

Agenda Item No:**Report To:** Cabinet**Date of Meeting:** 16 December 2021**Report Title:** Housing Revenue Account Business Plan 2021-2052**Report Author &
Job Title:** Mark James – Development Partnership Manager
Jo Stocks – Senior Accountant**Portfolio Holder** Cllr. Paul Clokie – Portfolio Holder for Housing
Portfolio Holder for: Cllr. Neil Shorter – Portfolio Holder for Finance & IT**Summary:**

The Housing Revenue Account (HRA) is more relevant and important than ever. With the Social Housing White Paper placing a greater emphasis on tenant engagement, the HRA must ensure its management function is strong and anticipates the needs of residents. With the Government keen to “build back better” after the pandemic the HRA must continue to accelerate the delivery of affordable homes and contribute towards the reduction in use of temporary accommodation (TA) to aid the General Fund. With carbon net zero a global goal, the green credentials of new build homes and the retrofitting of existing stock are also of paramount importance in the HRA.

Each year members are asked to agree the priorities within the HRA and note its 30-year Business Plan. The Business Plan sets the parameters of the work and spend that are undertaken by the Council’s housing team and underpins every decision taken in the HRA.

The Business plan shows that the council has a balanced HRA that is able to deliver on the construction, decarbonisation, management and engagement priorities it has set itself. This report presents members with these ongoing priorities for the HRA, along with the assessment that the Business Plan remains affordable, with debt at a manageable level. There is borrowing headroom to undertake proactive projects.

The risks to the affordable homes delivery programme, caused by the global pandemic, and local issues such as Stodmarsh, are considered here and are under constant review. Regular analyses of factors within and outside the Council’s control are discussed here and continue to be assessed, and officers will work to ensure that goals are met, delivering more while budgeting responsibly.

Key Decision: NO (delete as appropriate)

**Significantly
Affected Wards:** None

Recommendations: The Cabinet is recommended to:-

- I. Note that HRA Business Plan financial will be referred to the Overview and Scrutiny Committee's Budget Task Group to support the Draft HRA Budget reported to Cabinet in November.
- II. Review and agree the updated HRA Business Plan and financial projections
- III. Agree that delegated authority is given to the Head of Housing, in consultation with the Head of Finance and IT, and the Portfolio Holders for Housing and Finance, to acquire land up to the value of £5m be extended to include s106 acquisitions up to the value of £5m
- IV. Agree to the streamlined process for commencing the preparatory work on acquired sites as outlined in paragraphs 37 and 38 and note that, where time permits, members' approval for acquisitions will be sought and reported through to Cabinet, otherwise the existing delegated authority will be utilised
- V. Note the HRA priorities set out in the report from paragraphs 7-53, which mirror those agreed by Cabinet members in the equivalent report last year
- VI. Agree that the Council will continue with the on-street purchase programme, recognising that some units per annum will be cross-subsidised in later financial years, and set affordable rents
- VII. Note the progress in delivering affordable housing in the HRA and temporary accommodation within the General Fund as set out in the report
- VIII. Note the Council's plans for future housing delivery, as set out in Exempt Appendix A, which presents projects under way or in consultation phase, and delegate authority to the Head of Housing in consultation with the Head of Finance and IT and the Portfolio holders for Housing and Finance and IT to vary the programme as necessary

Policy Overview: Building on solid foundations: delivering affordable homes in Ashford – delivery plan for 2019-2023

Housing Strategy Framework Priority 1 – Improve the supply of affordable housing to meet local housing needs in urban and rural areas, and Housing Statement 2018-2023

Reform of Housing Revenue Account (HRA) – Cabinet endorsed five key priorities for further spend, as a result of greater freedom within the HRA.

National Housing Strategy 2011 – delivering new homes under the affordable rent model.

A Charter For Social Housing Residents – Social Housing White Paper 2020.

A Guide to Developing Affordable Homes in Rural Communities (Kent Housing Group [KHG]) – February 2021

Financial Implications:

This paper provides an update to the financial position of the HRA over the next 30 years and forecasts that the HRA business plan continues to be a robust and viable business and is able to deliver its key priorities.

The financial model is a tool for testing existing priorities, the impact of changes in Government policies and changes in key business sensitivities to ensure plans remain affordable.

Delivery of new build Council housing is achieved using grant funding, HRA cash resources and Right-to-Buy receipts (known as 1-4-1 monies). This ensures the HRA remains able to meet its debt repayment commitments.

Legal Implications:

Section 167 of the Localism Act 2011 gave effect to Schedule 15 of that Act and, since the coming into force of Schedule 15, English local authorities have been required to be self-financing in relation to their housing stock, financing their housing stock from their own rents.

It is not a legal requirement to produce an HRA Business Plan; however, it is good practice and helps provide a good framework for long term strategic planning.

Equalities Impact Assessment:

See attached at Appendix C. The assessment does not identify any adverse impacts on any client group.

Data Protection Impact Assessment:

The impact on Data Protection will be undertaken for each individual project at the appropriate time.

Risk Assessment (Risk Appetite Statement):

Risk is identified in the report itself in terms of the Business Plan. Risk assessments have been undertaken on each of the projects being taken forward within the Business Plan and risk is assessed fortnightly by officers within the appropriate teams involved in the projects. These meetings identify any implications for the pipeline of sites being

progressed. Further risk assessments are undertaken on each individual project at the appropriate time.

Sustainability Implications:

The HRA Business Plan includes assumptions regarding the Council's ambition for carbon neutrality and the programme of 'de-carbonisation' of HRA stock. In addition to this each project and acquisition is individually assessed to include the potential costs and benefits of carbon neutrality.

Other Material Implications:

Design and construction standards will comply with Ashford spatial standards (complying with Residential Space and Layout SPD), Lifetime Homes (a standard the Council has set out for Registered Social Landlords) and Code for Sustainable Homes level 3 (which has been committed to for Page 17 Homes England purposes), and level 4 on energy. Emphasis on the building envelope will deliver the greatest benefits for landlord and tenant

Exempt from Publication:

YES (Appendix A)

This is not for publication by virtue of Paragraphs 2 and 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

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Report Title: Housing Revenue Account Business Plan 2021-2052

Introduction and Background

1. The HRA Business Plan report looks at the ambitions and priorities over the next five years, and how it affects the 30 year business model. The plan details how the Council manages and improves its housing stock, ensuring the needs of current and future tenants are met. This will be achieved by investment in current stock as well as by providing as many new homes as is financially viable.
2. The HRA is a ring-fenced account, this means that the HRA, and its tenants do not contribute to the General Fund, which is funded by tax payers. Conversely, being a self-financing model, means that the HRA is fully reliant on its own income streams for any works that it does and has no reliance on the General Fund.
3. In April 2012, with the introduction of self-financing, Ashford Borough Council took on additional debt of £113,713,000. As a result, the Council now retains all rental income allowing for investment into new properties, so the supply of council homes can not only be maintained but also increased.
4. The Business Model is built with the assistance of a consultant from Housing Finance Associates, who has experience of working closely with several HRAs and Housing Associations (known as RPs). This allows for independent scrutiny to ensure the plan looks sensible to an objective reviewer and works over the 30-year period.
5. **Members are asked to review and agree the updated HRA Business Plan, and financial projections, and note the HRA Business Plan will be referred to Overview and Scrutiny (O&S) Budget Task Group, as part of the budget scrutiny process**

Assumptions

6. The HRA Business Plan is built on several assumptions, which will be set out in this report. The first of these assumptions are the HRA's priorities.
7. **Members are asked to note the HRA priorities, as agreed at Cabinet December 2020.**
8. The HRA priorities are as follows:

(a) Continuing to have a good maintenance programme

9. In order to ensure the Council is not only maintaining its housing assets to an appropriate standard, but also maximising resources, a stock condition survey is planned. The survey will be a rolling programme, where 20% of the stock is

reviewed annually, therefore, over a five-year period, there will be accurate, credible information about which works are required to which properties. This vital work will feed into the budgeting process, making it more reliable and exact, ensuring officers are able to make informed decisions about the works needed each year.

10. Officers are in the process of tendering for the stock condition survey, however indicative costs have been included in the model.

