

(Appendix i of Executive Report)



*Housing Revenue*  
*Account Business Plan*  
*2020 – 2025*

**DRAFT**

## **Contents**

Foreword.....	i
1. Introduction .....	1
2. Delivery and Standards.....	2
3. Our Vision .....	4
4. Context: Local and National .....	6
5. <b>Objective 1:</b> Ensure good quality housing within the district which helps meet the needs of our local community .....	10
6. <b>Objective 2:</b> To provide a first-rate housing management service which makes the best use of our existing stock .....	15
7. <b>Objective 3:</b> Deliver a financially sustainable service which demonstrates value for money and ensures that investment is targeted to Council priorities. ....	20
8. Our finances.....	24
9. Consultation .....	30
10. Summary and Conclusion.....	32
<b>Appendix A:</b> HRA Business Plan Action Plan 2020 - 2025	
<b>Appendix B:</b> 3 Year Capital Investment Programme 2019 - 2022	
<b>Appendix C:</b> Selby District Council's 30 year Financial Forecast and Key Assumptions	
<b>Appendix D:</b> Risk Register	

## **Foreword**

Welcome to Selby District Council's Housing Revenue Account (HRA) business Plan. This plan will detail our ambitions over the next five years and beyond as to how we manage and look to improve our housing stock, ensuring as much as possible that the needs of our residents are met now and in the future. This plan sets out the scope for investment in both current and new homes, which will benefit not only our tenants, but the wider Selby district community and economy.

In April 2012 with the introduction of self-financing, the Council took on a debt of £57.7m spread over a 50 year period. In return for this, the Council is now able to retain its full rental income, putting control back into our hands and strengthening the link between the rent we collect and the services we provide to our tenant and leaseholders. It is therefore the aim of this plan to secure the best possible outcomes for our investments and ensure we are best meeting the housing needs of local people.

This five year business plan is written in-line with our Corporate Plan, understanding also that we operate within a changing economic and political environment. Consequently, the plan will be reviewed yearly and a balanced Housing Revenue Account will continue to be approved each year going forward.

## **1. Introduction**

- 1.1 The Housing Revenue Account is a self-contained financial business which relies on the rental income from Council-owned homes to provide the ongoing maintenance and management resources needed to sustain our housing stock. In order to maximise investment in our homes and sustain our service to tenants, it is vital that our operations are as efficient and effective as possible.
- 1.2 Our last plan commenced in 2012 and looked to make improvements into 2017 and beyond. However, this new plan acknowledges the major changes that Selby District Council's housing provision has undergone since this time, including consideration of welfare reform, rent reductions and the reinvigoration of the Government's Right to Buy policy. Furthermore, given the ever-changing and uncertain environment that local authorities work within, there is an expectation that this plan will become a 'living' document which will be reviewed yearly and amended as required.
- 1.3 Selby District Council will continue to engage and try to work together with its tenants and leaseholders, consulting them wherever necessary and appropriate. This business plan takes into account the views of our tenants and forms a key element of our over-arching Housing Strategy; including an understanding of the demand versus resource of social housing in the district, as well as reviewing our long-term financial position.
- 1.4 Central to the foundations of how we achieve our future ambitions, the business plan will include our financial forecast and key economic assumptions. It will also focus on the service priorities of the Council's landlord function. It will demonstrate that the Council can maintain its assets and invest in new provisions, but at the same time deliver a high level of service to current and future tenants and leaseholders.
- 1.5 An action plan has also been created to focus on the key priorities listed within this HRA business plan, which is detailed in *Appendix A*. The Council will work with our tenants and various partners to deliver this plan and we will continue to monitor our progress against the corresponding action plan, also due to be reviewed yearly.

## 2. Delivery and Standards

### Operations

- 2.1 The Council's housing service incorporates various departments within the Council. In general, clerical and administrative services are provided via our Business Support Team. Our front-line staff includes Customer Services, Housing Options (working with those homeless or at risk of homelessness) and our Neighbourhood Officer Team, responsible for managing our housing stock and liaising directly with tenants and Selby residents. Responsive repairs and works to 'void' properties are co-ordinated and delivered through our Property Management Team.



- 2.2 Our Housing Strategy Officer, along with colleagues from Planning Policy, Housing Development and Housing Tenant Services are responsible for reviewing existing housing practices and responding to new and developing national policies and legislation. This includes the provision of new housing, homelessness, allocations and tenant participation. As a district authority, teams also liaise frequently with partnering North Yorkshire local authorities.

### National Standards

- 2.3 All Council and Housing Association landlords are required to meet the National Standards for housing services, set by the Regulator, which provide a framework for:

**Tenant Involvement and Empowerment Standard** - how we involve tenants in decisions about their home, neighbourhood and community; including how we deal with and learn from tenant complaints and customer care, especially when considering those tenants with additional support needs.

**Home Standard** - how we look after our tenant's homes, including day-to-day repairs and the quality of accommodation.

**Tenancy Standard** - how we manage tenancies, including allocating empty homes and rent collection.

**Neighbourhood and Community Standard** - how we manage estates and communities; including neighbourhood management, local area co-operation and anti-social behaviour.

**Value for Money Standard** - how we make sure that the services we provide are cost efficient.

**Governance Standard** - how we ensure we are making the correct decisions and governing appropriately.

The six principles of a HRA:

- 2.4 Councils have also responded to the self-financing model by putting in place comprehensive policies and practices for effective management. There are consequently six principles that the majority of local authorities use to guide the implementation of their HRA business plans, which are detailed below:

**Co-regulation** - the authority complies with the principles of co-regulation as set out in 'The Regulatory Framework for Social Housing in England from April 2012,' which focuses on transparency, accountability, value for money, tenants shaping service delivery and understanding tenant's needs.

**Financial Viability** - the authority should put in place arrangements to monitor the viability of its housing business and takes appropriate actions to maintain this.

**Communication and Governance** - the authority should keep under review these arrangements with regards to the current operating environment and should govern its housing business in a clear and concise manner, consulting with various stakeholders.

**Risk Management** - the authority should have in place an effective system for the on-going management, monitoring and reporting of risks to the HRA; focused on changes in government policy, inflation, void levels, changes to rent policy, and Right to Buy.

**Asset Management** – the authority should have in place arrangements to maintain its assets and maximise their value into the future. This requires a strategic approach and should be agreed by all stakeholders.

**Financial and Treasury Management** - the authority should comply with proper accounting practices, with a borrowing policy that ensures long term stability.

### **3. Our Vision**

3.1 The Council's plan is to drive the development of more new homes and for all housing in the district to be of a quality, type and size which best meets the needs of both our urban and rural communities. The plan recognises that Selby District Council is a social landlord, which means we have a range of legal and moral responsibilities to fulfil.

3.2 Selby District Council is a member of the York, North Yorkshire and East Riding Strategic Housing Partnership and has been involved in the development of a joint Housing Strategy among these regions. This strategy sets out the priorities for housing growth and delivery from 2015 to 2021. The strategy's key priorities are to:

1. Work with partners to increase the supply of good quality new housing across all tenures and locations (in line with Local Plans/site allocations).
2. Ensure our housing stock reflects the needs of urban, rural and coastal communities.
3. Ensure our housing stock meets the diverse needs of our population at all stages of their lives.
4. Via policy guidance and negotiation, ensure new homes are of good design and environmental quality regardless of tenure.
5. Continue to make best use of our existing stock and ensure it's of a decent quality to meet the needs of our communities.
6. Ensure all homes have a positive impact on health and well-being and are affordable to run.
7. Continue to reduce homelessness.
8. Ensure housing is allocated fairly and on the basis of need.
9. Provide appropriate housing and support.

