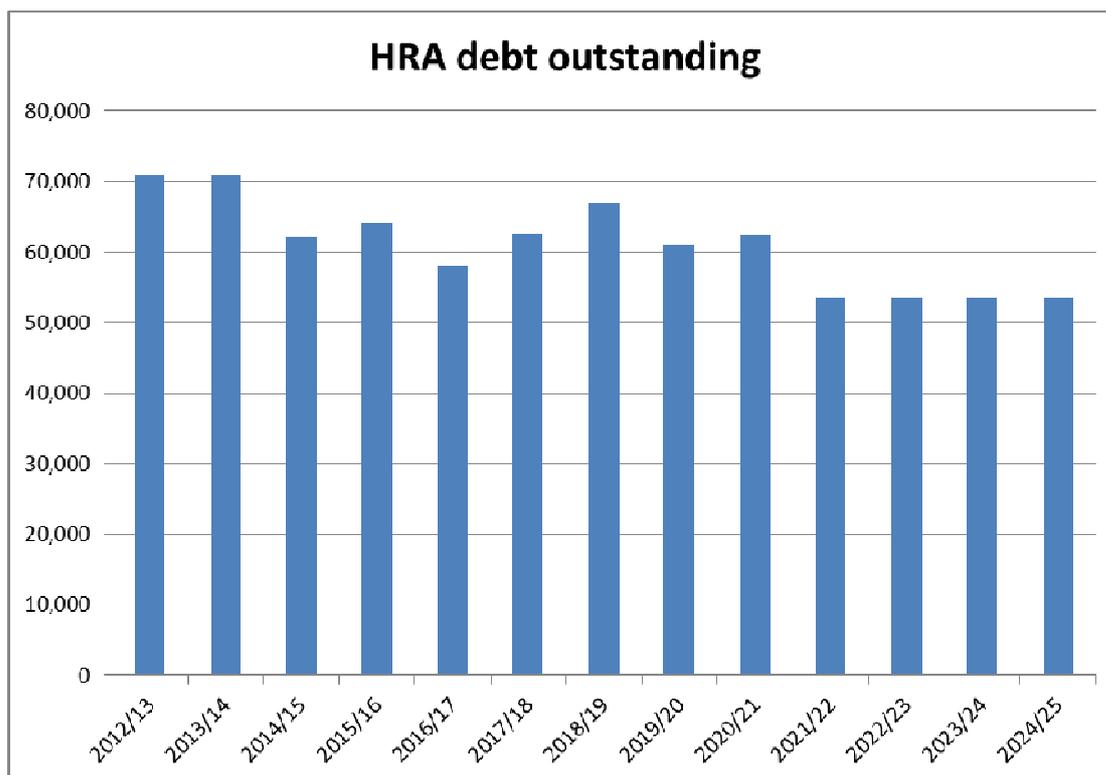
* assumes an average purchase cost of £150,000

If Arun continues to retain the “1 for 1” receipts after the completion of the planned new build programme it will incur further investment commitments over and above the 150 new dwellings envisaged in the Business Plan. These commitments could be in the order of £7m by the end of the Business Plan. Arun could meet these commitments by building or acquiring further dwellings during the later years of the Business Plan;- the alternative would be to pass the accrued “1 for 1” receipts on to local registered social landlords or to return them to the Government.

7.6 Treasury Management

The Council employed Sector to advise it on the self-financing regime, including its future borrowing strategy. The Council borrowed £70.902 million from the Public Works Loans Board and accepted Sector’s recommendation that the most appropriate strategy was to borrow a number of maturity type loans with different maturity dates. Interest rates are fixed and range from 0.75% to 3.53% dependent on the repayment period. The Business Plan seeks to ensure that sufficient financial provision continues to be made to repay the loans. The first tranche of £8,862,000 is repayable on 28 March 2015, with 7 further payments of similar amounts due at intervals over the next 50 years. This will provide the Council with flexibility if the business plan changes in the future and will also allow debt restructuring opportunities and further borrowing as required over the life of the Business Plan to fund key objectives, notably building new homes.

7.7 The Council has included £22.5 million in the Business Plan to invest in the development and acquisition of 150 new homes. It is intended that up to £18.1 million of new borrowing will be undertaken to fund this programme, the balance being met from capital receipts and/or revenue contributions. The planned new borrowing will be well within the borrowing “head room” set by the Government as part of the self-financing regime. In fact the scheduled repayment of the existing loans ensures that even with the new borrowing Arun’s outstanding debt will never exceed the £70.902 million which was the starting point under self-financing, as shown in the table below:-



7.8 Risk management

There are a number of risks and uncertainties associated with the business plan, as follows:

- Interest rates for new borrowing may increase over the life of the Business Plan and this may lead to some elements of the planned investment programme being unaffordable;
- Inflation or deflation – the financial model has been updated to reflect current low levels of inflation and the move from RPI to CPI. Inflation of 1% has been assumed and variation from this will have an impact on both expenditure and rent levels. A reduction in CPI will also affect pensions and other benefits received by many Arun residents. Building maintenance inflation is predicted to rise above other inflation and 1.5% has therefore been built into the plan, although if necessary higher rises could be mitigated by reductions in the planned programme;
- In May 2014, the Government confirmed its intention to end rent convergence for social housing rents from April 2015 and that CPI plus 1% will form the basis of rent increases for the next 10 years. Rent projections in the 10 year model reflect this level of increase. A review of Rent and Service Charge Policy is underway in the light of changing Government policy and may affect future projections of rent income;
- An increased level of Right to Buy sales has occurred as a result of Government changes to the discount rules. Disposals rose from zero in 2011/12 to 9 in 2012/13 and reached 20 in 2013/14. Current sales for 204/15 are 18 to date and an assumption of 24 sales has been assumed for 2015/16 falling to 20 for the next 4

years and then falling further to 16 for the remaining 5 years. An increase in sales over these predictions would have the effect of reducing rental incomes whilst increasing receipts for new home provision as discussed in 7.4 above ; a decrease in sales would have the opposite effect;

- A range of benefit changes which were introduced in 2013 as a result of Welfare Reform have resulted in an increase in rent arrears nationally. In Arun rent arrears increased by 13% in 2012/13 and by a further 8% in the first half of 2013/14. The gradual introduction of Universal Credits by 2017 is expected to have a further detrimental impact on rent collection and the plan has therefore significantly increased provision for write-offs and increased collection costs to reflect this, although the Council may benefit from having a disproportionate number of older tenants who are less likely to get into arrears. Nonetheless it will be essential to continually monitor rent collection performance to maximise income in the light of the benefit changes;
- As detailed in Section 4 of this plan, the planned maintenance programme includes planned and cyclical works to maintain blocks of flats where some flats have been sold under the Right to Buy. There is a need to establish clear procedures for collecting leaseholder contributions to enable major repairs programmes to proceed in a timely manner;
- The effect of unexpected major works, for example due to structural defects, although a prudent level of reserves is maintained;
- New legislation or statutory requirements could result in significant unplanned expenditure;
- The Government wishing to re-open the financial settlement, for example if the national financial situation deteriorates further. The likelihood of this risk crystallising is difficult to quantify.

7.9 The sensitivity analysis outlined in Appendix F of the Business Plan demonstrates the potential impact of the key risks, including changes in interest rates, inflation and Right to Buy sales.

7.10 Under self-financing local housing authorities are required to make a charge for depreciation to the Housing Revenue Account. The intention is that housing authorities will develop depreciation policies by 2017, which reflect the life cycles of the key components of their housing stock (for example, bathrooms and kitchens). Arun's depreciation policy is still being developed and will be presented for Elected Member approval in due course. For the financial model depreciation has been set at a level in line with the assumptions made by the Government in the self-financing settlement.

The emphasis of the Business Plan will be on managing costs and ensuring value for money, building upon work already undertaken by the Council as part of its Systems Thinking Reviews.

7.11 The financial model for the business plan assumes rents increase by 2% per annum, based on increases of 1% above an assumed rise in CPI of 1%. As stated in paragraph 7.5 above, the Government has abolished plans to achieve target rent levels and introduced a new approach for social rents from April 2015. A review of Rent and Service Charge Policy is underway in the light changing Government policy and may affect future projections of rent income. A policy for setting Rents and Service Charges for new homes will also need to be agreed as referred to in 6.2.4 above. The possibility of setting rent above current Council rents but below the affordable rents (80% of OMV) will be a consideration. Income maximisation and close control of costs will be important goals for the Business Plan to ensure the Council can meet its debt repayments and fund investment in the existing stock.

The review of the Rent and Service Charge Policy will include a review of the cost of services, to ensure the Council is fully recovering the cost of providing services to tenants and leaseholders. The Council may wish to consider de-pooling rents and identifying for tenants itemised service charges, which would increase transparency and accountability.

7.12 Historically the Council has achieved good rent collection performance but is having to keep this under constant review in the light of the changes in welfare benefits. In 2013 the Government introduced a range of welfare reforms, notably:

- Removal of the Housing Benefit Spare Room Subsidy A 1% limit on benefit increases;
- The introduction of Discretionary Housing Payments (DHP) to soften the impact of the Spare Room Subsidy on vulnerable people;
- An overall benefit cap of £500 per week for families and £350 for individuals.

As indicated above, rent arrears in Arun have risen noticeably as a result of these changes, although somewhat mitigated to date by the awarding of DHP. There has also been some reduction in the number of households under-occupying from 241 in April 2013 to 179 by the end of 2013/4. Universal Credit is gradually being introduced nationally although a date for its introduction in Arun is not likely to be known until well after the May 2015 general election. However its introduction is likely to result in a further increase in rent arrears and therefore additional resources have been identified in the business plan, including increased provision for bad debts and higher collection costs. An additional part time Arrears Assistant has been appointed and as detailed in section 5 above, the Cabinet has approved the appointment of a Debt Advisor to support tenants with money management, debt advice and maximising income (including access to welfare benefits). It will be essential to monitor the impact of these posts and to continue to analyse the financial effect of welfare reform and develop strategies in response.