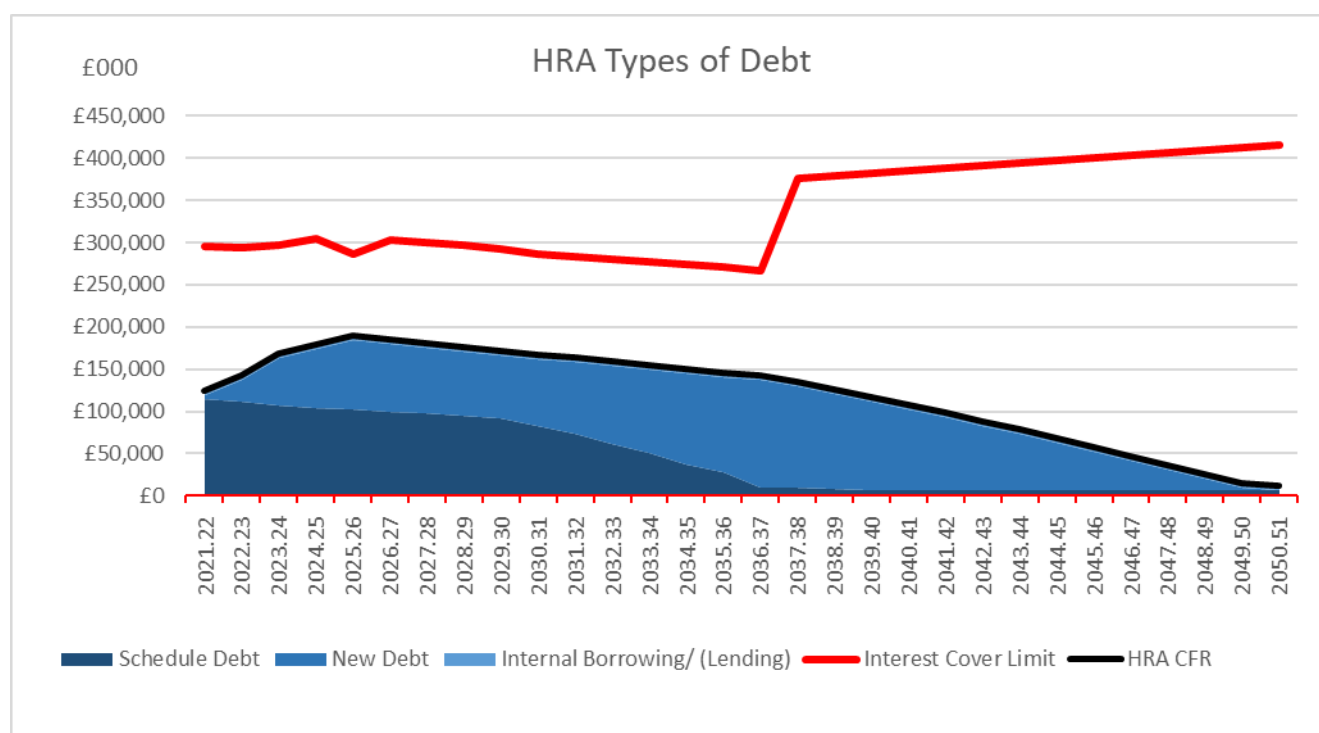
(b) Decarbonisation

11. With around 10% of the borough's total housing numbers being Council-owned, the authority could make a real impact in reducing Ashford's carbon emissions by investing in the decarbonisation of its own housing stock. Unlike a new build property which, when built, provides a revenue income, the decarbonisation project will not achieve any savings for the Council as it is all capital expenditure. However, it could create savings for individual tenants, by reducing their reliance on fossil fuels and improving insulation etc., potentially eliminating the prospect of fuel poverty. Reputationally, at a time of international focus on climate change, it is critical that the Council plays its own part in delivering meaningful decarbonisation outcomes and housing must and will play its part in addressing the Corporate Plan goal of becoming a Green Pioneer.
12. This will be an expensive project, one in which the Council has no previous experience. In order to gauge the work and costs involved officers have engaged a surveyor to complete a survey of all the housing archetypes within its stock. At the time of writing, 200 of the 450 archetypes have been completed, with the final report due in April 2022. However, some initial results have been used to make some early bids to the Government's decarbonisation grant funding streams.
13. The current assumed cost to the council of achieving a significant reduction in carbon within its own homes is an additional £17,000 per unit, on top of existing programmed works, running from 2022/23 to 2049/50. However, this figure will be reviewed once the survey has been completed and the detailed findings have been analysed.
14. Officers also considered running the decarbonisation programme over a shorter period, until 2030, however the high annual cost meant that this was not an affordable option.
15. The Council are in the process of applying for Government grants to assist in the delivery of some carbon neutral works, which will see some properties move from an EPC rating of Band E to Band C. At the time of writing officers are awaiting the outcome of this application. However, it is thought that funding will be made available to offset some of the additional costs incurred from decarbonisation. Members may have seen recent Government announcements about the installation of electric vehicle charging points being compulsory in new homes from next year. These are relatively straightforward to implement and are only a minor cost to the project as a whole.

16. The model is currently assuming that the Private Finance Initiative (PFI) properties will be converted, for carbon reducing measures, by the Council after 2037, when the assets revert back to the council's ownership. Although the contract requires the Consortium to meet new standards and keep the SAP rating in these homes at 70 (a good level of energy efficiency, East Stour Court, recently completed by the Council has a rating of 80) officers are seeking advice as to how to progress this further.

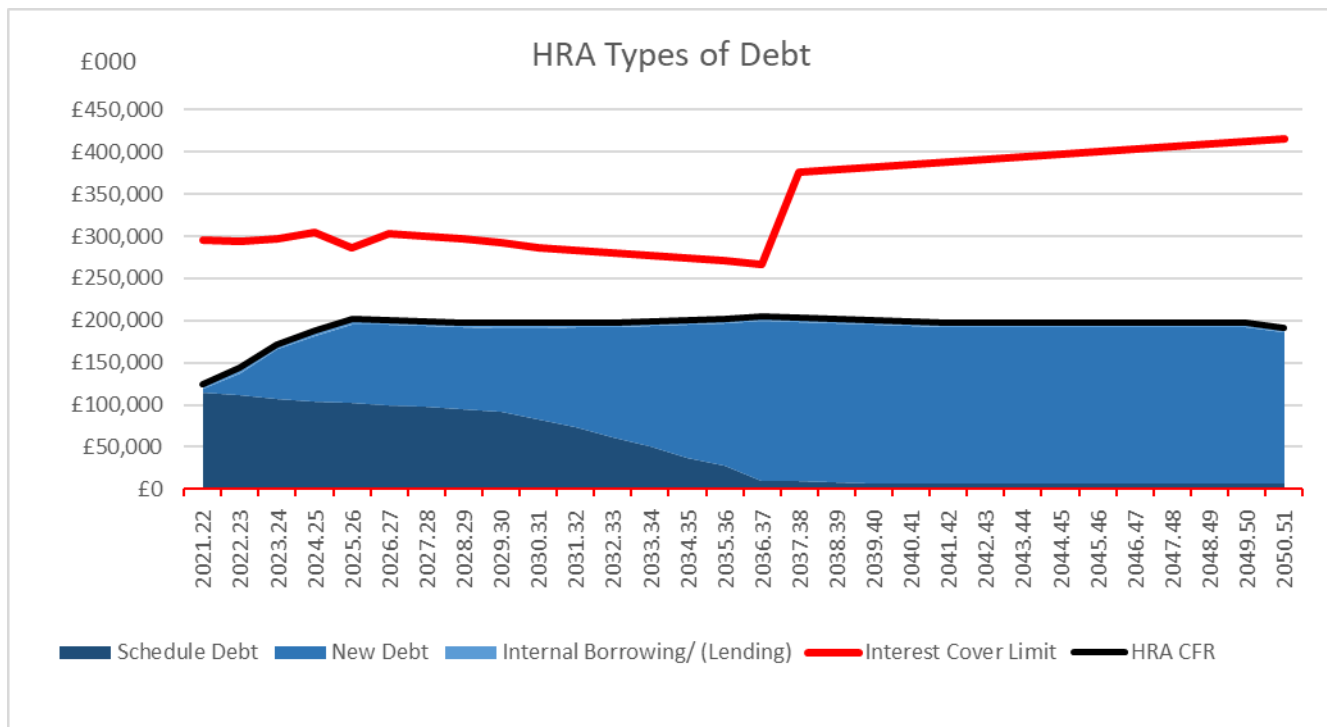
Graph 1: HRA Debt, excluding the effect of decarbonisation

17. The graph below shows the impact on the Business Plan of continuing as we are now, without the expenditure on decarbonisation measures. Although, this is not an option and we must act, this graph is included because it does illustrate the high cost and low income of decarbonisation. In this example, the HRA is able to pay its debt off much more quickly, which has the effect of creating more headroom for investment in new stock construction.
18. The red line shows the upper limit at which it is felt that borrowing places undue pressure on the Business Plan. This has been calculated using an "interest cover ratio", which has been explained further in paragraph 74.



Graph 2: HRA Debt, including the effect of decarbonisation costs, spread until 2050

19. The effect of decarbonisation in the Business Plan is illustrated in the graph below. It shows the debt levels required by the Business Plan with decarbonisation costs equally spread, annually, until 2049/50. It illustrates the high cost of the retrofit, which will have no impact on income streams. Debt levels remain high throughout the life of the plan, however it does indicate a downward trend in debt towards the end of the 30 years as the retrofit comes to a conclusion.



(c) Compliance with the social housing regulator

20. Members will recall that last year's Business Plan report was presented to Cabinet following the publication of the Government's White Paper "The Charter for Social Housing Residents". That paper set out the Government's plans for social housing and required all landlords to be more transparent about:
 - a. Their performance (in terms of repairs, servicing, response rates etc.)
 - b. The decisions they take that affect the lives of their tenants
 - c. How effective their overall engagement with tenants is
21. Since last year's report, the Council has been assessing how that Charter can be met by Ashford. While Housing's dedicated team manages the homes and residents within its stock in a proportionate and professional manner, meaningful tenant engagement is one area that can be improved upon. This requires a cultural shift by the organisation, re-engineering the way tenants are communicated with and how they are involved and influencing the work and services that impact upon their lives. All of this work and new way of engaging with tenants has to be evidenced and documented to assist with any inspection by the Regulator for Social Housing.
22. This shift in culture and new methods of engagement will require the Council to give an equal platform to all of its tenants. In light of the Social Housing White Paper, last year Members removed the 'Ashford Promise', signalling that all tenants were equal, regardless of their standing with us. This was the first step in the Council aligning its work on management to the kinds of consumer standards you might expect to see adopted by organisations in the commercial sector.
23. The Council acknowledges that it should not simply listen to tenants but involve them, provide them with the tools to have a voice and then utilise their

feedback constructively and creatively to enhance service provision. Appropriate channels of engagement and tools to enable more effective tenant participation and engagement are currently being investigated by officers. The cultural shift will require all housing staff, and the organisation as a whole, to take responsibility for playing their part in tenant engagement. However, it will be important to invest in developing the structures and mechanisms to coordinate our approach to engagement.

24. One of the solutions being considered is the recruitment of a tenant engagement officer. Members may recall that previously the Council had an officer covering some aspects of this work but their role was not as strategic as what is envisaged here to effect the cultural shift required and this post was deleted during the major review of housing in 2016.
25. In addition to the need to demonstrate not only compliance with the social housing regulator but that the Council is an approachable and empathetic landlord, a focussed annual tenant satisfaction survey will be undertaken, which will drive up service standards (note, these metrics are being designed by the regulator currently). To assist with the shift in how we engage with all tenants and to participate in the design of future Tenant Satisfaction Measure we will establish a broad, multi-demographic group of tenants to help discuss and shape housing matters. These will be young and old, from different backgrounds, living in both urban and rural areas.
26. Officers are liaising with the Tenant Participation Advisory Service (TPAS), this work will begin in earnest in January 2022. A tenant engagement strategy will be the product of this work and a strategy will be written next year and will come to members for endorsement. It will form part of the 2021/22 Business Plan with any recommendations costed and included.
27. There remains the possibility that the Council could be inspected by the regulator more regularly as the White Paper indicated that larger social landlords could be visited every four years. The Council is still awaiting clarity as to whether it falls into this bracket.
28. With regards costs, in addition to the survey, the additional officer and work on the complaints process referred to below, the Council could become liable for further costs if it is deemed to not be compliant. It is unclear, at this time, as to what compliance looks like. Digitalisation will also form part of the solution, with better customer relationship management software assisting with engagement, bringing details about customers into one central place, enhancing repairs and area management services.