3.3 The above aims provide the framework as to how housing services, stock and development should be managed county-wide; as well as also informing Selby's local objectives, which are:

**Objective 1:** To ensure good quality housing within the district which helps meet the needs of our local community.

**Objective 2:** To provide a first-rate housing management service which makes the best use of our existing stock and listens to our tenants and leaseholders.

**Objective 3:** To deliver a financially sustainable service which demonstrates value for money and ensures that investment is targeted to Council priorities.

- 3.4 Since the previous HRA business plan was developed in 2012 and refreshed in 2015, the Council has made significant changes and improvements to our housing service. Many of these successes will be detailed subsequently. However, whilst much has been achieved in the last seven years, there is also an understanding that more needs to be done. As a landlord, we must ensure that we are providing our tenants and leaseholders with the best possible service, as well as providing suitable housing for our residents district-wide.
- 3.5 This HRA business plan has been developed by a variety of Council service departments, encompassing all aspects of Selby's landlord functions. Elected Members, tenants and leaseholders have been consulted at various stages. Our objectives have been considered in relation to the financial resources available to us and there is an awareness that the ever-changing policy environment we work within makes predicting the future particularly difficult. This business plan is, and will continue to be, a dialogue with our tenants and stakeholders and will provide the framework to inform and develop our future planning.



## 4. **Context: Local and National**

### Selby District

- 4.1 Stock modelling completed in July 2017 found there were 39,423 dwellings in the Selby district - 74% owner occupied, 14% private rented and 12% social rented.<sup>1</sup>
- 4.2 The last National Census in 2011 highlighted that the predominant tenure within the district was home ownership at 78%, compared with a national average of 68%. A high proportion of these owner occupiers owned their homes outright without a mortgage.
- 4.3 Nonetheless, affordability still plays a significant part in the difficulty faced today by many residents in accessing the local housing market. As of April 2019, the average house price in Selby district was £193,636, which is almost identical to the year previous, but a 6.7% increase compared with April 2016. Comparatively, this is lower than North Yorkshire's average of £215,205 and below the English average of £245,128. Housing in North Yorkshire is consequently unaffordable for many local people, where a person earning average local wages would need 7.8 times their income to buy a property. Selby however, is classed as one of the more affordable areas, with a rate of 6.6 required.<sup>2</sup>
- 4.4 The Council's Strategic Housing Market Assessment completed in 2015 calculated an overall need in the district for an additional 343 dwellings per annum over the period 2014-37 in order to meet predicted housing need. Further analysis found that 50% of these would need to be affordable housing, at 172 units per annum. Conversely, there are an estimated 370 private sector homes in the district that have been empty for six months or more, of which 155 have been empty for over two years (as of September 2018).



<sup>1</sup>BRE Integrated Dwelling Level Housing Stock Modelling and Database for Selby District Council

<sup>2</sup><https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/housepriceexistingdwellingstoresidencebasedearningsratio>

### Housing supply and demand in the district

- 4.5 Selby District Council retained and managed 3,044 properties (with 156 leaseholders) at the end of 2018/19. Of this, less than 2% of stock is strictly defined as 'sheltered' and offering extra care. Of the rest, 19% are bedsits, flats or maisonettes, 38% are bungalows, and the remainder are houses. This stock is distributed across the Selby district, with the main concentrations being in the Council's urban settlements. The stock is mostly low rise but varied in archetype.
- 4.6 At the same time, there were just short of 600 active applicants on the Council's housing register – known as North Yorkshire Home Choice. This has reduced significantly from almost three times this amount (1,788), following a policy review in 2013 which saw the introduction of stricter criteria on household income and equity, a local connection requirement, and homeowners who have no housing need being disqualified from the list and instead being considered on a case-by-case basis.
- 4.7 The profile of our applicants has been summarised below:

2012	2014	2019	
25%	0%	0%	of applicants on the Housing Register were under 16
22%	20%	19%	of applicants were over 60
60%	55%	62%	of lead applicants are female
1.6%	11.9%	12%	of applicants were Black and Minority Ethnic Groups
21%	31%	32%	of applicants had a disability



Figures show that, other than an increase in female lead applicants, the characteristics of those on the waiting list has not changed dramatically since 2014 and since the change in policy in 2013. It would therefore appear that the nature of demand on Selby's housing stock has remained somewhat consistent over the last five years.

- 4.8 In order to meet this housing need within the district, a number of affordable housing units have been newly built since 2011/12, with completions shown below:

New build completions	All houses	Affordable housing completions*	% affordable against all new build completions
2011-12	300	76	25%
2012-13	185	40	22%
2013-14	298	47	16%
2014-15	444	79	18%
2015-16	515	76	15%
2016-17	569	73	13%
2017-18	615	101	21%
2018-19	632	183	29%

\*Numbers of affordable housing completions ignore any commuted sum contributions for affordable housing in lieu of onsite provision, and this will reduce the percentage out turn. However, this will be compensated in future years by the development of affordable homes funded by these contributions.

Our target, as set out in our adopted Core Strategy in 2013, is that up to 40% of new build market schemes should be designated as affordable housing, where schemes are expected to hold 10 units or more. The table above however shows the figures for all new build completions, including schemes where no affordable contribution is required.

- 4.9 A new Strategic Housing Market Assessment for the district is also expected to be published shortly which will provide additional and more up to date detail as to the housing needs of Selby residents. This information will be integral to ensuring our Housing Development Plan remains appropriate and that investment is targeted to the right properties and the right locations.

#### National context and legislative changes

- 4.10 The Localism Act 2011 placed a new duty on local housing authorities to develop a Tenancy Strategy, which would detail the management of social homes within each authority and consider how best resources could be used. Selby District Council worked in partnership with local authorities across North Yorkshire to produce a combined strategy which was finalised in 2012. Following this, the Council developed its own Tenancy Policy in 2013, refreshed regularly, relating to the management of its own housing stock, largely addressing management and allocations.
- 4.11 The Council also revised its equality and diversity objectives following consultation in April 2017, with any updates applied to all new and reviewed policies; ensuring all Council policies are non-discriminatory in nature. These issues are particularly important as the district continues to experience changing demographics due to varying numbers of migrant workers. Consequently, an Equality Objectives Action Plan 2017-2020 was published by the Council and all policy and practice will be considered with these objectives in mind.
- 4.12 Selby District Council continues to monitor the implications of welfare reform on our tenants, in regards to ability to manage finances, level of arrears and the potential need for alternative accommodation. The Spare Room Subsidy, benefit cap and the 'under 35' Local Housing Allowance rate in the private sector all impact on the demand for social housing. The district also became a Universal Credit 'live' area in May 2018, meaning that the majority of new single, working-age claimants requiring help towards their rent would be asked to apply for Universal Credit rather than Housing Benefit and would therefore have their claim managed by the DWP. With this in mind, the HRA business plan must ensure that the Council maximise the use of its stock and the income it generates in order to mitigate the additional risks that are created by welfare reform.