- 7.13 The minimum recommended level of balances for the HRA, including the Major Repairs Reserve, is £2m. During the next 7 years of the business plan reserves decrease gradually from £5.3 million in 2015-16 to £2.4 million in 2021-22 to fund the proposed capital programme and rise thereafter to reach over £11.5m by March 2025. However, as indicated in the sensitivity analysis in Appendix F, lower than anticipated levels of inflation or increases in interest rates could impact detrimentally on these projections.
- 7.14 It will be important to continue to invest in new technology to improve efficiency and support delivery of the Business Plan goals. Phase 1 of the replacement IT system for the Housing Service was implemented in November 2014 with phase 2 scheduled to be implemented during the first quarter of 2015-16. It is hoped that the new system will support increased operational efficiency by the introduction of improved systems and procedures. Specialised soft ware will also be acquired to enable the viability of new homes development schemes to be assessed.
- 7.15 In the light of the self-financing regime, it is appropriate to review central support service quality standards and charges to identify efficiency savings and to ensure they continue to meet the needs of the Housing Service.
- 7.16 The self-financing regime resulted in major changes for staff, tenants and Council members. It will continue to require effective leadership, new technical skills, properly resourced and sustainable ways of working, as well as cultural change to ensure the potential benefits are maximised. It will be necessary to review the staffing resources available to ensure the Council is able to deliver its main priorities of building new homes and improving its sheltered housing. In addition training requirements need to be identified and a training programme developed for staff, tenants and Council members.
- 7.17 The 2012-22 Business Plan proposed that an early objective should also be to identify whether any new governance arrangements are needed to enable the Council to scrutinise performance against the HRA Business Plan. This has yet to be implemented but in the light of the Council's intention to establish a capital programme to develop new homes and undertake major improvements to its sheltered housing over the next 5 years, it may be appropriate to consider establishing specific governance arrangements for the monitoring of the capital programme and the HRA as a whole.
- 7.18 It is proposed that this role be carried out by the Housing & Customer Services Working Group and the Cabinet Member for Housing.

8.1 Action Plan (Resources committed)

Year	Action	Business Plan section refers
	Maintaining the Housing Stock	
2015-16	Begin a 10 year programme to replace 250 gas boilers per annum	4.10
2015-16	Establish a programme to replace older electric heating systems, including installing a gas supply where appropriate	4.10
2015-16	Replace communal boilers in 4 sheltered housing schemes	4.10
2015-16	Develop policies and procedures to support the partnership approach to working with maintenance contractors	4.18
2015-16	Establish and implement a 5 year programme of improvements to sheltered housing schemes	4.22
2015 -16	Undertake detailed option appraisals for sheltered schemes identified for further review	4.22
	Managing the Housing Service	
2015-16	Review and update the Anti-Social Behaviour Policy	5.4.3
2015-16	Evaluate the impact of the ASB Caseworker	5.4.6
2015-16	Improve housing management processes and procedures using the improved functionality of the new IT system	5.4.7
2015-16	Implement the recommendations of the Tenant Scrutiny Panel review of complaints	5.6.3
	Meeting Housing Need	
2015-16	Agree a Development Strategy and Development Programme to build and/or acquire 150 new homes within 5 years	6.2.6
2015-16	Agree a Rent and Service Charge Policy for new homes by September 2015	6.2.4
2015-16	Develop 22 new homes at Wick, starting on site by October 2015	6.2.7
2015-16	Undertake development appraisals and seek planning permission to develop sites within the HRA with development potential	6.2.8
2015-16	Confirm affordable development partner status for 16 new homes on the Angels Nursery site at Barnham	6.2.9

Year	Action	Business Plan section refers
2015-16	Purchase specialist software to assess the viability of individual development schemes	6.2.12
2015-16	Review and revise the Nominations Agreement with Registered Provider partners	6.2.10
	Managing Resources	
2015-16	Establish a loan facility of £22.5 million to fund the 5 year Capital Programme	7.3
2015-16	Monitor rent collection and arrears performance in the light of welfare reform and the impact of additional staff resources	7.9
2015-16	Implement phase 2 of the new Housing IT system	7.11

8.2 Goals for Years 1-3 (Resources to be agreed)

Year	Goals – legal and regulatory requirements	Business Plan section refers
	Maintaining the Housing Stock	
2015-16	Establish clear procedures for collecting leaseholder contributions to repair programmes	4.15
	Managing the Housing Service	
2015-16	Undertake a pilot project to investigate tenancy fraud using powers in the Prevention of Social Housing Tenancy Fraud Act 2013	5.4.9
	Managing Resources	
2015-16	Review Rent and Service Charge Policy (Council Tenants and Leaseholders)	7.5
2016-17	Establish a Depreciation Policy for the HRA	7.7