(d) Removing social housing's stigma

29. The Council's Corporate Plan states a long term aim that the borough's towns, villages and rural communities are welcoming, safe places for all who live and work in them, offering a high quality of life where everyone is valued and respected. This is part of the Caring Ashford strand. The work relating to the regulator will also assist work to remove the stigma sometimes associated with living in social housing, highlighted in the Charter published by Government last year. The recent change of Government departmental name (Department for Levelling Up, Housing, and Communities) will also help this levelling up agenda in a specific housing context.

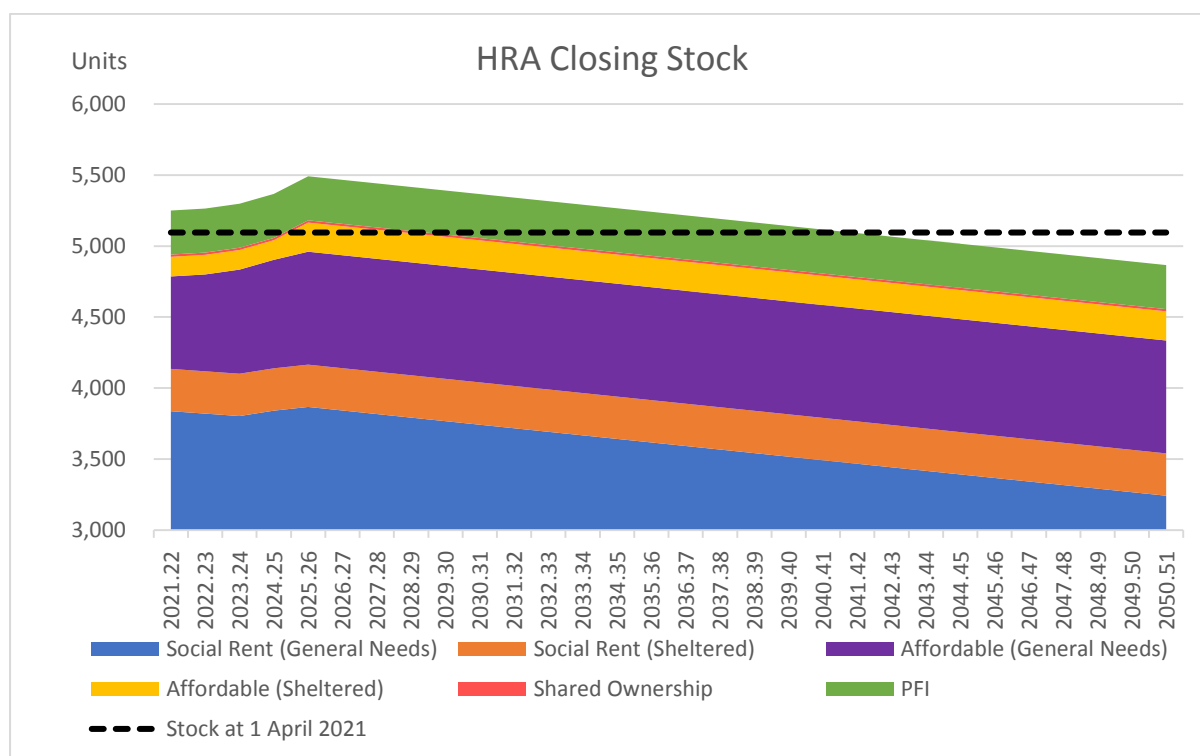
30. While the Council already has a clear and robust complaints system, the Council continues to sharpen this process in order to ensure that it meets the regulator's expected standards. The Business Plan presented to members makes provision for this work along with the tenant's survey.

(e) Maximising new provision

31. The current stock in the HRA is around 5,100. The build and buy programmes that have been assumed in the Business Plan (see Exempt Appendix A) ensure that the Council exceeds this level until 2040/41 at which point, stock levels start to dip below the current stock position (see Graph 2). While the Business Plan only includes projects about which there is reasonable certainty, for the next five years, it is anticipated that investment in new stock will continue within the HRA; therefore, stock provision can be maintained and increased. This picture will become clearer to members as future reports of this nature are presented in subsequent years.

Graph 3: Stock Levels

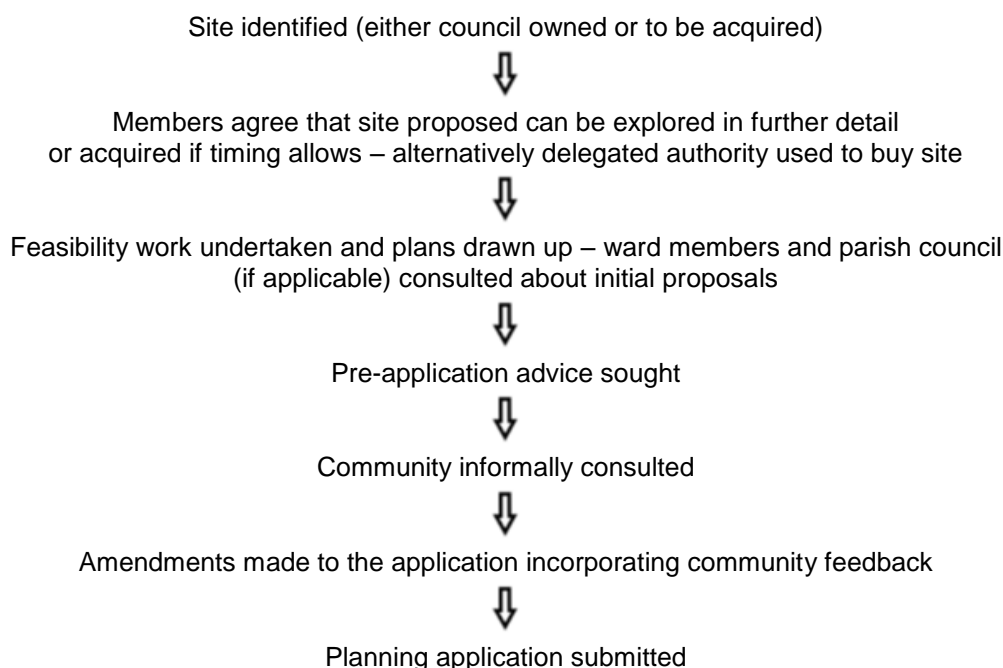
32. The graph below illustrates the stock levels throughout the life of the plan. The dotted line shows the current stock level, which demonstrates how far above/below the current provision the stock level goes.



33. Exempt Appendix A details those projects currently on site and those in the Council's proposed pipeline of delivery. Some of these sites are in the planning system, others have been the subject of community consultation, and others are about to be presented to the communities in which it is hoped they will sit. Other projects in the appendix have been listed in order to seek member approval to further explore them as options. They are listed on the exempt appendix because the timing of a new scheme's presentation to a local community is sensitive. The whole process works much better if a community can be given clear direction once proposals are drawn up. Therefore, some of the sites are included on this appendix for that reason. However, ward members in those areas are aware of the initial proposals.

34. While further detail is provided below about each of the delivery tools the Council has at its disposal to accelerate its own housing supply, the pathway to obtaining this approval is something that ought to be streamlined. Previously, the Council has had a variety of land in its ownership that it can schedule into its build programme. However, now that land is either being built on, earmarked for new schemes, or has been ruled out following initial discussions with planning officers. It is therefore much more likely that future developments in the medium-to-long term will be built on land acquired through the delegated authority afforded to Housing by Members in October 2019.
35. With the focus on building back better, it is vital that the Council plays its own part in hastening affordable housing delivery of different tenures, guided by local needs surveys where applicable. Indeed, supporting local SMEs and encouraging contractors to employ the local workforce where possible in the supply chain will assist in achieving the Corporate Plan objective of targeted growth. To ensure that projects and good ideas can be progressed with certainty from the outset, approval processes must not hinder delivery and the Council's ability to be creative and act quickly in the marketplace.
36. Members will recall that the Council has the ability to buy land up to the value of £5m, through the delegated authority given by Cabinet members in 2019. This enables the Council to look at larger land opportunities that it can either develop on its own or in partnership with organisations on its newly-established Housing Delivery Framework.
37. It is additionally proposed that the Council is also able to buy s106 properties, where it is not competing with Registered Providers (as agreed in its affordable housing delivery plan noted by Members in October 2018, up to the value of £5m. This is an important tool for the Council as many Registered Providers are now strategic partners of Homes England. They are therefore keen to deliver sites with larger numbers of units, leaving smaller sites without a delivery agent. Alternative solutions are therefore required to bring them forward. This extended delegation will enable the Council to step in much more readily where it is prudent to do so, subject to Business Plan commitments, the viability of each scheme and the approvals as outlined in **Recommendation III**. Members are asked to note that where time permits, members' approval for acquisitions will be sought with sites reported through to Cabinet, otherwise the existing delegated authority will be utilised.
38. Previously, Housing have sought approval to explore the possibility of progressing sites further, which adds an additional step to the development process, and delays the initial feasibility stage of the work. Traditionally, this has been done through providing Members with a list such as in Exempt Appendix A. It is now proposed that Officers will report to members in the annual HRA Business Plan report on any sites it has acquired and begun preparatory work on. Governance will be retained by keeping relevant ward members, parish councils where applicable, and the Housing and Finance portfolio holders fully briefed on such acquisitions and obtaining relevant permissions, and the decision gates of planning remain.

Figure 1: Initial process of development



39. The Council will continue to acquire homes through the street purchase programme as outlined below. It should be noted, however, there is less 1-4-1 subsidy contributing to those acquisitions, following the success of the scheme in utilising those funds in recent financial years.
40. These slightly streamlined and amended delegations will significantly improve the Council's ability to act more commercially in the marketplace and accelerate delivery. It is already apparent, when talking to developers about possible acquisitions, that the arrangements the Council has in place are innovative. Extending them in this way will make the Housing Service even more attractive to do business with.
41. The Council remains a large provider of homes for affordable rent in the borough. As detailed in the affordable housing delivery plan, noted by members in October 2018, the Local Plan is not providing sufficient affordable rented homes to keep pace with demand (there are currently around 1,500 households are on the waiting list, unable to access the private rent sector or get on the housing ladder). Therefore, it remains the aim of the HRA to fill the gap between what developers are able to produce and what Registered Providers can bring forward on any land-led options they have.
42. When members noted the Affordable Housing Delivery Plan, it stated that the Council's ambition at that point was to build, buy, buy back and enable 500 homes within the term of the current administration. The table below illustrates both the numbers to date and details the anticipated number of homes expected to be delivered in the next financial year (2022/23).