- 4.13 The Government's 'Right to Buy' scheme was also reinvigorated between 2012 and 2014, which has potential risk implications for the Council. The maximum discount for tenants is now set at £82,800 and the amount of qualify years reduced from five to three. Whilst this increases the likelihood of our housing stock being reduced, at the same time it increases capital receipts to fund the development of new homes. In the last five years, since the new incentives were introduced, the Council has sold 103 properties via the Right to Buy scheme. The last financial year (2018/19) saw 21 properties bought through the scheme. A Government consultation on the use of Right to Buy receipts was subsequently published in October 2018, with proposed changes largely welcomed by local authorities, but with details yet to be confirmed.
- 4.14 Most notably, in August 2018, the Government released a new Green Paper for consultation - 'A New Deal for Social Housing,' which has the potential to fundamentally reform social housing and its management. The paper focused on making improvements in five key areas: property safety, tenancy complaint resolution, empowering residents and improving the Regulator, tackling stigma and improving the supply of available accommodation. Whilst the impact of this paper is again yet to be known, a focus on improving safety standards and the quality of social housing may significantly impact on HRA budgets nationally.
- 4.15 Further assistance was provided by the Government in November 2018 when the HRA borrowing cap was lifted for all English local authorities. This brings financial borrowing for Council homes in-line with all other local authority borrowing under prudential codes. This follows lobbying from various agencies, including the Local Government Association and the Chartered Institute of Housing. The real impact of this change is yet to be felt, but Savills' 2017 research posits that lifting the cap could deliver up to 15,000 new council homes across England.<sup>3</sup>

---

<sup>3</sup>[https://omghcontent.affino.com/AcuCustom/Sitename/DAM/086/Raising\\_the\\_roof\\_17\\_Nov\\_2017\\_PDF\\_FINAL.pdf](https://omghcontent.affino.com/AcuCustom/Sitename/DAM/086/Raising_the_roof_17_Nov_2017_PDF_FINAL.pdf)

## 5. **Objective 1: Ensure good quality housing within the district which helps meet the needs of our local community**

### **What we have achieved so far:**

- 5.1 We have removed all concrete panels from our 'airey homes' and replaced them with brick block and insulation, bringing them up to modern thermal efficiency standards. This work is now complete with our residents noting a significant difference in the temperature of their homes, and expecting much lower energy bills long-term.



- 5.2 We have replaced many of our old and inefficient boilers for new 'A' rated ones (42 in 2017/18). This replacement programme continues every year with the next replacement peak expected in 2022, with funds set aside for this.
- 5.3 We have upgraded over 100 electric heating systems where our homes are not on the gas network. This increases value for money for our tenants and improves energy efficiency.

### **What we want to focus on next:**

- 5.4 **Decent homes:** Set by Government, the 'Decent Homes Standard' required local housing authorities to meet certain property requirements by 2010. Whilst a considerable amount of work was completed to achieve these standards throughout our properties; given that a proportion of tenants refused work at the time, and that further investment campaigns have been limited since, there remains opportunity for improvement. In particular, we want to improve tenancy sustainability within our properties, offering high quality living and good energy efficiency so that our tenants want to live and invest in our properties and the larger community as long as possible. This reduces the likelihood of tenants unnecessarily moving on and properties becoming void, which in turn reduces HRA spends and staffing time. In order to achieve this and secure our stock into the future, we must have a clear programme of investment in place. With this in mind, Executive Members approved a significant increase in investment from 2019 via the Capital Investment Programme, for a period of 3 years. Details of this can be found in *Appendix B*.



**5.5 Decent Homes Plus:** To improve on property standards further, it has also been agreed that following this programme of investment, the Council will introduce a new investment programme for our properties which is planned and cyclical. Significant financial investment has been agreed by Executive Members with the aim of providing our tenants with properties that go beyond the basic Decent Homes Standard and delivers real



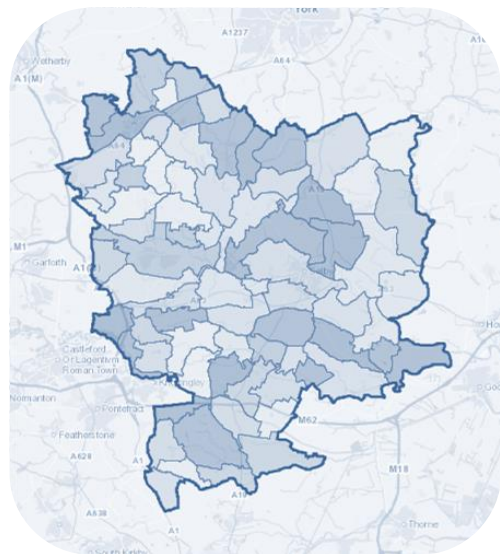
value for money for our tenants. This programme will ensure that key property components, such as windows and doors, are replaced before their expiration date (known as their life-cycle) and that tenants are offered replacement of both kitchens and bathrooms. Given the significant investment this will require, the programme will take time to achieve and the introduction of a 15 year timeframe provides a financially viable option for the Council, balanced with tangible improvements for our tenants and their properties.

**5.6 Energy efficiency:** As part of increasing tenancy sustainability, a key focus will also include improved energy efficiency, particularly in our off-gas properties where we need to consider alternative heating sources; with an acknowledgement that current traditional alternative can be expensive to run and are not necessarily fuel efficient for our tenants. At last count, the Council had 148 properties with solid fuel heating and 301 with electric heating (not all of these properties were off-gas however, with some tenants declining the offer of alternative fuel options). As part of the new Capital Investment Programme 2019-2022, the Council have allocated additional funding to trialling more renewable and energy efficient fuel sources in these properties, in the hopes of justifying increased use of alternatives in the future. At present, the Council also look to replace solid fuel sources in our properties as part of the voids process, but we will also fund a more active programme of replacement by offering tenants on solid fuel the option to replace this with an alternative heating source as part of our general programme of works.

**5.7** We also recognise that fuel poverty in the Selby district does affect some of our tenants and is an issue that requires action. Fuel poverty affects any home where more than 10% of household income is used to pay for fuel to heat the home. Research shows that fuel poverty impacts significantly on a person's quality of life, particularly the very young and old. When last surveyed in 2016, almost 9% of all Selby district households were classed as being in fuel poverty.

Fuel poverty was more likely to be experienced in two types of area within the district: 14% in central Selby, which also houses a high percentage of social housing residents; and also in our more rural wards, such as Appleton Roebuck (11%), Fairburn (11%) and Whitley (10%).<sup>4</sup> With this in mind, Council-lead surveys have been ongoing throughout the district to assess the overall condition of our windows and doors, looking to replace those at the lowest end of effectiveness. Again, the additional funding allocated within the Capital Investment Programme will accelerate this replacement process and ensure that all tenants are provided with the appropriate fittings to improve energy efficiency as well as reduce wastage and the likelihood of fuel poverty occurring.

- 5.8 Understanding needs:** Work is continuing to better understand and meet the needs of residents who live in our smaller towns and settlements. Our Rural Housing Enabler works closely with Parish Councils to inform housing needs surveys with the intention of securing a 'rural exception site' (often a small plot of agricultural land, usually brought forward at a fraction of open-market value, which can be used specifically to build affordable housing reserved solely for local people). In the Selby district, many wards can be considered for such a project excluding central Selby, Barlby and Brayton, Tadcaster and Sherburn-In-Elmet. The Council are consequently working hard to secure rural exception sites throughout the district and will partner with Registered Providers to deliver these schemes, along with more general affordable housing for local residents. Work also continues to champion the housing needs of our rural residents and to ensure that any affordable housing planned in these areas remains affordable in perpetuity for the next generation.