Year	Goals – service improvement and development	Business Plan section refers
	Maintaining the Housing Stock	
2015-16	Review and update the 2012-15 Asset Management Strategy	4.4
2015-16	Investigate opportunities to develop green energy sources, such as wind and solar power	4.11
2015-16	Agree a revised lettable standard for Arun's housing stock	4.12
	Managing the Housing Service	
2016-17	Establish if there is a need to retain the ASB Caseworker post from April 2016	5.4.6
2015-16	Develop and implement a training programme for Neighbourhood Housing Officers representing the Council in legal action against tenants	5.4.8
2015-16	Review provision of legal advice to the Housing Department	5.4.8
2015-16	Continue to develop the neighbourhood caretaking service	5.5.4
2015-16	Review the format of Tenant and Leaseholder Newsletters	5.6.5

Year	Goals – service improvement and development (continued)	Business Plan section refers
2015-16	Streamline the management of garages under a single manager	5.9
	Meeting Housing Need	
2015-16	Evaluate the role of the Council's Development Management partner	6.2.13
2015-16	Identify internal and external staff resources required to deliver the development of 150 new homes	6.2.13
2015-16	Explore the potential to utilise GRA owned land for new affordable homes	6.2.6
2016-17	Evaluate the effectiveness of incentives offered by the Under Occupation Scheme	6.3.1
	Managing Resources	
2015-16	Consider governance arrangements for monitoring the Capital Programme	7.15
2016-17	Review central support service quality standards and costs	7.13
	Capacity Building	
2015-16	Identify training requirements and establish training programmes for staff, tenants and Council members	7.14

9 Appendices

A. Geographical Distribution of the Housing and Garage Stock

The geographical distribution of the housing and garage stock as at January 2015 is detailed below:

Location	Rented homes	Shared ownership	Leasehold properties	Total dwellings	Garages
Aldingbourne	74	0	2	76	15
Aldwick	48	0	14	62	13
Angmering	121	0	1	122	46
Arundel	126	0	33	159	78
Barnham	92	0	9	101	27
Bersted	278	5	36	319	54
Bognor Regis	834	13	154	1000	71
Clapham	17	0	0	17	5
Eastergate	35	0	11	46	6
East Preston	160	0	18	178	71
Felpham	50	2	0	52	7
Ferring	28	0	4	32	19
Findon	71	0	0	71	12
Ford	0	1	0	1	0
Houghton	2	0	0	2	0
Littlehampton	780	27	138	929	192
Middleton on Sea	115	2	4	121	18
Pagham	26	0	5	31	12
Patching	4	0	0	4	3
Poling	3	0	0	3	3
Rustington	282	2	27	311	123
Slindon	12	0	0	12	5
Walberton	43	0	0	43	28
Warningcamp	4	0	0	4	0
Yapton	158	2	5	165	25
Total	3,363	54	461	3,861	832

B. Analysis of the Strengths, Weaknesses, Opportunities and Threats facing the Housing Service

Strengths

The Housing Service is staffed by experienced and knowledgeable staff who provide good customer service. Tenant satisfaction levels are high as seen from the 2008 Status Survey and the 2004/5 decision to remain as Arun tenants. The Housing team has an established track record of service improvement and managing change. Many Council services have already been improved through the programme of Systems Thinking Reviews, including rent accounting, direct debits and allocations and reactive maintenance. This provides a strong foundation that can be built upon to deliver the Business Plan.

Demand for Council Housing is strong and has grown in recent years. The number of potential tenants bidding under the Council's Choice Based lettings scheme for individual properties is consistently high.

The housing stock is in good condition as a result of high levels of capital investment; all properties meet the Decent Homes Standard and an ongoing programme is in place to ensure continued compliance. Plans are being developed to agree an Arun lettable standard. The Council also recognises the importance and value of improving energy efficiency and addressing fuel poverty. It has plans to install energy efficient heating systems and to investigate opportunities to develop "green" energy sources, such as wind or solar power. Solar panels have been installed to some properties. The Housing Service is committed to improving the maintenance service by ensuring it provides good value for money and meets the needs of tenants. To this end, plans are in place to work with contractors to further develop partnering arrangements, including with the reactive maintenance and gas servicing contractors.

The Housing Service has a good track record of financial management with low levels of rent arrears remaining at under 2% of the rent debit, but the financial pressures on tenants have increased with the Government's welfare reform programme and it will be necessary for the team to develop the service further to prevent arrears increasing.

The work carried out in 2011 to develop a 'Local Offer' involved a comprehensive tenant consultation exercise. This provided useful information about tenants' views of the service and their priorities for improvement and development. This feedback from tenants has been built into the Local Offer and the objectives in the Business Plan.

The Housing Service has established productive working relationships with teams across the Local Authority and is supported by in-house IT, financial, legal and printing services. Housing has also developed good networks with other statutory and voluntary organisations which provide a good base on

which to build the partnership arrangements that will be essential to the delivery of the Business Plan.