Table 1: Ashford's Housing Provision Delivery

	HRA new-build	HRA acquisition	Homes enabled / RP delivery
2019/20	4	41 OSP + 11 s106 homes	143
2020/21	2	46 OSP + 109 off-plan homes	67
2021/22	29 (to end of Q2)	14 (to end of Q2)	98 (to end of Q2)
2022/23 (anticipated)	48	31 OSP + 10 s106 homes	125

43. The lull in numbers coming forward on the Council's new-build programme, between 2019/20 and 2020/21, represented the pause that was taken when the HRA debt cap was removed. Also, it marked the end of Phase 5 of the Council's new-build programme. The Council is now moving towards one continuous pipeline of delivery, rather than breaking its projects down into phases as it seeks to increase the scale of its delivery.
44. Previous reports have addressed the need to have multiple pathways to delivering new stock. Below, briefly, are updates on those various mechanisms:
 - a. *Building our own* – A programme for proposed development, for the next 5 years, can be found at Exempt Appendix A. Many of these plans are in the formative stages and some are commercially sensitive, however, where a project is reasonably certain of progressing it has been included in the Business Plan model. We have assumed in the Business Plan that we will aim to build around 75 homes per year for the first five years of the plan.
 - b. *Housing Delivery Framework* – Since the last HRA Business Plan Report in December 2020, the process of procurement has set up a small but inventive framework of RPs, developers and providers of homes through modern methods of construction. This offers the Council the opportunity to work in partnership, on a site, with any of these organisations, who successfully applied to be on the list, to deliver out a site. These may be sites too large for the Council to deliver on its own, or may be sites where the tenures could be split in an agreeable way (for example, the Council could take affordable rent homes while the other party takes shared ownership homes, or sells any open market units). It also means the Council can work with any of these organisations should they bring forward an exclusive land opportunity to the authority.

- c. *Buying off plan* - The Council is well placed to identify potential opportunities for off-plan purchases as it responds to every planning application for which there is an affordable housing requirement. Further to this, other opportunities explored, but later discounted, by RPs often lead to the Council being able to investigate and submit a bid for sites that would represent genuine additionality (such as the homes acquired at the New Quarter). With longer payback periods and an unquantifiable social value to developments, often the Council is able to make schemes work that RPs are not.
- d. *Buying land* – This is the newest venture for the Council. Officers are considering utilising the services of a land agent to identify suitable plots for development. Currently, plots it has acquired, or is negotiating the purchase of, have been suggested to it by elected members of the authority. Housing are grateful to these members for their suggestions and positivity towards an affordable housing-led solution, particularly so in rural areas.
- e. *Buying existing street properties* - In the years up to April 2021 the Council has acquired over 100 homes through this programme. Though the following paragraphs indicate that this delivery mechanism needs to be scaled back from its early ambitions, it is proposed that a budget of £7,700,000 is used to purchase further existing properties, it is anticipated that 10 of these properties will be larger properties, either for large families, or possibly homes that could provide the space for some of the more complex cases on the waiting list, such as households who require homes suitable for household members with complex medical needs.

Unfortunately, larger homes are not coming forward through s106 agreements, therefore the Council must now seek to use its street purchase programme not only to deliver the 1-bed and 2-bed properties that are 'move-on' homes for those in temporary accommodation, but to meet the needs of those residents on the list who have been effectively waiting for the types of homes that very infrequently come up. These larger homes tend to have a higher weekly rent, therefore these types of properties will be rented at a social rented level, and cross-subsidised by the affordable rented properties to make them financially viable.

In the past these purchases have been financed by a mix of 1-4-1 funding and borrowing. However, the effectiveness of the past two years of this programme have seen the Council utilise all of its available 1-4-1 monies. Additionally, the COVID-19 pandemic decreased the number of Right to Buy sales to 16 in 2020/21 (usually there are around 25 per annum) which means that the 1-4-1 money is not available to support these purchases. Conversely it also means we have not lost stock to Right to Buy.

- 45. In addition to adding to its stock, it is vitally important that the Council ensures its homes meet the needs of its occupants. Making sure people are in homes appropriate for their needs (often referred to as 'rightsizing') is critical. On 21st October 2021, there were 90 households on the housing register, 59 needing to downsize by one bedroom, and 31 by two bedrooms.

46. Due to these pressures it is important that the Council supports people to address their own housing needs where possible. Currently the Council offers an assisted move programme that provides both financial and practical support to those over 50 looking to move from family sized accommodation. However, there are a number of households under the age of 50 that are currently under occupying their homes. It is these people that the Council is also now seeking to support.
47. To help address the number of households on the waiting list, a Rightsizing Assistance Programme has been established to support those under 50 years of age looking to downsize from their family accommodation into a smaller property better suited to their needs. There are currently approximately 76 households registered with Home-Swapper looking to downsize, it is hoped that with further incentives being offered this number will increase.
48. The benefits of this scheme include:
- a. Reducing pressure on the Housing Register
 - b. Encouraging people to address their own housing need
 - c. Encouraging people under occupying family sized accommodation to look for a more suitably sized property who had perhaps not considered moving previously.
49. Additionally, the council will continue to maintain a robust approach to tackling tenancy fraud to ensure that those occupying our much in demand council properties are those who have been granted a tenancy based upon need. The Neighbourhood Housing Officers have an open dialogue with the internal Fraud Team and can call upon their expertise and that of legal services if tenancy fraud is suspected. In early 2022 there will be a review and implementation of how Tenancy Audits are undertaken, including their frequency. This is another tool that is available to Housing Officers to identify and tackle tenancy fraud. Tenants are reminded that tenancy fraud is a criminal offence, which carries a maximum sentence of a £50,000 fine and up to two years in prison.

(f) Supporting the corporate agenda

50. It is important that all departments support the corporate agenda and the HRA is no different. There are a number of areas in which this is being done:
51. *Homelessness* – this is a General Fund function, but there are links to the HRA, as without adequate move-on accommodation it can be difficult to place households in need, which further increases the cost to the General Fund. By increasing the HRA provision and focussing on the types of accommodation available, the HRA is helping to support the corporate agenda.
52. *Decarbonisation* – as detailed in paragraphs 11-15, above, is a priority of both the Council and Government to reduce carbon emissions. The retrofit programme is, as highlighted previously, an expensive programme, however, it is necessary. The Council's new-build homes will pay particular attention where possible to the overall decarbonisation goals. Not just through the measures which grab the headlines – such as PV panels and heat pumps, but through a fabric first approach, which has seen East Stour Court achieve an

EPC (Energy Performance Certificate) 'B' and a SAP (Standard Assessment Procedure) rating of 80 for building air tightness.

53. *Commercialisation* – The Council's focus on Commercialisation is not just a General Fund concern; while the HRA is not able to be a profit making business, it instead looks at ways to make savings and create efficiencies within the service. This is being done in a number of ways:
- a. *Digitalisation* – The department intends to create a stronger focus on how the use of improved technology can deliver an improved customer service and given the increasing workload demands, provide efficiencies in systems to benefit officers. It is intended to invest £10,000 in 2021/22, and a further £20,000 each year after that, to investigate how systems and software can be utilised to create efficiencies and improve performance. As part of the evolving delivery in the Council's independent living schemes, it is necessary to prepare for the digital switchover of the lifeline and dispersed alarm systems. An indicative figure of £50,000 has been included in the model for four years from 2022/23.
 - b. *Customer Relationship Management (CRM) Software* – Officers are investigating the possible use of this type of software, it is used to manage interactions with customers and other contacts. A CRM system helps organisations build customer relationships and streamline processes so they can improve customer service efficiency. The user is presented with details of all recorded contacts and actions from across the organisation providing a holistic view of the customer and allows officers to tailor their responses accordingly. Such a system must fit with our corporate approach for customers accessing the Council's services, and it will offer significant benefits to customer service outcomes for our tenants and customers, £35,000 has been included in the Business Plan model for this software.
 - c. *Savings targets* – the improvement of the Housing systems and other efficiencies are expected to contribute to a £75,000 savings target. These savings achieved can be reinvested into the HRA delivery plans to make the HA resources go further.
 - d. *Benchmarking* – Officers are investigating ways that Ashford can compare costs and ways of working with other, similar organisations, including other Local Authorities and Housing Associations. It is hoped that this comparison will highlight the ways in which the HRA can work smarter and more efficiently. A small budget has been included in the Business Plan model to allow officers to investigate how this can be achieved.
 - e. *Stock Condition Surveys* – The HRA stock needs surveying from two perspectives, firstly a general stock condition survey to allow the Planned Maintenance Team to better understand the condition of the stock and focus resources accordingly. The second survey is more specialised and looks at the carbon output of the dwellings and what can be done to reduce this output. These surveys are new to Ashford, but are being introduced as part of the commercialisation work, as this is in line with what Housing Associations and other profit focussed

organisations would do in order to understand their stock and its needs, as well as ensure that resources are being utilised in the best way possible.

- f. *Building Information Modelling (BIM)* – BIM is a digital representation of the physical and functional characteristics of a facility. It provides information about a facility that forms a reliable basis for the decisions made during its life-cycle. It is an efficient way of designing, delivering and maintaining a building that involves a great deal of collaboration between Corporate Property and Projects and the Housing Service to deliver a building. That collaboration extends to the main contractor and supply chain. It is a way of working that, in the construction phase, gives greater certainty on the budget and contract duration. By constructing a building once virtually (by listing out the requirements for its component parts) and understanding the possible issues that may arise, the construction once onsite has fewer errors which could otherwise lead to a loss of time and money. The asset then handed over will have all relevant information formatted and ready to be put into the Council's computer systems for management and maintenance purposes. Recommendations from the Grenfell disaster point to a need for landlords to know what their buildings are made of and how they perform – the so-called golden thread principle. BIM provides this greater knowledge about Council-owned properties.