- 5.9 Stock condition:** Stock condition surveys are routinely completed by our Property Services Team in order to help inform our investment programmes, both through regular appointments with tenants and via the void process. Improved awareness of stock condition allows us to better plan and adjust our programme of works, reducing the likelihood of responsive repairs where planned works may be more efficient. We do acknowledge however that more recent investment work has been based on limited condition knowledge, and

<sup>4</sup> Yorkshire Energy Doctor  
<http://www.yorkshireenergydoctor.org.uk/blog2.php?controller=pjLoad&action=pjActionView&id=79>

this is why going forward we intend to survey 10% of stock each year. This will enable the Council to have a more strategic approach to asset management, facilitated by a more informed and accurate understanding of stock condition. This data will also assist us in complying with relevant Health and Safety legislation, avoid the long-term financial problems associated with underinvestment in stock, and increase our effectiveness when making investment proposals; ensuring we deliver a financially sustainable and targeted Capital Investment Programme.

**5.10 Property adaptations:** The Council will look for opportunities to utilise the HRA asset base in a more innovative way to achieve a reshaping of the housing stock, taking into account an aging population and a need for adapted homes. In 2018/19 for example, £180,000 was allocated to the adaptation of our bungalow bathrooms into wet-rooms, with further funding secured in 2019/20



and 2020/21. This type of adaptation work improves the flexibility of our homes for prospective tenants and ensures cost-effectiveness, preventing adequate bathrooms from having to be replaced in the future to facilitate an adaptation. Notably, local authority housing providers are expected to meet the cost of adaptation work required by tenants, and investment requirement can range from minor adaptations (such as grab-rails and ramps) through to more major adaptations (such as through-floor lifts). The Council must therefore balance its requirement to meet these adaptation requests whilst at the same time ensuring best use of Council stock for all current and prospective tenants. With this in mind, the Council intends to publish clear guidelines and policy relating to Council adaptations. This will ensure all tenants receive the same level of service when making adaptation requests and are provided with clear timescales and outcomes to meet realistic expectations.

**5.11 Supported housing:** There is an acknowledged need for more specialist supported housing county-wide, to provide as many residents as possible the opportunity to live independently and within their community. At present however, the Selby district has little supported housing, keeping in mind those vulnerable service groups who may require it: the elderly, homeless, those with mental health issues and those registered disabled. Whilst responsibility for commissioning supported housing services passed to the County Council in 2003, Selby District Council does have 49 designated 'sheltered' housing units



over two specific sites, making up less than 2% of the Council's overall stock. 38% of current Council stock is bungalow accommodation however, which per our Allocations Policy is predominately restricted to older people or those with a registered disability. The Council's only additional form of specialised housing is its temporary homeless accommodation, which consists of Ousegate Lodge (a ten bed homeless hostel in central Selby), along with three dispersed units in the community. It is therefore more likely that a number of our vulnerable and disabled residents reside in general needs stock, where they may receive support and care packages. With the exception of sheltered housing, support and care provisions do not link to the property and instead link to the individual, creating a greater reliance on rental income to fund increased levels of housing management. Consequently, and as part of our Action Plan, the Council will review its supported housing provision and consider the implications of building, or partnering with the County Council, to provide additional supported accommodation within the district.

**Summary of actions going forward:**

- ✓ We will implement our newly proposed Capital Investment Programme and carefully monitor its impact on tenants and our properties.
- ✓ We will continue to work towards improved energy efficient properties throughout the district, paying close attention to those properties without a gas supply.
- ✓ We will use the findings of our rural housing needs assessments to better meet the needs of residents living in our smaller settlements and champion the need for Affordable Housing in these areas for the years to come.
- ✓ We will aim to complete stock condition surveys on 10% of our properties every year.
- ✓ We will use new IT provisions to better manage our repairs and Capital Investment Programme, matching funding bids to a planned programme of investment.
- ✓ We will publish a new Adaptation Strategy, detailing when we will and won't look to make adaptations to our properties.
- ✓ We will consider the implications of building, or partnering with the County Council, to provide additional supported accommodation within the district.

6. **Objective 2:** To provide a first-rate housing management service which makes the best use of our existing stock

**What we have achieved so far:**

- 6.1 We have appointed our first Housing Enforcement and Tenancy Fraud Officer, to ensure we are making the best use of our homes for the people in greatest need, and checking that the people living in them are legally entitled to do so.
- 6.2 We appointed our first Empty Homes Officer and in 2017, adopted North Yorkshire's Empty Homes Strategy 2017-2021. This know that a considerable number of existing homes in the district lay empty and that bringing these privately-owned homes back onto the market will help to increase the range of homes available to our residents.
- 6.3 We introduced fixed-term flexible tenancies (generally for a five year period) in order to ensure that scarce housing stock is used to help those most in need. This provides opportunities to address under and over occupation for tenants, especially when considering the introduction of the Spare Room Subsidy in 2013. The Council will however continue to offer life-time tenancies to applicants moving into sheltered housing, those of state pensionable age or over, and applicants who are 'vulnerable.'
- 6.4 In 2016, the Council agreed and published a revised lettable standard for our homes to ensure a consistent level of repair is achieved in both our void properties and during planned works. This is due to be reviewed again shortly.

**What we want to focus on next:**

- 6.5 **Tenant participation:** We will continue our tenant participation work to actively engage with our tenants and leaseholders. This includes overseeing the Tenant Scrutiny Panel, the Repairs and Maintenance Group and our Resident Associations. Work will also continue, with input from the Tenant Participation Advisory Service (TPAS), to encourage greater up-take of our current offers and look to expand the range of engagement opportunities we offer. The introduction of an online 'tenant portal' for instance will improve the way we are able to connect with our tenants and leaseholders, increasing our digital offer to them. This will allow tenants to self-serve online by paying their rent, lodging repair requests



and tracking the progress of any works or actions. We will also be able to advertise any further engagement opportunities and ensure tenants are fully consulted on any important changes to the service they receive. There is also an acknowledgement that our Tenant Participation Strategy needs to be refreshed, forming part of the corresponding Action Plan.

- 6.6 **Repairs:** The Council aim to improve the time taken to respond to emergency repairs through ensuring lean, customer focussed processes that make best use of modern technology. The Council is due to implement its new housing



management IT system shortly, an element of which will signal to our Property Management Team when it may be more appropriate to deviate from repairs to planned work. This should reduce demand for responsive repairs and instead allow relevant staff to focus on delivering the Council's investment programme where more appropriate. Overall, this will reduce labour costs and lead to a

better standard of Council property. Our new IT system will also send reminders to our tenants in regards to repair appointments (using their preferred contact method) and automatically pair the right tradesman to the chosen repair. This will reduce staff administration time and the likelihood of missed appointments, altogether increasing the effectiveness and efficiency of our repairs service.