Weaknesses

The pressures on the Housing Service from customers, service reviews, legislative change and the bureaucracy associated with some of the corporate functions can result in less effective individual and team working and follow through. This can lead to communication problems with other departments which can have a detrimental affect on customer service. It is important that the service is adequately resourced to respond to changes and deliver the service.

As a result of the dynamic external and internal environment and the significant downward pressure on resources, there had been a lack of strategic direction at times. The Housing Revenue Account Business Plan provides greater financial stability and enables better planning. As a result there will be clarity about the future direction of the service and this should improve outcomes.

There is a lack of up to date information about tenant satisfaction. There is also is lack of information about tenants, their age, ethnicity, household makeup, etc. These are key components to the success of any business. As a result it is difficult to plan for the future and respond to the needs of specific groups and communities. To address this, an outstanding Business Plan goal is to undertake a customer satisfaction survey that will include the collection of customer profiling information.

There are also risks related to the delivery of the Business Plan. These include the inability of the Housing Service to implement the cultural change required to achieve the Business Plan goals. This could result in the failure to achieve targets, deliver action plans, control costs and provide value for money.

Opportunities

The new funding regime provides the opportunity to build up surpluses and for further borrowing that can be invested in improvements to services, properties, the development of new homes and estate regeneration. New government regulations also permit the reinvestment of some of the capital receipts received from RTB sales in new homes. The new funding regime is a major change that will require the Housing Revenue Account to be run on a social business model. It will allow the Housing Service to make financial predictions with greater certainty than in the past and will facilitate improved planning and delivery. After making small annual deficits in the initial years of the Business Plan, the HRA is projected to make a surplus of £1.3 million in 2021-22, increasing to £4.1 million by 2024-25, which can be reinvested in the key objectives and enable the Housing Service to make a greater contribution Arun's Strategic Housing Priorities.

This provides an opportunity to work with tenants and other key stakeholders, both internally and externally, to develop and deliver the Business Plan

objectives. Decisions will need to be made about the priorities for funding including balancing the opportunity to build new council homes with the need to invest in the housing stock and make improvements to services for existing tenants. Proposals for future funding have been included in this Business Plan review.

In order to achieve the best outcomes it will be necessary to develop our staff to ensure they have the skills required to manage delivery of the business plan, implement any new initiatives and monitor performance and it essential that the resources are available to support this.

The Localism Act 2011 introduced flexible tenancies which provide an opportunity to reduce under-occupation and make better use of the housing stock. Arun has implemented a Flexible Tenancy Policy and a broader Tenancy Strategy. The Allocations Scheme has also been developed to better meet the needs of local people, including tenants wishing to transfer.

Phase 1 of implementing a replacement Housing IT system took place in November 2014, addressing a weakness identified in the 2012 -22 Business Plan. Phase 2 is due for implementation in early 2015-16 and although it will take time for the staff to become fully conversant with its functionality, in the longer term it will enable improved operational systems and procedures to be implemented.

A review of the suitability of all sheltered schemes was carried out in 2014. The review identified potential changes that could be made to sheltered accommodation. As the needs and aspirations of older people change some of the sheltered schemes are becoming less appropriate for this age group. Funding for a 5 year programme has now been included in the Business Plan. The need to establish and implement this programme of improvements to schemes identified for upgrading and to undertake detailed options appraisals for the future of other schemes has been identified as a priority and is included goals in the Business Plan.

The 2012-22 Business Plan identified a lack of adequate resources to enable the Housing Service to manage anti-social behaviour effectively, to provide support for victims and develop their response. A review of the Anti-Social Policy took place in 2012 and is due for further review in 2014 in the light of new powers available to local authorities. An anti-social behaviour caseworker was appointed in March 2014 and the impact of this new role, together with the improved monitoring and case management facilities offered by the new IT system, will need to be evaluated.

Since the 2012-22 Business Plan was written the system for tenant consultation and involvement has been strengthened. A Senior Tenant Participation Officer has been appointed and the size and diversity of ATLO has been developed. A new Tenant Scrutiny Panel has been established and has completed its first review. A programme of up to 3 reviews a year is planned to ensure ongoing tenant oversight of customer services. This Business Plan includes proposals to improve communication with tenants and

leaseholders through a review of the format of newsletters, including opportunities to use new media. In the long term it is essential that adequate resources are provided to support tenants, Council Members and staff to continue to work together to improve the effectiveness of tenant involvement.

Threats

Whilst the new HRA will provide the opportunity of increased financial stability it is not without risks. Changes to interest rates, inflation or deflation and retrospective changes by the Government to the financial settlement, linked to domestic and global financial conditions, could have an adverse impact upon the HRA.

Other risks include those associated the Government's welfare benefit reform programme and the adverse impact this could have on rent arrears levels. Additionally the introduction of Affordable Rents by Registered Providers following the Localism Act could result in increased demand and therefore longer waiting times for Council housing at social rents. The introduction of flexible tenancies unless managed with care may destabilise communities and families. Reviewing whether or not a tenancy should be renewed will mean an increased workload for staff and, unless adequately resourced could have an adverse impact on service delivery.