Other Assumptions

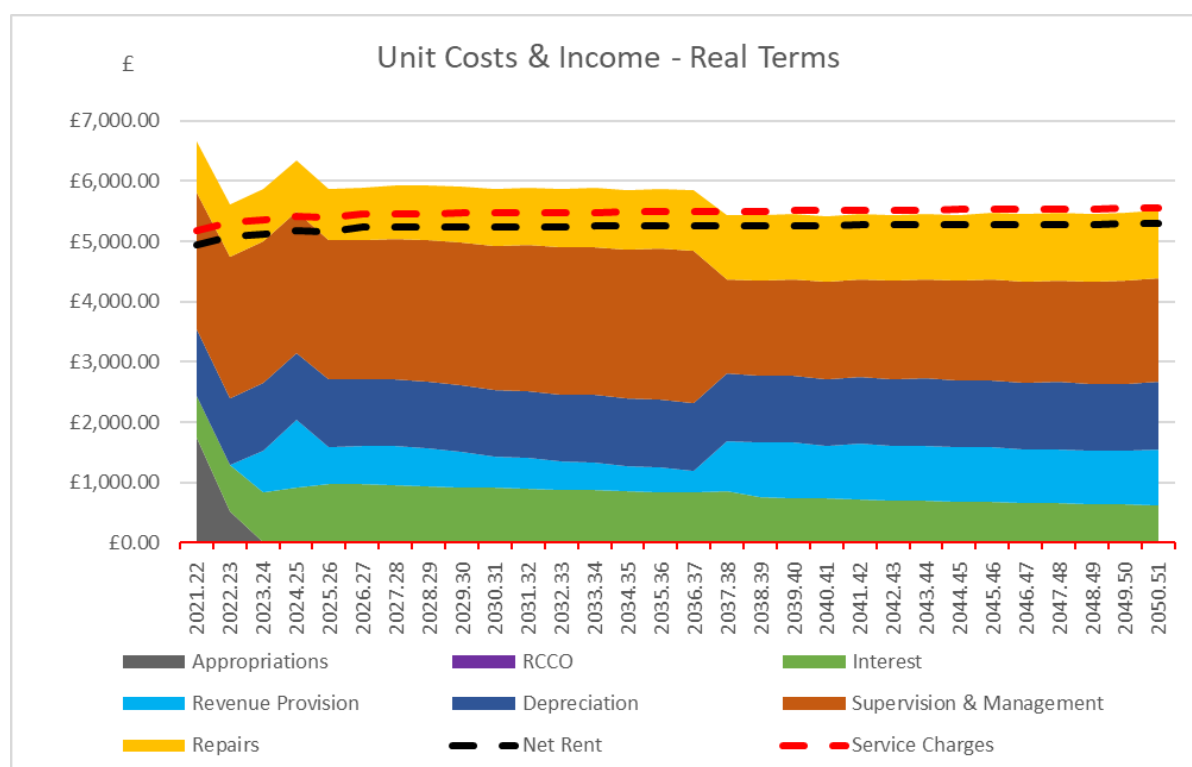
- 54. In addition to these priorities it is crucial that the HRA also meets with the minimum requirements for compliance with building safety and the social housing regulator requirements for decent homes.
- 55. *Repairs & Maintenance* – The repairs and maintenance programme has been substantially affected by the COVID19 pandemic, with around 58% of the 2020/21 budget being unspent, for the same reason, it is likely that 2021/22 will also be underspent (officers are keeping this under constant review). However, these works will need to be completed at some stage, it is also possible that delaying maintenance work will lead to an increase in remedial work in the future. Bearing this in mind, as mentioned in Paragraph 9, a stock condition survey will be undertaken, this will give officers the information needed to plan works effectively and ensure that a programme of works, that maximises resources, while ensuring the assets meet the required standards, can be produced year on year.
- 56. In the meantime the HRA Business Plan model has been built using the same basis for Repairs and Maintenance as in previous years.
- 57. *Management Costs* – With the increased responsibilities arising from the growth of stock, and the demands arising from the government reforms in social housing standards and customer relations, it will be essential to strengthen resources in these areas. In view of this, provision has been made for some adjustments to the staffing structure. This will enable the Council to ensure that its properties are safe and comply with building and consumer standards and to meet the multiple new challenges that the department is faced with.

58. *Rental Income* – It has been assumed that rents will continue to increase by CPI + 1%, in line with Government guidelines. Confirmation about the increase will be provided from the Government website in December 2021 and we will commence the work to notify tenants accordingly. However, if rents were to be frozen, or even reduced, as they were for four years between 2016-2020, this would have a significant impact on revenue. For example, if Government decided that there should be a one off 1% rent reduction in 2022/2023 it would mean a £1,400,000 loss in that year, which would lead to a £55,000,000 loss over the life of the Business Plan. If this were to happen the Business Plan would need to be revised, reduction in expenditure and development programmes would need to be introduced to mitigate against the loss in income.
59. *Bad debts* – Collection rates have historically been around 99.6%, and the Business Plan continues this assumption. While there was a slight reduction in collection rates in 2020/21 because of the pandemic, officers are reassured that arrears rates are reducing. However, if losses on collection were to increase from 0.4% to 0.5% it would mean a £1,000,000 loss of predicted income over the life of the Business Plan.
60. To mitigate against this Officer training has taken place, focussing on arrears and rent collection, which has coincided with the move from specialist to generic working, this means that all Neighbourhood Housing Officers are each responsible for a 'patch' and the management of this includes rent and arrears collection. Within the structure of this team there is a Lead Specialist for Income and Arrears and this person is responsible for the close monitoring of accounts and how the policy and procedures are being adhered to. Each week time is set aside and dedicated to rent progressions, so with this and the implementation of generic working, arrears are expected to at least continue to reduce to pre-pandemic levels, if not fall further.
61. Additional external factors that may continue to contribute to a slight reduction in collection rates, leading to an increase in bad debts, are the delays to the allocation of court hearings, as well as any planned changes to the amount and eligibility for our tenants to claim Universal Credit, the statistics of which haven't yet been analysed, but officers are continuing to monitor the situation.
62. All tenants who are recently in arrears, or have historic payment plans, are contacted on a regular basis and encouraged to communicate with their Neighbourhood Housing Officer as soon as there is a change in financial circumstance that would affect their ability to pay rent and arrears. We view eviction as a last resort and work within the policy to avoid this action unless necessary.
63. *Void*s – Void turnaround has been higher than hoped since March 2020, with difficulties maintaining staffing levels, for both the Council and its contractors, as well as obtaining sufficient materials, in a timely manner, accessing properties. As such a void rate of 2% has been included in the Business Plan, this is higher than previous assumptions of 0.5%.
64. *PFI* – In 2037 the Stanhope PFI will be reverting back to the Council's ownership. As such there will be additional costs for repairs and

maintenance, as well as tenant management. There will also be the loss of the grant from Government that helps support the contractor costs. It is these contractor costs however, that drive up the management costs to the Council. As such, once the PFI assets are transferred back to the Council there is a cost saving, this step down in costs is illustrated in Graph 4.

Graph 4 – Cost Per Unit

65. The graph below shows the average cost per unit in the HRA. It demonstrates that while Supervision and Management costs are high at the start of the model, by 2037/38, after the PFI reverts back to direct management, these costs are much lower. The impact of this can also be noted in Graph 2 which shows the increase in borrowing headroom at the point at which the PFI reverts to the Council.

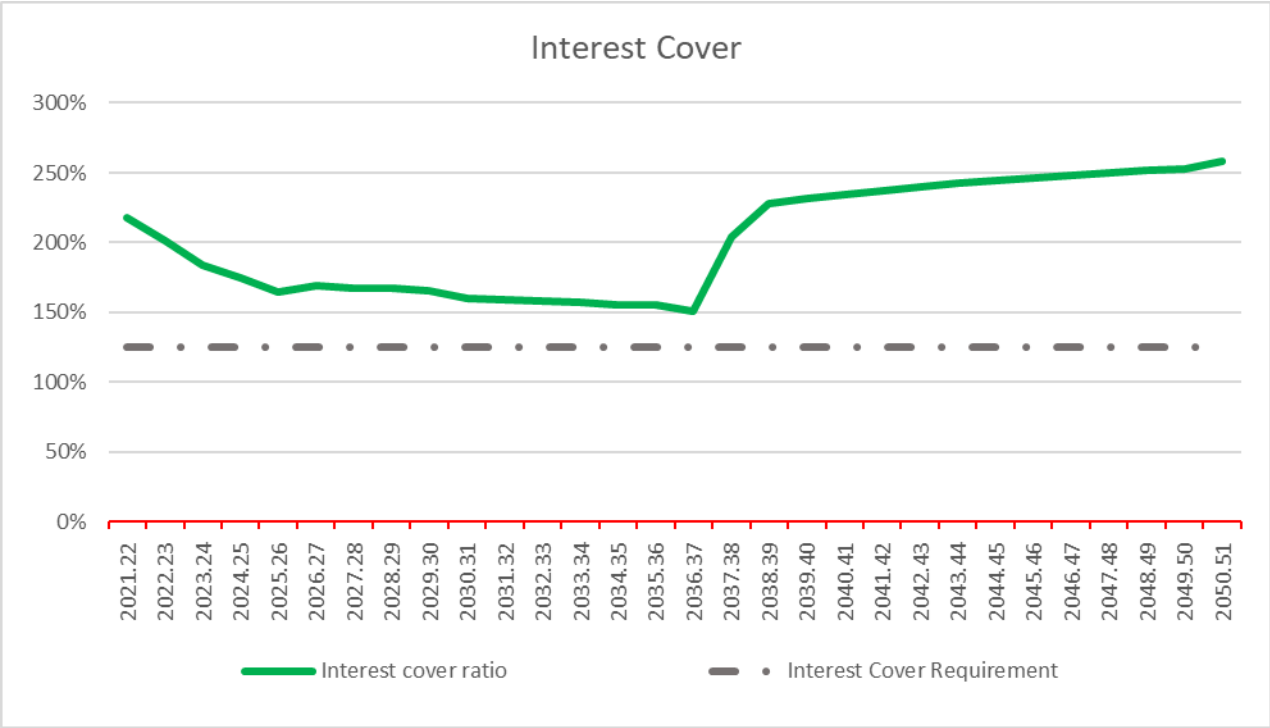


66. *Right To Buy Sales* – Right to Buys are set, in the model at 25 per annum. Historically sales have been around this level, however in 2020/21 this decreased to 16, in the year to date, at the time of writing, 13 sales had been completed. It is thought that as the economy recovers that sales will revert back to their previous levels.
67. *One for One Replacement* - The authority is part of a Government scheme to re-invest Right to Buy receipts in affordable housing, known as 'One for One Replacement', as a result the Council retains Right to Buy receipts for this purpose.
68. The rules around spending this money were updated April 2021, the rules now state that these receipts need to be used within five years (previously 3 years) for the provision of additional affordable housing units and can account for up to 40% (previously 30%) of the build/purchase cost, per unit.