- 6.7 Linked to this, our tenants are also able to provide feedback on the time taken to complete repairs and their satisfaction with the service provided. This feedback comes in the form of an online survey, following poor returns from a similar paper version available previously. However, feedback still remains minimal, so included in our Action Plan is a task to consider different ways of trying to gather this feedback, working with our tenants and leaseholders to do so. This feedback is integral to shaping the repairs service for our residents, so all appropriate avenues will be considered. Part of this work will also include updating or introducing a number of smaller complimentary policies relating to Property and Tenant Services, including but not limited to: compensation, decanting, decoration allowances, recharges and property access. These policies will help clarify what tenants can expect from our housing service and increase overall transparency.

**6.8 Redevelopment of garage sites:** At last count, the Council owned and managed 371 garages, the largest collection being in Tadcaster (127), followed by 78 in Selby and 52 in Sherburn-In-Elmet. The rest are distributed throughout the district's smaller towns and settlements. 19% are currently used for storage or are not in management, 69% are let, and 12% are void. Notably, our average garage rent is much lower than the Council's property rental charge. Consequently, as development opportunities arise, it will be important to consider whether the Council should look to demolish some of its garage sites in order to develop more affordable housing, especially in areas of high demand (subject to individual site assessments and viability studies). The success of this has been evidenced at Riccall and Byram, for instance. We also propose to make use of car parks on garage sites where housing development is not suitable but the land does require reconfiguration or redevelopment.



- 6.9 Best practice fire safety and improved communal area management:** In light of the Governments' recent focus on health and safety within the social housing sector, we want to improve the overall condition of our 260 communal areas, prioritising new capital funding to reviewing fire risk assessments and completing further improvement works. This will not only make these spaces safer, but also more appealing for the residents who live within them. This work is important considering the Government's recent Green Paper 'A New Deal for Social Housing' and its focus on improved fire safety following the Grenfell Tower tragedy in 2017. With an expectation that increased fire and safety precautions may soon be required, the Council has also decided to once again go beyond current requirements and fund the provision and replacement of carbon monoxide alarms in all our properties. This reduces the likelihood of any unplanned spend if safety legislation were to change in the near future, but also ensures that we are working to best practice guidelines and ensuring the safety of our residents now, as much as is practicable.
- 6.10** The Council is also in consideration as to whether service charges should be levied on tenants whose properties share communal areas, in order to improve their overall condition. This would require the Council to take over maintenance of these areas, but also remove this expectation from our tenants, ensuring all



blocks are kept to a safe and consistent standard. Affordability for our tenants would be a priority consideration, noting that cleaning and maintenance of communal areas is an 'eligible' service for Housing Benefit purposes. Subject to consultation and agreement, the Council would set reasonable and transparent service charges which reflect the service being provided to our tenants. Any additional staffing and Council resource would also have to be considered as part of this process. Consideration of service charges will therefore be included as part of the corresponding Action Plan.

**6.11 Meeting local need:** We will continue to monitor the use of our five year fixed-term flexible tenancies, initiated by the Council in 2016 with the first reviews due in 2021. This provides opportunity to address under and over occupation and make available scarce resources, in particular larger homes and those with major adaptations, to those in need on the waiting list. To further ensure homes remain available for local residents bidding for properties through North Yorkshire Home Choice, affordable housing newly built or acquired via a Section 106 planning agreement will normally be subject to a 'Local Lettings Initiative' which will mean they are initially prioritised for those in the local area. Allocation therefore focuses primarily on those who have local connection to said village and the surrounding area. Again, the ability to include perpetuity clauses within our Section 106 agreements ensures that affordable properties remain available for local people, even when the tenancy is re-allocated in future.

**6.12 Section 106 funds and empty homes:** The Council is focused on making the best use of available resources to increase housing stock in the district, and this includes drawing down Section 106 'commuted sums' collected from housing developers in lieu of on-site affordable housing provision. For example, the Council received Executive approval to submit a Programme of Growth bid to purchase and repair empty properties within the district, via a combination of Homes England grant and Section 106 commuted sums. In August 2018, the funding was granted for ten such properties at a rate of £39,000 per property (£390,000 total), which will directly increase the numbers of affordable housing available within the district. As many empty homes are situated in town centres, returning them to use will help revitalise our urban landscape and improve footfall in and around our high street.

**6.13 Housing Enforcement:** The Council will also review resources within the Housing Enforcement team and our legal department to ensure maximum effectiveness. The Council aim to prevent, deter and detect all types of tenancy fraud, which includes unlawful subletting, obtaining housing by deception and wrongly claimed succession. Since 2012, Selby District Council (in partnership with other North Yorkshire district authorities) has employed a corporate anti-

fraud team through Veritau. This team offers specialist support when the Council needs to investigate any fraud committed against us. This could be Council Tax, Non-domestic Rates, Disabled Badge, Benefit or Right to Buy fraud. Our Neighbourhood Officer team have also initiated 'Keeping in Touch' visits with our tenants, new and old, in order to increase dialogue with tenants and ensure our properties are being used as advised.

**6.14 Housing Community Centres:** The Council will complete a thorough review of its Community Centres throughout the district, via a partnership between our Member and Tenant Scrutiny Panels. This review will consider how the centres are currently used, when and by whom; and will also include an opportunity for tenants to tell us their views in regards to the centre's current usage. It will consider the best ways to move forward with each individual centre, to ensure they are reaching their earning potential and delivering the right services to their community.



**Summary of actions going forward:**

- ✓ We will continue our work on tenant participation and encourage take-up among our tenants and leaseholders, refreshing our Tenant Participation Strategy.
- ✓ We will use additional funding to improve the safety of our communal areas and work to best practice.
- ✓ We will complete an options appraisal for potential service charges.
- ✓ As opportunities arise, we will consider the option to demolish garage and surplus land to provide additional affordable housing.
- ✓ We will consider new and alternate ways to gather resident feedback on our repairs process, including publishing complimentary policies.
- ✓ We will implement Local Lettings Initiatives where required and follow best practice when negotiating Section 106 agreements.
- ✓ We will bring back into use unused and empty private rented accommodation as opportunities arise and continue to deliver our Empty Homes Strategy.
- ✓ We will review provisions in the Enforcement team to ensure maximum effectiveness in this department.
- ✓ We will complete a review of our housing community centres.

7. **Objective 3:** Deliver a financially sustainable service which demonstrates value for money and ensures that investment is targeted to Council priorities.

**What we have achieved so far:**

7.1 We have built the first new Council homes in the district for twenty five years at Byram, followed by a further development of Council properties at Eggborough, via the partnership between the Council and Housing Trust.

7.2 We have redeveloped a former Council garage site at Byram and delivered 13 new affordable family houses for local people, advertised via North Yorkshire Home Choice.

7.3 The Council has developed its own action plan following the North Yorkshire Empty Homes Strategy 2017-2021 which has meant that 24 empty homes were re-occupied in 2018/19.

**What we want to focus on next:**

7.4 **Further housing development:** Whilst there is an on-going need for the Council to balance the repayment of debt and additional investment in stock, there is also the potential for us to expand new build affordable housing. Whilst we recognise the importance of prudently balancing investment in existing current stock and housing management, versus increasing the supply of new affordable housing; the many benefits that new housing development brings to the district should be noted. In 2013, the Council established the Selby and District Housing Trust to help deliver additional affordable homes throughout the district. Building via the Trust allows us to provide retainable stock within the charitable social housing sector, supporting the ongoing sustainability of the HRA through shared overhead costs. Trust properties under Council management are also allocated via North Yorkshire Home Choice. The Trust does not have Registered Provider status, but is able to rent its properties at the 'Affordable Rent' rate (up to 80% of market value). In partnership with the Housing Trust, the Council plan to deliver 200 new affordable homes by 2020; with Selby's development plan focusing on three 'delivery pillars': direct development on Council owned sites, the acquisition and development of new sites and the acquisition of affordable homes constructed by other developers (subject to individual business cases).