The housing stock has diminished through the Right to Buy programme reducing the asset base and although the level of sales had slowed significantly in recent years, it has increased again following changes to discount levels introduced in 2012, although this may be a short term trend. The Government's policy to restrict the use of capital receipts to providing replacement homes and the opportunity offered by the new funding regime to begin to build new council housing may also mitigate any further reduction in the housing stock.

New legislation or statutory requirements could also affect the viability of the HRA.

Other risks include the need to carry out unplanned major works and properties becoming difficult to let, for example sheltered housing schemes.

C PESTLE ANALYSIS 2015

Key L = local, N = National, I = international / Level of impact H = High, M = Medium, L = Low

POLITICAL

Issue		Impact on service	Level of impact
Arun Priorities 2008-2026	L	<p>The new funding regime provides the opportunity to contribute to corporate priorities as surpluses can be invested in improvements to housing services, properties, the development of new homes and estate regeneration.</p> <p>The emphasis on providing homes that 'people need and can afford' could be difficult to achieve with the introduction of Affordable Rents. This objective could also conflict with Housing Service objectives to invest in improving the quality of the existing housing stock.</p> <p>The corporate priorities are reviewed every 5 to 8 years and could change in a way which impacts upon the Housing Service.</p>	H (+ve)
Supporting people policy implementation	L	West Sussex County Council has implemented major changes to supporting people funding which will impact upon the Housing Support Service for sheltered housing residents.	H
		The changes could increase costs and result in less joined up working. There is a need to explore the scope for providing enhanced housing management services for older and other vulnerable tenants.	H
		There is a need to enhance partnership working with adult social	H

		services and care and support providers to ensure older and other vulnerable tenants are adequately supported.	
Changes to Housing regulation	N	This will require a higher level of tenant involvement in monitoring and shaping the Housing Service. This will require investment in training and development. There is a risk that there will be insufficient interest from tenants.	H
Legislative Change	N	The Localism Act, welfare reform, changes to Anti-Social Behaviour and changes to health and social care will impact upon tenants. The new funding regime provides opportunities to invest in services, housing stock and new homes which will benefit tenants and applicants. However the changes related to welfare reform and affordable rents, which are taking place against the background of funding cuts, are likely to increase the pressure on the tenants and the Housing Service. In addition, the changes to tenancies will add to the complexity of administering the service.	H(+ve)
	L	The increased workload resulting from the legislative changes could have a detrimental impact on customer service leading to complaints and reduced customer satisfaction	H
Changes to Funding Regime	N	The changes to HRA funding provides the opportunity to build up surpluses for investment in the existing service and stock and to build new accommodation. However, the change also brings new risks of interest rate rises and inflation or deflation.	H
Changes to tenancies and rents	N	The introduction of fixed term tenancies presents an opportunity to manage under-occupation and make best use of the housing stock but could generate challenges if tenants are required to move. However, there are also concerns that fixed term tenancies will destabilise communities and families. As Registered Providers introduce Affordable Rents this may increase the demand for Council Housing let at social rents.	H

Introduction of Universal Credit and Welfare Reform	L	Introduction of Universal Credit may increase the financial pressure on some tenants increasing the risk of rising rent arrears. Welfare Reform changes will have the same effect. Increases in rent arrears will affect the viability of the HRA business plan.	H
“Green” Issues	N	The new financial regime presents opportunities to invest in central heating installations and improved insulation, which will improve energy efficiency and assist in tackling fuel poverty. There may be future opportunities to develop green forms of energy, such as solar or wind power.	H
Sustainable communities	N	The emphasis on localism and sustainable communities will require closer working with tenants, local communities and statutory and voluntary stakeholders. This is envisaged in the Business Plan through the development of neighbourhood management.	M
Partnering	N	It is difficult to judge who is a sustainable partner in current challenging financial climate.	M
Systems thinking	L	Systems Thinking reviews, control of processes and changes associated with the Localism Act may affect staff motivation, although improving efficiency and value for money.	H
ECONOMIC			
Issue		Impact on service	Level of impact
Pensions increased costs	L	Central government changes to the LGPF should ameliorate increasing pension costs but may affect staff motivation.	M
Utility costs	L	Increasing utility costs will add to pressures on tenant’s incomes, adding to the risk of increasing arrears.	H
Local interpretation of Supporting People	L	Reductions in supporting people funding could lead to increased	H