69. If these receipts are unused within 5 years, they are returned to the Secretary of State with an interest charge of 4% above base at the time of the funds being held (compound interest chargeable). Government have proposed a new cap on spend for acquired properties (on the open market, from a private seller), limiting acquisitions, after the first 20 acquisitions in a year, to a percentage of the Local Authorities total delivery in a year, this cap will be phased over a number of years, as follows: 50% in 2022/23, 40% in 2023/24, and 30% in 2024/25.
70. *Play areas* – There is programme for investment in HRA play areas equivalent to £60,000 available per year, for the HRA play area refurbishment programme, for 5 years from 2021/22. The first 3 years of funding have been rolled together (and agreed forward funding) to cover the cost to improve Hunter Avenue. The other two years were to be allocated to Noakes Meadow, as per the result of the condition audit identifying those play areas most in need of refurbishment. Hunter Avenue will be delivered by mid-March 2022.
71. Noakes Meadow will also benefit from the additional Halstow Way s106 open space funding of £61,520 (planning ref: 18/01508/AS). The s106 wording identifies this as “towards the provision of informal play, sport, ecological and open space improvements at Noakes Meadow to help meet the needs generated by the Development; and to offset the loss of and/or value of the part of the existing public open space through improvements benefitting the local community”
(<https://planning.ashford.gov.uk/Planning/IDOX/default.aspx?docid=1863049>).
72. However, all Kent Authorities, via Kent County Council, have been provided with the opportunity of COMF (Contain Outbreak Management Fund) funding (Ashford’s funding is £143,492). KCC have agreed that this sum of funding can be used at Hunter Avenue for the play park. Moving forward we have agreed that using this funding for Hunter Avenue will enable the bringing forward of the Noakes Meadow project and provide scope for a further third project from the HRA funding. Working with our colleagues in Cultural Services and using the Play Audit we will identify a possible recommendation for a candidate for a third project
73. *Debt Cap* – The Government removed the requirement for a debt cap in October 2018. However, the HRA has a self-imposed debt cap to ensure affordability over the life of the plan. It has been assumed that an adequate interest cover ratio (how many times the interest on the debt can be paid), would be around 125%, this is in line with the target Housing Associations aim for. The debt cap has been calculated using the interest cover ratio as a starting point.

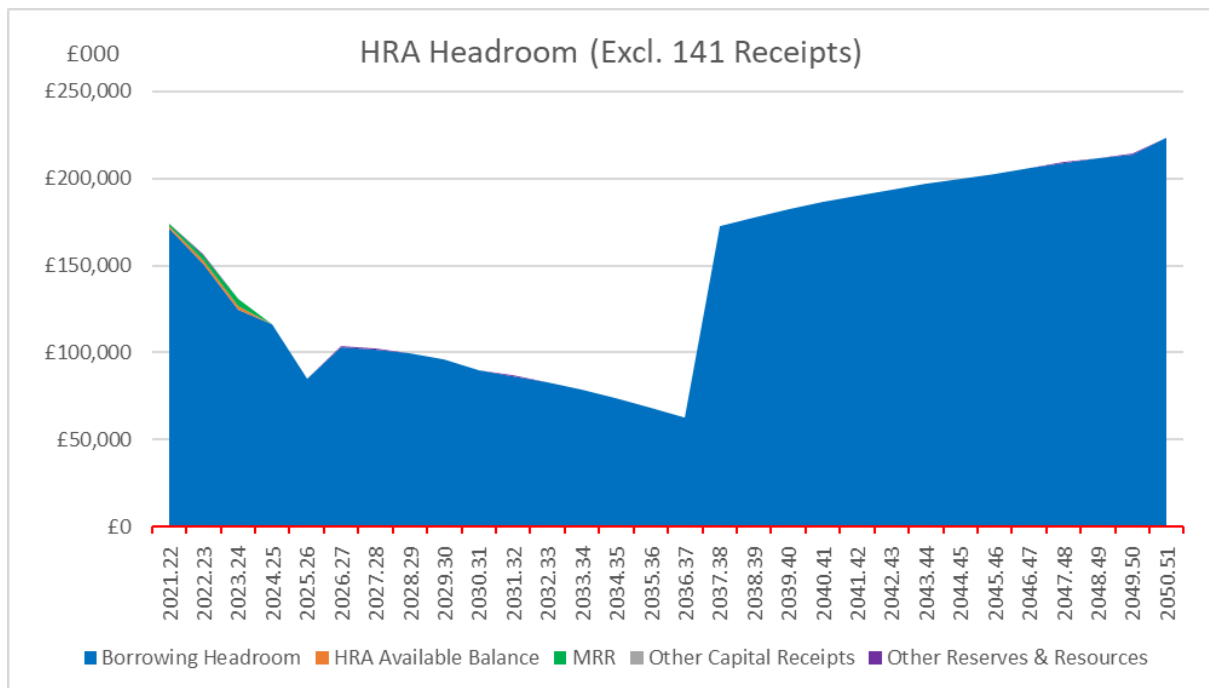
Graph 5: Interest Cover

74. The graph below illustrates the Interest Cover held by the HRA. The dotted line represents 125% minimum interest cover, which is in line with the interest cover used by RP's. The green line, above, shows Ashford's actual interest cover. At its lowest point, in 2036/37 the interest cover is at 150%, which indicates a sustainable and affordable plan.



Graph 6: HRA Borrowing Headroom

75. The graph below reflects the same shape as Graph 2Error! Reference source not found., but it instead shows the investment possibilities, and the maximum debt that is able to be held at any given time. It can be seen that there is significant headroom for increased investment in projects, should further opportunities arise:



76. The Business Plan is revised annually, therefore officers will continue to investigate any potential projects and bring these forward in future iterations of the model. Each project will be costed to ensure it is financially viable and represents a good investment opportunity for the HRA.
77. *Inflation* – this is based on historic evidence, as well as advice from experts, who have experience and knowledge in areas such as interest rates, inflation as well as anecdotal evidence of what other authorities are planning in the current economic climate. These assumptions are in line with the Medium Term Financial Plan.
78. *Interest rates* – The vast majority of the HRA's current borrowing was taken out at fixed rates and therefore is protected from interest rate risk. Future borrowing requirements will be assessed at the time of need, in conjunction with the Council's Treasury Management Advisors Arlingclose.
79. The model assumes the authority will use HRA balances to repay additional borrowing where it can, while holding a reserve balance of circa £1m for the life of the plan. Any surpluses will either be invested in new projects, or used to repay the housing debt.

Risks to the HRA Business Plan

80. The Business Plan, as demonstrated above, is built on a number of assumptions. However, if any of these assumptions are wrong it could lead to problems with the long-term viability of the plan, which is why the model is revised annually.
81. Some of the risks to the Business Plan are as follows:
82. *Government Policy* – It is inevitable that in the 30 years the Business Plan covers there will be changes in Government policy, for example there may be statutory changes to rent (as happened previously, as outlined in paragraph 58), such as increases/reductions in the formula; or, additional safety

measures or further carbon reduction plans. Any policy changes that result in a cost implication will be modelled and mitigating actions will be taken, this may require a reduction in capital maintenance budgets, delaying the development plan, or extending the decarbonisation period.

83. *Effect of Leaving the European Union* – There are a number of supply chain issues that have been exacerbated by the UK's decision to leave the EU. These supply issues will invariably lead to increased costs as supply is further affected. There may also be additional problems in regards to employment of staff, particularly for those contractors that are involved in the building of the development programme, driving up the cost of contracts.
84. There may also be additional costs on materials, as a result of currency fluctuations.
85. Officers will continue to monitor the situation and take advice from the Council's treasury advisors, the Business Plan will be updated in line with their advice, and Members consulted on any mitigating actions that are required.
86. *COVID-19 Pandemic* – This continues to be an ongoing issue, there may be further lockdowns, either in the UK or abroad that could further exacerbate the supply chain problems that are already being seen. In addition, further lockdowns could lead to financial pressure for individuals, which would have a knock-on effect to rent payments and arrears.
87. In 2020/21, throughout the peak of the pandemic, rent collection levels were maintained through a continued line of communication between Housing and tenants and with swift and appropriate referrals or assistance to claim for all relevant benefits or grants being offered. Although it is hoped, this will be the same for any future potential lockdowns, Officers are aware that the true impact of the pandemic in relation to financial implications may only now start to come to a head, with the Government Employment Support Scheme (Furlough) recently ending and with potential changes to Universal Credit enhancements.
88. This potential impact on rent collection rates will be mitigated against by the prevention work being done, such as, the continued communications to tenants, reinforcing the messages about payment and frequency and providing the support required at the earliest point possible. Collection of rent and arrears remains a top priority for each of the Neighbourhood Housing Officers and the Lead Specialist.
89. *Inflation* – As a result of supply issues, inflation could be higher than has been modelled. Officers will be monitoring costs and will inform members if budgets will be exceeded.
90. Inflation also impacts the rent income, the model assumes CPI+1%, however if CPI is lower than has been modelled then this will lead to a lower rent income over the life of the plan.
91. *Interest rates* – The repayment of the HRA current debt profile has been delayed, due to the need to deliver the decarbonisation. As such it will be

necessary to re-finance the debt during the life of the plan. If interest rates are higher than have been assumed this will lead to higher repayment costs.