**7.5 One-for-one replacement:** As a local authority housing provider, the Council must consider how it will try and meet, and potentially look to exceed, the Government's 'one-for-one' replacement objective in regards to the loss of Council stock via Right to Buy. The Council's 'Housing Development Strategy' (2013) for increasing the supply of affordable housing stock identified 9 mechanisms for achieving this:

- 1) New build schemes for rent or purchase (Section 106 opportunities, Rural Exception Sites, Council owned land e.g. garage sites).
- 2) Other SDC owned buildings.
- 3) Acquisition of other land/buildings available including on the open market.
- 4) Buy backs (of previous Right to Buy Council properties).
- 5) Acquisition/disposal of affordable units.
- 6) Potential joint ventures.
- 7) Remodeling of existing homes to meet changing need.
- 8) Refurbishment of empty homes.
- 9) Building under licence.

The Council is committed to the 'one-for-one' replacement policy, which on average would see us build or acquire 20 new properties a year. Economic conditions have thus far made this a challenging task - of the 103 properties lost between 2014/15-18/19, the Council was able to replace 50. However, recent changes in Government policy now provide the Council with additional opportunity to increase our housing provision. As advised, the Government recently withdrew the HRA borrowing cap and completed a consultation on the use of Right to Buy receipts; of which Selby supported the proposed amendments to extend time limits on spending receipts and the time allowed to return receipts without added interest, as well as increasing the building cost cap to 50%. Although local authorities currently await the outcome of this consultation, we have committed to both meet the one-for-one requirement and complete additional development to try and replace some of that stock already lost and not replaced. This will sustain the HRA into the future and provide additional affordable housing throughout the district for our residents.

**7.6 Affordable homes funding:** Following the Chancellor's Autumn Statement in 2016, the government reaffirmed its continued commitment to extending home ownership, including through the Shared Ownership and Affordable Housing Programme 2016-2021. This announced an additional £1.4 billion to deliver a further 40,000 affordable homes, as well as the availability of grants for Affordable Rent schemes. Following this, the Council successfully bid for, and received, a grant from Homes England for £468,000 to deliver 13 new homes in Byram, making up part of this one-for-one replacement requirement. With this in mind, the Council will aim to utilise appropriate forms of external funding when required to finance the development or acquisition of new affordable housing



throughout the district. Bids are subsequently expected to be submitted to Homes England for the next phase of the Council's development plans shortly.

**7.7 Housing need:** In the process of replacing our properties, the Council will always look to meet local housing need. This includes consideration of location, property type and tenure type. New build schemes could therefore include fully adapted bungalows, lifetime homes, flats and single person accommodation, as well as more traditional family housing. We will also continue to support a flexible approach to setting rent to ensure residents are provided genuinely affordable accommodation. This includes consideration of Social and Affordable Rent, up to 80% of market value. Decisions will be made in reference to local context and subject to individual business cases.

**7.8 Rent Standard:** Our Finance team calculate rents using Government formula and guidance, in accordance with approved policy. Whilst the Council has established practice in respect of rent setting for existing tenants, included in the corresponding Action Plan will be consideration to publish a 'Rent Policy,' which will detail how Selby District Council will calculate and charge rent for all HRA properties that we own and have a responsibility to manage and maintain. This new policy will provide a clear framework for the setting and reviewing of Selby's rent levels and will ensure that rents are affordable for our residents, whilst simultaneously raising sufficient funds to effectively manage and maintain our properties, deliver required housing services and also build new homes.

**7.9 Void times:** The Council is keen to reduce property void times to ensure that tenants are able to move into our properties as soon as possible and therefore generate a rental income. Once a property becomes vacant, it is handed to our Property Services Team to inspect for any maintenance works required before the property can be re-let. This team will visit each property and arrange for any repair works needed to bring a property up to a 'lettable standard,' meaning it will



be safe and secure, clean and in a good state of repair. Until recently, average property void time fluctuated very little and averaged 3.4 weeks between being re-let. However, 2017/18 saw an increase in void time to an average of 4.9 weeks and 7.1 weeks in 2018/19. Therefore, whilst the Council do have a number of void related strategies to help guide practice, we will develop a specific Void Management policy to tie these strategies together. This policy will

outline a cost efficient void management service, which will balance providing quality homes with achieving a sustainable lettings programme. The implementation of our new housing management IT system will also assist in this process, providing deadlines and prompts, and allocating work to named individuals. Monitoring and reducing void times will consequently be included within the corresponding Action Plan.

**7.10 Procurement:** The Council is currently in the process of re-procuring contracts in regards to repair and void works. This will ensure we continue to receive best value moving into the future.

**7.11 Welfare Reform:** Selby district became a Universal Credit 'live' area in May 2018, requiring us to closely monitor the implications for rent loss as we move away from direct payment of Housing Benefit to landlords, and instead see a monthly benefit being received directly by tenants, who are then expected to budget accordingly and use this to pay their rent. To date it is only new, single working-age individuals that are required to claim Universal Credit within the district, with claimant levels predicted to rise as the roll-out continues. Nationally, as of January 2019, there were 1.6 million people claiming Universal Credit across all tenures, compared to an expected total of around 7 million at full roll-out. Following recent announcements, the Government currently expect to complete full roll-out and transition of existing claims between 2019 and 2023; and there is an expectation that HRA arrears (bad debt) will increase. The Council will continue to monitor the impact of welfare reform on the HRA and work hard to maintain minimal rates of bad debt.

**Summary of actions:**

- ✓ The HRA will contribute towards achieving our corporate commitment to build 200 new homes by 2020.
- ✓ We will work to a Housing Development Plan which will try to meet, and look to exceed, the Government's one-for-one replacement target on properties sold through Right to Buy.
- ✓ We will continue to make suitable funding bids where appropriate, having a direct hand in increasing the number of affordable houses in the district.
- ✓ We will consider publishing a new rent policy which corresponds to the Government's Social Rent Standard and has affordability for local residents in mind.
- ✓ We will continue monitoring welfare reform policy and in particular Universal Credit, trying to mitigate risks wherever possible.
- ✓ We will make improvements to our void process by implementing a Voids Management Policy.