implementation		management problems as older and other vulnerable tenants struggle to sustain their tenancies. Enhanced housing management and/or support services could help mitigate the funding cuts.	
Areas of deprivation	L	The 2010 indices of deprivation for Arun show that 5 wards fall within the 20% most deprived nationally and of those two wards, Ham and River, are within the 10% of most deprived nationally. The needs of the residents in those areas are likely to be greater than other areas, increasing the need for housing and support services.	M
European financial crisis	I	The European financial crisis could affect interest rates and lead to increased unemployment and homelessness. This could place pressure on the HRA Business Plan and also the Housing Service as a result increased numbers of homeless families. It may also result in the Government seeking to reopen the financial settlement, representing a major risk to the delivery of business plan goals.	H
Credit squeeze leading to bankruptcy	N	Increased customer demands on stock, increases in homeless and Housing Register applications leading to increased workloads and costs. Potential decline in service standards and delays due to complexity and widespread issues.	H
Increase in private rented accommodation	N	Many people are still unable to buy due to high house prices, rising deposit requirements and a lack of access to mortgages. This has resulted in an increased demand for rented housing. This may have the effect of easing the demand for Council Housing as more options are available. The increased supply may offer the opportunity for rents reductions on Private Sector Leasing contracts.	H +ve
	N	Private sector rent levels are increasing, leading to affordability	M

		issues for some tenants, particularly in the light of caps on Housing Benefit. This may increase pressure on the Council's Housing Register.	
Rising unemployment	N	More rent arrears, increased take up and reliance on Housing Benefit. Greater customer dissatisfaction.	H
	N	Increasing unemployment, coupled with falling house prices, could result in increased numbers of repossessions adding to the pressure for Council Housing.	M
Proposed changes to RTB	N	Increased discounts paid to tenants could increase the income available for investment in new homes. The current economic climate may have the effect of dampening this change.	M

SOCIAL			
Issue		Impact on service	Level of impact
Rising unemployment	L	This places demands on families and individuals which can lead to loss of home. This increases the need for temporary accommodation and Council Housing.	H
	L	This results in additional demand for HB leading to backlogs and increased rent arrears	H
	L	Unemployment can also contribute to Anti – Social Behaviour and neighbourhood problems as people become bored and disillusioned, particularly when levels of youth unemployment are high.	H
Increasing Customer expectations	N	Increased demand and expectations can lead to greater levels of customer dissatisfaction. Staff can become demotivated and service quality can suffer.	H
Children staying with parents longer	N	Longer tenancies with less opportunities to move to smaller houses	H
	L	More likelihood of Anti – Social Behaviour and neighbourhood problems.	H
	L	More homelessness as tensions develop within families and parents ask their children to leave.	H
	L	Legislative changes mean that succession to a family member has become discretionary. This could lead to an increase in family sized housing for rent but at the same time increase homelessness for those required to move.	M
Ageing population	L	The ageing population will increase the need for adaptations, supported/sheltered housing and support services.	H

Size of waiting list / Housing demands	L	As at September 2014 approximately 1,000 applicants were registered compared to 4,876 applicants registered in November 2011. A review of the Allocations Scheme resulting in the deletion of Band D (no immediate housing need e.g. applicant's adequately housed in the private rented sector but with no long term security) is the main reason for this significant reduction in applicants. As housing allocations were seldom made to applicants registered in Band D, the change should not be interpreted as a reduction in real demand for homes. The average number of bids in September was 75 per property. The HRA new homes development programme will contribute to reducing the waiting list, in addition to new homes provided by Registered Providers.	H (+ve)
Neighbourhood focus	N	The increased emphasis on localism may increase the pressure to work with neighbourhoods and communities. It will also provide opportunities for partnership working to support initiatives on Council estates. The new funding regime may generate resources that can be used to invest in neighbourhoods.	M(+ve)
Changes to family structure	N	As family structures change and people live longer new housing provision will need to respond to changing needs.	M
Private developers entering social housing market	N	If private developers entering social housing this should provide more housing options for Arun residents.	L
Crime and disorder / ASB	N	Increasing crime, disorder and ASB will increase the pressure on the housing management service, affecting the ability to deliver other services.	L

TECHNOLOGY			
Issue		Impact on service	Level of impact
Information access	N	Better informed customers increase customer expectations	H
	L	Increased corporate customer self service expectations versus reality of access to internet, age of tenants and lack desire for electronic communication among our client group.	H
	L	Less face to face access with customers, some housing staff may find the distance from tenants less motivating	M
Technology required for most solutions	L	Demand on technology both within housing and corporately likely to increase, e.g. EPC, HHSRS, extension of features and joined up data base.	H
Potential for more joined up working	L	Use of single / minimal databases. Resources required to combine systems and make data comprehensive.	H
Cost of technology	L	Reliance on technology is going to require capital investment and revenue expenditure for on-going support plus staff resources initially. Not many IT investments reduce staffing levels as demand for more detailed information increases. Spend to save challenging to achieve. Installation of a replacement Housing IT system began in November 2014 and will require ongoing resources.	H(+ve)
Young people	N	Potential to open up access to younger tenants / residents via technology	M
	L	Transition phase for service design	M
e-forms	L	Potential for reduced paperwork but any changes need to be resourced in order to ensure integration with back-office functions.	M +ve