92. *Arrears* – Arrears have been maintained in recent years, and there is a strong focus on rent collection, and the reduction of outstanding rent accounts. However, arrears remain a risk to the Business Plan, and in light of the recent reduction in Universal Credit is an area of focus. Any deterioration in arrears levels will be monitored and resources will be re-allocated to mitigate this.
93. *Void*s – As stated, in paragraph 63, void turnaround has been higher than hoped since March 2020. The average void turnaround, at the peak of the pandemic was 130 days, the year to date average is 40 days and officers are working towards a target average turnaround of 17 days. Members should be reassured that work is being done to limit turnaround times and officers from different teams across the Housing service are working on this as a priority.
94. *Universal Credit* – The delays in processing UC are ongoing but the Council accounts for this when considering collection rates. The Council is working sensitively and constructively with tenants who may be affected by the £20 uplift changes introduced during the height of the Pandemic. The constant close monitoring of rent accounts, picking up any changes to payment or non-payment at the earliest point possible and working to ensure that the relevant benefits are being claimed and/or support is in place to enable payment is critical. Members are reminded that there is a clear policy about how rent arrears are collected and that this includes taking into account when UC is pending or there is a change in circumstances for the tenant.
95. *Right to Buy Sales* - If Right to Buy sales were to increase substantially it would mean that there is additional funding, in the way of 1-4-1 money, however, this loss of properties would mean a reduction in stock levels that would not be able to be quickly replaced. Conversely, if Right to Buys were to substantially reduce, while helping to maintain the stock position it would have a detrimental effect on funding new projects.
96. *Stodmarsh* – Many of the schemes heard by the Council's planning team fall into the Stodmarsh catchment area. This results in the applications effectively being approved and being placed in a holding pen subject to nutrient neutrality being agreed. The Council has taken steps to seek the creation of wetland areas. In terms of the Council's own affordable housing developments, nutrient neutrality mitigation measures are considered in advance of developing sites so that if a solution is available, the site can mature in time for occupation of the dwellings proposed where there is land available to source such a solution.
97. *Availability of sites* – It is likely that the number of sites available to build on will reduce in future years. In part, because of Stodmarsh, but also as land is a higher commodity given the need to accelerate delivery of homes of all tenures and the marketplace becomes more competitive. This will inevitably lead to an increase in the cost of land, due to lack of supply, so any developments that are contingent on the purchase of land may either be more expensive, or may no longer be financially viable.

Business Plan Modelling Outcomes

98. Based on the assumptions in the business plan model Ashford has a balanced and sustainable HRA. It is able to deliver on its priorities, as well as the day-to-day management of its assets, while also investing in the projects detailed at Exempt Appendix A. maintaining an affordable plan.
99. A table illustrating the model for the first 10 years of the plan, is attached at Appendix B, it details the income and expenditure for the HRA, providing an estimated HRA balance at the end of each year.
100. The model is based on the assumption that the Council will be repaying debt, although the debt repayment will continue beyond the life of the model. This prolonging of debt is something officers will need to monitor going-forward to ensure that repayment is possible in the future.
101. If there were to be some unplanned expenditure there is headroom to ensure this can be completed, however this would further extend the debt repayment period.
102. Officers will continue to exercise cost control, while optimising income, such as reducing arrears, and managing voids.
103. It should be noted that while debt repayment in previous plans was clear the introduction of the decarbonisation project has delayed any repayment, Graph 2 illustrates that while the debt does reduce after 2036, this reduction is at a much slower pace that previous models have shown.

Equalities Impact Assessment

104. Members are referred to the attached Assessment in Appendix C. There are no adverse impacts on groups with protected characteristics.

Consultation Planned or Undertaken

105. Consultation will continue to be held with ward members where acquisitions or proposals for development fall within their ward boundaries. All sites within any future delivery programme are subject to planning approval and the formal consultation process as part of that. Consultation will take place with local residents and ward members – importantly before proposed plans are submitted – giving them an additional opportunity to respond to the proposals outside of the formal planning consultation process.
106. Consultation with tenants may be required as the Council develops its tenant engagement plans to improve its service and meet the wider aspects set out in the Social Housing White Paper.

Next Steps in Process

107. The HRA Business Plan is used as a basis to build the 2022/23 budget, which was agreed by Cabinet on 25 November 2021, this will now form part of the public consultation on the draft budget. The final budget report will be

presented to Cabinet in February with final approval through Council a week later.

108. The Council will aim to progress its current delivery programme of sites included in the Business Plan and will move forward on those sites not yet included in the HRA Business Plan model. Relevant stakeholders will be kept informed at all stages of the process.

Conclusion

109. Given the multiplicity of projects the Council is delivering at a local level and the agendas it is trying to address at a global level, the fact that the Business Plan is presented to members in such a healthy position is a significant achievement. It shows that many services are working well together to deliver on building quality homes and providing shelter for all residents.

Portfolio Holder's Views

Portfolio Holder for Housing

110. Ashford remains very proud of its record in delivering affordable housing. It is now setting out its Business Plan to show how it can play a central role in decarbonising its stock and offering more meaningful engagement with those residents living in our homes. I am happy to endorse this report and note the positive movement on key themes that were outlined to members in the last annual Business Plan report.
111. This report shows that Ashford is committed to creating cohesive communities, communities in which affordable housing plays a prominent role. Here we are addressing local issues such as finding places for people to live, national issues such as the need to build quickly after the pandemic and international issues such as climate change. Therefore the robustness of our plans and the capacity in which we have to still deliver are very pleasing.

Portfolio Holder for Finance

112. I am pleased to endorse this report, which shows the in depth modelling that has taken place. I am pleased to note that the Business Plan is financially sustainable and is in a position to manage its debt in an affordable way. The increase in delivery, including the decarbonisation plans are important pieces of work, so to be able to achieve this in the current economic climate is a challenge. I am pleased to see this has been incorporated in the model.

Contact and Email

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HRA Business Plan (extract) – Top-level budget summary to 2031/32

© Housing Finance Associates	HRA Business Planning Model				Ashford Borough Council						
Description	1 2021.22	2 2022.23	3 2023.24	4 2024.25	5 2025.26	6 2026.27	7 2027.28	8 2028.29	9 2029.30	10 2030.31	11 2031.32
Income											
Gross Rental Income	£26,074	£28,087	£29,206	£30,388	£31,448	£32,822	£33,339	£33,863	£34,395	£34,934	£35,482
Void Losses	-£521	-£562	-£584	-£608	-£629	-£656	-£667	-£677	-£688	-£699	-£710
Other Rental Income	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Tenanted Service Charges	£1,089	£1,114	£1,139	£1,164	£1,189	£1,215	£1,242	£1,270	£1,297	£1,326	£1,355
Leasehold Service Charges	£110	£139	£142	£145	£148	£151	£155	£158	£161	£165	£169
Non-Dwelling Income	£0	£4	£5	£5	£5	£5	£5	£5	£5	£5	£6
Grants	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000
Other Income	£0	£52	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total income	£29,752	£31,834	£32,906	£34,093	£35,161	£36,537	£37,074	£37,618	£38,171	£38,732	£39,301
Expenditure											
General Management	-£9,853	-£10,670	-£11,050	-£11,335	-£11,627	-£11,926	-£12,234	-£12,550	-£12,874	-£13,206	-£13,548
Special Management	-£802	-£937	-£957	-£978	-£1,000	-£1,022	-£1,044	-£1,067	-£1,091	-£1,115	-£1,139
Other Management	-£1,057	-£1,093	-£1,115	-£1,137	-£1,160	-£1,183	-£1,207	-£1,231	-£1,255	-£1,280	-£1,306
Bad Debt Provision	-£100	-£108	-£112	-£117	-£121	-£126	-£128	-£130	-£132	-£134	-£136
Responsive & Cyclical Repairs	-£4,412	-£4,733	-£4,834	-£4,959	-£5,092	-£5,363	-£5,525	-£5,707	-£5,924	-£6,194	-£6,346
Other revenue expenditure	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total expenditure	-£16,224	-£17,541	-£18,068	-£18,526	-£18,999	-£19,620	-£20,137	-£20,685	-£21,276	-£21,930	-£22,475
Capital financing costs											
Interest paid on debt	-£3,581	-£4,048	-£4,645	-£5,204	-£5,748	-£5,917	-£5,909	-£5,868	-£5,843	-£5,907	-£5,891
Interest paid on 141 receipts	£0	£0	£0	£0	£0	£0	£0	-£86	-£261	-£110	-£287
Debt management expenses	-£62	-£82	-£83	-£85	-£87	-£88	-£90	-£92	-£94	-£96	-£98
Interest Received	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Depreciation	-£5,657	-£6,054	-£6,203	-£6,389	-£6,634	-£6,829	-£6,933	-£7,040	-£7,147	-£7,257	-£7,367
Capital financing costs	-£9,299	-£10,183	-£10,931	-£11,677	-£12,469	-£12,834	-£12,932	-£13,086	-£13,346	-£13,370	-£13,643
Appropriations											
Revenue provision (HRA CFR)	£0	£0	-£3,850	-£6,408	-£3,691	-£3,885	-£4,004	-£3,937	-£3,730	-£3,290	-£3,367
RCCO	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Other appropriations	-£9,000	-£2,850	£0	£0	£0	£0	£0	£0	£0	£0	£0
Appropriations	-£9,000	-£2,850	-£3,850	-£6,408	-£3,691	-£3,885	-£4,004	-£3,937	-£3,730	-£3,290	-£3,367
Net income/ (expenditure)	-£4,771	£1,260	£58	-£2,518	£3	£199	-£0	-£89	-£180	£143	-£184
HRA Balance											
Opening Balance	£7,188	£2,417	£3,677	£3,734	£1,216	£1,219	£1,418	£1,418	£1,329	£1,148	£1,291
Generated in year	£4,229	£4,110	£58	-£2,518	£3	£199	-£0	-£89	-£180	£143	-£184
Appropriated in	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Appropriated out	-£9,000	-£2,850	£0	£0	£0	£0	£0	£0	£0	£0	£0
Closing Balance	£2,417	£3,677	£3,734	£1,216	£1,219	£1,418	£1,418	£1,329	£1,148	£1,291	£1,107

Equality Impact Assessment

1. An Equality Impact Assessment (EIA) is a document that summarises how the council has had due regard to the public sector equality duty (Equality Act 2010) in its decision-making. Although there is no legal duty to produce an EIA, the Council must have **due regard** to the equality duty and an EIA is recognised as the best method of fulfilling that duty. It can assist the Council in making a judgment as to whether a policy or other decision will have unintended negative consequences for certain people and help maximise the positive impacts of policy change. An EIA can lead to one of four consequences:

- (a) No major change – the policy or other decision is robust with no potential for discrimination or adverse impact. Opportunities to promote equality have been taken;
- (b) Adjust the policy or decision to remove barriers or better promote equality as identified in the EIA;
- (c) Continue the policy – if the EIA identifies potential for adverse impact, set out compelling justification for continuing;
- (d) Stop and remove the policy where actual or potential unlawful discrimination is identified.