## 8. **Our finances**

### Background

- 8.1 The Housing Revenue Account aims to provide the financial environment to support our landlord responsibilities over the short, medium and longer term; combined with strategic objectives for our housing service. The HRA is a 'ring-fenced' account which means that all the costs associated with maintaining our homes, financing improvement works, servicing debt and running the service, are met from the rental and other associated income generated from the houses and garages we let. We cannot use this income for any other Council services.
- 8.2 As noted in the foreword, the introduction of self-financing in 2012 resulted in the Council taking on central government debt of £57.7m, with the abolition of the previous subsidy system and annual payments into the national housing subsidy pool. The amount of debt taken on was calculated using a methodology that valued our stock over 30 years and aimed to leave the Council with a long term sustainable business plan which took on full responsibility for expenditure on the management and maintenance of our homes.
- 8.3 The Council follows Government formula and guidelines to set yearly rent amounts; and in July 2015 the Government announced that rents in social housing would be reduced by 1% a year for 4 years, resulting in a 12% reduction in average rents by 2020/21. This measure was forecast to save £1.4 billion nationally by its close, primarily in reduced Housing Benefit expenditure. For Selby, by 2019/20 (year 4 of this policy), rental income has reduced by an average of £120k p.a. However, the Government has now confirmed that from 2020/21, social housing landlords will be permitted to increase rents by up to Consumer Price Index (CPI) plus 1% for a minimum of five years.
- 8.4 The Council's business plan provides a 30 year financial forecast of income and expenditure based upon a range of key assumptions. The forecasts aim to support future service improvement and investment planning within the context of a sustainable financial model. Whilst there is an understanding that predictions are difficult to make in the current political and economic environment, we must try to ensure on-going sustainability of our housing service.
- 8.5 Best, worst and mid-case scenarios have been modelled, to enable the impacts of changes in assumptions to be understood. The mid-case scenario is our best estimate based on the latest intelligence available and accords with the assumptions contained within the Council's overarching Medium Term Financial

Strategy. It is this scenario that underpins this business plan and will be used to inform our short to medium term financial plans and annual budget.

#### Our financial outlook

- 8.6 A summary of income and expenditure for the HRA, including key assumptions, can be found in *Appendix C*. These key assumptions include factors such as interest rate levels, rent setting, void rates, bad debt and repair costs as well as right to buy sales and stock acquisitions. These will be kept under review to ensure the business plan remains robust in delivering the Council's priorities.
- 8.7 **Key Assumptions - Rent:** After allowing for Right to Buy sales, void properties and an element of bad debt, we estimate HRA rental income for 2019/20 to be £11.8m. Overall rental income to the HRA is £12.01m, which includes the addition of hostel and garage rent.
- 8.8 **Other Income:** Income from fees and charges and investment interest are estimated to total £233k in 2019/20.
- 8.9 **Running Costs:** Service running costs, including housing management and routine maintenance total £4.6m in 2019/20 and represent 39% of the income raised through rents. Our budget assumptions include recurring savings of £214k p.a. with effect from 2019/20 largely from efficiencies following the implementation of a new housing and asset management computer system.
- 8.10 **Debt Costs:** In 2019/20 interest charges total £2.4m (21%) although these are expected to reduce as some historic debt expires and is repaid in 2020/21. From 2021/22 interest charges are estimated to reduce to £1.8m p.a. Current self-financing borrowing is broadly spread equally over 30, 40 and 50 years. Assuming these loans run their natural course and no further borrowing is taken out; interest charges will reduce to £1.2m from 2042/43 - year 24 of this business plan. However, in the long term, interest charges are dependent upon plans for borrowing and repayment.
- 8.11 After allowing for service running costs, routine maintenance and interest charges, remaining rents are available to repay debt and invest in cyclical home improvements (kitchen and bathroom replacements, electrical rewires, heating system replacements etc.). Whilst it remains the Council's aspiration to repay self-financing debt over 30 years as it was when the debt was taken on, year on year reductions in rent levels over the last 4 years mean that there is now less funding available and consequently a careful balance between debt repayment and reinvestment is required to ensure a sustainable model into the future.

8.12 A summary of rental income and running costs for each of the three scenarios shows the following available resources for debt repayment and capital investment over the 30 year Business Plan:

Cumulative net rent available for debt repayment and capital investment	Total Over Business Plan Period £000
Mid-case	315,844
Best-case	437,221
Worst-case	237,573

8.13 **Borrowing:** HRA self-financing borrowing is made up of £7.5m historic debt and £50.2m new borrowing taken out in 2012. All borrowing is via fixed-rate 'interest only' loans and in accordance with the Council's Treasury Management Strategy. A breakdown of the loans is as follows:

Loan Value (£000)	Loan Rate (%)	Remaining Loan Term (as of 1st April 2019)	Maturity Date
6,500	8.785	1	22/05/2020
1,000	8.375	37	31/03/2056
16,793	3.50	23	28/03/2042
16,720	3.52	33	28/03/2052
16,720	3.48	43	28/03/2062
<b>57,733</b>	<b>Total</b>		

8.14 The business plan model assumes that borrowing is repaid at the earliest opportunity in order to demonstrate viability. In the last HRA Business Plan, it was advised that all loans would be repaid within a 30 year timeframe, whilst also acknowledging however that the Council would be able to review this plan regularly, balancing repayment of money borrowed with additional investment in the stock. This gives the Council greater flexibility in its longer-term planning than was possible under the previous subsidy system. In 2019/20, £1.26m has been set aside to cover future principal repayments. At this level it would take 39 years to set aside sufficient funds to repay existing borrowing.

8.15 To inform decisions on the amount to set aside to repay borrowing, again three scenarios have been considered. These scenarios along with their funding requirements are set out in the table below:

Minimum Revenue Provision (for repayment of debt) - Scenarios	Total Sum over Business Plan £000
30 years	49,413
30 to 40 years	46,371
30 to 50 years	35,723

### Capital Investment

8.16 Investing in our existing stock is a key feature of this business plan; but as we have highlighted, setting aside sufficient sums to repay existing borrowing

commitments whilst earmarking sufficient funds to maintain the overall quality of our homes requires a careful balance.

- 8.17 We have invested significantly in our homes over the last business plan but our aging stock requires further investment to ensure a decent standard for our tenants going forward. A number of options have been modelled which achieve a decent (Option A) or a decent+ standard (Options B, C and D) within a variety of timescales and then a profile of standard lifecycle replacements for each element of work thereafter.

Scenarios (Mid-case)	Years 1-10 £000	Years 11-20 £000	Years 21-30 £000	Total £000
A Decent Homes over 15 years	51,841	60,418	56,778	169,037
B Decent Homes + over 30 years	46,656	47,922	63,711	158,289
C Decent Homes + over 15 years	55,592	61,925	54,399	171,916
D Decent Homes + over 10 years	73,194	41,187	54,399	168,780

- 8.18 Option C is considered to be the most achievable and sustainable option – it achieves a higher standard of home for our tenants and sees costs spread relatively evenly over the business plan period. Option D would achieve the decent homes ‘plus’ standard over a shorter timescale but the front loading of costs is not affordable over years 1-10 of the plan.

- 8.19 **Right to Buy:** The Government’s ‘Right to Buy’ scheme was reinvigorated in 2012, with the maximum discount increasing to £82,800.00. Then in 2014, the amount of qualifying years required by tenants was reduced from 5 to 3. This reinvigoration maintains and likely increases loss of Council housing stock, whilst the capital receipts retained from these sales provides only a small proportion of what would be required financially for the Council to replace these properties. Assumptions have therefore been made within our financial planning to take account of additional Right to Buy sales, expecting that the Council will lose approximately 20 properties a year through the scheme. The mid-case assumes that these properties are replaced on a 1 for 1 basis.

- 8.20 **Reserves:** As part of the budget setting process, the Council is required to review the adequacy of its reserves and this includes both the HRA Major Repairs and Unallocated HRA reserves. At present, 2018’s Major Repairs reserve stands at £8.18m and the Unallocated HRA reserve at £2.27m, totalling £10 million overall. This level is deemed adequate to provide financial resource for any unforeseen circumstances within the HRA which may require additional funds. The approved minimum balance for unallocated HRA reserves is currently £1.5m and therefore £0.8m is available for transfer to the Major Repairs Reserve.