Mobile working	L	Potential to save on travel costs and office accommodation, but social aspects of work need to be considered.	M +ve
LEGAL			
Issue		Impact on service	Level of impact
New Government legislation	N	Difficulties with keeping up and implementing legislation could lead to legal challenge. Increasing cost and complexity of service.	H
Energy Performance certificates	N	Increased costs, staff time and training implications	M
Asbestos regulations	N	Need to assess impact of new legislation	H
HHSRS	N	Increased costs and resources	H
Housing register	N	Localism Act provided opportunity to tailor Housing Allocations scheme more to local needs however there are associated costs and potentially more challenges from applicants if the scheme becomes more complex and does not remain objective.	M
Equality and diversity	N	Need to ensure compliance with Equality Act 2010 to avoid risk of litigation.	H
Health and safety	N	Need to ensure compliance to avoid risk of litigation. Increasing demands impact on resources.	M

ENVIRONMENTAL / ETHICAL			
Issue		Impact on service	Level of impact
By 2050 all properties to have carbon footprint of zero.	N	Costs of substantial property improvements and even demolition and rebuilding where improvements unviable	H Long term
Global warming	I	Expenditure on housing to cope with extremes of weather, more insulation or air conditioning, flooding implications	M
Sustainability	N	More expenditure will be required to meet new standards required by central government. Additional funding may be available via grants from the utility companies. It is not known at this time the extent to which the Green Deal will be taken up by social housing tenants.	M
Fuel Poverty	L	Increasing fuel costs will impact on tenants ability to pay and subsequent health and welfare issues with possible impact on the condition of the housing stock	H
HHSRS and EPC's	N	Increased costs and resources required to comply with legislation. Additional costs to address measures required when properties are identified as having a low SAP rating.	M

D. 10 Year Housing Investment Programme

HRA INVESTMENT PROGRAMME	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Core improvements programme (including "Decent Homes")	1,980	2,010	2,040	2,070	2,102	2,133	2,165	2,197	2,231	2,264
Boiler replacement programme	592	601	610	619	628	319	0	0	0	0
Additional works to sheltered schemes	0	1,015	1,030	1,046	1,061	1,077	0	0	0	0
Core repairs & maintenance programme	3,958	4,017	4,078	4,139	4,201	4,264	4,328	4,393	4,458	4,525
Additional repairs costs for new dwellings	0	15	45	75	105	135	150	150	150	150
Total Repairs & Improvements	6,530	7,658	7,803	7,949	8,097	7,928	6,643	6,740	6,839	6,939
New build/acquisition programme	4,500	4,500	4,500	4,500	4,500	0	0	0	0	0
TOTAL INVESTMENT	11,030	12,158	12,303	12,449	12,597	7,928	6,643	6,740	6,839	6,939

E. 10 Year Financial Model Key Assumptions

Inflation

- The Consumer Price Index (CPI) is assumed to be at 1.0% for the duration of the Business Plan;
- Supervision & management costs are assumed to increase in line with CPI;
- Repairs costs and major improvements (including Decent Homes) are assumed to increase at RPI plus 0.5%;
- Rents are assumed to increase by CPI + 1.0% each year, in line with the Government's social rent policy;
- Miscellaneous income is assumed to increase in line with CPI.

Existing Debt

- The model is based on the loan repayment provision policy approved by Arun's Cabinet at its June 2012 meeting. Under this policy sums are set aside each year to ensure that there is sufficient funding available to repay each loan as and when it matures (though in practice some of the loans may be rescheduled rather than repaid).

Funding of new build/acquisition programme

- It is assumed that the new build/acquisition programme will be funded by capital receipts (chiefly the "1 for 1" replacement receipts) and borrowing. Current PWLB interest rates have been used for the purposes of estimating loan servicing costs.

Other assumptions

- It is assumed that the number of RTB disposals will continue to be in the region of 16 to 24 per annum;
- Additional collection costs and an increased level of write-off provision have been included in the light of Welfare Benefits reform (Universal Credits).

F. Sensitivity Analysis

1. The draft HRA 10 year financial model shown at paragraph 7.1 on page 33 has been based on the best information currently available. However, as outlined in section 7, there are a number of risks and uncertainties which could influence the expenditure and income projections on which the model is based. Some of the more critical of these risks and uncertainties, together with illustrations of the degree of sensitivity and potential impact on the financial model, are set out below:-

- (i) **Inflation** – a reduction of 0.5% in the assumed rate of inflation will lead to a reduction of £0.8m in total rent income over the first 5 years of the Plan. Unless there are reductions in management & maintenance costs this will result in the projected HRA balance at March 2020 falling below the recommended minimum level of £2m;
- (ii) **Council house sales** – 10 additional Right to Buy disposals each year to those projected will lead to a reduction of £0.6m in total net rent income over the first 5 years of the Plan, resulting in a 24% reduction in the projected HRA balance at March 2020. Conversely, a decrease of 10 in the annual number of Right to Buy disposals will lead to a reduction of some £2.3m in the total amount of “1 for 1” receipts accruing over the first 5 years of the Plan;
- (iii) **Interest rates for new borrowing** – an increase of 1% in interest rates will lead to additional loan charges of £0.4m over the first 5 years of the Plan and £1.3m for the full 10 years of the Plan.