Public sector equality duty

2. The Equality Act 2010 places a duty on the council, when exercising public functions, to have due regard to the need to:
- (a) Eliminate discrimination, harassment and victimisation;
 - (b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not

share it (i.e. tackling prejudice and promoting understanding between people from different groups).

Appendix C to December 2021 Cabinet report

3. These are known as the three aims of the general equality duty.

Protected characteristics

4. The Equality Act 2010 sets out nine protected characteristics for the purpose of the equality duty:
- Age
 - Disability
 - Gender reassignment
 - Marriage and civil partnership*
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex
 - Sexual orientation

*For marriage and civil partnership, only the first aim of the duty applies in relation to employment.

Due regard

5. Having 'due regard' is about using good equality information and analysis at the right time as part of decision-making procedures.
6. To 'have due regard' means that in making decisions and in its other day-to-day activities the council must consciously

consider the need to do the things set out in the general equality duty: eliminate discrimination, advance equality of opportunity and foster good relations. This can involve:

- Removing or minimising disadvantages suffered by people due to their protected characteristics.
- Taking steps to meet the needs of people with certain protected characteristics when these are different from the needs of other people.
- Encouraging people with certain protected characteristics to participate in public life or in other activities where it is disproportionately low.

7. How much regard is 'due' will depend on the circumstances the greater the potential impact, the higher the regard required by the duty. Examples of functions and decisions likely to engage the duty include: policy decisions, budget decisions, public appointments, service provision, statutory discretion, decisions on individuals, employing staff and procurement of goods and services.

8. In terms of timing:

- Having 'due regard' should be considered at the inception of any decision or proposed policy or service development or change.
- Due regard should be considered throughout development of a decision. Notes shall be taken and kept on file as to how due regard has been had to the equality duty in research, meetings, project teams, consultations etc.
- The completion of the EIA is a way of effectively summarising this and it should inform final decision-making.

Case law principles

9. A number of principles have been established by the courts in relation to the equality duty and due regard:

- Decision-makers in public authorities must be aware of their duty to have 'due regard' to the equality duty and so EIA's must be attached to any relevant committee reports.
- Due regard is fulfilled before and at the time a particular policy is under consideration as well as at the time a decision is taken. Due regard involves a conscious approach and state of mind.
- A public authority cannot satisfy the duty by justifying a decision after it has been taken.
- The duty must be exercised in substance, with rigour and with an open mind in such a way that it influences the final decision.
- The duty is a non-delegable one. The duty will always remain the responsibility of the public authority.
- The duty is a continuing one so that it needs to be considered not only when a policy, for example, is being developed and agreed but also when it is implemented.
- It is good practice for those exercising public functions to keep an accurate record showing that they have actually considered the general duty and pondered relevant questions. Proper record keeping encourages transparency and will discipline those carrying out the relevant function to undertake the duty conscientiously.
- A public authority will need to consider whether it has sufficient information to assess the effects of the policy, or the way a function is being carried out, on the aims set out in the general equality duty.
- A public authority cannot avoid complying with the duty by claiming that it does not have enough resources to do so.

The Equality and Human Rights Commission has produced helpful guidance on “Meeting the Equality Duty in Policy and Decision-Making” (October 2014). It is available on the following link and report authors should read and follow this when developing or reporting on proposals for policy or service development or change and other decisions likely to engage the equality duty. *Equality Duty in decision-making*

Lead officer:	Mark James
Decision maker:	Cabinet
Decision: <ul style="list-style-type: none"> • Policy, project, service, contract • Review, change, new, stop 	<ul style="list-style-type: none"> • Note that HRA Business Plan financial will be referred to the Overview and Scrutiny Committee's Budget Task Group to support the Draft HRA Budget reported to Cabinet in November. • Review and agree the updated HRA Business Plan and financial projections • Agree that delegated authority is given to the Head of Housing, in consultation with the Head of Finance and IT, and the Portfolio Holders for Housing and Finance, to acquire land up to the value of £5m be extended to include s106 acquisitions up to the value of £5m • Agree to the streamlined process for commencing the preparatory work on acquired sites • Note the HRA priorities set out in the report, which mirror those agreed by Cabinet members in the equivalent report last year • Agree that the Council will continue with the on-street purchase programme as outlined in the report, recognising that some units per annum will be cross-subsidised in later financial years, and set affordable rents • Note the progress in delivering affordable housing in the HRA and temporary accommodation within the General Fund as set out in the report • Note the Council's plans for future housing delivery, as set out in Exempt Appendix A, which presents projects under way or in consultation phase, and delegate authority to the Head of Housing in consultation with the Head of Finance and IT and the Portfolio holders for Housing and Finance and IT to vary the programme as necessary
Date of decision: The date when the final decision is made. The EIA must be complete before this point and inform the final decision.	16 December 2021

<p>Summary of the proposed decision:</p> <ul style="list-style-type: none"> • Aims and objectives • Key actions • Expected outcomes • Who will be affected and how? • How many people will be affected? 	<ul style="list-style-type: none"> • Note that HRA Business Plan financial will be referred to the Overview and Scrutiny Committee's Budget Task Group to support the Draft HRA Budget reported to Cabinet in November. • Review and agree the updated HRA Business Plan and financial projections • Agree that delegated authority is given to the Head of Housing, in consultation with the Head of Finance and IT, and the Portfolio Holders for Housing and Finance, to acquire land up to the value of £5m be extended to include s106 acquisitions up to the value of £5m • Agree to the streamlined process for commencing the preparatory work on acquired sites • Note the HRA priorities, which mirror those agreed by Cabinet members in the equivalent report last year • Agree that the Council will continue with the on-street purchase programme as outlined in the report, recognising that some units per annum will be cross-subsidised in later financial years, and set affordable rents • Note the progress in delivering affordable housing in the HRA and temporary accommodation within the General Fund as set out in the report • Note the Council's plans for future housing delivery, as set out in Exempt Appendix A, which presents projects under way or in consultation phase, and delegate authority to the Head of Housing in consultation with the Head of Finance and IT and the Portfolio holders for Housing and Finance and IT to vary the programme as necessary
<p>Information and research:</p> <ul style="list-style-type: none"> • Outline the information and research that has informed the decision. • Include sources and key findings. 	<p>Building on solid foundations: delivering affordable homes in Ashford – delivery plan for 2019-2023</p> <p>Housing Strategy Framework Priority 1 – Improve the supply of affordable housing to meet local housing needs in urban and rural areas, and Housing Statement 2018-2023</p>

	<p>Reform of Housing Revenue Account (HRA) – Cabinet endorsed five key priorities for further spend, as a result of greater freedom within the HRA.</p> <p>National Housing Strategy 2011 – delivering new homes under the affordable rent model.</p> <p>A Charter For Social Housing Residents – Social Housing White Paper 2020.</p> <p>A Guide to Developing Affordable Homes in Rural Communities (Kent Housing Group [KHG]) – February 2021</p>	
<p>Consultation:</p> <ul style="list-style-type: none">• What specific consultation has occurred on this decision?• What were the results of the consultation?• Did the consultation analysis reveal any difference in views across the protected characteristics?• What conclusions can be drawn from the analysis on how the decision will affect people with different protected characteristics?	<p>Consultation will continue to be held with ward members where acquisitions or proposals for development fall within their ward boundaries. All sites within any future delivery programme are subject to planning approval and the formal consultation process as part of that. Consultation will take place with local residents and ward members – importantly before proposed plans are submitted – giving them an additional opportunity to respond to the proposals outside of the formal planning consultation process.</p> <p>Consultation with tenants may be required as the Council develops its tenant engagement plans to improve its service and meet the wider aspects set out in the Social Housing White Paper.</p>	
<p>Assess the relevance of the decision to people with different protected characteristics and assess the impact of the decision on people with different protected characteristics.</p> <p>When assessing relevance and impact, make it clear who the assessment applies to within the protected characteristic category. For example, a decision may have high relevance for young people but low relevance for older people; it may have a positive impact on women but a neutral impact on men.</p>		
<p>Protected characteristic</p>	<p>Relevance to Decision High/Medium/Low/None</p>	<p>Impact of Decision Positive (Major/Minor) Negative (Major/Minor) Neutral</p>
<p><u>AGE</u></p> <p>Elderly</p>	<p>High</p>	<p>Positive (major)</p>
<p>Middle age</p>	<p>High</p>	<p>Positive (major)</p>
<p>Young adult</p>	<p>High</p>	<p>Positive (major)</p>
<p>Children</p>	<p>High</p>	<p>Positive (major)</p>

<u>DISABILITY</u> Physical	High	Positive (major)
Mental	High	Positive (major)
Sensory	None	Positive (major)
<u>GENDER RE- ASSIGNMENT</u>	None	Neutral
<u>MARRIAGE/CIVIL PARTNERSHIP</u>	None	Neutral
<u>PREGNANCY/MATERNITY</u>	None	Neutral
<u>RACE</u>	None	Neutral
<u>RELIGION OR BELIEF</u>	None	Neutral
<u>SEX</u> Men	None	Neutral
Women	None	Neutral
<u>SEXUAL ORIENTATION</u>	None	Neutral

Mitigating negative impact: Where any negative impact has been identified, outline the measures taken to mitigate against it.	Where the assessment has been carried out above it is on the basis of the new developments planned and new acquisitions in the pipeline.
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Is the decision relevant to the aims of the equality duty? Guidance on the aims can be found in the EHRC's <i><u>Essential Guide</u></i> , alongside fuller <i><u>PSED Technical Guidance</u></i> .	
Aim	Yes / No / N/A
1) Eliminate discrimination, harassment and victimisation	N/A
2) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it	Yes

3) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it	N/A
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Conclusion: <ul style="list-style-type: none"> Consider how due regard has been had to the equality duty, from start to finish. There should be no unlawful discrimination arising from the decision (see guidance above). Advise on whether the proposal meets the aims of the equality duty or whether adjustments have been made or need to be made or whether any residual impacts are justified. How will monitoring of the policy, procedure or decision and its implementation be undertaken and reported? 	<p>Due regard has been considered throughout this proposal to each protected group.</p> <p>No unlawful discrimination has arisen from the decision.</p> <p>The effect on the community will be positive due to the aims of the programme delivery. No adjustments required.</p> <p>The programme will be monitored by a Housing Project group with regular updates to the Portfolio Holder and Cabinet.</p>
EIA completion date:	24 th November 2021