### Housing Development and Acquisition

- 8.21 This business plan assumes that any new build or stock acquisitions will be supported by a viable business case which will use retained Right to Buy receipts, external grant funding (where possible) and new borrowing to achieve a reasonable payback period (typically 30 to 40 years). It is assumed that any new stock will be entirely financed over their whole life from the rental income they bring.
- 8.22 As previously advised, November 2018 saw the HRA borrowing cap lifted for all English local authorities, bringing financial borrowing for Council homes in-line with all other local authority borrowing under prudential codes. Selby welcome the lifting of the borrowing cap to provide opportunity to increase direct development of, and continued investment in, social housing within the district; but in-line with the Council's Treasury Management Strategy, prudential codes will be followed and any additional borrowing only sanctioned when it is financially viable and sustainable to do so.
- 8.23 The mid-case scenario assumes that homes sold through Right to Buy are replaced on a one for one basis, which would mean new build or acquisition of 599 homes over the 30 year plan. Indicative modelling assumes a level of subsidy (e.g. capital receipts, Homes England grant and Section 106 commuted sums) with the remainder of the costs covered by borrowing (assuming a Loan to Value rate of 71%). For the purposes of demonstrating viability and sustainability, the associated revenue costs (principal and interest) would be £80m over the 30 year plan. It is stressed that these costs are indicative and fluctuations in the key assumptions such as interest rates, as well as the availability of subsidy sums, could have significant impact. Ultimately our development plans will be subject to ongoing review.
- 8.24 The Council's existing housing development and acquisitions programme is set out in the Council's capital programme which was approved in February 2019. Subject to land availability and ultimate Council approval, it is our intention to increase delivery over the business plan period in order to grow our stock numbers and increase the supply of affordable homes.

### Our Financial Outlook going forward

- 8.25 Our financial forecast (*Appendix C*) shows that, based on key assumptions, there are sufficient resources over the next 30 years of the plan to: maintain a viable housing service, maintain and potentially increase the Decent Homes Standard, and carry out the necessary planned repairs to our housing stock. The profile of capital works may however be re-profiled over the course of the plan to meet specific requirements and if possible and prudent to do so, we will consider accelerating our Decent Homes 'plus' programme should resources

allow. Inflation may also rise or decrease, influencing the rent generated to meet our commitments.

8.26 In order to maintain a sustainable service for the medium term this business plan assumes debt is repaid to the original 30 year plan and we work towards a decent Homes 'Plus' standard over a 15 year period. Over the whole business plan period that would see loan principle of £50m set aside and based on our mid-case assumptions, investment in improvements in the standard of our homes of circa £170m.

8.27 The mid-case scenario estimates resources of £316m will be available over the next 30 years, which will be sufficient to provide for: debt repayment; investment to achieve Decent Homes 'plus' standard over the next 15 years; and 1 for 1 replacement of homes sold through right-to buy. Subject to future cash flows, economic conditions and government policies etc. there may be opportunity to accelerate investment in the future and this will be kept under review as the business plan is refreshed.

Mid-Case Scenario: 30 Year Totals	£000's	
Cumulative net rent available for debt repayment and capital investment	324,789	Assumes 1-4-1 replacement of RTB sales
Self-Financing Debt repayment	49,413	
Major repairs	174,211	Decent Homes + Over 15 years
Servicing new borrowing for developments/acquisitions	80,238	Principle and Interest assuming 1-4-1 replacement of RTB sales
<b>Total</b>	<b>303,862</b>	
Indicative headroom over the 30 year plan	20,927	Average £698k p.a.

8.28 The mid-case scenario shows that there is capacity to repay self-financing debt over the 30 plan, meaning that in the future if circumstances were such that it was favourable to repay the debt, there would be a sharp rise in the funds available to invest in our homes. The decision to repay debt will be taken in light of economic conditions and the needs of the services at that time and as part of the Council's overall treasury management requirements.

8.29 Of course the balance between repaying our debt, versus maintain and/or extending our housing stock, will be an on-going feature of the HRA business plan and will require careful consideration as the impacts of emerging policy and practice are felt. That said, the ability to invest in our housing stock over the life of this plan will continue to improve the quality of the homes we provide; with spending focused on those things which will have the greatest impact on achieving the Council's objectives, whilst improving the quality of life for our tenants.



## 9. Consultation

- 9.1 **First Steps (September 2018):** An initial on-line consultation of tenant's views on our housing service was undertaken as part of the business plan. This encouraged tenant and leaseholder participation at the earliest opportunity and ensured their feedback was central to the proposed new initiatives found throughout the business plan.
- 9.2 **Round table and Scrutiny (January/February 2019):** Before finalising a draft plan, a roundtable event was offered to all Council tenants and leaseholders wanting to attend, which took place at the Council's Civic Centre in Selby on 31st January 2019. This roundtable allowed for a free exchange of ideas between housing staff, tenants and leaseholders; and garnered responses to various proposed ideas and themes that would be proposed as part of the HRA draft plan. In order to maximise tenant engagement, drop-in sessions were also held at our Sherburn-In-Elmet, South Milford and Tadcaster Community Centres to allow as many tenants and leaseholders as possible the opportunity to share their experiences and provide feedback:

*Tenants stated that our properties were of a decent standard but with room for improvement. They said that if the Council don't provide quality products and do work to a high standard, then tenants won't look after their properties.*

*Tenants felt we didn't know enough about our properties and that we don't inspect them regularly. They mentioned gardens, fencing and roofing as particular issues.*

*Tenants wanted better communication to meet people's needs, including updates on outstanding repairs and signing off a repair when it had been completed.*

*Tenants felt we should build more family sized homes as well as one bedroom properties for single professionals and couples, who live in the local area.*

*Tenants were concerned about energy efficiency and stated that we should be more forward thinking when it comes to alternative energy sources. They understood this would be expensive initially, but thought in the end, it would benefit both the Council and tenants alike.*

*Tenants felt that older properties with long term tenants get left behind, resulting in the condition of their properties growing increasingly poor. This means that more work and money has to be spent on them when access is finally achieved.*

9.3 **Wider engagement and on-line consultation ():**

9.4 **Taking on board feedback and final amendments ():**

## **10. Summary and Conclusion**

- 10.1 Self-financing has resulted in the Council having much greater control over its housing business in general. It gives us an opportunity to invest and increase our housing stock to better meet our resident's needs both now and in the future. It also allows us to consider how we want to improve our current housing stock and improve the service we offer our tenants. However, it is important to acknowledge that this business plan comes at a time of considerable and somewhat frequent policy changes and we must have regard to risks including rental incomes, changing populations and increased vulnerabilities and needs of our tenants.
- 10.2 Our investment programme is set against a robust framework and supported by a solid financial plan. An increase in potential funding and the potential increase of rental yield enables the Council to better meet the housing needs of those living in the Selby district.
- 10.3 There is an acknowledgement that this plan is more than a refresh of our previous HRA business plan 2012-2015. Because of this, and due to the ambitious nature of the work we are expecting to complete, the corresponding HRA Action Plan contains a considerable amount of planned actions and works. It is hoped that this Action Plan, along with the business plan in general, will become a 'live' document which we can update regularly with any changes in policy and will list our successes as we achieve our aims for the next 30 years.